

REPORT DRAFTED BY THE BOARD OF DIRECTORS OF TÉCNICAS UNIDAS, S.A. ON THE PROPOSED DELEGATION IN FAVOUR OF THE BOARD OF DIRECTORS, FOR FIVE YEARS AND WITH THE EXPRESS POWER OF SUBSTITUTION, OF THE POWER TO ISSUE DEBENTURES, BONDS AND OTHER FIXED-INCOME SECURITIES THAT ARE CONVERTIBLE OR EXCHANGEABLE FOR COMPANY SHARES, AS WELL AS WARRANTS AND ANY OTHER INSTRUMENTS THAT GIVE THE RIGHT TO ACQUIRE NEWLY-ISSUED, WITH ATTRIBUTION OF THE FACULTY TO EXCLUDE TOTAL OR PARTIALLY THE PREFERRED SUBSCRIPTION RIGHT, OR OUTSTANDING COMPANY SHARES SUBMITTED TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS UNDER ITEM 9 OF THE AGENDA



22 May 2020

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I. INTRODUCTION AND SUBJECT OF THE REPORT

The Board of Directors of Técnicas Reunidas, S.A. (the “Company”) drafts this justification report on the proposed delegation of powers by the Annual General Meeting in favour of the Board of Directors, authorising it to issue, either once or on several occasions (i) bonds, debentures and other fixed-income securities of a similar nature, that are convertible into newly-issued Company shares or exchangeable for outstanding Company shares, (ii) warrants and any other instruments that include the right to acquire (newly-issued or outstanding) Company shares and (iii) any securities or financial instruments that include a stake in corporate earnings. The proposal in item nine (9) of the agenda is made under that which is provided for in Articles 297.1.(b), 417 and 511 of the Spanish Companies Act, Article 319 of the Commercial Register Regulation and under Articles 6 and 20.p) of the Articles of Association of the Company to delegate in the Board of Directors the powers to issue obligations convertible into shares and obligations that attribute to the bondholders a participation in the corporate profits.

II. PROPOSAL JUSTIFICATION

Article 6 of the Articles of Association states that the Company can issue secured or unsecured debentures and other securities subject to the legally established limits and terms and conditions. Accordingly, the Board of Directors has the power to order the issuing or admission to trading of debentures, as well as to secure the issuing of debentures.

Moreover, the aforementioned Article likewise establishes that the Board of Directors has the power to order the issuing of debentures that can be converted into shares or debentures that include a stake in corporate earnings. Furthermore, the Annual General Meeting can delegate this power to issue debentures and authorise it to determine the moment in time that any such

issuing should be ordered and to set any other terms or conditions that are not provided for in the agreement of the Annual General Meeting, albeit subject to the legally applicable limitations.

The pre-emption right with respect to convertible debentures can be withdrawn in accordance with the applicable legal rules and those stipulated in the Articles of Association governing the withdrawal of the pre-emption right to take up shares.

Accordingly, the Board of Directors would then have the delegated powers permitted by current regulations to be in a position at any given moment to raise the funds on primary securities markets that may be required to properly manage company interests by issuing these types of securities or instruments. The Board of Directors would thereby have room to manoeuvre and the capacity to respond required by the competitive environment in which the Company operates; one in which, quite often the success of a strategic initiative or a financial operation depends on the possibility of carrying it out swiftly, without any delays or costs that would inevitably be involved in the calling and holding of a General Meeting of Shareholders. Such flexibility and agility is, moreover, particularly important given the current state of affairs.

Accordingly, a proposal revolving around the following basic elements is submitted to the Annual General Meeting of Shareholders for consideration:

(1) It is proposed to authorise the Board of Directors to issue, either once or several times, at any time during a maximum term of five (5) years as of the date of the Annual General Meeting, debentures, bonds and other fixed-income securities of a similar nature, that are convertible into newly-issued Company shares or exchangeable for outstanding Company shares, as well as warrants and any other instruments that grant the right to acquire newly-issued or outstanding Company shares and any securities or financial instruments that include a stake in corporate earnings.

(2) The maximum aggregate amount in par value of the securities that the Board of Directors is authorised to issue shall be Two Hundred Million euros (€200,000,000).

The Board of Directors considers this limit advisable and sufficient to enable the raising of enough funds on the capital market that the Company may require to meet its purposes.

