

BEFESA

Befesa S.A.
société anonyme
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 15 JUNE 2023
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 15 June 2023 that

- (i) the Board of Directors at its meeting held on 1 March 2023 deliberated and resolved on the recommendations of the Nomination and Remuneration Committee of the Company with respect to the salary increase of the executive directors;
- (ii) the Board of Directors at its meeting held on 22 March 2023 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 2022 (the “**2022 Management Bonus**”) and of Tranche III of the Company’s Long-Term Incentive Performance Stock Plan (the “**Matter on Tranche III of PSP**”); and
- (iii) the Board of Directors at its meeting held on 3 May 2023 deliberated and resolved on the recommendations of the Nomination and Remuneration Committee of the Company with respect to setting of the performance targets of the performance bonus of the executive directors for 2023 (the “**2023 Management Bonus Performance Targets**”), the review and confirmation of the performance targets of Tranche IV of the Company’s Long-Term Incentive Performance Stock Plan (the “**Matter on Tranche IV of PSP**”), the setting of the targets with respect to Tranche VI of the Company’s Long-Term Stock Incentive Plan (the “**Matter on Tranche VI of SIP**”) and with respect to the amendment of the contracts of the executive directors.

WHEREAS, in connection with the salary increase of the executive directors, the 2022 Management Bonus, the Matter on Tranche III of PSP, the 2023 Management Bonus Performance Targets, the Matter on Tranche IV of PSP, the Matter on Tranche VI of SIP and the amendment of the contracts of the executive directors, 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, 12 May 2023

The Board of Directors