

BEFESA

Annual Report 2025



Befesa has been a vital player in the circular economy for more than three decades through its role in reducing the environmental impact of industrial waste, recovering valuable materials and reintroducing them into the production process, and reducing the cost of primary production.



Befesa has been part of the circular economy for over three decades and has continuously demonstrated a strong commitment to recycling.

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Befesa at a glance

Befesa is a global leader in providing regulated critical environmental recycling services to the steel and aluminium industries in key European, Asian and North American markets. Befesa is a vital part of the circular economy, providing sustainable solutions to its customers.

For more than three decades, Befesa has continuously demonstrated a strong commitment to recycling.

1.7m
tonnes of recovered new materials reintroduced into the market

2.2m
tonnes of residues recycled

€81m
Net Profit

€212m
Operating cash flow

€1,183m
Revenue

€243m
Adjusted EBITDA





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Letter from the Chair



Javier Molina
Chair

Dear shareholders,

2025 was a key year for Befesa. After a period of intensive capital investment to globalise our footprint and modernise our asset base, we have successfully entered a new cycle characterised by lower capital intensity and structurally superior cash generation.

From the Board's perspective, our primary objective throughout the year was to ensure that management maintained a rigorous focus on execution while navigating an increasingly challenging global macroeconomic landscape. The record adjusted EBITDA of €243 million and the expansion of our margins to 21% confirm that our strategic oversight is delivering tangible value for our investors.

The Board remains deeply committed to a conservative approach to capital allocation, ensuring that every euro of shareholder capital is deployed where it can generate the most resilient returns. This year, our focus has been on the successful delivery of our core growth projects in the United States and Europe. By prioritising the Palmerton and Bernburg expansions, we have concentrated our resources on high-certainty markets that align with the global transition toward a circular economy.

Our role as a Board is to provide an independent, measured assessment of management's performance and the external risks facing the Group. With a special focus on financial discipline and Group's balance sheet strength, deleveraging has been a priority for the year. Ending the year with net leverage of x2.27, well below our target of x2.5x, positions the company with a robust balance sheet to navigate volatility and support our dividend policy.

This year, the Board oversaw the continued integration of our financial and non-financial reporting as we prepare to publish our first audited integrated Annual Report. We view our leadership in the circular economy as a critical competitive advantage that aligns long-term value creation with global challenges in the resource scarcity space.

The Board continues to evolve to meet the requirements of a global leader in the industrial recycling sector. Following the appointment of Mr Javier Petit as an independent director, we have further strengthened our expertise in financial governance and risk management. Our focus remains on ensuring the Board provides the necessary challenge to the executive team, ensuring that management's vision is tempered by a sober assessment of risk and a commitment to long-term stewardship.

I would like to thank our CEO and the entire executive team for their dedication, and our shareholders for their continued trust as we enter this promising new phase of value creation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J. Molina', with a horizontal line underneath.

Javier Molina
Chair



Letter from the CEO

Adjusted EBITDA in 2025

€243m

(€213m in 2024)

Net profit in 2025

€80.5m

(€50.8m in 2024)



Asier Zarraonandia
Chief Executive Officer

Dear shareholders,

2025 marks a record year for Befesa, characterised by strong execution, record financial performance, and a clear step forward in our growth trajectory.

Despite a challenging macroeconomic environment, with weak steel and automotive industries, we have delivered significant improvements in profitability, cash generation, and balance sheet strength, confirming the strength of our business model and our strategy.

Over the course of the year, we successfully combined disciplined operational execution with favourable market conditions, particularly in the zinc market. Following a first half impacted by planned maintenance activities, our performance accelerated meaningfully in the second half, resulting in a strong finish to the year and allowing us to reach our key financial targets.

In 2025, Befesa delivered an all-time high adjusted EBITDA of €243 million, representing a 14% year-on-year increase. Importantly, this growth was accompanied by a significant improvement in our adjusted EBITDA margin to above 20%, reflecting the better performance and improvement of our operations. Net profit increased strongly, with earnings per share up by 58%, underlining the strength of our financial delivery.

Cash performance was particularly strong throughout the year. We achieved a record operating cash flow of €212m, reflecting strong cash conversion and disciplined working capital management. This robust cash performance, combined with the rigorous capital allocation, enabled us to reduce net leverage to x2.27 – well below our target of x2.5 and marking a key milestone in our deleveraging journey.