(3) This authorisation to the Board of Directors also includes the power to order the capital increases required to accommodate the conversion of the aforementioned securities and financial instruments. These increases shall be subject to the general limit of not being able to exceed half of the share capital at

the time of adopting this resolution (i.e. €2,794,800) as established in Article 297.1.b) of the Spanish Companies Act. The foregoing, without prejudice to that which is indicated in point five (5) below, in the event of excluding the pre-emption right of Company shareholders.

(4) The proposed delegation in the Board of Directors to issue securities includes the power of the said body to establish the terms of the issue and, where appropriate, the conditions and forms of conversion, exchange or exercise of the rights for each particular issue, within the limits set by the Annual General Meeting of Shareholders.

Accordingly, the Board of Directors shall determine the specific conversion and/or exchange ratio, to which end the said Board of Directors must draft, whenever approving an issue of securities pursuant to this power, a report detailing the particular conditions and forms of conversion or exchange or the conditions that apply to the exercise of the subscription or acquisition rights of the newly issued or outstanding Company shares that correspond to the securities or financial instruments issued.

In the case of convertible securities or instruments or ones that grant the right to subscribe to newly issued or outstanding Company shares, the aforementioned report by the Board of Directors shall, moreover, be the subject, in turn, to a report by an accounts auditor designated by the Commercial Register, and other than the Company accounts auditor, as provided for under Articles 414 and 511 of the Spanish Companies Act.

(5) As far as the pre-emption right is concerned, which may correspond under the Spanish Companies Act, it is proposed that the Board of Directors be empowered to exclude, either wholly or in part, the said pre-emption rights up to a limit of 50% of the share capital at the moment of this delegation (considering within this limit both the capital increases which, where appropriate, are required to enable the conversion of debentures or other convertible securities into newly issued Company shares under the agreement proposed to the Annual General Meeting of Shareholders) pursuant to that which is provided for in the Articles 417 and 511 of the Spanish Companies Act, which may correspond to shareholders with respect to issues involving convertible debentures or bonds or warrants or any other financial instrument that grants the right to the subscription of newly issued shares, whenever the exclusion of the said pre-emption right is required, in the opinion of the Board of Directors, with a view to facilitating and speeding up the raising of financial resources on markets, the diversification of the sources of company financing or for some other reason sufficiently justified by corporate interest.

The Board of Directors considers that this additional possibility substantially broadens the room for manoeuvre and capacity of response attributed to the



Board of Directors comparing with of a simple power to issue convertible securities or warrants or any other financial instrument that grants the right to subscribe to newly issued shares that does not allow for the exclusion of the pre-emption right, and is required to enable flexible and agile actions on financial markets to leverage particular moments in time when optimal market conditions hold. This measure is also justified when the intention is to raise financial resources on international markets.

Accordingly, the removal of the pre-emption right up to a limit of 50% of the share capital at the time of granting this power may be necessary when the intention is to raise capital using book-building techniques or when issue aims to target specific investment groups.

Moreover, the exclusion of the pre-emption right involves, in addition, and as a legal requisite, the maximising of the type of conversion or price of the exercise and the lowering of the relative financial cost of the debenture or of the warrant, and of the associated transaction costs (including, particularly, the charges of the participating financial institutions), in comparison to an issuing action that recognises the pre-emption right. It also has a much lower distorting effect on the negotiation of Company shares during the issue period as the execution process is faster.

The authorisation to exclude the pre-emption right expressly stipulates that, in the event that the Board of Directors agrees to the exclusion of the said pre-emption right for a particular issue action, and whatever the case, up to a limit of 50% of the share capital at the time of granting of this power, the Board of Directors must issue a report explaining the reasons of corporate interest that justify such an exclusion, about which the designated auditors under Articles 414, 417 and 511 Spanish Companies Act must issue an opinion in the obligatory report. Both the report from the Board of Directors and the one from the auditor designated by the Commercial Register will be published on the Company website as soon as the conditions of the issue have been set and will also be placed at the disposal of the Shareholders and notified to the first Annual General Meeting to take place following the issue resolution.

(6) This authorisation to the Board of Directors shall empower it to conduct the requisite formalities so that the securities issued pursuant to the same be admitted for trading on any national or foreign secondary market.

