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REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (CAF), IN RELATION TO THE RESOLUTION REFERRED TO IN POINT FIVE OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING, TO BE HELD ON JUNE 11, ON FIRST CALL, AND, IF APPROPRIATE, ON JUNE 12, ON SECOND CALL

1. PURPOSE OF THE REPORT

This Report is issued in accordance with the provisions of Articles 511 of the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of July 2, 2010 (“CCA”) and 319 of the Regulations of the Mercantile Registry, applying by analogy the provisions of Article 297.1(b) CCA, to justify the proposed resolution submitted for the approval of the Ordinary General Shareholders' Meeting of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (“CAF” or the “Company”) under item Five of its Agenda, relating to the delegation to the Board of Directors of the power to issue bonds and other fixed-income securities or other types of securities (including warrants) that may be converted into shares of the Company or other group companies, with the power to exclude pre-emptive subscription rights.

2. APPLICABLE REGULATIONS

The possibility of delegating to the directors the power to issue bonds that may be converted into shares is expressly regulated for listed companies in article 511 CCA, and by analogy it also arises from the possibility of delegating to the directors the power to agree to increase the capital stock on one or more occasions (article 297.1.b) CCA).

In this regard, the CCA establishes the obligation to draft a written report justifying the proposed delegation agreement provided for in Article 297.1.b). This obligation also arises from the provisions of Article 511 CCA, specifically in relation to cases in which, together with the power to issue convertible bonds, the additional power to exclude the shareholders' pre-emptive subscription rights is delegated.

Likewise, Article 511 CCA provides that, when the pre-emptive subscription rights are excluded, the maximum number of shares into which the bonds may be converted based on their initial conversion ratio, if fixed, or their minimum conversion ratio, if variable, added to the number of shares issued by the directors under the delegation provided for in Article 506 CCA, may not exceed 20% of the number of shares comprising the share capital at the time of the authorization.

This Report is issued within the framework of the aforementioned legal provisions regarding the delegation to the Board of Directors of the power to issue bonds and other fixed income securities or other securities (including warrants) that may be converted into shares of the Company or other group companies, with the express power to exclude pre-emptive subscription rights, which is proposed for the approval of the General Shareholders' Meeting under item Five of the Agenda of the meeting scheduled to be held on June 11 or 12, 2022. If the resolution that is the subject of this Report is approved, the



resolution adopted in this regard by the Ordinary General Shareholders' Meeting held on June 10, 2017, under item Eight of the Agenda, would be null and void.

3. JUSTIFICATION FOR THE PROPOSED DELEGATION OF THE POWER TO ISSUE CONVERTIBLE SECURITIES

The proposal to delegate the power to issue, directly or through group companies, bonds and other fixed income securities or other securities (including warrants) that may be converted into shares of the Company or of other group companies is justified by the appropriateness of the Board of Directors having the necessary legal instruments to be able to raise the funds on the primary securities markets that may be necessary for the proper management of corporate interests, in accordance with the usual practice of listed companies.

The purpose of this delegation is to provide the Company's governing body with the room for maneuver and flexibility in its financing options required by the competitive environment in which it operates, in which the success of a specific transaction or strategic initiative often depends on the possibility of carrying it out promptly, without the delays and costs involved in calling and holding a General Shareholders' Meeting.

Thus, if the proposal is approved, the Company's Board of Directors will be authorized, if necessary, to raise the required funds responsively and quickly, taking advantage of the opportunities that may arise in the market.

For this purpose, in accordance with the general regime on the issuance of bonds contained in Articles 401 et seq. of the CCA, and pursuant to that established by Articles 297.1.b) and 511 CCA, the General Shareholders' Meeting is presented with the proposed resolution formulated under item Five of the Agenda, the entire text of which appears in section 5 below.

It must be highlighted that this delegation includes the capacity to increase the share capital by the amount necessary to deal with the corresponding conversion requests and to modify the subsequent article of the Bylaws. However, this power may only be exercised to the extent that the Board of Directors, adding the nominal amount of the capital increases that it authorizes to address the issuance of convertible securities and the remaining capital increases that it authorizes under any other power delegated to it by the General Shareholders' Meeting, does not exceed half the amount of the share capital at the time of authorization, which is equivalent to a maximum of 5,159,252.875 euros (17,140,375 shares), without prejudice to the lower limit provided for in the case that the pre-emptive subscription rights have been excluded, as described in section 4 below.

4. JUSTIFICATION OF THE PROPOSAL TO DELEGATE THE POWER TO EXCLUDE THE PRE-EMPTIVE SUBSCRIPTION RIGHT

It is proposed that the authorization for the issuance of securities that may be converted into new shares of the Company include that the Board of Directors, pursuant to the provisions of articles 417 and 511 CCA and other concordant articles, is authorized to exclude, in whole or in part, the pre-emptive subscription rights of the shareholders, when this is appropriate for the raising of financial resources on the markets and, by extension, for the corporate interest. This authorization to exclude the pre-emptive subscription right



is, in any case, delegated for a maximum amount of 20% of the share capital at the time of authorization, as detailed below.

The Board of Directors considers that having this ability, which is common in listed companies and which considerably increases the Company's room for maneuver and capacity to respond, is justified by the flexibility and agility with which it is necessary to operate in today's financial markets in order to be able to take advantage of the most favorable market opportunities. The exclusion of the pre-emptive subscription right, in effect, reduces the time required to issue the bonds, speeding up the entire process.

