

REPORT ISSUED BY THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. DATED 26 APRIL 2022, IN ACCORDANCE WITH ARTICLES 286, 297.1. b) AND 506 OF THE SPANISH CORPORATE ENTERPRISES ACT (LEY DE SOCIEDADES DE CAPITAL), SUPPORTING THE MOTION RELATING TO AUTHORISED CAPITAL REFERRED TO IN ITEM 6 OF THE AGENDA OF THE ANNUAL GENERAL MEETING DUE TO BE HELD ON 14 JUNE 2022, AT FIRST CALL, OR OTHERWISE ON 15 JUNE 2022, AT SECOND CALL.

1. Subject of the report

This report has been drawn up by the Board of Directors of Fomento de Construcciones y Contratas, S.A. ("**FCC**" or the "**Company**") in accordance with Articles 286, 297.1.b) and 506 of the Consolidated Text of the Corporate Enterprises Act, enacted by Royal Legislative Decree 1/2010 of 2 July (the "**Corporate Enterprises Act**"), to justify the proposal to authorise the Board of Directors, with powers to sub-delegate, to increase capital, on one or more occasions, pursuant to Article 297.1. b) of the Corporate Enterprises Act, subject to the limits set forth in said article. This includes the power, if applicable, to disapply pre-emptive subscription rights up to a limit of 20% of the share capital at the time of authorisation, said proposal to be presented to shareholders at the Annual General Meeting of the Company to be held on 14 June 2022, at first call, or otherwise on the following day, 15 June, at second call, under item 6 of the agenda.

The Annual General Meeting held on 8 May 2019 authorised the Board, subject to a maximum period of five years running from that date, to increase capital in accordance with Article 297.1 b) of the Corporate Enterprises Act. However, the recent reform of the Corporate Enterprises Act ushered in by Law 5/2021 of 12 April, amending, among other provisions, Article 506 of the Corporate Enterprises Act, has made it advisable to submit this authorisation to the approval of shareholders at the General Meeting, thereby rendering null and void any unused part of the authorisation conferred under resolution 8 of the Annual General Meeting held of 8 May 2019.

2. Justification for the proposal to delegate the power to approve capital increases and to disapply pre-emptive subscription rights

All companies, especially those whose shares are listed for official trading, need to have all the instruments and mechanisms they need at all times to respond swiftly to the requirements placed on them or react to prevailing market conditions. This may include the need to raise funds, which can be obtained through new capital contributions.

Given the current global economic situation and high levels of market volatility, speed of execution is of particular importance and becomes a determining factor in successfully attracting additional resources.

In order to avoid difficulties such as not being able to foresee in advance the need for share capital and having to wait for the next General Meeting of Shareholders before capital can be raised, with all costs and delays that would entail, Article 297.1.b) of the Spanish Corporate Enterprises Act expressly allows the General Meeting of Shareholders to authorise the Board of Directors to increase share capital, within certain limits and complying with a series of requirements, without having to first consult the General Meeting.

Meanwhile, Article 506 of the Corporate Enterprises Act states that, at listed companies, when the General Meeting of Shareholders delegates the power to increase share capital in accordance with Article 297.1.b) of that same Act, the Board of Directors may also be granted the power to disapply pre-emptive subscription rights when the interests of the Company so require, subject to a limit of 20% of the company's capital at the time of authorisation. In such cases, however, said proposal for exclusion must be stated in the announcement of the General Meeting and a report from the directors justifying the proposal must be made available to the shareholders.

If the Board of Directors makes use of the authorisation to increase capital submitted for approval by the General Meeting, the corresponding resolution shall be accompanied by the mandatory report of the directors and, if necessary and/or appropriate, by a report issued by an independent expert, other than the auditor. The directors' report and, where appropriate, that of the independent expert shall be made available to the shareholders and presented at the first general meeting to be held after the resolution to increase share capital.

The Board of Directors justifies the proposal to delegate the power to disapply the pre-emptive subscription right, among other reasons, because of the flexibility and speed with which it is sometimes necessary to act in today's financial markets to be able to take advantage of favourable market conditions before it is too late and to lower the cost of raising capital (including, in particular, the fees charged by the banks taking part in the issue) when compared to an issue with the pre-emptive subscription right. Delegating this power to the Board would also achieve a lower distortion effect on the trading of the Company's shares during the issue period, which tends to be shorter than in an issue with pre-emptive rights.