(7) Lastly, in accordance with the provisions of Article 249 bis of the Spanish Companies Act the Board of Directors is authorised, where it is considered necessary or advisable, with powers of development, concretion, execution, interpretation and rectification of emission agreements to invest jointly and severally the powers referred to in the resolution proposal in the 1st Deputy Chairperson of the Board of the Directors, as well as in the Board Secretary.

In the light of the foregoing, the Board of Directors has decided to submit the following proposal for the approval of the Annual General Meeting of Shareholders scheduled to be held, in the first call, on 25 June 2020:

“Delegation in favour of the Board of Directors, for five years and with the express power of substitution, of the ability to issue debentures, bonds and other fixed-income securities convertible or exchangeable for Company shares, as well as warrants and any other instruments that give the right to acquire newly-issued or outstanding Company shares, up to a limit of €200,000,000 and with the power to totally or partially exclude the pre-emption right to a limit of 50% of the share capital at the moment of this delegation; authorisation to re-draft the pertinent articles of association, as necessary.”

In accordance with the general regime on the issue of debentures and pursuant to the provisions of Articles 297.1.b), 417 and 511 of the Spanish Companies Act, Article 319 of the Commercial Register Regulation, and Articles 6 and 20.p) of the Company Articles of Association, to empower the Board of Directors to issue negotiable securities under the following conditions:

- 1. Securities covered by the issue.- The negotiable securities to which this delegation refers may be bonds, debentures and other fixed-income securities of a similar nature, that are convertible into newly-issued Company shares or exchangeable for outstanding Company shares, as well as warrants and any other instruments that include the right to acquire newly-issued or outstanding Company shares and any securities or financial instruments that include a stake in corporate earnings.*
- 2. Term of the delegation.- The issue of the securities covered by this delegation may take place on one or more occasions, at any time within the maximum term of five (5) years of the approval date of this resolution.*
- 3. Maximum amount of the delegation.- The maximum aggregate amount of the issue or issues of debentures, bonds and other fixed-income convertible or exchangeable securities, as well as warrants or any other financial instruments that may be resolved under this delegation will be two hundred million euros (€200,000,000) or its equivalent in another currency at the time of their issue.*
- 4. Scope of the delegation.- It will correspond to the Board of Directors, under the powers resolved here for illustrative and non-exhaustive purposes, to determine the amount for each issue within the aforementioned overall quantitative limit, form of payment, place of issue -in Spain or abroad- and the money or currency and, if foreign, its equivalence in euros; the denomination or type, whether these are bonds or debentures or warrants (that may in turn be settled by the physical delivery of the shares or, as appropriate, by differences); or any other admitted by Law; the*



issue date or dates; the number of securities and their par value, that will not be less than the par value of the shares; in the case of warrants and similar securities with the right to the subscription or acquisition of shares, the issue and/or premium price, the exercise price -that may be set (determined or determinable) or variable-, the conversion and/or exchange ratio and the procedure, term and other conditions applicable to the exercise of the subscription right of the underlying shares or, as appropriate, the exclusion of that right; the interest rate, whether fixed or variable, coupon payment dates and procedures; the payment period and the expiration date or dates; the guarantees, type of reimbursement, premiums and batches; the means of representation, by physical titles or accounting entries or any other system admitted by Law; the anti-dilution clauses; the system for subscription; the order of precedence of the securities and possible subordination clauses; the legislation applicable to the issue; to request, as appropriate, the admission to trading on secondary Spanish or foreign markets of the securities issued with the requirements of current legislation in each case; and, in general, any other condition for the issue as well as, where appropriate, to appoint the commissioner and approve the fundamental rights that are to govern the legal relations between Técnicas Reunidas and the syndicate of holders of the securities issued, if this is necessary or it is decided to establish the syndicate.

The Board of Directors is also empowered, when deemed appropriate, and subject, if applicable, to obtain the appropriate authorisations and consent from the assemblies of the corresponding syndicates or equivalent bodies of security holders, to amend the conditions of the securities issued.

