



REPORT OF THE BOARD OF DIRECTORS OF SACYR, S.A. IN RELATION TO THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION REFERRED TO IN ITEM THIRTEEN ON THE AGENDA OF THE ANNUAL GENERAL MEETING CALLED FOR JUNE 28 AND APRIL 29, 2021, AT FIRST AND SECOND CALL, RESPECTIVELY

The purpose of this report is to justify the proposal to authorize the Board of Directors, with powers of substitution, to (i) issue securities (including, in particular, debentures, bonds and *warrants*) exchangeable by or entitled to acquire shares in circulation of Sacyr, S.A. or other companies, and/or convertible into or entitled to subscribe shares of the Company's new issue, under the general regime on issues of obligations, (ii) increase the share capital by the necessary amount and (iii) exclude the preemptive right, all in accordance with sections 286, 297 and 511 of the Corporate Enterprises Act and section 319 of the Commercial Registry Regulations, the approval of which is submitted to the General Meeting of Sacyr, S.A. (the "**Company**") in the thirteenth of its agenda, all in accordance with the aforementioned Corporate Enterprises Act.

1. General justification of the proposal

1.1 With regard to securities issue

The Board of Directors considers it highly appropriate to have the delegated authority permitted under the current regulations to be able at all times to obtain the funds necessary for the proper management of social interests on the primary stock markets.

The purpose of the delegation is to provide the Company's governing body with the response capacity required by its competitive environment in which, often, the success of a strategic initiative or a financial transaction or the possibility of attracting financial resources depends on the ability to handle it quickly, without the delays and costs that the call and holding of a General Meeting inevitably entails. Therefore, the Company's Board of Directors will be authorized, if necessary, to capture the necessary volume of resources in a reduced period of time.

The issue of convertible and/or exchangeable securities in shares constitutes one of the instruments for financing companies by attracting resources from others. On the one hand, these values have the advantage of offering the investor the possibility of transforming its claims against the Company into shares, obtaining a potential return greater than that offered by other debt instruments and, on the other, they can allow the Company to increase its own resources. These characteristics mean that the coupon of convertible and/or exchangeable obligations is usually lower than the cost of the simple fixed income values and the bank debt, as the value of the option to convert them into shares of the Company that they confer on the investors is reflected in the interest rate of the obligations.

For this purpose, under the current regulations, this proposed agreement is submitted to the General Meeting. In the case of warrants, it is specifically envisaged that, to the extent compatible with their specific nature, the legal and conventional rules on convertible and/or exchangeable obligations will apply.

The proposal specifically authorizes the Board of Directors to issue securities (including debentures and bonds) convertible and/or exchangeable and warrants that are entitled

to subscribe shares of the Company's new issue or to acquire shares in circulation of the Company or other companies and to agree, where appropriate, the share capital increase necessary to meet the conversion or exercise of the subscription option, provided that this increase does not exceed the unused limit authorized at any given time by the General Meeting under section 297.1.b) of the Corporate Enterprises Act.

In this respect, section 510 of the Corporate Enterprises Act stipulates that the limit for issuing bonds established in section 405 of the same legal text does not apply to listed companies. For this reason, the proposed agreement establishes a maximum amount of five hundred (500) million euros (or its equivalent in another currency) for which authorization is sought. For the purposes of calculating the above limit, in the case of warrants, the sum of premiums and exercise prices of the warrants for the emissions agreed under this authorization will be taken into account.

The proposed resolution submitted for approval by the General Meeting also establishes the criteria for determining the bases and modalities for the conversion and/or exchange, although it trusts the Board of Directors, if it agrees to make use of the authorization granted, to specify some of these bases and modalities for each issue within the limits and in accordance with the criteria established by the General Meeting. The Board of Directors will therefore determine the specific conversion relationship, and for this purpose will issue, when approving an issue of convertible and/or exchangeable securities subject to delegation under the authorization granted by the General Meeting, a report detailing the specific bases and modalities of the conversion applicable to the aforementioned issue, which will also be subject to the correlative report of the auditors referred to in sections 414 and 511 of the Corporate Enterprises Act.

Specifically, the proposed resolution submitted for approval by the General Meeting envisages that the securities issued under it will be measured at their nominal amount (including the interest accrued and pending payment) and the shares at the fixed (determined or determinable) or variable change determined in the corresponding resolution of the Board.

The Board therefore believes that it is granted sufficient flexibility to set the value of the shares for conversion based on market conditions and other applicable considerations.