Our Steel Dust business was the main driver of this strong performance. Benefiting from favourable zinc treatment charges and effective hedging strategies, the segment delivered significant EBITDA growth and margin expansion. Operationally, volumes remained resilient throughout the year, with a particularly strong recovery in the second half following maintenance activities. The successful completion of the Palmerton expansion in the United States further strengthens our position in a key growth market and enhances our ability to capture rising volumes of EAF steel dust.

In the Aluminium Salt Slags business, performance remained mixed. While the core recycling activity continued to deliver stable volumes and high utilisation rates, the secondary aluminium alloys business was impacted by compressed metal margins and weak demand in the European automotive sector. Encouragingly, a stronger fourth quarter reinforces our view that a gradual recovery in this segment is underway, and we expect this to continue into 2026.

Our strategic growth projects progressed well throughout the year. The completion of the Palmerton expansion represents an important milestone, while the Bernburg project in Germany continues to advance as planned. At the same time, we maintained a disciplined approach to capital expenditure, delivering our investment programme below guidance while preserving our focus on high-return opportunities.

Sustainability remains at the core of our value proposition. As a key enabler of the circular economy within the steel and aluminium industries, Befesa continues to play a critical role in reducing waste, lowering emissions, and recovering valuable resources. These structural trends remain strong and continue to underpin the long-term growth of our business.

Looking ahead, we are entering a new cycle for Befesa. With major expansion projects largely completed, we expect a period characterised by lower capital intensity and higher earnings, translating into strong free cash flow generation and increased shareholder value creation.



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Letter from the CEO continued

Our financial priorities remain unchanged. We will continue to focus on disciplined capital allocation, further deleveraging towards a level around x2.0, and delivering sustainable returns to our shareholders.

We approach 2026 with confidence. Growth is expected to be primarily driven by higher volumes in the United States, supported by new customer contracts, while European volumes are expected to remain at a very solid level. In the aluminium segment, we anticipate a gradual recovery in metal margins following the trough reached in 2025, and our hedging strategy – recently extended to mid-2028 at record levels – continues to provide strong visibility and protection.

Our financial priorities remain unchanged. We will continue to focus on disciplined capital allocation, further deleveraging towards a level around x2.0, and delivering sustainable returns to our shareholders.

I would like to close by recognising the contribution of everyone who has supported Befesa throughout the year. The commitment of our employees, the trust of our customers, and the continued confidence of our shareholders have been fundamental to the progress achieved in 2025. Building on this strong foundation, we look ahead with confidence as we continue to advance our strategy and create long-term value.

Thank you for being part of our journey.



Asier Zarranandia
Chief Executive Officer



Befesa in the capital markets

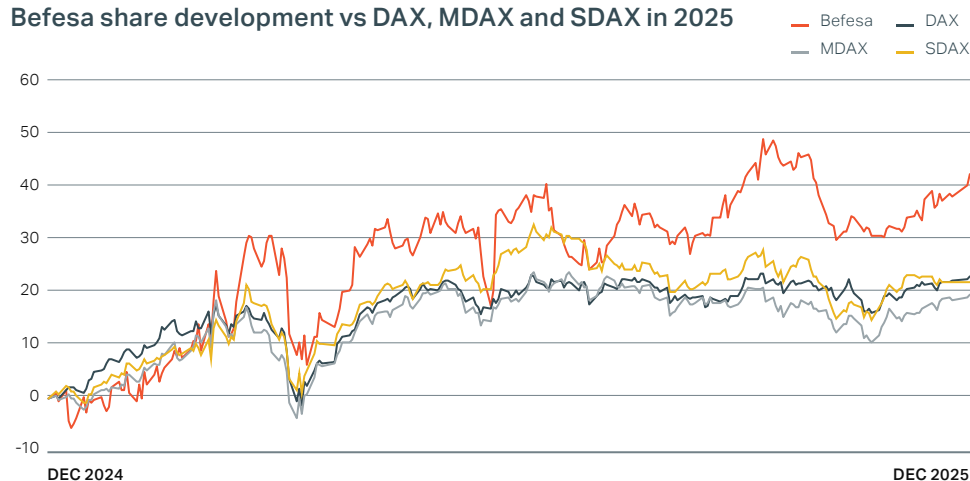
Share data

Ticker symbol	BFSA
ISIN	LU1704650164
German securities code (WKN)	A2H5Z1
Bloomberg code	BFSA:GR
Reuters code	BFSA.DE
Stock exchange	Frankfurt Stock Exchange, XETRA
Market segment	Prime Standard
Index	SDAX
Number of shares	39,999,998