5. Basis and types of conversion and/or exchange. In order to determine the basis and types of conversion and/or exchange, it is resolved to establish the following criteria:

(i) The securities issued pursuant to this resolution will be convertible and/or exchangeable into Company shares in accordance with a conversion and/or exchange ratio, fixed or variable, determined or determinable, and the Board of Director will have the power to determine if they are convertible and/or exchangeable, as well as to determine if they are necessarily or voluntarily convertible and/or exchangeable, at the discretion of the issuer or otherwise, subject to conditions or only in certain scenarios, and if they are voluntarily convertible or exchangeable, at the option of their holder or Técnicas Reunidas, with the frequency and for the period established in the issue and that may not exceed fifteen (15) years of the issue date.

(ii) If the issue is convertible and exchangeable, the Board may also establish that the issuer reserves the right to decide at any time between the conversion into newly-issued or exchange for outstanding Técnicas Reunidas shares, specifying the nature of the shares to be delivered when performing the conversion or exchange, with the ability to even opt for a combination of newly-issued shares with pre-existing Técnicas Reunidas shares, and to even carry out the settlement

by paying the difference in value in cash. In any event, the issuer should respect the equal treatment among all holders of fixed-income securities that convert and/or exchange on the same date.

(iii) For the purpose of the conversion and/or exchange ratio, the securities will be assessed at their par value and the Company shares by the fixed price (determined or determinable) established in the issue resolution, or at the variable price to be determined on the date or dates indicated in the Board resolution itself, on the basis of the Market value of the Técnicas Reunidas shares on the date/s or Period/s taken as reference in the same resolution.

When the conversion and/or exchange ratio is fixed, the price of the Company shares taken as reference may not be less than the greater of (i) the arithmetic or weighted average exchange, as determined in each issue resolution, of the Company shares on the market to which they are admitted to trading, according to the closing prices, for a period to be determined by the Board of Directors but not greater than three months or less than fifteen calendar days prior to the date of the resolution for the issue of the securities, and (ii) the closing price of the shares on the day prior to the passing of the aforementioned issue resolution.

(iv) If the conversion and/or exchange ratio is variable, the price of the Company shares for the purpose of the conversion and/or exchange will be the arithmetic or weighted average exchange, as decided in each issue resolution of the shares in question on the market to which they are admitted to trading for a period to be determined by the Board of Directors, no greater than three months or less than fifteen calendar days prior to the conversion and/or exchange date, with a premium or, where appropriate, a discount on that price per share. The premium or discount may differ for the conversion and/or exchange date for each issue (or, as appropriate, each issue tranche), but when applying a discount to the price per share this may not be greater than 20% of the value of the shares taken as reference in accordance with the above provisions.

(v) When the conversion and/or exchange is applicable, any fractions of a share that, where appropriate, correspond for delivery to the debenture holders will be rounded down to the next lowest whole number by default, and each holder will receive any difference that may occur in that case in cash, if so indicated in the issue conditions.

(vi) For the purpose of the conversion ratio of the debentures for shares, in no case may the value of the shares be less than their par value. Furthermore, in accordance with the provisions of Article 415 of the Spanish Companies Act, debentures may not be converted into shares when the par value of the former is lower than that of the latter.

When approving an issue of convertible securities pursuant to the authorisation contained in this resolution, the Board of Directors will issue a director's report developing and defining, on the basis of the criteria described above, the basis and types of the conversion specifically applicable to this issue. An external auditor other than the Técnicas Reunidas auditor appointed for this purpose by the Commercial Register will issue a report on this directors' report as referenced in Article 414 of the Spanish Companies Act, and both documents will be made available at the first Annual General Meeting held.

6. Basis and types of the exercise of warrants and other similar securities.-

In issues of warrants, to which the provisions of the Spanish Companies Act for convertible debentures will be applied by analogy, to determine the basis and types of exercise the Board of Directors is empowered to establish, in the broadest terms, the criteria applicable to the exercise of the subscription rights or acquisition of shares of the Company or of another company, or to a combination of these, deriving from the securities of this type issued pursuant to this authorisation, with the application in relation to these issues of the criteria established in paragraph 5 above, with any necessary adaptations to make them compatible with the legal and financial system of this type of securities.

The above criteria will be applicable, mutatis mutandis and insofar as applicable, with regard to the issue of fixed-income securities (or warrants) exchangeable for shares of other companies.

