



REPORT OF THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. TO THE SHAREHOLDERS ON THE LEGAL AND ECONOMIC ASPECTS OF THE FINANCIAL PARTIAL SPIN-OFF OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (AS THE SPUN-OFF COMPANY) TO INMOCEMENTO, S.A.U. (AS THE BENEFICIARY COMPANY WHOLLY OWNED BY THE SPIN-OFF COMPANY)

1. INTRODUCTION

This report is prepared by the Board of Directors of Fomento de Construcciones y Contratas, S.A. ("**FCC**", the "**Company**" or the "**Demerged Company**") in connection with the proposed financial partial spin-off (the "**Partial Spin-Off**") of FCC in favour of Inmocemento, S.A.U. ("**Inmocemento**" or the "**Beneficiary Company**") FCC and Inmocemento are hereinafter jointly referred to as the "**Companies**".

The directors of the Companies have drafted, approved and signed, on 16 May 2024, the corresponding common project of financial partial spin-off (the "**Project**"), in compliance with the provisions of articles 4, 64 and concordant articles of Royal Decree-Law 5/2023, of 28 June, transposing, among others, the European Union Directives on structural modifications of companies (the "RDL 5/2023"), which will be submitted for approval at the Ordinary General Shareholders' Meeting of the Company by the Board of Directors of the Board of Directors of the Company, of European Union Directives on structural modifications of companies (the "**RDL 5/2023**"), which will be submitted for the approval of the Ordinary General Meeting of Shareholders of the Company that the Board of Directors of FCC has resolved to call to be held on 27 June 2024, on first call, and on 28 June 2024, on second call (the "**General Meeting of Shareholders**").

For these purposes, this report is issued by the Board of Directors of FCC in accordance with the provisions of article 5 of RDL 5/2023, by virtue of which the directors of the companies participating in a structural modification operation must prepare a report explaining and justifying the legal and economic aspects of the operation, as well as the consequences for the future business activity of the company and for its creditors.

This report will be made available to the Company's shareholders, together with the other legally required documentation, through the corporate websites of FCC (www.fcc.es) and Inmocemento (www.inmocemento.es), in the terms provided for by law.

2. STRUCTURE OF THE PARTIAL DIVISION

The legal structure chosen to carry out the corporate restructuring of FCC is the financial partial spin-off, as provided for in articles 60, 63, 71.2 and concordant articles of RDL 5/2023.

Through the proposed Partial Spin-Off, FCC will transfer en bloc, without being extinguished, to Inmocemento, wholly owned by FCC, two economic units, the first consisting of all the shares of FCYC, S.A. ("**FCYC**") owned by FCC representing 80.03% of the share capital of FCYC and the second consisting of all the shares of Cementos Portland Valderrivas, S.A. ("**Cementos**") owned by FCC representing 99.028% of the share capital of Cementos (together the "**Spun-off Assets**"), economic units that



Inmocemento will acquire by universal succession, with all the assets, liabilities, rights, obligations and other elements inherent to the Spun-off Assets.

By virtue of the Partial Spin-Off, the shareholders of FCC will be assigned, as a unit of action upon the implementation of the Partial Spin-Off, a number of shares issued by Inmocemento identical to the number of shares they hold in the Company, through the capital increase to be carried out by Inmocemento within the framework of the Partial Spin-Off. The payment of this capital increase will be carried out through the en bloc transfer of the Spun-off Assets and Liabilities to Inmocemento as a result of the Partial Spin-Off.

3. JUSTIFICATION FOR THE PARTIAL DIVISION AND ITS CONSEQUENCES FOR THE SHAREHOLDERS AND FOR THE FUTURE BUSINESS OF THE COMPANY

LINKAGE OF THE PARTIAL SPIN-OFF TO THE ADMISSION OF THE SHARES OF THE RECEIVING COMPANY TO TRADING ON THE SPANISH STOCK EXCHANGES

Through the planned business restructuring operation of FCC consisting of the Partial Spin-Off in favour of Inmocemento, the aim is to separate the two economic units that make up the Spun-off Assets and Liabilities into a new business group headed by the Beneficiary Company, with the Beneficiary Company becoming the holder of all the shares of FCYC and Cementos that are currently held by FCC, so that the shareholders of FCC will also be shareholders of Inmocemento in the same capital stake that they hold in FCC.

