



**Report from the Board of Directors of DURO FELGUERA, S.A. of its meeting held on 7 March 2023, pertaining to the proposed resolution on the capital increase charged to cash contributions, with recognition of the pre-emptive subscription right, included in item One of the agenda of the Extraordinary General Meeting of Shareholders called for 12-13 April 2023, at first and second call, respectively**

## **1. INTRODUCTION AND PURPOSE OF THE REPORT**

1.1. Within the framework of the joint investment process of Grupo Promotor de Desarrollo e Infraestructura, S.A. de C.V. (“**Grupo Prodi**”) and Mota-Engil México, S.A.P.I de C.V. (“**Mota México**” and, together with Grupo Prodi, the “**Industrial Partners**”) in Duro Felguera, S.A. (“**Duro Felguera**” or the “**Company**”), the Board of Directors of the Company has agreed this report at its meeting of 7 March 2023, in which it called an Extraordinary General Meeting of Shareholders to be held on 12 April 2023 on first call and on 13 April 2023 on second call, and to submit to said Extraordinary General Meeting of Shareholders, under the First and Second items on the agenda, the approval of two capital increases that will entail an inflow of funds into the Company for a total amount of 90 million euros (plus interest accrued up to the date of execution on the terms set out below) structured in two resolutions:

- (i) in a first resolution, which will be analysed in this report, a capital increase with cash contributions and with recognition of the pre-emptive subscription right in favour of the current shareholders of Duro Felguera for a maximum amount of 39,837,200 euros and at an issue rate of 0.7661 euros per share, the proceeds of which will be fully and specifically used to repay the Loan granted by Mota Mexico to Duro Felguera, as described below (the “**Capital Increase with Rights**”); and
- (ii) in a second resolution, which is the one that will be analysed in a separate report, a capital increase of up to 90 million euros (plus interest accrued up to the date of its execution), through capitalisation by Grupo Prodi and Mota México of the credits held by Grupo Prodi and Mota México against the Company amounting to 90 million euros, arising from the two loan agreements entered into by Grupo Prodi and Mota México respectively, as lenders, and the Company, as borrower, on 28 February 2023, broken down as follows: Grupo Prodi has granted a loan in the amount of 50 million euros, and Mota México has granted another loan in the amount of 40 million euros (the “**Loan Agreements**” and, individually, the “**Loan Agreement**”). Pursuant to this agreement, Grupo Prodi will fully capitalise its Loan Agreement while Mota Mexico will capitalise the amount not repaid in the Capital Increase with Rights, all at the same issue rate as the Capital Increase with Rights (the “**Debt Capitalisation Increase**”, and together with the Capital Increase with Rights, the “**Capital Increase**”).

The Loan Agreements are subject to the condition of the approval of the Capital Increase by the General Meeting of Shareholders and the other conditions contained therein and described below.



- 1.2. The drawdown of the Loan Agreements entered into is subject to the prior fulfilment of a series of legal and contractual conditions precedent, described in section 2.1.13 of the Board of Directors' Report in connection with the proposed resolution on the Debt Capitalisation Increase (the "**Debt Capitalisation Increase Report**"), as well as in section 2.1.16 of this report (the "**Disbursement Conditions**"). The Loan Agreements have been signed with the irrevocable commitment that they may be drawn down once the Disbursement Conditions have been fulfilled. To this effect, although the manner in which this is to be done is not regulated in the Loan Agreements, the Industrial Partners, as lenders, have assumed the commitment to deposit the amount of the Loan Agreements in a credit institution in such a way that the drawdown becomes effective at the request of the Company once the conditions have been fulfilled, unless the lenders waive their compliance in writing. In any case, the Loan Agreements must be fully disbursed prior to the application for exemption from the takeover bid referred to in section 2.1.9 of the Debt Capitalisation Increase Report, and will be used exclusively for the execution of the Business Plan (as such term is defined below).
- 1.3. The proposed resolution that is the subject of this report refers to the Capital Increase with Rights for an effective amount (nominal plus premium) of a maximum of up to 39,837,200 euros, through the issuance and putting into circulation of up to 52,000,000 new ordinary shares of 0.05 euros par value each (the "**New Shares of the Capital Increase with Rights**"), of the same class and series as those currently outstanding, represented by book entries.
- 1.4. The New Shares of the Capital Increase with Rights will be issued at a par value of 0.05 euros plus a share premium of 0.7161 euros, therefore, the issue price will be 0.7661 euros per share. Consequently, and assuming that all the New Shares of the Capital Increase with Rights are subscribed, the amount of the total share premium corresponding to the New Shares of the Capital Increase with Rights amounts to 37,237,200 euros, and the amount of the total par value corresponding to the New Shares of the Capital Increase with Rights amounts to 2,600,000 euros, whereby the maximum total amount of the Capital Increase with Rights (nominal value plus share premium) is 39,837,200 euros (nominal value plus share premium). The proposed amount is the amount that best matches the exchange ratio for the exercise of the pre-emptive subscription right with the announced figure of the capital increase of 40 million.
- 1.5. The following is an explanation for shareholders of the operation proposed to the Extraordinary General Meeting of Shareholders and the reasons justifying the Capital Increase with Rights from the point of view of the Company's corporate interest. Pursuant to the provisions of Articles 286, 296.1 and 297.1.a) of the Consolidated Text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, (the "**Corporate Enterprises Act**"), this proposed resolution to the Extraordinary General Meeting of Shareholders requires the preparation by the Board of Directors of the following supporting report. Finally, the final section includes the proposed resolution for the Capital Increase with Rights to be submitted for approval at the aforementioned Extraordinary General Meeting of Shareholders.