7. Exclusion of the pre-emption right and capital increase.- This delegation to the Board of Directors also includes the following powers, for illustrative purposes and without being limited to the delegation in its favour:

(i) The power so that the Board of Directors, pursuant to the provisions of Article 511 of the Spanish Companies Act with regard to Article 417 of that Act, may totally or partially exclude the pre-emption right of the shareholders. In any event, if the Board of Directors decides to eliminate the pre-emption right of the shareholders in relation to a specific issue of convertible debentures or bonds, warrants and other similar securities that it may eventually decide to do pursuant to this authorisation, upon approving the issue and in accordance with applicable legislation, it will issue a report detailing the specific reasons of corporate interest that justify this exclusion, which will be the subject of the corresponding report from an independent expert other than the auditor of Técnicas Reunidas appointed by the Commercial Register, referenced in Articles 414, 417 and 511 of the Spanish Companies Act. These reports will be published on the Company website as soon as the conditions of the issue have been set and will also be placed at the disposal of the Shareholders and notified to the first Annual General Meeting to take place following the issue resolution.

(ii) The power to increase the capital in the quantity necessary to address any requests for conversion and/or exercise of share subscription rights. This power may only be exercised insofar as the Board, adding the capital increased to cover the issue of convertible securities or that give the right to the subscription of shares and other capital increases that may have been resolved under the authorisations granted by this Annual General Meeting, does not exceed one half of the share capital amount envisaged in Article 297.1(b) of the Spanish Companies Act. This capital increase authorisation includes the right to issue and place into circulation, on one or more occasions, the shares representing it that are necessary to implement the conversion and/or exercise of the share subscription right, as well as the right to redraft the article of the Articles of Association regarding the share capital figure and, where appropriate, to cancel the part of that capital increase that was not necessary for the conversion and/or exercise of the share subscription right.

(iii) The power to develop and specify the basis and types of the conversion, exchange and/or exercise of the subscription rights and/or acquisition of shares, deriving from the securities to be issued, in consideration of the criteria set forth in paragraphs 5 and 6 above.

(iv) The delegation to the Board of Directors includes the broadest of powers required by Law for the interpretation, application, execution and development of resolutions for the issue of securities that are convertible or exchangeable into Técnicas Reunidas shares, on one or more occasions, and the corresponding capital increase, where appropriate, likewise granting it with the powers to rectify and supplement these as necessary, as well as for the fulfilment of any other relevant legal requirements for a positive outcome, with the ability to rectify any omissions or defects in those resolutions, indicated by any authorities, civil servants or bodies, whether Spanish or foreign, also empowering it to pass any resolutions and execute any public or private documents it may consider necessary or advisable for the adaptation of the above resolutions for issue of convertible or exchangeable shares and corresponding capital increase to the verbal or written classification of the Commercial Registrar or, in general, any other authorities, civil servants or competent Spanish or foreign institutions.

8. Admission to trading.- Técnicas Reunidas will request, when applicable, the admission to trading on secondary markets, regulated or otherwise, organised or otherwise, Spanish or foreign, of the convertible and/or exchangeable debentures and/or bonds or warrants issued by the Company pursuant to this authorisation, empowering the Board of Directors as broadly as necessary to perform the procedures and actions necessary for admission to trading before the competent bodies of the various Spanish or foreign securities markets.



It is expressly noted that any subsequent request for exclusion from trading will be passed with the same formalities as the request for admission, insofar as these are applicable and, in this case, the interest of any shareholders or bondholders that opposed or voted against the resolution will be guaranteed in the terms envisaged in prevailing legislation. Furthermore, the submission of Técnicas Reunidas is expressly stated with regard to any rules that exist or could be pronounced in the future on Securities Markets, and on the contracting, permanence and exclusion from trading in particular.

9. Power of substitution.- Pursuant to the provisions of Article 249 bis of the Spanish Companies Act, the Board of Directors is expressly authorised so that it may in turn substitute the powers of development, materialisation, execution, interpretation and rectification of the issues to which this resolution refers in favour of the 1st Deputy Chairperson and the Secretary of the Board of Directors, jointly, severally and indistinctly.

The Board of Directors is furthermore empowered, on behalf of Técnicas Reunidas and for the period and conditions envisaged in this resolution, to guarantee all types of obligations that may derive for its subsidiaries from the issue of negotiable securities performed by them and referenced in this delegation."