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REPORT BY THE BOARD OF DIRECTORS OF MERLIN PROPERTIES, SOCIMI, S.A. ON THE CAPITAL INCREASE RESOLUTION WITH EXCLUSION OF THE SHAREHOLDERS' PREEMPTIVE SUBSCRIPTION RIGHT THAT IS ADOPTED ON THE DATE HEREOF PURSUANT TO THE DELEGATION OF POWER GRANTED BY THE SHAREHOLDERS' MEETING HELD ON APRIL 30, 2025

1. Introduction

The Board of Directors of MERLIN Properties, SOCIMI, S.A. (the "**Company**" or "**MERLIN**") issues this report for the purposes of the provisions of articles 286, 297, 308, 504 and 506 of the Capital Companies Law, regarding the resolution to increase capital by issuing up to a maximum of 56,275,101 shares for their par value of one (1.00) euro, at the Issue Price, as this term is defined below, out of monetary contributions and with exclusion of the preemptive subscription right, which will be carried out through an accelerated bookbuilding offer ("**ABO**") among qualified investors (the "**Increase**" or the "**Accelerated Increase**").

This Increase with exclusion of the shareholders' preemptive subscription right is approved by the Board of Directors pursuant to the delegations of power granted by the Shareholders' Meeting of the Company held on April 30, 2025, under item Eight of the meeting agenda, whereby the Board of Directors has the power to increase the Company's share capital, on one or more occasions, through capital increases with monetary consideration and excluding the preemptive subscription right if it is advisable for the corporate interest.

For the purposes of the provisions of the articles of the Capital Companies Law mentioned above, and in particular of article 506.4, this report will be made available to the Company's shareholders at the time of publication of the call notice for the first Shareholders' Meeting that is held after the Increase has been executed. Furthermore, pursuant to the provisions of recommendation 5 of the Code of Good Governance for Listed Companies, this directors' report will be published on the Company's website once the issue price of the Capital Increase has been set.

This report is issued taking into consideration, in addition to the internal analyses carried out by the management team, the information received by the Company from Banco Santander, S.A., Goldman Sachs Bank Europe SE, J.P. Morgan SE and Morgan Stanley Europe SE, as joint global coordinators and lead managers of the Capital Increase covered by this report (the "**Joint Global Coordinators of the Increase**").

In order to facilitate an understanding of the Increase, an explanation of the Increase is offered first. The report envisaged in the above-mentioned articles of the Capital Companies Law and its related provisions is issued below.

2. Justification for the Capital Increase

The Board of Directors of the Company considers that for its growth strategy, in addition to maintaining the current lines of business existing today, being positioned as the leading lessor of properties for operating data centers on the Iberian Peninsula, without ruling out that it may be necessary to extend its operations throughout Europe, if the market so requires is an undeniable opportunity.

The Board of Directors considers that the Company has been a pioneer on the Iberian peninsula in commencing this activity with a plan of 64 MWs currently in operation and 254

MWs under development, and it has the know-how and access to technology required for these assets to be especially competitive and appreciated by tenants interested in these kinds of spaces. This, coupled with the estimate, backed by experts, of an intense increase in the demand for data centers that can serve the development of new technologies, including, in particular, generative AI, has prompted the decision of the Company's Board of Directors to substantially increase its level of investment in this activity. Consequently, the net proceeds of the Increase will be used to add an additional capacity of 412 MW (phase 3 of the Company's data center plan).

To this end, the Board commenced a process to analyze costs and the resources needed to undertake this development, including an evaluation of all the possible avenues for obtaining such resources, with the assistance of advisers appropriate for the purpose. In this analysis, the impacts of the various alternatives on dividends and returns to shareholders, as well as the customary leverage parameters such as the Loan to Value ratio, net debt/EBITDA ratio or the interest coverage ratio, were taken into consideration. Following this, it was concluded that the most favorable alternative is to finance a significant portion of the investment required by this development, as well as, where applicable, other possible corporate purposes, by increasing capital at the listed company itself, that is, at MERLIN, considering it as the formula best suited to the interests of the Company and its shareholders.

Consequently, the decision of the Board of Directors is to proceed with the capital increase under the terms set out in this report.

3. Description of the transaction

Current conditions in capital markets are favorable for carrying out the Increase. Accordingly, it should be noted that the trend in the main global, European and Spanish equity indices has been positive since the last capital increase carried out on July 24, 2024. Specifically, the most representative stock exchange indexes in the US (S&P 500) and Europe (Stoxx600) posted gains of over 19.9% and 11.9%, respectively, between July 24, 2024 and March 20, 2026; in turn, the equity market benchmark index in (IBEX 35) closed with a gain of 49.1% in the same period. This positive trend represents an incentive for long-only equity investors to continue to invest the gains generated so far this year in new capital market transactions. However, this positive momentum has recently been slowed by growing geopolitical tensions in the Middle East and their implications for the economy as a whole. This appreciation of MERLIN's shares, together with the relatively favorable equity environment for investors, represents an opportunity to raise funds that will allow the Company to implement its investment plan in the data center area, while strengthening its equity structure.

