

Authorised Share Capital Renewal - Frequently Asked Questions (FAQ)

The following document has been prepared to provide further clarification on the sole item on the agenda of the Extraordinary General Meeting (EGM) of Befesa S.A. (the "**Company**") to be held on 16 June 2026—the renewal of the authorised share capital under Article 6 of the Company's Articles of Association.

This document is intended as additional background for institutional investors, proxy advisors and other shareholders voting on the resolution.

SECTION 1 – CONTEXT AND RATIONALE

1. Why is the Company proposing to renew the authorised share capital now?

The existing authorised share capital, as set out in Article 6 of the Articles of Association, was authorised by shareholders and expires in October 2026. Under Luxembourg law, the authorisation to the Board to utilise the authorised capital is limited to a maximum of five (5) years.

The Board is proposing renewal now—rather than immediately before expiry—to align the EGM with the Annual General Meeting being held on the same date (16 June 2026), avoiding the cost and procedural burden of a separate extraordinary general meeting later in the year. This approach is consistent with standard market practice for listed companies.

2. Are there any changes compared to the current authorised capital?

No. The resolution proposes a renewal on identical terms: same authorised amount (EUR 11,104,757.29 / 3,999,999 shares), same five-year duration, and the same scope of powers, including the Board's ability to limit or exclude pre-emptive subscription rights. There is no increase in the potential dilution relative to what shareholders have already approved.

3. What is the maximum dilution potential under the proposed authorised capital?

The authorised share capital is set at EUR 11,104,757.29, divided into 3,999,999 shares—representing approximately 10% of the Company's current issued share capital of 39,999,998 shares.

This is unchanged from the existing authorisation. The proposal is a straight renewal, not an expansion.

SECTION 2 – PRE-EMPTIVE RIGHTS, SAFEGUARDS AND GOVERNANCE**4. Why does the authorisation include the possibility to exclude pre-emptive rights?**

The ability to limit or exclude statutory pre-emptive subscription rights (droits préférentiels de souscription) is a standard feature of authorised capital authorisations in listed companies incorporated under Luxembourg law. Its inclusion does not imply any intention to use it.

Importantly, this authority is not unconditional. Under article 420-26(5) of the Luxembourg law of 10 August 1915 on commercial companies, as amended, whenever the Board proposes to exercise this power, it must first prepare a written report setting out:

- the specific reasons justifying the exclusion of pre-emptive rights;
- the proposed issue price and the economic basis for that pricing; and
- confirmation that the proposed transaction is in the Company's interest.

5. Where can shareholders access the Board report prepared under article 420-26(5)?

In connection with the EGM, the Board of Directors has prepared a report pursuant to article 420-26(5) of the Luxembourg Companies Law, explaining the reasons justifying the proposed power to limit or exclude pre-emptive subscription rights and the basis on which the issue price of any new shares would be determined if the authorisation were exercised.

This report is available on www.befesa.com.

Shareholders and proxy advisors are encouraged to review the report as part of their analysis of this resolution.

6. What quorum and majority are required for the EGM resolution to be adopted?

As a renewal of the authorised share capital involves an amendment to the Articles of Association (Article 6), it is subject to enhanced quorum and majority requirements under Luxembourg law and the Company's Articles of Association (Article 32):

- Quorum: at least 50% of the Company's issued and outstanding shares must be present or represented at the EGM.
- Majority: a two-thirds (2/3) supermajority of the votes validly cast is required for adoption.

If the 50% quorum is not reached at the first convening, a second EGM may be convened (with a minimum notice period of 17 days). At the second meeting, no quorum is required, but the two-thirds majority of votes cast still applies.

SECTION 3 – OTHER FREQUENTLY ASKED QUESTIONS**7. Does this imply that the Company intends to increase its share capital?**

No. The renewal of the authorised share capital does not imply any immediate or planned capital increase.

The authorisation is a precautionary governance tool. Any actual use would depend on market conditions, strategic rationale and applicable regulatory requirements, and would be accompanied by appropriate public disclosure.

8. Is this linked to any specific transaction or M&A activity?

No. The proposal is not connected to any specific transaction, acquisition, financing or strategic initiative. It is a general and precautionary renewal of the existing authorisation on identical terms

9. Why is this authorisation needed if there is no current plan to use it?

The purpose of the authorisation is to maintain flexibility within a framework already approved by shareholders.

Without it, any capital increase—even in routine or technical circumstances—would require convening a separate EGM, which entails additional time, cost and procedural complexity.

10. Why is the Company not proposing to reduce the size of the authorised capital?

The current size—10% of issued share capital—is unchanged from the existing authorisation previously approved by shareholders and is consistent with market practice for listed companies of comparable size and structure.

A reduction could unnecessarily limit the Company's flexibility in accessing capital markets at short notice, potentially to the detriment of all shareholders.

11. Has the Company used the authorised share capital in the past? Under what circumstances?

Yes. The Company has used the authorised share capital once, in June 2021, in connection with the acquisition by Befesa of American Zinc Recycling. This use was aligned with the purpose of the authorisation, allowing the Company to efficiently access equity capital in support of a strategic initiative under appropriate market conditions. As with any such use, the transaction was subject to Board approval, applicable legal requirements, and market disclosure obligations.

12. What are the consequences if the resolution is not approved?

If the resolution is not approved at the EGM:

- the existing authorisation will expire in October 2026 without renewal;

- from that date, the Board will lose the ability to issue new shares without first convening a shareholder meeting;
- any capital increase—including for routine or time-sensitive purposes—would require convening a new EGM, which entails additional notice periods (minimum 30 days under Article 24 of the Articles), costs and execution risk;
- the Company could be unable to respond at speed to market or strategic opportunities requiring equity financing.

13. Why should shareholders support this resolution?

Shareholders are being asked to approve a straightforward renewal of an existing authorisation, on identical terms and without any increase in scope, duration or potential dilution.

The proposal does not introduce any new or additional powers beyond those already approved by shareholders, but simply preserves an established framework that is standard for listed companies.

Approving the resolution ensures continuity, and maintains the Company's ability to operate efficiently within a pre-approved and well-defined governance structure.