## 2. RATIONALE FOR THE PROPOSAL

### 2.1. Operation in which the Capital Increase with Rights is included. Context and purpose.

- 2.1.1. The Capital Increase with Rights is part of the Industrial Partners' investment process that began with the signing of the binding memorandum of understanding, entered into by Grupo Prodi, Mota México and the Company on 21 February 2023 (the "MOU"), the purpose of which is to regulate the basic terms and conditions of the financial commitment of the Industrial Partners with the Company (the "Investment"). The Investment by Grupo Prodi and Mota Mexico was materialised on 28 February 2023 with the execution of the Loan Agreements for a total amount of 90 million euros. The signing of the MOU was made public by means of an insider information communication sent to the National Securities Market Commission ("CNMV") on 21 February 2023 under registration number 1769.
- 2.1.2. This Investment process will be completed following the disbursement of the proceeds of the Loan Agreements upon fulfilment of the Disbursement Conditions (as defined below), and capitalisation of the Loan Agreements with the entry of Grupo Prodi and, on the terms set out in paragraph 1.1(ii) of the Debt Capitalisation Increase Report, of Mota Mexico as industrial partners and controlling shareholders of the Company on a long-term and permanent basis, acting in concert through a syndication agreement (which was communicated to the Company for the purpose of knowing the manner of decision-making in relation to the Investment and the Company), which is expected to be signed on the Capital Increase execution date. If no agreement is reached, decisions will be taken by Grupo Prodi, which will confer a high degree of confidence not only on Duro Felguera and its employees, but also on all its shareholders and public and private creditor institutions. The entry into Duro Felguera's capital of two industrial shareholders from the same sector will give the Company greater confidence in the market through the contribution of new resources, capacity and technical solvency, the participation in new projects, the signing of new contracts and the awarding of bids and contracts.
- 2.1.3. At present, the Company needs to reinforce its cash flow to fully carry out its business plan agreed with the banking syndicate with the presence of the main financial institutions in Spain and authorised by the Solvency Support Fund for Strategic Companies (FASEE), as a key part of the viability plan. This situation conditions the access to bids, contracts and the expansion of its financial structure of guarantees to grow in the business portfolio, with the consequent restriction in obtaining additional financing.
- 2.1.4. Accordingly, the entry of the new resources provided by these investors is essential for the short-, medium- and long-term viability of Duro Felguera, and for this reason, one of Duro Felguera's priorities is to restructure its balance sheet and ensure the continuity of its business. To achieve this goal, Duro Felguera and the Industrial Partners have reached an agreement to the effect that Grupo Prodi and, under the terms laid down in paragraph 1.1(ii) of the Debt Capitalisation Increase Report, Mota México, will enter the share capital of Duro Felguera as reference shareholders, contributing not only the new resources to develop its activity normally and permanently overcome all the extraordinary circumstances of recent years, but also to stabilise an industrial partner that will galvanise the composition of the shareholding



and generate workload for the Company and synergies for expansion and growth in international spheres.

- 2.1.5. Indeed, the relaunching of Duro Felguera not only requires the entry of funds and liquidity, but also the presence in its share capital of a strategic industrial partner (in this case two) which, given the conditions of the sector in which the Company operates (i) provides financial soundness and solvency and technical capacity; (ii) supports the Company's strategic plan; addressing the opportunities that the market offers in the short, medium and long term, with the generation of synergies in the development and execution of new projects; and (iii) transmits and generates the necessary confidence to the market. This goal will be achieved with the entry of Grupo Prodi and, under the terms laid down in paragraph 1.1(ii) of the Debt Capitalisation Increase Report, Mota México, as industrial partners, acting in concert through a syndication agreement, capable and with long-term investment prospects in Duro Felguera, with synergies that enhance Duro Felguera's sales portfolio and that transmit solidity with respect to third parties.
- 2.1.6. For this purpose, the deal has been designed to ensure the long-term financial recovery of Duro Felguera by providing the necessary funds for Duro Felguera to obtain the additional liquidity needed to develop its Business Plan (as this term is defined below) and for the definitive restructuring of its balance sheet. The execution of the Business Plan will allow Duro Felguera to achieve its viability objective, for which the granting and disbursement of the Loan Agreements is essential. As a result of the capitalisation of the Loan Agreements, Grupo Prodi and Mota México will enter into the share capital of Duro Felguera and will be incorporated into the Company as industrial partners, thus complying with the agreement of the Council of Ministers.
- 2.1.7. The entry into the capital of Duro Felguera by Grupo Prodi and, under the terms laid down in paragraph 1.1(ii) of the Debt Capitalisation Increase Report, by Mota México as a result of the capitalisation of the Loan Agreements is expected to provide the Company with stability, new contracts and bids, synergies and, in general, convey a position of strength to the market.
- 2.1.8. Thus designed, the deal will be of significant benefit to the Company's current shareholders insofar as it is designed to ensure long-term viability and thus prevent investors from seeing their investment reduced, which could occur in the event that the immediate contribution of the funds that Duro Felguera needs at this time is not made.
- 2.1.9. In light of the foregoing, the Board of Directors of the Company submits to the Extraordinary General Meeting of Shareholders this proposed resolution for a Capital Increase with Rights that will allow the Company, together with the Debt Capitalisation Increase, to finance the repayment of the amounts owed to the Industrial Partners under the Loan Agreements and, correlatively, to allow Grupo Prodi and, under the terms laid down in paragraph 1.1(ii) of the Debt Capitalisation Increase Report, Mota México to become shareholders of Duro Felguera.