This does not necessarily mean that each and every capital increase carried out under this delegation must be carried out with pre-emptive subscription rights disapplied, since it is perfectly possible to carry out capital increases with subscription rights in effect under this delegation. However, in line with Article 506.1 *in fine of the Corporate Enterprises Act, the resolution of the General Meeting includes a limit to such exclusion of 20%.*

It is therefore proposed to authorise the Board of Directors to increase, on one or more occasions, the Company's share capital by a maximum amount of up to 50% of the subscribed and paid-up capital at the date of the authorisation, i.e. by the sum of 212,586,818 euros, and with the power, where appropriate, to disapply pre-emptive subscription rights subject to a limit of 20% of the share capital at the time of the authorisation.

The full text of the motion submitted for the approval of the General Meeting of Shareholders under agenda item 6 is as follows:

“Authorisation to the Board of Directors, with powers of sub-delegation, to resolve to increase capital, on one or more occasions, as provided for in Article 297.1.b) of the Corporate Enterprises Act, subject to the limits set forth therein, and with authority, if applicable, to disapply pre-emptive subscription rights up to a limit of 20% of share capital at the time of this authorisation.”

The following is proposed: “Authorise the Board of Directors, in accordance with the provisions of Article 297.1.b) of the Corporate Enterprises Act and as broadly as is legally necessary, to increase, once or several times, the share capital of the Company by a maximum amount of up to 50% of the subscribed and paid-up capital as at the date of this authorisation, i.e. by the sum of €212,586,818. The capital increase or increases, if any, which may be agreed must be carried out within a maximum period of five years from the date of adoption of this resolution.

The capital increase or increases that may be agreed may be carried out, with or without a share premium, either by increasing the par value of existing shares in accordance with the requirements of the Corporate Enterprises Act, or by issuing new ordinary or preference shares, with or without voting rights, or redeemable shares, or any other means permitted by law, or any other means at the same time, with the consideration for the new shares or the increase in the par value of existing shares consisting of cash contributions. The Board may stipulate the terms and conditions of increases in the capital stock and the characteristics of the shares, as well as freely offer any new shares not subscribed for within the period for the exercise of first refusal subscription rights.

By virtue of this authorisation, the Board of Directors may establish that, in case of incomplete subscription, the capital is increased only in the amount of the subscriptions made, and to rewrite the article of the Bylaws relative to the share capital once the increase is agreed and executed.

By virtue of this authorisation, the Board of Directors may also request the admission to trading of any new securities issued in any Stock Exchange or regulated market, national or foreign, under the terms of the applicable legislation.

The Board of Directors is expressly granted the power to exclude, in whole or in part, first refusal subscription rights pursuant to section 506 of the Corporate Enterprises Act up to a maximum nominal amount, in aggregate, equal to 20% of the capital stock at the time of this authorisation, in respect of all or any of the issues it resolves on the basis of this authorisation.

In any event, if the Board of Directors decides to suppress the pre-emptive subscription right, it shall, at the time of adopting the corresponding resolution to increase the capital stock, issue a report detailing the specific reasons of corporate interest justifying such measure, which shall be accompanied, if necessary and/or appropriate, by the report of an independent expert referred to in Article 308 of the Corporate Enterprises Act (by reference to Article 506.3 of the Corporate Enterprises Act). These reports would be made available to the shareholders and communicated to the first General Meeting to be held after the resolution to issue.

In accordance with Articles 286, 297.1.b) and 506 of the Corporate Enterprises Act, the Board of Directors has made a report justifying this motion available to the shareholders.

As provided for in Article 249 bis I) of the Corporate Enterprises Act, the Board of Directors is expressly authorised to sub-delegate (with the faculty of substitution when appropriate) in the Executive Committee, the director or directors it deems pertinent, each and every one of the powers granted to the Board of Directors by virtue of this resolution.

This resolution, once passed by the General Meeting, shall render null and void any unused part of the previous resolution to authorise the Board of Directors (under agenda item 8 of the General Meeting of Shareholders of the Company held on 8 May 2019)."

26 April 2022