In the case of warrants on newly issued shares, the rules on convertible debentures included in the proposal will apply to the extent compatible with their nature.

Furthermore, and as can be seen from section 415 (2) of the Corporate Enterprises Act, the resolution to delegate the power to issue convertible securities to the Board of Directors envisages, for conversion purposes, that the par value of the obligations is not lower than the par value of the shares. The convertible debentures may not be issued for less than their par value.

Likewise, it is contemplated that the securities issued under this delegation of authority may be admitted to trading on the appropriate secondary market, official or unofficial, organised or not, Spanish or foreign.

Moreover, in some cases it may be appropriate to carry out the securities issue under this proposal through a subsidiary guaranteed CIE Automotive. Consequently, it is considered useful for the General Shareholders Meeting to authorise the Board of Directors to guarantee, on behalf of the Company and within the limits indicated above, the new issues of fixed income securities that are made by the subsidiaries during the period of

validity of this resolution, in order to grant the Board of Directors the maximum flexibility to structure the issues of securities in the most appropriate way depending on the circumstances.

All of the powers that will be attributed to the Board of Directors if the resolution is approved, will be with express power of substitution, so that the objective sought to provide the transactions proposed is even more favorable.

Finally, it should be indicated that the authorization to issue these types of securities was already granted by the Company's Ordinary General Meeting, held on June 16, 2016, which is still in force. For clarity, this proposal includes the express repeal of the authorization granted in the unavailable part.

1.2 With regard to the removal of the preemptive right

The Board of Directors considers that this power to exclude the preemptive right, complementary to that of issuing the convertible and/or exchangeable securities, is justified for several reasons.

First, the Board of Directors believes that the removal of the preemptive right of preemption normally allows a relative reduction of the financial cost and the costs associated with the transaction (including, in particular, the fees of the financial institutions participating in the issue) compared to an issue with preemptive right of preemption.

Secondly, with the power to remove the preemptive right of first refusal, the directors are able to significantly extend the speed of action and response that current financial markets sometimes require, allowing the Company to take advantage of the times when market conditions are more favorable.

On the other hand, the removal of the preemptive right of first refusal distorts the trading of the Company's shares during the issue period, which is often shorter than in a rights issue.

In summary, the characteristics of the financial markets, as well as the speed and speed with which they are operated, require that the Board of Directors have flexible and appropriate tools to respond appropriately to the requirements that, at any given time, are required by the corporate interest, and the aforementioned delegation to the Board of Directors must be included in this strategy to exclude, where appropriate, the preemptive right of purchase.

In any case, in accordance with section 511 of the Corporate Enterprises Act, if the Board of Directors decides to remove the preemptive right of subscription of the shareholders on the occasion of any or all of the issues that it may decide to make under that delegation, it must issue a report detailing the specific reasons of social interest justifying that measure, which will be subject to the correlative report of an auditor appointed by the Commercial Registry other than the auditor of the Company, to which section 417 of the Corporate Enterprises Act refers. These reports must be made available to shareholders and communicated to the first General Meeting held following the issue agreement.

2. Proposed resolution

The proposed resolution to the General Meeting in relation to the thirteenth point of the agenda is transcribed literally below.

“Empower the Board of Directors to issue securities, in accordance with the general regime on the issuance of debt instruments and in accordance with the provisions of sections 286, 297 and 511 of the Spanish Corporate Enterprises Act and 319 of the Commercial Registry Regulations, in accordance with the following terms:

1. *Securities under issue. The securities referred to by these conferred powers are of any type (including, in particular, debentures, bonds and warrants) exchangeable for or with the right to acquire outstanding shares in Sacyr, S.A. or of other companies, and/or convertible into or with the right to subscribe newly issued shares in the Company.*
2. *Term of the agency. The issuance of securities made under these conferred powers may be carried out on one or more occasions within a maximum period of five (5) years from the date of when this agreement has been adopted.*
3. *Maximum authorized amount. The maximum total nominal amount for the issue or issues of securities to be agreed under these conferred powers is five hundred million euros (EUR 500, 000,000) or its equivalent in another currency. For the purposes of calculating this limit, in the case of warrants, the sum of the premiums and strike prices of the warrants of the issues agreed under these conferred powers will be taken into account.*
4. *Scope of the conferred powers. These conferred powers extend, as widely as is required by law, to the setting of the specific terms and conditions for each issue, including, by way of example and not limited to: the amount, which must always be under the total quantitative limit mentioned above; the place of issue (Spain or another country) and the issue price; the currency, either national or foreign, and, in the case of foreign currencies, its equivalent amount in euros; the denomination of the securities, in the case of bonds or debentures, including subordinated debt, warrants (which, in turn, may be settled through the physical delivery of shares or, where appropriate, through payment for any differences), or any other denomination permitted by law; the issue date or dates; the number of securities and their par value, which, in the case of convertible and/or exchangeable bonds or debentures, may not be less than the share par value; in the case of warrants and other similar securities, the issue price and/or the premium, the strike price (which may be fixed or floating) and the procedure, deadline, and other terms and conditions applicable to the exercise of the right to subscribe the underlying shares or, where appropriate, the exclusion from such right; the interest rate (fixed or variable), and the coupon payment dates and procedures; if the issue is perpetual or is subject to redemption and, for the latter case, the redemption period and the maturity date or dates; guarantees, redemption types and price, premiums and installments; the form of representation, such as securities or as book entries; anti-dilution clauses; placement and underwriting regime and rules applicable to the subscription; the range of securities and subordination clauses, if applicable; legislation applicable to the issue; the power to request the application for official listing, where appropriate, for the securities issued in secondary markets, either in over the counter markets or not, or official or unofficial, or Spanish or foreign, subject to the requirements established by the applicable legislation in each case;*

and, in general, any other condition for the issue, as well as, where appropriate, the appointment of the bondholder syndicate trustee and the approval of the basic rules that will govern the legal relationship between the Company and the syndicated holders of issued securities, in the event that it is necessary to create or decide to involve such syndicate.

This agency also includes conferring powers on the Board of Directors so that, for each case, it can decide on the conditions of the redemption of the securities issued under this agency, being able to use the means of collection referred to under Section 430 of the Spanish Corporate Enterprises Act or any other applicable law. Likewise, the Board of Directors is empowered so that, when it considers appropriate, and after having obtained the necessary official authorizations and, where appropriate, the agreement of the Assemblies of the corresponding Syndicates or representative bodies of the security holders, modify the conditions of the issued securities and their respective maturities and interest rate, where appropriate, resulting from each of the issues carried out under this agency.

5. Conditions and modalities for the conversion and/or exchange. If issuing convertible and/or exchangeable securities (including debentures and bonds), and for the purposes of determining the conditions and modalities for the conversion and/or exchange, the following criteria have been agreed to:

(a) Securities issued under this agreement can be exchanged for shares in the Company or in any other company, either belonging to or outside of its Group and/or convertible into shares in the Company, pursuant to a conversion ratio and/or fixed or floating exchange, determined or determinable, where the Board of Directors is empowered to determine whether they are convertible and/or exchangeable, as well as to determine if they are mandatorily or voluntarily convertible and/or exchangeable, and if they are voluntarily, at the option of the owner and/or the Company, with the periodicity and during the term established under the issuance agreement.

(b) The Board of Directors may also establish, when an issue is convertible and exchangeable, that the issuer reserves the right at any time to choose between the conversion into new shares or their exchange for outstanding shares in the Company, specifying the nature of the shares to be delivered at the time of the conversion or exchange, including to choose to deliver a combination of newly issued shares with pre-existing shares in the Company and, also, to carry out the settlement of the difference (or for the total) in cash.

(c) For the purposes of conversion and/or exchange, the securities will be valued at their nominal amount (including, where appropriate, interest accrued and pending payment) and the shares at the fixed exchange rate established under the resolution of the Board of Directors, making use of these conferred powers, or the floating exchange to be determined on the date or dates indicated under the resolution of the Board of Directors, based on the market value of the Company's shares on the date(s) or period(s) used as a reference under the same agreement, with a premium or, where appropriate, a discount, although in the case of setting a discount on the price per share, it may not be greater than 25% of the share value used as a reference in accordance with the above provisions.

(d) For the purposes of the conversion ratio for securities into shares, in any case, the share value may not be less than the share par value. Likewise, pursuant to section 415 of the Spanish Corporate Enterprises Act, bonds securities into shares may not be issued when the share par value is less than that of the bonds.