- 2.1.10. In this regard, the Board of Directors proposes to the Extraordinary General Meeting of Shareholders a first resolution of the Capital Increase in order to obtain the necessary funds to repay the amounts owed by the Company to Mota Mexico, derived from the Loan Agreement in a cash amount (nominal amount plus premium) of 39,837,200 euros and an issue rate of 0.7661 euros per share. This measure will (i) allow the Company's current shareholders to participate, through the exercise of their pre-emptive subscription right, in the recovery of the Company together with the Industrial Partners; (ii) mitigate the dilutive effect that the Debt Capitalisation Increase will have on the current shareholders; (iii) partially repay the amounts owed under the Loan Agreements; and (iv) furthermore, strengthen the Company's capital structure together with the Debt Capitalisation Increase, all of these elements being crucial for the development of Duro Felguera's business plan and its strategic objectives.
- 2.1.11. The Board of Directors states that the Industrial Partners and Duro Felguera are aware that their capital contribution must be accompanied by the involvement of the current shareholders, whose rights must be respected and protected, which are safeguarded by avoiding very negative scenarios for the Company, in addition to the structure proposed in this document, which respects their pre-emptive subscription rights through the exercise of which they will be given the possibility of intervening, together with the Industrial Partners, in the recovery of their Company through a capital increase with monetary contributions for the repayment of the Loan Agreement with Mota Mexico.
- 2.1.12. In addition, those shareholders who do not wish to participate in the Capital Increase with Rights may dispose of the pre-emptive subscription rights to which they are entitled in the market.
- 2.1.13. In this way, the Board of Directors complies with the mandate granted by the General Meeting of Shareholders to promote a long-term solution for Duro Felguera in view of its history and its economic relevance for the Principality of Asturias, in order to ensure a future for the Company that will allow it to be at the forefront of innovation and development, goals that have always been pursued by this Company since its foundation.
- 2.1.14. In accordance with the foregoing, the amount of the Capital Increase with Rights (i.e., the total number of shares, the total par value and the total share premium) cannot be determined until the date on which it is executed, at which time it will be known which shareholders of the Company will participate in the Capital Increase with Rights and with what amounts.
- 2.1.15. In view of the foregoing, and in accordance with the provisions of Article 297.1. a) of the Corporate Enterprises Act, the Extraordinary General Meeting of Shareholders is requested, subject to the requirements established for the amendment of the Company's articles of association (the "**Articles of Association**"), to approve the implementation of the Capital Increase with Rights, delegating to the Board of Directors the power to set the date on which the resolution already adopted must be carried into effect and to set the conditions thereof in all matters not provided for in the resolution of the Extraordinary General Meeting of Shareholders.



2.1.16. The Board of Directors places on record that the Capital Increase with Rights is expected to be executed as soon as possible after the fulfilment of the Disbursement Conditions, the disbursement of the proceeds of the Loan Agreements, in addition to obtaining the CNMV's exemption from the obligation to make a takeover bid as a result of the capitalisation of the Loan Agreements, which are transcribed below:

- (i) The approval by the Industrial Partners and Duro Felguera of the Company's Business Plan (the "**Business Plan**").
- (ii) The express approval of the Company's Business Plan by the Solvency Support Fund for Strategic Companies ("**FASEE**"), as well as the adaptation of the amortisation schedule of the financing granted by FASEE to the new Business Plan and the Management Agreement entered into with the Company, dated 31 March 2021.
- (iii) The public recording of the Loan Agreements before the Notary Public designated for such purposes by the Company.
- (iv) The call, by the Board of Directors of the Company, of the General Meeting of Shareholders of Duro Felguera to approve the Capital Increase.
- (v) The approval by the Company's General Meeting of Shareholders of the Capital Increase.
- (vi) Obtaining the authorisations of Banco Bilbao Vizcaya Argentaria, S.A.; Banco Cooperativo Español, S.A.; Banco de Sabadell, S.A.; Banco Santander, S.A.; Caixabank S.A. and Unicaja Banco S.A. (the "**Financial Institutions**"), FASEE and/or Sociedad Regional de Promoción del Principado de Asturias, S.A. ("**SRP**") (as applicable) necessary to carry out the legal acts required for the execution of the provisions of the MOU, including: (a) the authorisation by the Financial Institutions, FASEE and SRP of the indebtedness that the Loan Agreements represent for the Company and the drawdown thereof, the future change of control in Duro Felguera due to the capitalisation of the Loan Agreements by the Industrial Partners and (b) the approval by FASEE of the Business Plan and the adaptation of the Company's governance rules contained in the aforementioned Management Agreement.
- (vii) Obtaining authorisation from the Subdirectorate General for Foreign Investments of the Directorate General for International Trade and Investments of the Ministry of Industry, Trade and Tourism (or the authority to which it legally corresponds) for the acquisition of a controlling interest in the Company in accordance with the provisions of Article 7bis of Law 19/2003 or, if applicable, written confirmation from such body that such transaction is outside the scope of application of Law 19/2003.
- (viii) Obtaining unconditional authorisation from the National Markets and Competition Commission (CNMC) (or the authority to which it legally corresponds) for the acquisition of a controlling interest in the Company or, if applicable, written confirmation that such authorisation is not necessary, in accordance with Law 15/2007 of 3 July, on the defence of competition.





