

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF CIE AUTOMOTIVE, S.A. ON THE RESOLUTION REFERRED TO IN ITEM SIXTEEN OF THE AGENDA OF THE ANNUAL GENERAL MEETING ON THE PROPOSAL TO AUTHORIZE THE SHARE CAPITAL INCREASE AND DISAPPLY PREEMPTION RIGHTS.

1. PRELIMINARY POINT

The Board of CIE Automotive, S.A. (the "**Company**") has agreed to convene the Annual General Meeting (the "**General Meeting**") on April 28 and 29, 2022, at first and second call, respectively, and to submit to its consideration (as item sixteen of the agenda) – superseding the resolution passed by the General Meeting on April 29, 2020 – authorizing the Board, with express powers of substitution, to increase share capital as necessary on the terms and with the limits established in section 297.1.b) of the Consolidated Companies Act passed by Royal Legislative Decree 1/2010, of July 2 (the "**Companies Act**"), and the power to disapply the preemption right up to 20% of the number of shares forming the share capital on the authorization date in accordance with section 506 Companies Act.

2. PURPOSE OF THE REPORT

Section 286.1 Companies Act sets out requirements to properly pass the resolution to amend the Bylaws, which include that the directors prepare a written report justifying this, together with the full text of the proposed amendment, which must be made available to the shareholders in the time and form stated in the aforementioned legislation, and this must be stated in the notice of meeting.

In turn, article 297.1.b) Companies Act establishes that the General Meeting, with the requirements established to amend the Bylaws, may delegate to the directors the authority to agree one or various share capital increases up to a certain figure, when and in the amount they decide, without first consulting the General Meeting. Those capital increases must not be more than half the Company's capital at the time of the authorization and must be made by monetary contributions within five (5) years from the General Meeting resolution.

Finally, section 506 (in its recent new wording given by Spanish Law 5/2021, of April 12, amending the consolidated text Companies Act, passed by Royal Legislative Decree 1/2010, of July 2, and other financial regulations, in respect of encouraging the long-term engagement of shareholders in listed companies ("**Law 5/2021**")) establishes that, for listed companies, when the General Meeting delegates to directors the authority to increase share capital in accordance with section 297.1.b) Companies Act, they may also give them the authority to disapply the preemption right when the circumstances set out are in place and the conditions of the article are met, in

particular, (i) the delegation to perform capital increases excluding the preemption right cannot represent more than 20% of the Company's capital at the time of authorization, and (ii) the shareholders must be provided with a directors report justifying the proposed delegation of this authority when the General Meeting that will decide on it is convened.

The purpose of this report is to comply with the standards regarding item sixteen of the agenda that is submitted for the approval of the General Meeting.

3. JUSTIFICATION OF THE PROPOSAL

The directors believe that it is appropriate for the Company to have the most suitable instruments at all times to properly respond to the demands of the Company's operations, including that it must have new resources through new capital contributions. Given the fact that, on the one hand, these needs cannot be anticipated in advance and, on the other, a new General Meeting has to be convened solely for that purpose, with the resulting costs and delays, section 297.1.) Companies Act allows the General Meeting to authorize the Board to pass motions to increase share capital with no need to first consult the General Meeting up to 50% of share capital at the time of the authorization

Further to that legal possibility which it well known and widely used by Spanish companies, it is proposed to the General Meeting that the Board be authorized to increase share capital on one or various occasions, up to 50% of share capital at the time of authorization and must be carried out by monetary contributions within five (5) years from the time of authorization.

In addition, section 506 Companies Act allows the General Meeting (by granting the prior authorization) to also give the Board the authority to disapply the preemption right in relation to issuances of shares that are delegated, in accordance with the law. In this respect, although the authorization given by the General Meeting on April 29, 2020 for a period of five (5) years has not yet expired, the Board believes it is appropriate and in line with the highest standards of corporate governance to revoke the authorization to grant it again in line with, in respect of the delegation of authority to disapply the preemption right, the limit recently introduced by Law 5/2021 of 20% of the Company's capital at the time of authorization.

4. FULL TEXT OF THE PROPOSED RESOLUTION SUBMITTED TO THE GENERAL MEETING

The full text of the proposed resolution submitted to the General Meeting is as follows:

"SIXTEEN. Superseding the resolution passed by the General Meeting on April 29, 2020, to grant authorization to the Board, with express powers of substitution, to increase the share capital in accordance with the terms and with the limits of section 297.1.b) Companies Act, also giving it the authority to disapply the preemption right, up to 20% of the share capital on the date of authorization of this delegation, in accordance with section 506 Companies Act.

Supeseding the resolution passed by the General Meeting on April 29, 2020, to grant authorization to the Board to increase the share capital without first consulting the General Meeting, by up to 15,318,750 euros, in accordance with section 297.1.b) Companies Act, which it may do on one or various occasions, deciding in each instance whether it is appropriate and the amount and conditions in which it will take place, within five (5) years from the date of this General Meeting.

The capital increase or increases may be carried out in compliance with the requirements set out in the legislation in force, although by increasing the par value of the existing shares or by issuing new shares, the exchange value in both cases being monetary contributions.

In accordance with section 506 Companies Act, to expressly authorize the Board of Director to partly or fully disapply the preemption right in relation to all of some of the issuances agreed based on this authorization, where in the Company's interests and, in any event, subject to a 20% limit of share capital pursuant to section 506 Companies Act. Each resolution to increase the share capital based on this delegation must be accompanied by a supporting report by the directors. Likewise, the Company may voluntarily obtain an independent expert report in accordance with section 308 Companies Act. The par values of the shares to be issued plus (if appropriate) the share premium amount must correspond to fair value in accordance with section 504.3 Companies Act. The directors report will be made available to shareholders and reported on in the first General Meeting held after the increase resolution is passed.

By virtue of this authorization, the Board is likewise authorized to request admission to trading, where appropriate, of the preemption rights and of all the shares issued in execution of those, and to make the arrangements and act as necessary or appropriate and to submit the documents required or appropriate before the competent bodies. The Company will submit to current and future regulations in this matter, particularly on purchasing, minimum periods and exclusion of listing with the competent bodies of the various capital markets.

The Board is also authorized to delegate the powers granted under this agreement to the director or directors it considers fit.

The directors have prepared a report justifying this proposal."

5. PREPARATION AND PUBLICATION OF THE REPORT

The report was prepared and unanimously approved by the Board in its meeting on February 25, 2022, and must be made available to the public (particularly to the shareholders at the next General Meeting) by posting it on the Company's website, in accordance with the law, the Bylaws and regulations in force.

Bilbao, February 25, 2022