In €	2025	2024	2023
Free-float (end of year)	100.0%	100.0%	100.0%
Closing price	29.50	20.76	35.20
Highest price	30.90	36.84	55.05
Lowest price	19.64	17.80	25.76
Dividends	1.00 ¹	0.64	0.73
Dividend yield (based on closing price)	3.4% ¹	3.1%	2.1%
Market capitalisation (end of year)	1,179,999,941	830,399,958	1,407,999,930

¹ Proposal – subject to AGM resolution
Data source: Bloomberg XETRA closing prices

Befesa share development vs DAX, MDAX and SDAX in 2025



Share performance in 2025

	Befesa	DAX	MDAX	SDAX
30 December 2024	20.76	19,909.14	25,589.06	13,711.33
30 December 2025	29.50	24,490.41	30,617.67	16,732.54
Change	42.1%	23.0%	19.7%	22.0%

The global economy demonstrated resilience in 2025 amid persistent geopolitical and trade-related uncertainties. The United States maintained a solid pace of activity, supported by robust consumer spending and investment, while inflation gradually moderated and labour market conditions softened. Policy developments and tariff-related tensions periodically disrupted market sentiment, underscoring the significance of global trade dynamics. In the euro area, economic growth remained modest yet stable, with inflation converging towards central bank objectives and unemployment levels broadly contained. Towards year-end, indicators suggested a degree of stabilisation, driven by improving industrial performance and renewed fiscal discussions, although external trade frictions continued to pose material risks.

Global capital markets in 2025 were characterised by a decisive shift towards monetary policy easing. The European Central Bank moved earlier and more aggressively, initiating a series of rate reductions that anchored euro rates and supported both duration-sensitive assets and broader risk sentiment. In contrast, the Federal Reserve adopted a later and more gradual approach, complemented by a significant balance sheet shift as it signalled an end to quantitative tightening – an important liquidity narrative for investors. Equity markets delivered another strong year, driven by easing financial conditions, resilient earnings and thematic concentration, with technology leadership in

the United States and policy-driven confidence underpinning gains in Europe.

As of year-end 2024, Befesa's share price was €20.76. By the last trading day of 2025, it had increased to €29.50, reflecting an increase of 42.1% in 2025. The Company's market capitalisation at year-end 2025 was €1,180 million.

The performance of the major German stock indices was also positive. The DAX, which represents the 40 largest German companies, saw a strong gain of 23.0% while the MDAX, which tracks mid-sized companies, increased by 19.7%. Similarly, the SDAX, which includes smaller companies, saw an increase of 22.0%.