In view of the above, the Board of Directors of the Company, pursuant to the delegations of power granted by the Company's Shareholders' Meeting held on April 30, 2025, under item Eight of the meeting agenda, plans to adopt on the date hereof the resolution relating to the Increase with exclusion of the preemptive subscription rights held by the Company's shareholders under the terms set out below, and to delegate to the directors indicated and in the manner of exercise of the delegation also indicated in the Board's resolution itself, the authority to execute such Increase within a maximum period of 3 business days as from the date of adoption of this resolution.

The placement of the ordinary shares of the Company issued pursuant to the Increase will be made: (i) in Spain, pursuant to the provisions of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**"), of article 35 of Law 6/2023 of March 17, 2023 on Securities Markets and Investment Services, and of article 112 of Royal Decree 813/2023, of November 8, 2023, on the legal regime for investment firms and other entities that provide investment services, including, in particular, qualified investors, among which the current shareholders of the Company that may be qualified as such are deemed to be included, under the terms set out in the Increase resolution and within the parameters established in this report; (ii) in the other Member States of the European Union, as provided in the Prospectus Regulation and in their respective complementary internal regulations that may be applicable; and (iii) in the remaining non-European Union countries where the placement is made, to those who have the status of qualified investors or equivalent category in accordance with the applicable regulations in each jurisdiction and taking into account the remaining requirements so that, in accordance therewith, the capital increase does not require any registration or approval vis-à-vis the competent authorities. In particular, the New Shares will be offered exclusively (a) in the United States, to qualified institutional investors ("**qualified institutional investors**") within the meaning of Rule 144A of the Securities Act of 1933, in its current version (the "**Securities Act**") in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, or by means of transactions not subject to the requirements of registration or clearance by the competent authorities or in accordance with an exemption from, or in a transaction not subject to, the requirements of the Securities Act, and (b) outside the United States, through offshore transactions, as defined in, and subject to Regulation S of the Securities Act.

In order to make it possible for the investors to subscribe the shares, the preemptive subscription right of the Company's shareholders must be excluded, the justification for which is explained in detail in section 3 below. Given the need to exclude the preemptive subscription right, under the terms set out in article 506 of the Capital Companies Law, the issue price of the Increase must correspond to the fair value of the Company's shares.

For these purposes, it has been estimated that the definitive issue price of the shares under the Increase (the "**Issue Price**") will be determined by a procedure of price discovery among the qualified investors (including the Company's institutional investors, under the terms set out below), who will be invited to participate in the Increase through an ABO, provided that the price set as a result of such procedure does not represent a discount above that permitted by article 504.3 of the Capital Companies Law (the "**Maximum Discount**").

The Company considers that the Issue Price that is determined by means of the above-mentioned procedure, subject at all times to the Maximum Discount, will correspond to the fair value of the Company's shares. The reasons justifying this conclusion are indicated in section 3 below. In accordance with the terms of the Increase resolution, as indicated above, the cap of ordinary shares to be issued under the Increase has been set at the amount of 56,275,101 shares of the Company (representing approximately 10% of the total share capital of the Company at the time of adoption of the relevant resolution of the Shareholders' Meeting and the immediately preceding 12 months) (the "**New Shares**").

The placement of the ordinary shares issued under the Increase using the accelerated bookbuilding procedure will be coordinated by the Joint Global Coordinators of the Increase, which, together with other entities, will act as the "Joint Bookrunners of the Increase", and will conduct a process of bookbuilding and selection and confirmation of the bids. For these purposes, the Company will sign with the Joint Bookrunners of the Increase a share placement or underwriting agreement under which such entities will make their best endeavors to cause the shares under the Accelerated Increase to be subscribed by qualified investors (including any institutional shareholders of the Company) and, if an underwriting agreement is signed, the Joint Bookrunners of the Capital Increase will subscribe and pay in the shares under the transaction should they fail to find investors to subscribe and pay in the new shares on the terms described in this report.

It is placed on record that, regarding the participation of Banco Santander as Global Coordinator of the Increase, since it constitutes a related-party transaction, the corresponding report has been received from the Audit and Control Committee and approval has been obtained from the Board with the abstention of the nominee directors of said institution.

Furthermore, one or more of the Joint Global Coordinators of the Increase will initially subscribe and pay in the New Shares (except for those subscribed and paid in by the Reference Shareholders, as such term is defined below), acting for and on behalf of the qualified investors among whom the shares have been placed with a view to the subsequent transfer thereof to such qualified investors.

This bookbuilding process and the subsequent selection and confirmation of the bids received from the qualified investors will be carried out subject to the standard practices and usages in procedures of this kind.

Lastly, it is placed on record that Banco Santander will act as Agent Bank of the Increase, and the Company will sign the appropriate agreement to that effect, for which purpose, since it constitutes a related-party transaction, the corresponding report has been received from the Audit and Control Committee and approval granted by the Board with the abstention of the nominee directors of said institution.

