

**Befesa S.A.**

68-70, Boulevard de la Pétrusse, L-2320 Luxembourg, Grand Duchy of Luxembourg  
R.C.S. Luxembourg B 177697  
(the "Company")

**REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY TO THE ANNUAL GENERAL MEETING OF THE  
SHAREHOLDERS TO BE HELD ON 16 JUNE 2022 IN ACCORDANCE WITH ARTICLE 441-7 OF THE LAW DATED 10  
AUGUST 1915 CONCERNING COMMERCIAL COMPANIES, AS AMENDED**

In accordance with the provisions of article 441-7 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, the board of directors of the Company (the "**Board of Directors**") reports to the annual general meeting of shareholders convened for 16 June 2022 that

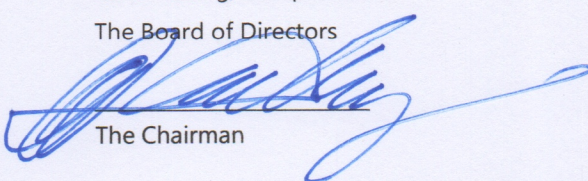
- (i) the Board of Directors at its meeting held on 23 February 2022 deliberated and resolved on the recommendations of the Nomination and Remuneration Committee of the Company with respect to setting and paying-out of the performance bonus of the executive directors for 2021 (the "**Matter On Management Bonus 2021**") and setting and paying-out of the Second Tranche of the Company's Long-Term Incentive Performance Stock Plan (the "**Matter On PSP**") and the salary increase of the executive directors;
- (ii) the Board of Directors at its meeting held on 29 March 2022 deliberated and resolved on the recommendations of the Nomination and Remuneration Committee of the Company with respect to a new Long-Term Incentive plan for the management vesting over the years 2022-2027 (the "**LTI for Management**"); and
- (iii) the Board of Directors at its meeting held on 25 April 2022 deliberated and resolved on the recommendations of the Nomination and Remuneration Committee of the Company with respect to setting the targets for the performance bonus of the executive directors for 2022 (the "**Matter On Management Bonus 2022**") and reconfirming and complementing the targets with respect to the Third and Fourth Tranche of the Company's Long-Term Incentive Performance Stock Plan (the "**Additional Matter on PSP**").

**WHEREAS**, in connection with the Matter on Management Bonuses 2021 and 2022, the Matter on PSP, the salary increase of the executive directors, the LTI for Management, and the Additional Matter on PSP each of the three executive directors of the Company, namely, Javier Molina Montes, Wolf Uwe Lehmann and Asier Zarraonandia Ayo declared an interest of a financial nature, conflicting with the one of the Company.

**WHEREAS**, it was noted that, due such conflict of interest, each Javier Molina Montes, Wolf Uwe Lehmann and Asier Zarraonandia Ayo refrained from deliberating and voting on the resolution regarding the these aforementioned matters which were validly approved by the remaining non-executive members of the Board of Directors - who did not declare any conflict of interest - after considering that it was in the best interest of the Company.

Luxembourg, 25 April 2022

The Board of Directors

  
The Chairman