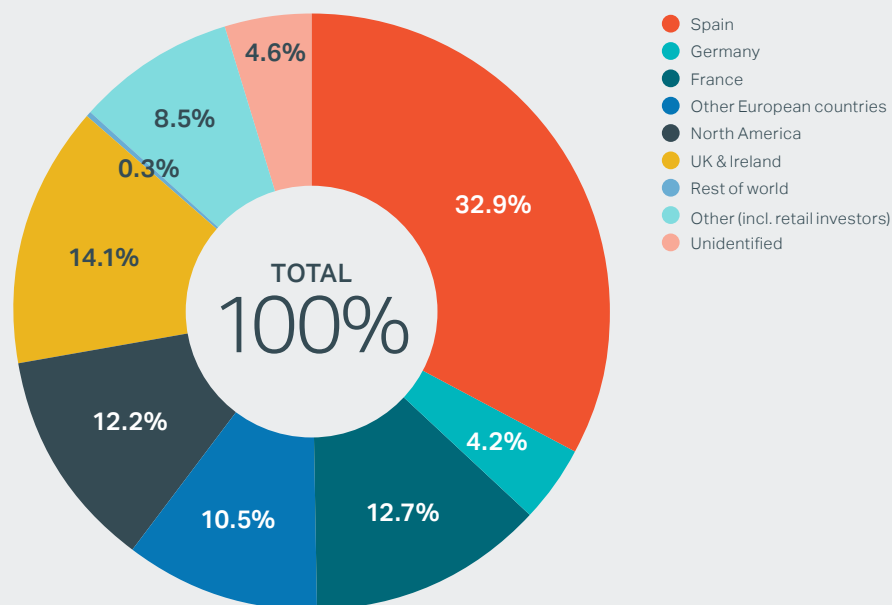
Shareholder structure

Befesa regularly conducts shareholder analysis to better understand its shareholder base and continually enhance the effectiveness of investor relations activities. The results of the analysis as of December 2025 show that more than 86% of Befesa's shares were held by over 200 institutional investors. This diverse and well-established institutional shareholder base provides a solid foundation for the Company's capital structure and long-term stability.

Retail investors held a relatively small proportion of the Company's outstanding shares of 2.6%, reflecting a more limited participation in the stock by individual investors.

Befesa in the capital markets continued

Geographical distribution of institutional shareholders



As of 31 December 2024, Befesa's shares were primarily held by institutional investors from Europe, mainly Spain, Germany and France.

Geographically, as of 31 December 2025, Befesa's shares were primarily held by institutional investors from Europe. Spain, Germany and France represented the largest shareholder base, collectively holding 49.8%. Other European investors accounted for 10.5%, and investors from the UK and Ireland held 14.1%, followed by North American shareholders with 12.2%.

Based on the various major holding notifications received by Befesa S.A. as of 31 December 2025, shareholders holding (or to whom were attributed) five per cent (5%) or more of the total voting rights attached to Befesa S.A. shares can be found in the Corporate Governance section.

Dividend proposal

Befesa has maintained a consistent dividend policy since its IPO in 2017, targeting a payout ratio of 40-50% of net profit.

At the upcoming Annual General Meeting (AGM), the Board of Directors will propose a total dividend distribution of €40 million to shareholders, equating to €1.00 per share. This proposed dividend represents a payout ratio of 50% of the 2025 reported net profit (the same as in 2024) and a dividend yield of 3.3% (compared with 3.1% in 2024). The final amount of the dividend will be determined by Befesa's shareholders at the AGM on 16 June 2026.

Indices

Befesa, listed in the Prime Standard of the Frankfurt Stock Exchange, has been part of several Deutsche Börse indices. After being listed in the SDAX in September 2018, Befesa joined the MDAX in September 2021.

However, as a result of a decrease in free-float market capitalisation, Befesa was moved back to the SDAX as of 18 December 2023. On 22 January 2024, Deutsche Börse announced an unscheduled change to the MDAX, causing Befesa to rejoin the MDAX on 25 January 2024. The SDAX includes 70 small-cap companies, whereas the MDAX consists of 50 large companies below the DAX, which includes the 40 largest stocks. On 23 December 2024, Befesa was reclassified to the SDAX index.

Befesa has been a member of the Global Challenges Index (GCX) since September 2020. The GCX includes shares from 50 international companies, selected according to rigorous criteria from a pool of approximately 6,000 corporations.

Befesa's inclusion was reaffirmed in 2024. The GCX, launched by Börsen AG (the parent company of the Hamburg and Hanover stock exchanges) in 2007 in collaboration with ISS ESG, focuses on companies making significant contributions to seven global challenges: climate change, clean water supply, deforestation, biodiversity, population growth, poverty and global governance. Befesa's inclusion was based on its strong performance in the ISS ESG rating (Prime Status) and its contribution to the Sustainable Development Goals (SDGs) through improving raw material efficiency in the metals industry and developing recycling solutions that support a more sustainable circular economy.

Befesa in the capital markets continued

Analysts' coverage and recommendations

By the end of 2025, Befesa was covered by 11 equity analysts who regularly publish research reports, providing their assessments and recommendations regarding the Company's stock. Nine of these analysts have issued a Buy recommendation, highlighting the well-defined earnings growth strategy and favourable outlook for its market position. Two analysts recommend Holding the share, reflecting a more cautious perspective on the Company's near-term prospects.