4. Issue price representing the fair value of the Company's shares

Pursuant to the delegations of power granted by the Company's Shareholders' Meeting held on April 30, 2025 under item Eight on the meeting agenda, the Company's Board of Directors resolved to exclude the preemptive subscription right of the Company's shareholders with respect to the Increase, pursuant to the provisions of articles 308 and 504 of the Capital Companies Law.

The exclusion of the preemptive subscription right requires that the par value of the New Shares plus the share premium correspond to their fair value, which, pursuant to the provisions of article 504 of the Capital Companies Law, in the case of listed companies, will correspond to their market value, which in turn will be presumed, unless justified otherwise, to be that established by reference to their quoted share price.

As a guarantee for the current shareholders of the Company, the Issue Price determined as described in section 3 above may represent a certain implicit percentage discount with respect to the share price, although under no circumstances may such discount be higher than the Maximum Discount. Given that the discount implicit in the Issue Price may not be higher than the Maximum Discount, the Board of Directors of the Company considers that the Issue Price corresponds to the fair value of the Company's shares for the following reasons:

4.1 Determination by means of bookbuilding mechanism

Bookbuilding processes in the context of acquisitions of significant blocks of shares in listed companies seek to study the volume of demand for shares at different price levels in order to ascertain the price that the market would be willing to pay for them.

In addition to the determination mechanism itself, it should be noted that the discount implicit in the Issue Price after concluding the bookbuilding procedure may not be higher than the Maximum Discount.

Accordingly, the Company's Board of Directors considers that the Issue Price will be set by the Company following the conclusion of the bookbuild procedure, either by its Board or by the directors in which, pursuant to the resolution of the Board by which the authority to set such price has been delegated, will represent the fair value of the Company's share, given that it results from the bookbuild itself, using generally accepted methods at the national and international level for determining the fair value and it will represent the value at which qualified investors have stated their commitment to acquiring the New Shares.

4.2 Considerations regarding the Issue Price with respect to the Company's share price

In accordance with article 504 of the Capital Companies Law, the fair value of a listed company's shares will be its market value which will be presumed, unless justified otherwise, to be that which is established by reference to the quoted share price.

Notwithstanding the foregoing, in interpreting this provision, it must be borne in mind that the quoted share price of listed securities is essentially volatile, subject to market forces acting on it continually and in real time, which can lead to very significant changes in a short period of time.

For this reason, the determination of the market value of securities admitted to trading therefore requires performing an analysis of the changes in prices over a sufficiently extensive period of time to make a suitable assessment of the share value, given that it is not feasible or reasonable to identify it with the quoted price that the share has at each given moment.

In this respect, although the Issue Price may represent a discount on the Company's share price, the Board of Directors considers that, even applying the Maximum Discount, the Increase is carried out at a fair value, given that the Maximum Discount coincides with the discount set by the Capital Companies Law within the parameters of a fair price.

4.3 Increase in shareholder base, commitment by current reference shareholders, message of confidence and improvement in the Company's solvency image

In addition to the more technical reasons described in the preceding sections, mention should be made of the added value that the success of this transaction entails for the Company.

In this respect, the reference shareholders of the Company, namely, Banco Santander, S.A. and Nortia Capital Investment Holding, S.L. (the "**Reference Shareholders**"), holders of approximately 24.71% and 8.17%, respectively, of the current share capital, have signed with the Company a commitment to participate in the Capital Increase by subscribing the number of shares necessary to retain their holding in the Company's shareholder base, at the price resulting from the process, that is, at the Issue Price and MERLIN has committed to allocating to them a total number of New Shares that represents their respective percentage holdings.

This commitment is assumed solely by the two shareholders mentioned above. The remaining current institutional shareholders of the Company are invited to participate in the process, although there is no record of any commitment or specific expression of interest by them.

It is important to note that the participation of the Reference Shareholders will result from their commitment to acquire shares at the Issue Price to be determined by the Company at all times within the pre-established parameters and that this commitment allows the Company to undertake the Accelerated Increase with guarantees of success, increasing the Company's shareholder base with a type of shareholder that will provide liquidity and stability to the share. In addition, any requests that may be made by other qualified investors that are shareholders of the Company to subscribe New Shares will reinforce the presence of the existing institutional shareholders and will strengthen the Company's shareholder base.

It is placed on record that, for the participation of the Reference Shareholders on the terms described above, since it constitutes a related-party transaction, the corresponding report has been received from the Audit and Control Committee and approval of the transaction granted by the Board with the abstention of the nominee directors of said institutions, as applicable.

After the Capital Increase, the Reference Shareholders will be subject to a lock-up commitment in relation to the New Shares for 60 days as from the closing date of the Capital Increase, subject to the market exceptions that are customary in this type of transaction.

The commitment assumed by the Reference Shareholders has been assessed positively both by the entities advising on the Increase and by the Board of Directors itself, with the abstention in this decision of the nominee directors of the Reference Shareholders, given that (i) it entails an express recognition of support for and trust in the Company and its business project and (ii) it facilitates the placement among other institutional investors that might view a transaction of this kind with precaution (in terms of strategy and of absolute and relative size of the transaction) without the backing and commitment of the Company's two largest shareholders. Furthermore, the Reference Shareholders will not participate actively in the process of price discovery among the qualified investors, given that they have committed to subscribing the New Shares on the terms indicated above.