2.1.17. Based on the foregoing, the resolution that the Board of Directors proposes for the approval of the Extraordinary General Meeting of Shareholders in relation to this matter (item One of the agenda) is transcribed at the end of this report.

## **2.2. Main terms and conditions of the Capital Increase resolution relating to the Capital Increase with Rights**

### **2.2.1. Amount of the Capital Increase with Rights**

The Board of Directors proposes to carry out a capital increase charged to cash contributions, in a cash amount (nominal amount plus share premium) of up to 39,837,200 euros, through the issuance and putting into circulation of up to 52,000,000 new ordinary shares of the same class, series and par value as those currently outstanding, i.e., 0.05 euros par value each, represented by book entries.

### **2.2.2. Share issue price**

The issue price of the New Shares of the Capital Increase with Rights will be 0.7661 euros.

The New Shares of the Capital Increase with Rights will be issued at a par value of 0.05 euros plus a share premium of 0.7161 euros, therefore, the issue price will be 0.7661 euros per share. Consequently, in the event that all of the New Shares of the Capital Increase with Rights are fully subscribed, the maximum amount of the total share premium corresponding to the New Shares of the Capital Increase with Rights would amount to 37,237,200 euros, and the maximum amount of the total par value corresponding to the New Shares of the Capital Increase with Rights would amount to 2,600,000 euros, whereby the maximum total amount of the Capital Increase with Rights is 39,837,200 euros (nominal value plus share premium).

### **2.2.3. Recipients of the Capital Increase with Rights**

The Capital Increase with Rights is intended for all shareholders of the Company who have acquired or subscribed their shares up to and including the date of publication of the announcement of the Capital Increase with Rights in the Official Gazette of the Companies Registry (Last Trading Date) and whose acquisition transactions have been settled within the 2 immediately following trading days. This is without prejudice to the fact that other investors may subscribe for New Shares of the Capital Increase with Rights through the acquisition of pre-emptive subscription rights, whether or not they are shareholders.

The Capital Increase with Rights is intended to facilitate the subscription of the New Shares of the Capital Increase with Rights by existing shareholders. Consequently, all New Shares of the Capital Increase with Rights that are not allocated to the Company's shareholders or other holders of pre-emptive subscription rights will remain unsubscribed. The amount not repaid to Mota México through the Capital Increase with Rights will proportionally increase the Debt Capitalisation Increase under the Mota México Loan Agreement. The Capital Increase with Rights will have a single round, so there will be no additional allocation period and no discretionary allocation period open to other potential investors.



#### 2.2.4. Rights of the new shares

The New Shares of the Capital Increase with Rights will attribute to their holders, as from the date on which they are registered in their name in the corresponding accounting records, the same voting and dividend rights as the Company's shares currently outstanding. In particular, as regards dividend rights, the New Shares of the Capital Increase with Rights will entitle the holder to the dividends, whether interim or final, whose distribution is agreed as from that date.

#### 2.2.5. Date and conditions

Once the Disbursement Conditions have been met, the amounts of the Loan Agreements have been made available to the Company and after obtaining the exemption from the CNMV from the obligation to make a takeover bid as a result of the capitalisation of the Loan Agreements, as laid down in section 2.1.9 of the Debt Capitalisation Increase Report, the Board of Directors will determine the date on which the resolution must be executed within a maximum of one year from the date of its adoption by the Extraordinary General Meeting of Shareholders, after which time the resolution will be of no value or effect whatsoever.

Notwithstanding the foregoing, it is stated for the record that the Capital Increase with Rights is expected to be executed as soon as possible after the fulfilment of the Disbursement Conditions, the drawdown of the Loan Agreements and obtaining the CNMV's exemption from the obligation to make a takeover bid as a result of the capitalisation of the Loan Agreements, as laid down in section 2.1.9 of the Debt Capitalisation Increase Report.

In this regard, the effectiveness of the resolution and, therefore, the execution of the Capital Increase with Rights, is subject to compliance with the Disbursement Conditions, the drawdown of the Loan Agreements and obtaining the CNMV's exemption from the obligation to make a takeover bid as a result of the capitalisation of the Loan Agreements, as laid down in section 2.1.9 of the Debt Capitalisation Increase Report. By the same token, given the Company's wish to increase the share capital by 90 million euros through the adoption of the Capital Increase with Rights and the Debt Capitalisation Increase, it is deemed necessary to subject this resolution to the condition precedent consisting of the approval by the Extraordinary General Meeting of Shareholders of the Debt Capitalisation Increase.

#### 2.2.6. Pre-emptive subscription right

In accordance with the provisions of Article 304 of the Corporate Enterprises Act, shareholders will have the right to subscribe a number of shares proportional to the par value of the shares they hold.