Investor relations activities

Befesa successfully engaged with the capital markets through a comprehensive series of meetings and events. In 2025, the Company participated in 18 conferences and three roadshows, connecting with 345 institutional investors from Europe and the US through 87 one-on-one and 58 group meetings. This broad engagement highlights Befesa's commitment to maintaining strong investor relations and providing transparency to its stakeholders.

A calendar with upcoming reporting dates, investor conferences and current presentations is available on Befesa's website (www.befesa.com).

Credit relations

Befesa's solid and long-term financing profile provides a strong foundation for its ongoing success. In July 2024, the Company successfully completed the refinancing of its existing debt, consisting of a €650 million senior secured Term Loan B with a 3-year extension due July 2029, a €100 million revolving credit facility due July 2028, and a €35 million guarantee facility due July 2028. This refinancing extends the maturity profile of Befesa's debt without having an impact on its current leverage ratio. The new financing has the same covenant-lite terms as the previous debt.

In April 2025, Befesa repriced its TLB, reducing its interest rate by 50 bps to Euribor +225 bps with a floor of 0%. This spread could be adjusted downwards to 200 bps, depending on the ratio of net financial debt/Adjusted EBITDA. The facility's long-term July 2029 maturity date and all other contractual terms remain unchanged.

Befesa's Ba2 credit rating and stable outlook from Moody's remain in place. In September 2025, S&P Global maintained its BB credit rating of Befesa and revised its outlook from stable to positive.

Institution	Analyst	Date	Recommendation	Target price (€)
Berenberg	Lasse Stueben	03 Dec 25	Buy	34.00
Citi	Shashi Shekhar	07 Nov 25	Hold	29.00
Deutsche Bank	Lars Vom-Cleff	03 Nov 25	Hold	32.00
Hauck & Aufhäuser	Jorge Gonzalez Sadornil	04 Nov 25	Buy	40.40
Jefferies	Fabian Piasta	30 Oct 25	Buy	37.00
Kepler Cheuvreux	Juan Rodriguez	30 Oct 25	Buy	37.00
Metzler	Nikolas Demeter	20 Nov 25	Buy	37.50
Morgan Stanley	Adahna Ekoku	17 Nov 25	Buy	36.00
Oddo	Anis Zgaya	30 Oct 25	Buy	38.00
Santander	Jaime Escribano	15 Dec 25	Buy	40.00
UBS	Olivier Calvet	31 Oct 25	Buy	44.00
Average				36.81
Median				37.00
# Buy			9	
# Hold			2	
# Sell			0	

As of 31 December 2025

Befesa in the capital markets continued

ESG Ratings

Environmental, social and governance (ESG) is a critical and increasingly important focus in capital markets. Befesa is regularly assessed by leading ESG rating agencies.

As part of the circular economy, Befesa meets the criteria of investors focused on sustainability and qualifies for impact investing. Although ESG ratings are essential, their methodologies can differ significantly,

requiring careful interpretation of the data. Befesa actively engages with ESG rating agencies to provide comprehensive and accurate information, with the goal of continuously improving its rating results.

Further details on Befesa's ESG efforts are provided on the Sustainability Statement.

As of 31 December 2025, six ESG rating agencies following Befesa and their respective ESG ratings assigned to Befesa were:



Top 3% of 87: B+ / Prime



BBB
Commercial services & supplies



Rank 6/62 / Low Risk
Commercial Services:
Facilities Maintenance



Top 10% of 156
Commercial Services & Supplies



Score D
Metal smelting, refining & forming



Score: 71/100
Environment & Facilities Services

Further details on Befesa's ESG efforts are provided in the Sustainability Statement.



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About the company

General information

Befesa, S.A. is a public limited company (société anonyme) incorporated in Luxembourg and governed by Luxembourg law.

The registered office is located at 68-70 Boulevard de la Pétrusse, L-2320, Luxembourg, Grand Duchy of Luxembourg. Befesa, S.A. is the Parent Company of the Befesa Group. Befesa's financial year runs from 1 January to 31 December.

Organisation of Befesa

Befesa organises its activities into two business segments: Steel Dust Recycling Services and Aluminium Salt Slags Recycling Services.

Befesa has a corporate structure with selected functions coordinating and supporting both business segments while promoting a common management philosophy and mission.