In view of all the foregoing, the Board of Directors of the Company considers that the Issue Price of the Accelerated Increase determined according to the accelerated bookbuilding mechanism and subject to the cap of the Maximum Discount correspond to the fair value of the Company's shares. In accordance with the provisions of the applicable legislation, it is not necessary for the Company to obtain a report issued by an independent expert, other than the Company's auditor, appointed by the Commercial Registry, on the fair value of the Company's shares, on the book value of the preemptive right it is proposed to exclude or limit and on the reasonableness of the data contained in the report by the Board of Directors.

5. JUSTIFICATION FOR EXCLUSION OF THE PREEMPTIVE SUBSCRIPTION RIGHT

Pursuant to the delegations of power granted by the Company's Shareholders' Meeting held on April 30, 2025 under item Eight on the meeting agenda, the Board of Directors resolved to exclude the preemptive subscription right that would correspond to the Company's shareholders with respect to the Accelerated Increase. This exclusion is necessary to be able to carry out the Accelerated Increase using the placement procedure described in the preceding section. In this respect, the Joint Global Coordinators of the Increase have stated that recent geopolitical and market uncertainties make it advisable to take advantage of any market windows that may arise in order to raise capital, and that the current market conditions are favorable for a capital increase, allowing it to be carried out by means of the Accelerated Increase structure.

To comply with the provisions of the above-mentioned articles and, ultimately, to evidence fulfillment of the legal requirements for adoption of the resolution on exclusion of the preemptive subscription right in the Accelerated Increase, the following is placed on record:

5.1 Advantages of the exclusion of the preemptive subscription right

The Company's Board of Directors considers that exclusion of preemptive subscription right in the Accelerated Increase is fully justified by the following reasons of corporate interest:

(a) Strengthening of the capital structure and solvency: The Accelerated Increase provides an opportunity to the Company to strengthen its capital structure and improve its solvency ratios by maintaining a high level of equity, which will directly affect debt financing costs and the Company's competitiveness when it comes to undertaking leveraged investments.

(b) Qualified investors: Addressing the Accelerated Increase to qualified investors will provide the Company with the opportunity to raise, under the best conditions, a significant volume of funds from investors active in international financial markets, taking advantage of the great business capacity of such markets and the favorable market circumstances.

The inclusion of the new qualified investors that join the Company entails an increase in the Company's shareholder base with sophisticated shareholders with an international profile, who will contribute to supporting the Company's external image and business project. Furthermore, both the Reference Shareholders' commitment and any requests that may be made by other qualified investors that are already shareholders of the Company to subscribe new shares will reinforce the presence of the existing institutional shareholders and will strengthen the Company's shareholder base.

(c) Flexibility in placement: The exclusion of the shareholders' preemptive subscription right is necessary to permit the placement of the Accelerated Increase through bookbuilding techniques which make it possible to perform the transaction under the best conditions for the Company while taking advantage of current market circumstances.

(d) Swift execution: The ABO format makes it possible to complete the Increase in a matter of hours and to avoid the Increase taking place while MERLIN's share is trading on the public market, which facilitates the process of price discovery among the qualified investors. Other alternative strategies to the one proposed herein would delay the placement process. For example, (i) in the case of a capital increase without the exclusion of preemptive subscription rights, such rights must be capable of being traded and exercised for a period that shall not be less than fourteen days from the publication of the issue notice in the Official Commercial Registry Gazette and (ii) in the case of a primary offering without a preemptive subscription right and with retail participation, a minimum period of around two weeks would be required from the time of the notice to the setting of the issue price. In both cases, the transaction would be subject to the publication of an exemption document drafted in accordance with Annex IX of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, and, where applicable, the preparation of an offering memorandum not filed with the Spanish Securities Market Commission ("**CNMV**") or any other authority, in order to provide shareholders and investors with more detailed information on the company and on the terms of the transaction, a process that would likely take several weeks and would be incompatible with taking advantage of the currently available window of opportunity. These time frames and requirements contrast with those required to complete the subscription and paying in of shares in an accelerated bookbuilding procedure such as the one proposed herein, and the prior registration of a prospectus with the CNMV is not necessary because the proposed transaction is aimed only at qualified investors and the New Shares will represent less than 30% of the volume of the Company's shares admitted to trading.

(e) Lower formalization cost: The costs of an accelerated bookbuilding transaction are lower than those of a capital increase with the preemptive subscription right or those of a primary offering, excluding preemptive subscription rights, basically for two reasons: (i) the reduction in fees of the banks involved in the transaction, either because the accelerated bookbuilding is not subject to an underwriting commitment, or because, even if there is underwriting, it is cheaper because the risk assumed by the banks involved in the transaction is lower than in other transactions in which the placement and execution periods are much longer; and (ii) the reduction in advertising and marketing expenses, since no prospectus is prepared or registered for the transaction and no roadshow is required to make it known to investors.