Pre-emptive subscription rights will be allocated to all shareholders of the Company who have acquired or subscribed their shares up to and including the date of publication of the announcement of the Capital Increase with Rights in the Official Gazette of the Companies Registry (Last Trading Date) and whose acquisition transactions have been settled within the 2 immediately following trading days.





Pursuant to Article 503 of the Corporate Enterprises Act, the period for exercising the pre-emptive subscription right will be the legal period, i.e., fourteen (14) calendar days, beginning on the day immediately following the publication of the announcement of the Capital Increase with Rights in the Official Gazette of the Companies Registry (the “**Pre-emptive Subscription Period**”). In any case, the Board of Directors may establish a longer Pre-emptive Subscription Period if circumstances so require at the time of the execution of the Capital Increase with Rights. The Board of Directors may also establish a shorter Pre-emptive Subscription Period in the event of any regulatory amendment reducing such minimum period and applicable to the Capital Increase with Rights.

The exchange ratio for the exercise of the pre-emptive subscription rights will be as follows: each current share of the Company is assigned one (1) pre-emptive subscription right, requiring 24 pre-emptive subscription rights to subscribe for 13 New Shares of the Capital Increase with Rights. The number of shares with pre-emptive subscription rights giving rise to the exchange ratio will be included in the proposed resolution of the Extraordinary General Meeting of Shareholders regarding the Capital Increase with Rights prior to the publication of the notice of the Extraordinary General Meeting of Shareholders. This exchange ratio is the most appropriate for the exercise of the pre-emptive subscription right, given that the Capital Increase with Rights corresponds to the announced amount of 40 million euros.

In accordance with the provisions of Article 306.2 of the Corporate Enterprises Act, the pre-emptive subscription rights will be transferable under the same conditions as the shares from which they derive and, consequently, will be tradable on the Madrid, Barcelona and Bilbao Stock Exchanges, through the Stock Exchange Interconnection System (SIBE). Consequently, during the Pre-emptive Subscription Period, investors other than shareholders may acquire in the market pre-emptive subscription rights to subscribe for New Shares of the Capital Increase with Rights.

In order to exercise the pre-emptive subscription rights during the Pre-emptive Subscription Period, the holders of the aforementioned rights may submit the exercise orders to the entities participating in Iberclear in whose registry the corresponding shares or rights are registered, indicating their desire to exercise the aforementioned rights and the number of additional New Shares of the Capital Increase with Rights that, if applicable, they wish to subscribe for. The orders issued in connection with the exercise of the Pre-emptive Subscription Right will be understood to be firm, irrevocable and unconditional.

Pre-emptive subscription rights not exercised by the Company’s shareholders to whom they have been attributed or by those investors or shareholders who have acquired them in the market, will be automatically extinguished at the end of the Pre-emptive Subscription Period.

In the event that at the end of the Pre-emptive Subscription Period there remain unsubscribed New Shares of the Capital Increase with Rights (the “**Surplus Shares**”), the Surplus Shares will remain unsubscribed and, therefore, the Capital Increase with Rights will be incomplete. The amount not repaid to Mota México through the Capital Increase with Rights will proportionally increase the Debt Capitalisation Increase under the Mota México Loan Agreement. All of the foregoing in accordance with the provisions of the prospectus that the



Company will file with the CNMV in connection with the Capital Increase with Rights and the Debt Capitalisation Increase.

2.2.7. Admission of shares to trading

Application will be made for the admission to trading of the New Shares of the Capital Increase with Rights on the Madrid, Barcelona and Bilbao Stock Exchanges, as well as their integration into the Spanish Stock Exchange Interconnection System (SIBE), expressly stating the Company's submission to the rules that exist or that may be issued regarding the Stock Exchange and, especially, regarding contracting, permanence and exclusion from official listing.

2.2.8. Incomplete subscription

In view of the foregoing, it is foreseen that the subscription of the Capital Increase with Rights may be incomplete.

In accordance with the provisions of Article 311 of the Corporate Enterprises Act, if for any reason the Capital Increase with Rights has not been fully subscribed after its completion, the share capital of the Company will be increased by the amount of the subscriptions made in this resolution. The amount not repaid to Mota México through the Capital Increase with Rights will proportionally increase the Debt Capitalisation Increase under the Mota México Loan Agreement.

2.2.9. Amendment to the Articles of Association

The Capital Increase with Rights will entail the amendment of Article 5 of the Company's Articles of Association, which will be amended once the result of the Capital Increase with Rights is known.

2.2.10. Delegation of powers

It is proposed to empower the Board of Directors to set the date on which the resolution already adopted to increase the share capital must be carried into effect in the agreed amount and to set the conditions thereof in all matters not provided for in the resolution of the General Meeting of Shareholders. The term for the exercise of this delegated power may not exceed one year.