6. Conditions and modalities when exercising warrants and other similar securities. With regard to issuing warrants, for which the provisions of the Spanish Corporate Enterprises Act on convertible bonds will be applicable by analogy, the Board of Directors is authorized to determine, in the broadest terms, in relation to the terms and conditions applicable to the exercise of warrants, the criteria applicable to the exercise of subscription rights for newly issued shares in the Company or for the acquisition of outstanding shares in the Company, derived from securities of this nature issued under these conferred powers. The criteria provided for in section 5 above is applicable to this type of issuance, with any adjustments that may be necessary to ensure that they comply with the legal and financial regulations governing securities of this nature.

7. Other delegated powers. Powers conferred on the Board of Directors also includes, by way of example and not limited to, the following:

(a) The power to exclude, in whole or in part, the pre-emptive rights for shareholders, complying with the legal requirements established for such purpose, pursuant to section 511 of the Spanish Corporate Enterprises Act. In any case, if it is decided to exercise the conferred powers to withdraw pre-emptive subscription rights, at the time of approving the issue and in accordance with the applicable regulations, the Board must issue a report detailing the specific legitimate reasons justifying said measure, which will be the subject matter of the corresponding report prepared by an independent expert in accordance with the provisions of sections 414.2, 417.2 and 511 of the Spanish Corporate Enterprises Act.

(b) The power to increase the capital by the amount necessary to meet the requests for the conversion of shares and/or exercise the right to subscribe for shares. This power may only be exercised to the extent that the amount of the capital increased by the Board of Directors to cover the issue of such convertible securities or warrants does not exceed the reserved limit authorized, at any given time, by the General Shareholders Meeting, pursuant to section 297.1.b) of the Spanish Corporate Enterprises Act, without prejudice to the application of anti-dilution clauses and adjustment of the conversion ratio. These conferred powers to carry out capital increases include the issuing of the shares, on one or more occasions, representative of the capital necessary to carry out the conversion and/or exercise the right to subscribe shares, as well as that of redrafting the Company By-laws regarding the amount of share capital and the number of shares and, where appropriate, to cancel the part of the capital increase that is not required for the conversion and/or exercise of the right to subscribe for shares.

(c) The power to develop and determine the terms and conditions and modalities of the conversion, exchange and/or exercise of subscription rights and/or acquisition of shares, of the securities to be issued, taking into account the criteria established in sections 5 and 6 above.

(d) The agency to the Board of Directors involves the broadest powers to the extent that are necessary under law for the interpretation, application, performance and development of the agreements to issue convertible or exchangeable securities or warrants, on one or more occasions, and the corresponding capital increase, being also empowered to rectify and supplement them whenever considered as necessary, as well as to comply with all the legal requirements for their successful outcome, being able to correct any omissions or defects found in the agreements, as indicated by any authority, official or agency, either national or foreign, also being empowered to adopt as many agreements and execute as many public or private documents as considered necessary or appropriate for the novation of previous agreements for the issuance of convertible or exchangeable securities or warrants and the corresponding capital increase on the basis of any spoken and/or written comments made by the Companies Registrar or, in general, by any other national or foreign public authority, official or institution.

8. *Application for official listing. The Company will request, when considered appropriate, the application for listing on official or unofficial secondary markets, whether organized or not, either national or foreign, of the debentures and/or convertible and/or exchangeable bonds or warrants issued by the Company under this agency, empowering the Board of Directors, as broadly as may be required by law, to carry out the necessary procedures and actions for the admission to trading before the competent bodies of the various national or foreign securities markets, subject to the rules on admission, continuance and, where appropriate, exclusion from trading.*

It is expressly stated that, in the event of a subsequent request for the exclusion from trading of the securities issued by the Company under this agency, it will be adopted with the same formalities as the request for admission, insofar as they are applicable, and, in such case, the interest of the shareholders or holders of the securities who oppose, or abstain from voting, the agreement in the terms provided under the current legislation will be guaranteed. It is also expressly declared that the Company submits to the current and future regulations on Stock Exchanges and, in particular, on the trading, continuance and exclusion of trading.

9. *Guarantee of convertible and/or exchangeable security and warrant issues by subsidiaries. The Board of Directors is also empowered to guarantee, on behalf of the Company and within the above indicated limits, new issues of convertible and/or exchangeable fixed income securities or warrants that are carried out by the subsidiaries during the term of this agreement.*
10. *Powers of delegation. The Board of Directors is expressly empowered to delegate the powers referred to in this resolution, pursuant to section 249 bis of the Spanish Corporate Enterprises Act.*

These conferred powers render without effect the others approved by the General Meeting of the Company held on 16 June 2016, in the undrawn amount."

Madrid, March 25, 2021