(f) Less exposure to market volatility: The structure of the transaction allows for the placement of the shares in a very short period of time and taking advantage of the situation in international markets (known as the “market window”), without being at the expense of market volatility.

It should be recalled that, in recent years, equity markets have experienced significant volatility due to both macroeconomic and microeconomic factors. In this respect, the ABO method makes it possible to minimize this timing exposure for an issuer that tries to carry out a capital increase, particularly compared with a capital increase with preemptive subscription rights. If this alternative were opted for, the price of the New Shares should be set at the start of the process, thereby leaving the Company exposed to developments in the markets during the rights trading period. In the case of a primary offering, although the final price would be set at the end of the subscription period, the long duration of the process, as mentioned above, could entail a considerable market risk which, depending on developments in the market, could prevent the necessary resources from being obtained to fulfill the intended purpose, taking into account in particular that these types of transactions are not usually underwritten until the end of the public offering period.

In short, therefore, neither an issue with preemptive subscription rights nor a public offering excluding such rights would be advisable for the Company in view of the volatility inherent in the financial markets and the execution time required to carry out any of these transactions.

(g) Maximization of the Issue Price. The issue price of the New Shares in an accelerated bookbuilding procedure usually represents a minor discount with respect to the share price at that time, since the market risk to which it would be subject if other alternatives were used is minimized. For example, a capital increase with preemptive subscription rights requires a period of more than three weeks from when the final conditions of the increase are set to when it is closed, whereas the price discovery process through an ABO prevents any type of exposure for the Company’s share during trading hours.

In light of the advantages deriving for the Company from the structure of the planned transaction, the transaction is not only suitable for the desired purpose but is also appropriate from the standpoint of the corporate interest. The Board of Directors also considers that the exclusion measure meets the requirement of proportionality between the advantages obtained for the Company and the disadvantages that could potentially be caused to shareholders who could see their expectations undermined by the dilution it could cause (depending on the performance of the share price), since the exclusion is easily offset and justified by the advantage that the success of the transaction entails for the Company and the shareholders, on the terms and in the time periods described above.

On the other hand, while it is true that the Reference Shareholders will not see their respective shareholdings diluted as a result of the subscription commitments assumed by them and referred to above, the fact that such entities are the two principal shareholders of the Company, that they hold 24.71% and 8.17%, respectively, of the share capital and that they are both represented on the Board of Directors highlights the importance of their participation for the successful outcome of the Increase, not only because they cover a significant portion of the increase but also for the support that their participation provides for the transaction vis-à-vis the market. The Reference Shareholders have given an irrevocable commitment to subscribe shares in the Accelerated Increase at the price resulting from the bookbuilding procedure and not to transfer their shares for a period of 60 days, commitments which will not be required from the rest of the Company's shareholders. This fact undoubtedly relativizes any objection argued by any other shareholder in the sense that the transaction could cause them a disproportionate sacrifice in terms of dilution of voting rights that is not offset with the unquestionable advantages that the transaction provides to the Company.

Additionally, it must be taken into account in this connection that any shareholder may reconstruct their holding and attain a percentage similar to that held prior to the transaction by purchasing shares of the Company on the secondary market after the Increase, applying a volume of funds that, in a stable share price scenario, would be similar to what they would have invested in the Increase had they participated in it. In any event, as previously indicated and as the Company has repeatedly communicated, it is the Company's intention, on the one hand, that the Increase be open to participation by qualified investors that are already shareholders of the Company and that are interested in subscribing new shares and, on the other, that one of the criteria for selecting orders and allocating the shares be that investors bidding to subscribe New Shares, where they are institutional investors, are current shareholders of the Company, such that, to the extent possible and taking into account other factors (in particular, the price at which bids for new shares are made or the advisability of incorporating new reference shareholders), the current institutional shareholders can retain their current holding following the Increase if they so wish. It is expressly placed on record that the auditor's reports in relation to the Company's separate and consolidated financial statements as at December 31, 2025, are available on the Company's website (https://www.merlinproperties.com/).

6. WORDING OF THE PROPOSED AMENDMENT

As a result of the Accelerated Increase, article 5 of the corporate bylaws of the Company relating to the share capital will be amended, empowering Deputy Chairman and CEO Mr. Ismael Clemente Orrego, executive director Mr. Miguel Ollero Barrera, and Mr. Miguel Oñate Rino, to determine its final wording in accordance with the outcome of the Accelerated Increase, in light of the amount actually subscribed in line with the possibility of incomplete subscription mentioned above.

The wording of the resolutions that are planned to be adopted by the Company's Board of Directors in approving the Increase and other pertinent resolutions are attached as **Schedule 1** to this report.