Simultaneously with the process of the Partial Spin-Off, the process of admission to trading of Inmocemento's shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (the "**Spanish Stock Exchanges**") will be processed through the Stock Exchange Interconnection System (SIBE). In order to make as much progress as possible in the aforementioned process of admission to trading of Inmocemento's shares, so that as little time as possible elapses between the execution of the Partial Spin-Off and the admission to trading of Inmocemento's shares, FCC has incorporated Inmocemento prior to the commencement of the spin-off process. In this way, Inmocemento will also be able, in parallel to the Partial Spin-Off process, to carry out the necessary procedures for the admission to trading of its shares, so that the registration and full effectiveness of the Partial Spin-Off will take place practically simultaneously with the admission to trading of Inmocemento's shares on the Spanish Stock Exchanges.

Through the Partial Spin-Off, Inmocemento will be the parent company of a group comprising FCYC (real estate unit) and Cementos (cement unit) and their respective subsidiaries, and Inmocemento will be listed separately from FCC. The aim is to differentiate the strategy, management and valuation of the new group with respect to FCC and to facilitate the perception and maximisation of the separate value of both groups by the markets.

Likewise, FCC shareholders will maintain full liquidity of both their FCC and Inmocemento shares, insofar as they will be listed independently, which will provide shareholders with greater flexibility in managing their investment, while also making it



easier for the markets in general to invest separately in the two groups resulting from the Partial Spin-Off.

Insofar as the planned Partial Demerger is essentially linked to the admission to trading of Inmocemento's shares on the Spanish Stock Exchanges, the Partial Demerger will only be implemented through the execution of the corresponding public deed of partial demerger and its registration in the Mercantile Registry on the basis that the regulatory requirements for the admission to trading of Inmocemento's shares on the Spanish Stock Exchanges are met.

4. MAIN ASPECTS OF THE PARTIAL DIVISION OPERATION

4.1. Allotment to the shareholders of the Demerged Company of the shares representing the share capital of the Beneficiary Company (reduction to zero and simultaneous increase in the share capital of the Beneficiary Company and procedure for the allocation of the shares resulting from the increase).

In accordance with the provisions of article 64.1 of RDL 5/2023, section 6 of the Draft describes the criteria for the allocation to the Company's shareholders of the newly issued shares of Inmocemento within the framework of the Partial Spin-Off.

Inmocemento, the beneficiary company of the Partial Spin-Off, wholly owned by FCC, was incorporated with a share capital of 60,000 euros, divided into 120,000 shares, belonging to a single class and series, each with a par value of 0.50 euros, fully subscribed and paid up in cash, represented by registered shares.

The sole shareholder of the Beneficiary Company (FCC), which will decide on the approval of this Project, will also decide, prior to and simultaneously with the capital increase linked to the Partial Demerger, to approve a reduction to zero of the share capital of the Beneficiary Company through the redemption of all its shares and the return of the cash contributions to its sole shareholder (FCC).

The capital increase linked to the Partial Spin-Off will be carried out for an effective amount (nominal value + issue premium) of 1,596,560,483.03 euros, which corresponds to the amount of FCC's book valuation of its holdings in FCYC¹ and Cementos.

The procedure for the allocation to the shareholders of the Spun-off Company of the shares resulting from the capital increase of the Beneficiary Company shall be strictly arithmetical. The number of shares of the Beneficiary Company to be received by the shareholders of the Spun-off Company shall be the same number of shares they hold in the Spun-off Company, i.e. one (1) Inmocemento share with a par value of 0.50 euros each for each FCC share (1) they hold with a par value of 1 euro each.

¹ FCC's book value of its stake in FCYC results from the valuation at 31 December 2023, updated as a result of the capital increase charged to FCYC's cash contributions for a nominal amount of 10,435,443 euros, which was agreed by the General Shareholders' Meeting of FCYC held on 16 May 2024, prior to the approval and subscription of the Project, and which is pending registration at the Mercantile Registry.