This justification is also evident when it is intended to raise financial resources on the financial markets, as it is common in many of these cases to exclude the aforementioned right for the placement of securities. Likewise, the exclusion of the pre-emptive subscription right may be necessary when the raising of funds is intended to be carried out through the use of demand prospecting techniques or when otherwise justified in the Company's interest.

On the other hand, the exclusion of the pre-emptive right may facilitate a relative reduction in the financial cost of the bond and the costs associated with the transaction compared to an issue with pre-emptive rights, while having a less distorting effect on the trading of the Company's shares during the issuance period.

Finally, in accordance with the provisions of article 511 CCA, it is proposed that the delegation of the authorization to exclude the pre-emptive subscription right be made for a maximum amount of 20% of the share capital at the time of authorization, so that the maximum number of shares into which the bonds may be converted based on their initial conversion ratio, if fixed, or their minimum conversion ratio, if variable, added to that of the shares issued by the directors pursuant to the delegation provided for in article 506 CCA, does not exceed 20% of the number of shares at the time of the authorization, which is equivalent to a maximum of 6,856,150 shares.

In any case, if the Board of Directors decides to exclude the pre-emptive subscription right in relation to a specific issue of convertible securities that it may decide to make under this authorization, it must issue, at the time of approving the issue, a supporting report, which will be subject, if applicable, to the correlative report of the independent expert (other than the Company's auditor). These reports will be made available to the shareholders and communicated at the first General Meeting held after the corresponding issuance resolution.

5. PROPOSED RESOLUTION

In view of the foregoing, a proposal is submitted to the General Shareholders' Meeting to delegate to the Board of Directors the power to issue bonds and other fixed income securities or other securities (including warrants) that may be converted into shares of the Company or of other companies in its group as indicated below, the full text of which is as follows:

"Five: Delegation to the Board of Directors, in accordance with the provisions of Articles 297.1.b) and 511 of the Capital Companies Act, Article 319 of the Regulations of the Mercantile Registry and other applicable regulations, with express power of substitution, and for a period of five (5) years from the adoption of the resolution, of



the ability to issue, on one or more occasions, directly or through group companies, bonds and other fixed income securities or other securities (including warrants) that may be converted into shares of the Company or other companies in its group, expressly including the power to increase the share capital by the necessary amount up to a maximum amount not exceeding, in nominal value, half of the share capital at the date of the delegation, the power to amend the relevant article of the Company's Bylaws, as well as the power to exclude the shareholders' pre-emptive subscription right in relation to the issuance of shares, the latter power being limited to a maximum amount of 20% of the share capital at the time of the authorization. Consequent revoking of the delegation conferred upon the Board of Directors by resolution of the Shareholders in their General Meeting held on June 10, 2017.

To delegate to the Board of Directors of the Company, in accordance with the provisions of Articles 297.1.b) and 511 of the Capital Companies Act, Article 319 of the Regulations of the Mercantile Registry and other applicable regulations, with express power of substitution, and for a period of five (5) years from the adoption of this resolution, the power to issue, on one or more occasions, directly or through group companies, bonds and other fixed income securities or other securities (including warrants) that may be converted into shares of the Company or other companies in its group.

This delegation expressly includes the power to establish such limits and conditions as may be necessary or appropriate for the issuance of the aforementioned securities, including the establishment of the criteria for determining the bases and modalities of the conversion or exercise, the determination of the simple or guaranteed nature of the securities, as well as the power to increase the share capital by the amount necessary to meet the corresponding requests for conversion or exercise and to modify the subsequent article of the Bylaws. However, the power to increase the share capital may only be exercised to the extent that the Board, adding the nominal amount of the capital increases that it authorizes to address the issuance of convertible securities and the remaining capital increases that it authorizes under any other power delegated to it by the General Shareholders' Meeting, does not exceed half the amount of the share capital at the time of authorization, which is equivalent to a maximum of 5,159,252.875 euros (17,140,375 shares), without prejudice to the lower limit provided for in the following paragraph in respect of issues in which the pre-emptive subscription right has been excluded.

Likewise, this delegation expressly includes the power to exclude from the issuance of convertible securities the pre-emptive subscription right of shareholders, up to a maximum amount of 20% of the share capital at the time of authorization, so that the maximum number of shares into which the bonds may be converted based on their initial conversion ratio, if fixed, or their minimum conversion ratio, if variable, added to that of the shares issued by the directors pursuant to the delegation provided for in Article 506 CCA, does not exceed 20% of the number of shares at the time of the authorization, which is equivalent to a maximum of 6,856,150 shares, in accordance with the provisions of Article 511 of the Capital Companies Act and other applicable regulations.

The Board of Directors of the Company is also authorized to guarantee on behalf of the Company, within the aforementioned limits, new issues of convertible securities that may be carried out by companies belonging to its group.

The Company shall request, when appropriate, the admission to trading on secondary markets that are official or unofficial, organized or otherwise, national or foreign, of the



securities that may be issued by virtue of this delegation, authorizing the Board of Directors to carry out the necessary formalities and actions for admission to trading before the competent bodies of the aforementioned securities markets.

This resolution replaces and renders null and void the resolution adopted by the Ordinary General Shareholders' Meeting of the Company held on June 10, 2017, under item Eight of the agenda.”

Beasain, on May 6, 2022