Schedule 1

RESOLUTIONS PROPOSED TO THE BOARD OF DIRECTORS OF MERLIN PROPERTIES, SOCIMI, S.A. IN RELATION TO THE ACCELERATED CAPITAL INCREASE WITH EXCLUSION OF THE SHAREHOLDERS' PREEMPTIVE SUBSCRIPTION RIGHT

I. PROJECT ELECTRON: CAPITAL INCREASE AND DIRECTORS' REPORT

Pursuant to the authorization granted by the Shareholders' Meeting of the Company held on April 30, 2025 under item eight of the agenda (the "**Delegation Resolution**"), to increase the share capital of the Company, on one or more occasions and at any time, within a period of five years from the date of said Shareholders' Meeting, under the provisions of article 297.1.b) of the Spanish Companies Act and subject to the prior report of the Audit and Control Committee where appropriate, the Board of Directors unanimously resolves to carry out a share capital increase of up to a maximum of 56,275,101 shares, with a par value of one (1.00) euro each, plus the issue premium resulting from the procedure described below, with the exclusion of pre-emptive subscription rights, to be executed through an accelerated private placement procedure aimed at qualified investors (the "**Accelerated Increase**").

The Accelerated Increase shall be carried out in accordance with the following terms:

1. Approval of the Board of Directors' Report for the purposes of articles 286, 297.1.b), 308, 504 and 506 of the Spanish Companies Act

Given that the Accelerated Increase excludes pre-emptive subscription rights and is addressed exclusively to the investors described in section 2 below, the Board of Directors' Report prepared in accordance with articles 286, 297.1.b), 308, 504 and 506 of the Spanish Companies Act is hereby approved, setting out the reasons justifying the proposal and the consideration to be paid for the new shares, as well as indicating the persons to whom they are to be allocated, which report is attached hereto as an Annex for proper identification purposes.

Said report shall be made available to the shareholders of the Company at the time of publication of the call notice for the first Shareholders' Meeting to be held after the issuance resolution.

2. Capital increase

2.1. Amount and issue terms of the Accelerated Increase

The maximum nominal amount of the Accelerated Increase is fifty-six million two hundred and seventy-five thousand one hundred and one (56,275,101) euros, through the issuance and placement of up to a maximum of 56,275,101 ordinary shares of the company, with a par value of one (1.00) euro each, belonging to a single class and series as the shares currently outstanding (the "**New Shares**").

In this regard, the Board of Directors places on record that: (i) no use has been made of the above-mentioned authorization to date; and (ii) the maximum nominal amount of the capital increase, together with the amount used to date, is less than 10% of the share capital as at the date of the Delegation Resolution.

The New Shares shall be issued at their par value of one (1.00) euro each, plus an issue premium to be determined by the persons to whom the Board of Directors delegates this power pursuant to resolution IV below, once the accelerated placement process of the New Shares has been completed, in order to reflect the fair value of the shares as accurately as possible, through the corresponding demand solicitation procedure. Under this procedure, dissemination and promotional activities in connection with the Accelerated Increase shall be carried out in order to obtain from potential investors indications of interest or subscription proposals for the New Shares. Upon completion of this procedure, the demand solicitation process ("book building") will have been completed and, on the basis thereof, the price the market is willing to pay for the shares will have been established, thereby resulting in a fair value of the shares. Once the accelerated demand solicitation procedure has been completed, the issue price of the New Shares shall be set in accordance with the outcome of said procedure.

In any event, the persons to whom the Board of Directors delegates the power to set the issue price may not set an issue price that is less than the result of applying a discount greater than that provided for in article 504.3 of the Spanish Companies Act.

The Accelerated Increase shall be carried out with the exclusion of the pre-emptive subscription rights of the Company's shareholders. In accordance with article 506 of the Spanish Companies Act, the issue price of the Accelerated Increase corresponds to the fair value of the shares as indicated in the report prepared for this purpose by the Board of Directors referred to in section 1 above.

For the purposes of article 299 of the Spanish Companies Act, it is hereby placed on record that the shares of the Company existing prior to the Accelerated Increase are fully paid up.

2.2. Addressees of the Accelerated Increase

The Accelerated Increase shall be carried out through the accelerated private placement procedure known as "Accelerated Bookbuilt Offering": (i) in Spain, in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 (the "Prospectus Regulation"), article 35 of Law 6/2023, of March 17, on securities markets and investment services, and article 112 of Royal Decree 813/2023, of November 8, on the legal framework for investment services firms and other entities providing investment services, including in particular qualified investors, among whom the current shareholders of the Company who may be classified as such shall be deemed included, on the terms provided for in this resolution; (ii) in the remaining member states of the European Union, in accordance with the Prospectus Regulation and their respective supplementary domestic regulations that may be applicable; and (iii) in the remaining countries outside the European Union where the placement is carried out, to those who have the status of qualified investors or equivalent category in accordance with the applicable regulations in each jurisdiction and taking into account the remaining requirements so that, under such regulations, the capital increase does not require any registration or approval before the competent authorities. In particular, the New Shares shall be offered exclusively (a) in the United States to qualified institutional buyers ("qualified institutional buyers") (within the meaning of Rule 144a of the Securities Act of 1933, as amended (the "Securities Act")) or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, or by means of transactions not subject to the registration or approval requirements of the competent authorities or pursuant to an exemption from, or in a transaction not subject to, the requirements of the Securities Act; and (b) outside the United States, through "offshore transactions", as defined in, and subject to, regulations of the Securities Act.