Consequently, the number of new Inmocemento shares to be issued in the capital increase linked to the Partial Spin-Off (which will be allocated to FCC shareholders in proportion to their stake in this company) will depend on the number of FCC shares at the time the Partial Spin-Off is implemented, which will result from the capital increase that, if applicable, will take place within the framework of the distribution of the flexible dividend (*scrip dividend*) that, at its meeting of 16 May 2024, the Board of Directors of FCC has decided to submit to the approval of the General Shareholders' Meeting, under item 5 of the agenda.

Depending on the number of shares to be issued by Inmocemento in the capital increase linked to the Partial Demerger, the nominal amount of the capital increase will be determined, which will be at least 218,053,458.50 euros, through the placement into circulation of at least 436,106,917 shares², belonging to a single class and series and which will be represented by book entries with a par value per share of 0.50 euros, as well as their issue premium, which will be a maximum of 218,053,458.50 euros. 917 shares², belonging to a single class and series and which shall be represented by book entries, with a par value per share of 0.50 euros, as well as the share premium, which shall be a maximum of 1,378,507,024.53 euros, such that the sum of the foregoing items shall in any case correspond to the effective amount of the aforementioned capital increase (1,596,560,483.03 euros).

In this regard, the nominal amount of Inmocemento's capital increase will be the result of multiplying the number of newly issued shares issued by Inmocemento by their unit nominal amount (0.50 euros). In turn, the amount corresponding to the issue premium will be the difference between the effective amount of the capital increase of Inmocemento (1,596,560,483.03 euros) and the nominal amount of the increase (at least 218,053,458.50 euros). The payment of the capital increase of Inmocemento will be carried out through the en bloc transfer of the Spun-off Assets and Liabilities as a result of the Partial Spin-Off.

By virtue of the Partial Spin-Off and in accordance with the provisions of article 60 of RDL 5/2023, the shareholders of FCC shall be allocated the same number of Inmocemento shares as the number of FCC shares they hold. In this regard, the shares resulting from the capital increase of the Beneficiary Company in the framework of the Partial Spin-Off will be allocated to the shareholders of the Demerged Company that appear as such in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) on the date of the Partial Spin-Off. (Iberclear) on the corresponding date in accordance with the applicable securities clearing and settlement rules, at the rate of one (1) share of the Beneficiary Company for each share (1) of the Spun-off Company that they hold on the date established prior to the execution of the Partial Spin-Off through its registration in the Commercial Registry, which will be announced by FCC sufficiently in advance through the publication of the corresponding notice of "other relevant information" (OIR) on its corporate website (www.fcc.es) and on the website of the Comisión Nacional del

² Number of shares into which FCC's share capital is currently divided.



Mercado de Valores (the "CNMV") (www.cnmv.es), without prejudice to any other requirements that may be applicable in accordance with the applicable regulations and normal market practice.

As a result of the Partial Spin-Off, FCC will reduce its unrestricted reserves by the total amount of the par value and share premium of the share capital increase of Inmocemento, which amounts to 1,596,560,483.03 euros. In this regard, it is hereby stated for the record that the Partial Spin-Off will not entail a reduction in FCC's share capital and that, therefore, its share capital will remain unchanged.

4.2. Scope of the single independent expert report

On 16 April 2024, the Companies requested the Mercantile Registry to appoint an independent expert to prepare a single report to determine whether the value of the Spun-off Assets and Liabilities is at least equal to the nominal value plus the share premium of the capital increase to be carried out by Inmocemento by virtue of the Partial Spin-Off. On 23 April 2024, BDO AUDITORES, S.L.P. accepted the appointment proposed by the Commercial Registry.

The single report issued by the independent expert, excluding any confidential information it may contain, shall be available for consultation, downloading and printing by any interested party on the corporate websites of the Companies (www.fcc.es; www.inmocemento.es) and shall be kept for the legally stipulated period.

4.3. No cash compensation right in favour of the shareholders of the Demerged Company

As the legal requirements set out in article 12.1 of RDL 5/2023 are not met, the shareholders of the Demerged Company will not be entitled to sell their shares to the Demerged Company in exchange for cash compensation and, insofar as the procedure for the allocation of the shares resulting from the capital increase of Inmocemento will respond to a strictly arithmetical criterion, it will not be necessary to offer FCC shareholders cash compensation to adjust the allocation of the shares, in accordance with the provisions of article 60.1 of RDL 5/2023.

4.4. Date from which the shareholders of the Beneficiary Company will be entitled to participate in the company's profits.