**3. FULL TEXT OF THE PROPOSED RESOLUTION UNDER ITEM ONE OF THE AGENDA OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

By virtue of the foregoing, the following proposal is submitted to the Extraordinary General Meeting of Shareholders:

*“ONE. Share capital increase for a cash amount (par value plus premium) of thirty-nine million eight hundred and thirty-seven thousand two hundred euros (39,837,200 euros), by issuing and putting into circulation 52,000,000 new ordinary shares with a par value of five eurocents (0.05 euros) each, plus a share premium of 0.7161 euros, being, therefore, the issue*



*price of 0.7661 euros per share, charged to cash contributions and recognition of the shareholders' pre-emptive subscription right, in order to repay the credit held by Mota-Engil México, S.A.P.I. de C.V. with the Company. Delegation to the Board of Directors of the necessary powers to execute the resolution and to set the terms and conditions thereof in all matters not provided for by the Extraordinary General Meeting of Shareholders, pursuant to the provisions of Article 297.1.a) of the Corporate Enterprises Act, as well as to redraft Article 5 of the Company's Articles of Association.*

*To increase the share capital, through cash contributions, in order to repay the credit held by Mota-Engil México, S.A.P.I. de C.V. ("Mota México") against the Company, in a cash amount (nominal plus premium) of up to 39,837,200 euros, through the issuance and putting into circulation of up to 52,000,000 new ordinary shares of the same class, series and par value as those currently outstanding, i.e., 0.05 euros par value each, represented by book entries (the "New Shares of the Capital Increase with Rights").*

#### **1. Fulfilment of conditions precedent, maximum execution term and condition precedent**

*Once the conditions precedent to which the Loan Agreements are subject (which are described below) have been fulfilled, the Board of Directors will determine the date on which the resolution must be executed within a maximum of one year from the date of its adoption by the Extraordinary General Meeting of Shareholders, after which time the resolution will be of no value or effect whatsoever.*

*Notwithstanding the foregoing, it is noted for the record that the Capital Increase with Rights is expected to be executed as soon as possible after the following conditions precedent have been met:*

- (i) The approval by Grupo Prodi, Mota México and Duro Felguera of the Company's Business Plan (the "**Business Plan**").*
- (ii) The express approval of the Company's Business Plan by the Solvency Support Fund for Strategic Companies ("**FASEE**"), as well as the adaptation of the amortisation schedule of the financing granted by FASEE to the new Business Plan and the Management Agreement entered into with the Company, dated 31 March 2021.*
- (iii) The public recording of the Loan Agreements before the Notary Public designated for such purposes by the Company.*
- (iv) The call, by the Board of Directors of the Company, of the General Meeting of Shareholders of Duro Felguera to approve the Capital Increase.*
- (v) The approval by the Company's General Meeting of Shareholders of the Capital Increase.*
- (vi) Obtaining the authorisations of Banco Bilbao Vizcaya Argentaria, S.A.; Banco Cooperativo Español, S.A.; Banco de Sabadell, S.A.; Banco Santander, S.A.; Caixabank S.A. and Unicaja Banco S.A. (the "**Financial Institutions**"), FASEE and/or Sociedad Regional de Promoción del Principado de Asturias, S.A. ("**SRP**") (as applicable)*



*necessary to carry out the legal acts required for the execution of the provisions of the MOU, including: (a) the authorisation by the Financial Institutions, FASEE and SRP of the indebtedness that the Loan Agreements represent for the Company and the drawdown thereof, the future change of control in Duro Felguera due to the capitalisation of the Loan Agreements by the Industrial Partners and (b) the approval by FASEE of the Business Plan and the adaptation of the Company's governance rules contained in the aforementioned Management Agreement.*

- (vii) Obtaining authorisation from the Subdirectorate General for Foreign Investments of the Directorate General for International Trade and Investments of the Ministry of Industry, Trade and Tourism (or the authority to which it legally corresponds) for the acquisition of a controlling interest in the Company in accordance with the provisions of Article 7bis of Law 19/2003 or, if applicable, written confirmation from such body that such transaction is outside the scope of application of Law 19/2003.*
- (viii) Obtaining unconditional authorisation from the National Markets and Competition Commission (CNMC) (or the authority to which it legally corresponds) for the acquisition of a controlling interest in the Company or, if applicable, written confirmation that such authorisation is not necessary, in accordance with Law 15/2007 of 3 July, on the defence of competition.*

## **2. Recipients of the Capital Increase with Rights**

*The Capital Increase with Rights is intended for all shareholders of the Company who have acquired or subscribed their shares up to and including the date of publication of the announcement of the Capital Increase with Rights in the Official Gazette of the Companies Registry (Last Trading Date) and whose acquisition transactions have been settled within the 2 immediately following trading days. This is without prejudice to the fact that other investors may subscribe for New Shares of the Capital Increase with Rights through the acquisition of pre-emptive subscription rights, whether or not they are shareholders.*

## **3. Issue price**

*The issue price of the New Shares of the Capital Increase with Rights will be 0.7661 euros.*

*The New Shares of the Capital Increase with Rights will be issued at a par value of 0.05 euros plus a share premium of 0.7161 euros, therefore, the issue price will be 0.7661 euros per share. Consequently, the amount of the total share premium corresponding to the New Shares of the Capital Increase with Rights amounts to 37,237,200 euros, and the amount of the total par value corresponding to the New Shares of the Capital Increase with Rights amounts to 2,600,000 euros, whereby the total amount of the Capital Increase with Rights is 39,837,200 euros (nominal value plus share premium).*

## **4. Disbursement of the Capital Increase with Rights**

*The payment of the New Shares of the Capital Increase with Rights will be made by means of cash contributions in the time and form determined by the persons authorised or empowered for this purpose pursuant to section 11 of this resolution.*