In order to facilitate the placement of the New Shares of the Accelerated Increase through said procedure, the pre-emptive subscription rights of the current shareholders of the Company are hereby excluded, as explained in section 2.5 below.

In any event, it is the Company's intention that the capital increase be open to the participation of those qualified investors who are already shareholders of the Company and who are interested in subscribing for New Shares, and that one of the criteria for the selection of orders and allocation of shares be the status of current shareholder of the Company of the investors requesting the subscription of New Shares, so that, to the extent possible and taking into account those factors relevant to the corporate interest of the Company (in particular the price at which the request for new shares is made or the desirability of incorporating new reference shareholders), current institutional shareholders may maintain their current holding after the capital increase if they so wish.

This private placement process shall be coordinated by one or more financial institutions (the "**Global Coordinators and Joint Bookrunners of the Accelerated Increase**"). They shall enter into a placement or underwriting agreement with the Company to this effect and shall carry out a demand solicitation through dissemination and promotional activities in order to attract investors to the Accelerated Increase. One of such entities shall be Banco Santander, which shall in turn act as agent bank, entering into the corresponding agreement for this purpose.

It is hereby placed on record that, given its nature as a related-party transaction, the corresponding report from the Audit and Control Committee has been received and the approval by the Board of Directors has been granted with the abstention of the proprietary directors of said entity.

Once the orders of the successful qualified investors have been confirmed, it may be provided that the Global Coordinators and Joint Bookrunners of the Accelerated Increase, or some of them, shall subscribe, in whole or in part, acting on behalf of the successful qualified investors, for the Accelerated Increase in order to expedite its registration at the Commercial Registry and the admission to trading of the New Shares, and subsequently, as the case may be, transfer them to the qualified investors who are their final allocatees.

2.3. Contributions

The New Shares shall be paid up by means of cash contributions. For the purposes of article 299 of the Spanish Companies Act, it is hereby placed on record that the shares of the Company previously issued are fully paid up.

2.4. Incomplete subscription of the Accelerated Increase

Pursuant to the delegation granted by the ordinary Shareholders' Meeting of April 30, 2025 under item eight of the agenda and in accordance with article 311 of the Spanish Companies Act, the possibility of incomplete subscription of the Accelerated Increase is expressly provided for.

Accordingly, if the Accelerated Increase is not fully subscribed, the share capital shall be increased by the amount of the subscriptions effectively made. Once the New Shares effectively subscribed have been paid up, the Company shall declare the Accelerated Increase subscribed and closed, determining its final amount and notifying the market through the Spanish National Securities Market Commission ("**CNMV**") and the Comissão do Mercado de Valores Mobiliários ("**CMVM**").

2.5. Exclusion of pre-emptive subscription rights

Given that the exclusion of pre-emptive subscription rights, as set out in the Board of Directors' report approved in section 1 above, will allow the placement of the New Shares on the market through the Accelerated Capital increase procedure described in section 2.1 above, the Board considers that such exclusion is in the corporate interest, and therefore resolves to fully exclude the pre-emptive subscription rights of the Company's shareholders.

As a consequence of the aforementioned exclusion of pre-emptive subscription rights, by virtue of article 506 of the Spanish Companies Act, the issue price of the Accelerated Increase must correspond to the fair value of the Company's shares, understood as their market value, which in the Board's opinion is justified by the reasons set out in the report prepared by the directors and approved in section 1 above.

Consequently, and in accordance with the applicable regulations, it shall not be necessary for the Company to obtain a report issued by an independent expert, other than the auditor of the Company's financial statements, appointed by the Commercial Registry, regarding the fair value of the Company's shares, the theoretical value of the pre-emptive right whose exercise is proposed to be excluded or limited, and the reasonableness of the data contained in the Board of Directors' report.

2.6. Rights attaching to the New Shares

The New Shares are ordinary shares, belonging to a single class and series as the remaining ordinary shares of the Company currently outstanding, and confer the same rights (both economic and political) and obligations as the latter, including the right to participate in the Company's profits from the date on which they are registered in the name of their holders in the corresponding book-entry registers.

The subscribers of the New Shares shall be entitled to exercise the rights inherent to the status of shareholder from the moment the New Shares are registered in their name in the accounting records of Iberclear and its participant entities.

2.7. Placement or underwriting

The Company shall enter into a placement or underwriting agreement with several financial institutions that shall act as the Global Coordinators and Joint Bookrunners of the Accelerated Increase. The persons to whom the Board of Directors has delegated powers pursuant to resolution IV below shall determine, in light of the circumstances prevailing prior to the commencement of the demand solicitation period ("book building"), whether it is advisable for the Global Coordinators and Joint Bookrunners of the Accelerated Increase to undertake to underwrite the acquisition of the New Shares.