As stated in section 17 of the Draft, in accordance with the provisions of article 40.5 of RDL 5/2023, the holders of the new shares of Inmocemento resulting from the capital increase in the framework of the Partial Demerger will be entitled to participate in the company's profits from the date of registration of the Partial Demerger in the Mercantile Registry.

4.5. Effects of the partial division on creditors

No implications are foreseen for the Companies' creditors nor is it considered necessary to offer them specific guarantees insofar as, on the basis of the provisions of article 70.2 of RDL 5/2023, Inmocemento will be jointly and severally liable for the debts of FCC arising prior to the publication of the Project and not due at that time under the terms set out in the aforementioned article.



Without prejudice to the foregoing, and in accordance with the provisions of article 15 of RDL 5/2023, the Board of Directors of FCC and the Sole Administrator of Inmocemento have each made a statement, which is attached as Annex III to the Project, on the financial situation of the companies in which it is expressly stated that, on the basis of the information available to them and after having made reasonable and appropriate enquiries to that end, they are not aware of any reason why the Companies, after the proposed Partial Demerger takes effect, would not be able to meet their respective obligations when they fall due.

4.6. Balance sheets of the Partial Spin-off, annual accounts and accounting effects of the Partial Spin-off

For the purposes of the provisions of article 43.1 of RDL 5/2023, the balance sheets of the Partial Demerger are considered to be the balance sheets of the Partial Demerger:

- (i) FCC's annual balance sheet as at 31 December 2023, which forms part of the annual accounts for the 2023 financial year, drawn up by the Board of Directors of the Company at its meeting of 27 February 2024, duly verified by ERNST & YOUNG, S.L., FCC's auditor. The aforementioned balance sheet will be submitted for approval at the General Shareholders' Meeting.
- (ii) Inmocemento's balance sheet as of 10 April 2024, insofar as Inmocemento has not carried out any of the activities included in its corporate purpose prior to the approval of the Project. The Inmocemento spin-off balance sheet shall be submitted to the decision of the sole shareholder of Inmocemento to approve, where appropriate, the planned Partial Spin-Off.

The date of the annual accounts taken into consideration in the framework of the Partial Spin-Off are those corresponding to the year ended 31 December 2023, in the case of FCC, and the balance sheet of Inmocemento dated 10 April 2024. Both the aforementioned annual accounts of the Demerged Company and the spin-off balance sheets will be available on the corporate websites of FCC and Inmocemento (www.fcc.es; www.inmocemento.es) for consultation, downloading and printing and will be kept for the legally stipulated period.

In turn, the date from which the Partial Spin-Off will take effect for accounting purposes is 1 January 2024 in accordance with accounting regulations.

4.7. Effect of the partial spin-off on the Articles of Association of the Demerged Company and of the Beneficiary Company

As a result of the proposed Partial Demerger, no changes will be made to FCC's Articles of Association.

With respect to Inmocemento, its sole shareholder (FCC) shall decide, simultaneously with the approval of the Partial Spin-Off, to amend the Bylaws linked to the reduction to zero of the share capital of the Beneficiary Company and the simultaneous increase thereof in the terms referred to in section 4.1 of this Report, as well as to request the admission to trading of the shares of Inmocemento on the Spanish Stock Exchanges through the Stock Market Interconnection System (SIBE), among other possible actions.



In connection with the application for admission to trading of Inmocemento's shares, and prior to the implementation of the Partial Spin-Off by registration with the Commercial Registry, the sole shareholder of Inmocemento shall also adopt, among other possible decisions, the following:

- (i) The amendment of its Articles of Association for the purpose of adapting them to the regulations on listed companies, particularly Title XIV of the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July.
- (ii) The determination of the number of members of the board of directors to be formed and their appointment in accordance with the legal requirements in relation to listed companies.
- (iii) Approval of the rules of procedure of the general meeting.
- (iv) And other decisions necessary for the full functionality of the Beneficiary Company as a listed company.

These decisions of the sole shareholder shall become effective when the Partial Demerger is to be implemented and on the basis that the regulatory requirements for the admission to trading on the Spanish Stock Exchanges of the shares of Inmocemento issued on the occasion of the Partial Demerger are met.