*For the purposes of the provisions of Article 299 of the Corporate Enterprises Act, it is hereby stated for the record that the shares of the Company previously issued are fully paid up.*

**5. Representation of the New Shares of the Capital Increase with Rights**

*The New Shares of the Capital Increase with Rights will be represented by book entries, the accounting record of which is attributed to Iberclear and its Participating Entities under the terms established in the regulations in force from time to time.*

**6. Rights of the New Shares of the Capital Increase with Rights**

*The New Shares of the Capital Increase with Rights will attribute to their holders, as from the date on which they are registered in their name in the corresponding accounting records, the same voting and dividend rights as the Company's shares currently outstanding. In particular, as regards dividend rights, the New Shares of the Capital Increase with Rights will entitle the holder to the dividends, whether interim or final, whose distribution is agreed as from that date.*

**7. Pre-emptive subscription right**

*Pre-emptive subscription rights will be allocated to all shareholders of the Company who have acquired or subscribed their shares up to and including the date of publication of the announcement of the Capital Increase with Rights in the Official Gazette of the Companies Registry (Last Trading Date) and whose acquisition transactions have been settled within the 2 immediately following trading days.*

*Pursuant to Article 503 of the Corporate Enterprises Act, the period for exercising the pre-emptive subscription right will be the legal period, i.e., fourteen (14) calendar days, beginning on the day immediately following the publication of the announcement of the Capital Increase with Rights in the Official Gazette of the Companies Registry (the "**Pre-emptive Subscription Period**"). In any case, the Board of Directors may establish a longer Pre-emptive Subscription Period if circumstances so require at the time of the execution of the Capital Increase with Rights. The Board of Directors may also establish a shorter Pre-emptive Subscription Period in the event of any regulatory amendment reducing such minimum period and applicable to the Capital Increase with Rights.*

*The exchange ratio for the exercise of the pre-emptive subscription rights will be as follows: each current share of the Company is assigned one (1) pre-emptive subscription right, requiring 24 pre-emptive subscription rights to subscribe for 13 New Shares of the Capital Increase with Rights. The number of shares with pre-emptive subscription rights giving rise to the exchange ratio will be included in the proposed resolution of the Extraordinary General Meeting of Shareholders regarding the Capital Increase with Rights prior to the publication of the notice of the Extraordinary General Meeting of Shareholders.*

*In accordance with the provisions of Article 306.2 of the Corporate Enterprises Act, the pre-emptive subscription rights will be transferable under the same conditions as the shares from which they derive and, consequently, will be tradable on the Madrid, Barcelona and Bilbao*





*Stock Exchanges, through the Stock Exchange Interconnection System (SIBE). Consequently, during the Pre-emptive Subscription Period, investors other than shareholders may acquire in the market pre-emptive subscription rights to subscribe for New Shares of the Capital Increase with Rights.*

*In order to exercise the pre-emptive subscription rights during the Pre-emptive Subscription Period, the holders of the aforementioned rights may submit the exercise orders to the entities participating in Iberclear in whose registry the corresponding shares or rights are registered, indicating their desire to exercise the aforementioned rights and the number of additional New Shares of the Capital Increase with Rights that, if applicable, they wish to subscribe for. The orders issued in connection with the exercise of the Pre-emptive Subscription Right will be understood to be firm, irrevocable and unconditional.*

*The issue documentation and, in particular, the prospectus for the Capital Increase with Rights that will be filed with the CNMV will govern the terms and conditions under which the disbursement of the New Shares of the Capital Increase with Rights will take place and, if applicable, the applicable deadlines and procedures.*

*Pre-emptive subscription rights not exercised by the Company's shareholders to whom they have been attributed or by those investors or shareholders who have acquired them in the market will be automatically extinguished at the end of the Pre-emptive Subscription Period.*

#### **8. Incomplete subscription**

*In the event that at the end of the Pre-emptive Subscription Period there remain unsubscribed New Shares of the Capital Increase with Rights (the “**Surplus Shares**”), the Surplus Shares will remain unsubscribed in this first resolution of the Capital Increase.*

*In accordance with the provisions of Article 311 of the Corporate Enterprises Act, if for any reason the Capital Increase with Rights has not been fully subscribed after its completion, the share capital of the Company will be increased by the amount of the subscriptions made in this resolution.*

#### **9. Amendment of Article 5 of the Articles of Association**

*As a consequence of the foregoing, it is expressly delegated to the Board of Directors so that, once the Capital Increase with Rights has been executed, it may adapt the wording of Article 5 of the Company's Articles of Association which, assuming the full subscription of the Capital Increase with Rights, would have the following wording:*

*“Article 5. The share capital is set at seven million four hundred thousand euros (7,400,000 euros), represented by one hundred and forty-eight million (148,000,000) shares of five EUROCENTS (0.05 EUROS) par value each, of a single series and class. All shares are paid up at one hundred percent of their par value.”*

*In any case, the Board of Directors is expressly delegated the power to adapt the wording of Article 5 of the Company's Articles of Association to the amount effectively subscribed in the Capital Increase with Rights, in the event of incomplete subscription.*