2.8. Application for admission to trading of the New Shares

It is hereby resolved to apply for the admission to trading of all the New Shares issued pursuant to this capital increase resolution on the Stock Exchanges of Madrid, Barcelona, Bilbao, Valencia and Lisbon through the Spanish Stock Market Interconnection System (SIBE or continuous market) and Euronext Lisbon. The Company expressly declares its submission to the rules that currently exist or may be enacted in the future regarding Stock Exchanges and, in particular, regarding trading, continued listing and delisting.

2.9. Prospectus

The placement and application for admission to trading of the New Shares of the Accelerated Increase shall not require the approval of a prospectus, since it constitutes a public offering exempt from the obligation to publish a prospectus, in accordance with article 35 of Law 6/2023, of March 17, on Securities Markets and Investment Services and article 1.4 of the Prospectus Regulation.

2.10. Amendment to the articles of association

As a consequence of the Accelerated Increase, it is hereby resolved to amend article 5 of the Company's articles of association relating to share capital, empowering the Vice-Chairman and Chief Executive Officer, Mr. Ismael Clemente Orrego, the executive director Mr. Miguel Ollero Barrera, and Mr. Miguel Oñate Rino, to determine its final wording in accordance with the outcome of the Accelerated Increase, in the amount effectively subscribed pursuant to the possibility of incomplete subscription referred to above.

II. [.....]

[.....].

III. [.....]

[.....].

IV. Delegation of powers

The Vice-Chairman and Chief Executive Officer, Mr. Ismael Clemente Orrego, is hereby expressly empowered to, acting severally and subject to prior consultation and agreement with directors Mr. José Luis de Mora Gil-Gallardo and Mr. Fernando López Muñoz, carry out all actions that may be necessary or merely advisable for the determination and specification of the terms of the Accelerated Increase in all matters not expressly provided for in the foregoing resolutions, and to perform all acts that may be necessary or advisable for their fullest execution, including, by way of illustration and without limitation, the following:

i. to establish the commencement and completion of the demand solicitation period ("book building"), which shall not exceed 48 hours in duration and which, in any event, must be carried out within a maximum period of 72 hours from the date of this resolution, and to refrain from and/or abandon the Accelerated Increase in view of market conditions, the Company's own circumstances, or any event of social or economic significance that may advise such decision, reporting thereon to the Board of Directors of the Company once the period set for its execution has elapsed;

ii. once the period referred to in the preceding paragraph has ended, to set the number of New Shares to be issued and the issue price per New Share;

iii. to determine the allocation process and, as the case may be, to carry out said allocation;

iv. to abandon the Accelerated Increase should market conditions so advise, reporting such abandonment to the Board of Directors at the first meeting held thereafter;

v. to declare the Accelerated Increase closed once the New Shares have been allocated and the payments for the New Shares finally subscribed have been made, and to declare it subscribed, as the case may be, on an incomplete basis;

vi. to negotiate, agree and execute one or more underwriting and/or placement agreements for the Accelerated Increase (including the corresponding pricing supplement), agency agreements, protocols or pre-agreements relating to said underwriting and/or placement agreements, as well as any other agreements or documents that may be necessary or merely advisable for the successful completion of the Accelerated Increase, designating for such purposes the Global Coordinators and Joint Bookrunners of the Accelerated Increase;

vii. to appear before a notary public and execute the corresponding public deed of the Accelerated Increase, to apply for its registration (including partial registration pursuant to article 63 of the Commercial Registry Regulations) at the Commercial Registry of Madrid, and to execute such deeds of rectification, clarification and supplementation of the contents of these resolutions as may be necessary to remedy any defects that may be identified in the course of the registry qualification, until registration is achieved;

viii. to appear before any bodies or authorities, whether public or private, to execute any documents and to carry out any actions that may be necessary for the full execution of the foregoing resolutions;

ix. to apply for and obtain the admission to trading of the New Shares on the Stock Exchanges of Madrid, Barcelona, Bilbao, Valencia and Lisbon, through the Spanish Stock Market Interconnection System (Continuous Market) and Euronext Lisbon, carrying out for such purposes all actions and executing all public or private documents as may be necessary or merely advisable before the Governing Bodies of said Stock Exchanges, the CNMV, Iberclear and any other bodies or authorities, whether public or private;

x. to draft and publish any announcements or material event notifications (comunicaciones de hecho relevante) that may be necessary or advisable; and

xi. in general, to carry out all actions that may be necessary or merely advisable for the successful completion and full execution of the Accelerated Increase and the registration of the Accelerated Increase at the Commercial Registry, including, by way of example only, the execution of all public and private documents as may be required or advisable in connection with the foregoing resolutions, including the adaptation of the contents of said resolutions to comply with the requirements, including informal requirements, of the CNMV, the Commercial Registry or any other authority or public or administrative registry.

Likewise, Mr. Miguel Oñate Rino is hereby expressly authorized to, acting severally, exercise powers (vi) to (xi) above, both inclusive, as well as any other powers he may deem advisable in connection with the Accelerated Increase.

V. […..]

[…..].

VI. Approval of the minutes

These minutes of the meeting of the Board of Directors, once drafted, were unanimously approved by the directors in attendance (present or duly represented) at the end of the session.