4.8. Gender impact on the Board of Directors and impact on the Company's social responsibility

For the purposes of the provisions of article 5.3.4 of RDL 5/2023, it is hereby reported that the current structure and composition of the Board of Directors of FCC will not be affected in any way by the Partial Spin-Off, thus not producing any gender impact thereon, and, likewise, that the Partial Spin-Off will not have any impact on the Company's corporate social responsibility.

4.9. Shareholders' rights and remedies

For the purposes of the provisions of article 5.3.5 of RDL 5/2023, shareholders of the Company may exercise the rights recognised in RDL 5/2023 and other applicable regulations.

4.10. Partial Demerger Implementation Process

On the same date on which this Report was drafted, prepared and signed, the Board of Directors of FCC resolved to convene the General Shareholders' Meeting, to which the approval of the Partial Spin-Off will be submitted, among other matters. On the same day, the sole shareholder of Inmocemento will decide on the approval of the Project and other decisions related to the Partial Spin-Off, in accordance with the provisions of article 47 of RDL 5/2023.

The calling and holding of the aforementioned General Shareholders' Meeting, as well as the decisions of Inmocemento's sole shareholder, shall be carried out in accordance with the documentation, information and announcement requirements required by law, thus complying in particular with the provisions of articles 5 and 8.2 of RDL 5/2023, in



relation to the opinions or observations presented by the shareholders, creditors and workers' representatives regarding the reports of FCC's directors and the sole report of the independent expert.

Insofar as the planned Partial Demerger is essentially linked to the admission to trading of Inmocemento's shares on the Spanish Stock Exchanges through the Stock Exchange Interconnection System (SIBE), even though the resolutions and decisions relating to the Partial Demerger are expected to be adopted on the date on which the General Shareholders' Meeting is held, the Partial Demerger will only be implemented through the execution of the corresponding public deed and its registration in the Mercantile Register on the basis that the regulatory requirements for admission to trading on the Spanish Stock Exchanges are met, This will only be executed through the execution of the corresponding public deed of partial demerger and its registration in the Mercantile Registry on the basis that the regulatory requirements for the admission to trading of Inmocemento's shares on the Spanish Stock Exchanges are met, being foreseeable that this process of admission to trading may be completed in the fourth quarter of the financial year 2024.

For these purposes, the shares resulting from the capital increase of the Beneficiary Company within the framework of the Partial Demerger shall be allocated to the shareholders of the Demerged Company that appear as such in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) on the corresponding date in accordance with the applicable securities clearing and settlement rules, at a ratio of one (1) share of the Beneficiary Company for each share (1) of the Beneficiary Company. (Iberclear) on the corresponding date in accordance with the applicable securities clearing and settlement rules, at the rate of one (1) share of the Beneficiary Company for each share (1) of the Spun-off Company that they hold on the date established prior to the execution of the Partial Spin-Off by means of its registration in the Mercantile Register, which shall be announced by the Demerged Company (FCC) sufficiently in advance through the publication of the corresponding notice of "other relevant information" (OIR), on its corporate website (www.fcc.es) and on the website of the Comisión Nacional del Mercado de Valores (the "CNMV") (www.cnmv.es), without prejudice to any other requirements that may be applicable in accordance with the applicable regulations and normal market practice. Consequently, the procedure for allocating the shares resulting from the capital increase of the Beneficiary Company to the shareholders of the Spun-off Company will be strictly arithmetical.

In any event, the Partial Spin-Off shall not be implemented if, for any reason, the legal requirements for the listing of Inmocemento's shares on the Spanish Stock Exchanges cannot be fully complied with and/or the authorisations of the competent bodies or authorities in relation to such listing are not expected to be obtained, as well as in the event that any event of social or economic importance for FCC makes it advisable for reasons of corporate interest.

In the event of any of these circumstances, the companies will proceed to publish the corresponding announcement in the BORME, and will also inform the public on their respective corporate websites (www.fcc.es.; www.inmocemento.es).



In the particular case of FCC, the corresponding "insider information" (IP) notice will also be published on its corporate website (www.fcc.es) and on the website of the CNMV (www.cnmv.es), thus informing the markets that the Partial Spin-Off has been terminated, without prejudice to also informing the next General Shareholders' Meeting of FCC.

Madrid, 16 May 2024