## **10. Admission to trading**

*It is resolved to request for admission to trading of the New Shares of the Capital Increase with Rights on the Madrid, Barcelona and Bilbao Stock Exchanges and any other markets on which the Company's shares are listed at the time of execution of this resolution, as well as their integration into the Spanish Stock Exchange Interconnection System (SIBE), expressly stating the Company's submission to the rules that exist or that may be issued regarding the Stock Exchange and, especially, regarding contracting, permanence and exclusion from official listing.*

*In addition, in accordance with the provisions of section 8 above, the pre-emptive subscription rights will be traded on the aforementioned Stock Exchanges and any other markets on which the Company's shares are listed at the time of execution of this resolution.*

## **11. Delegation of enforcement powers**

*It is resolved to delegate to the Board of Directors, in accordance with the provisions of Article 297.1.a) of the Corporate Enterprises Act, the power to set the date on which the resolution adopted must be carried into effect, within a deadline of one year from its adoption, and, to the extent necessary, to redraft Article 5 of the Company's Articles of Association, as appropriate, with regard to the new amount of share capital and the number of shares into which it is to be divided.*

*Likewise, it is resolved to delegate to the Board of Directors, also in accordance with the provisions of Article 297.1.a) of the Corporate Enterprises Act, the power to set the terms and conditions of the Capital Increase with Rights in all matters not provided for in the preceding paragraphs. In particular, by way of illustration but without any limitation or restriction whatsoever, the necessary powers are delegated for the Board of Directors to:*

- (a) Expand and develop this resolution, stipulating any terms and conditions for the issue that are not laid down herein. In particular, and without limitation, this will cover the fixing of the term, form, conditions and procedure for subscription and payment in each of the periods, the power to propose to one or several shareholders the waiver of the number of pre-emptive subscription rights held by them, or to modify the number of shares to be issued, all as necessary to ensure that the number of shares to be issued maintains exactly the proportion resulting from the application of the agreed exchange ratio and, in general, any other circumstances necessary for the execution of the Capital Increase with Rights and the issuance of the New Shares of the Capital Increase with Rights in consideration for the cash contributions.*
- (b) Declare compliance with the conditions laid down in section 1 above.*
- (c) Draft, sign and file, if applicable, with the CNMV or any other supervisory authorities, in the language or languages deemed appropriate and in connection with the offer and admission to trading of the New Shares of the Capital Increase with Rights, a prospectus, or any other equivalent document, and such supplements thereto as may be required, assuming responsibility thereof, as well as such other documents and*



*information as may be required pursuant to the provisions of the Securities Market Act (LMV), Regulation (EU) 2017/1129 of the Parliament and of the Council of 14 June 2017, to the extent applicable, as well as any other applicable rules in force from time to time; likewise, to carry out on behalf of the Company any action, declaration or process required before the CNMV, Iberclear, the Governing Companies of the Stock Exchanges, the Companies Registry or any other public or private body or entity or registry, whether Spanish or foreign, in order to successfully complete the issue of the shares and the capital increase, as well as the admission to trading of the New Shares of the Capital Increase with Rights.*

- (d) Draft, sign and file any additional or complementary documentation or information required before the CNMV or any other public or private, Spanish or foreign body, entity or registry, in connection with the New Shares of the Capital Increase with Rights and the Capital Increase with Rights.*
- (e) Draft and publish whatsoever announcements that are necessary or convenient.*
- (f) Negotiate and, if applicable, sign in the terms it deems most appropriate, as many public or private documents as may be necessary in accordance with the usual practice for this type of transaction, including the contracts that may be necessary or convenient for the successful execution of this Capital Increase with Rights and, in particular, designating the agent entity and any other entities whose collaboration may be necessary for the successful execution of the transaction, as well as negotiating the terms of its intervention, as the case may be. Any actions carried out prior to the date of this agreement in relation to the matters indicated in this paragraph, as well as the documents or contracts subscribed to that effect are expressly ratified by this agreement.*
- (g) Declare the Capital Increase with Rights executed, issuing and putting into circulation the New Shares of the Capital Increase with Rights that have been subscribed and paid up.*
- (h) Request registration of the New Shares of the Capital Increase with Rights in the accounting records of Iberclear, as well as their admission to trading on the Madrid, Barcelona and Bilbao Stock Exchanges and any other markets on which the Company's shares are listed at the time of execution of this resolution, and their integration in the Spanish Stock Exchange Interconnection System (SIBE).*
- (i) Execute on behalf of the Company as many public or private documents as may be necessary or convenient for the issuance of the New Shares of the Capital Increase with Rights and their admission to trading, which are the object of this resolution and, in general, to carry out as many formalities as may be necessary for the execution thereof, as well as to correct, clarify, interpret, specify or supplement the resolutions adopted by the Extraordinary General Meeting of Shareholders, and, in particular, any defects, omissions or errors, of substance or form, resulting from the verbal or written qualification, that may prevent access of the resolutions and their*



*consequences to the Companies Registry, the Official Registries of the CNMV or any other registries.*

- (j) Adopt the decision not to execute this resolution due to circumstances that make it impossible to complete the Investment, including the failure to comply with any of the conditions laid down in the MOU. In such a case, the Board of Directors must inform of the decision not to implement the capital increase by means of the corresponding publication as relevant or insider information.*
- (k) In general, to take such actions as may be necessary or advisable for the successful completion of the Capital Increase with Rights. ”*

In view of the foregoing, the shareholders are requested to approve the proposal.

In Gijón, 7 March 2023.