In 2025, the Steel Dust Recycling Services segment represented 87% of Befesa's total Adjusted EBITDA.

The remaining 13% was contributed by the Aluminium Salt Slags Recycling Services segment.

Befesa's vision

Befesa aims to be the global leader in the management and recycling of hazardous residues for the steel and aluminium industries by continuing to play a growing role in a more sustainable world and the circular economy.

Befesa's strategy

Befesa focuses on serving its customers and achieving its goals by developing improvements in existing technologies, optimising operations and product quality and increasing efficiency.

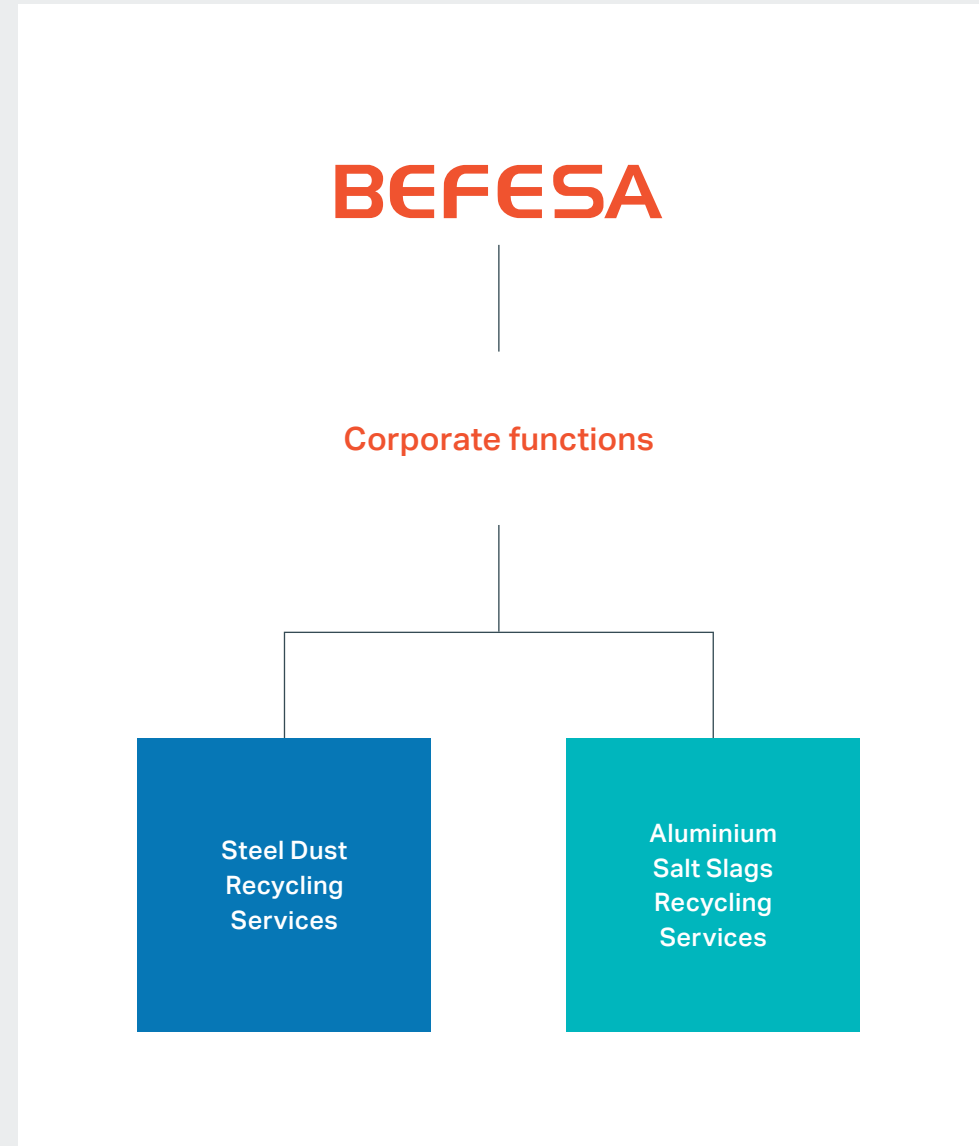
At the same time, Befesa invests in organic growth and scales up its proven business model into new and emerging markets.

Befesa's business

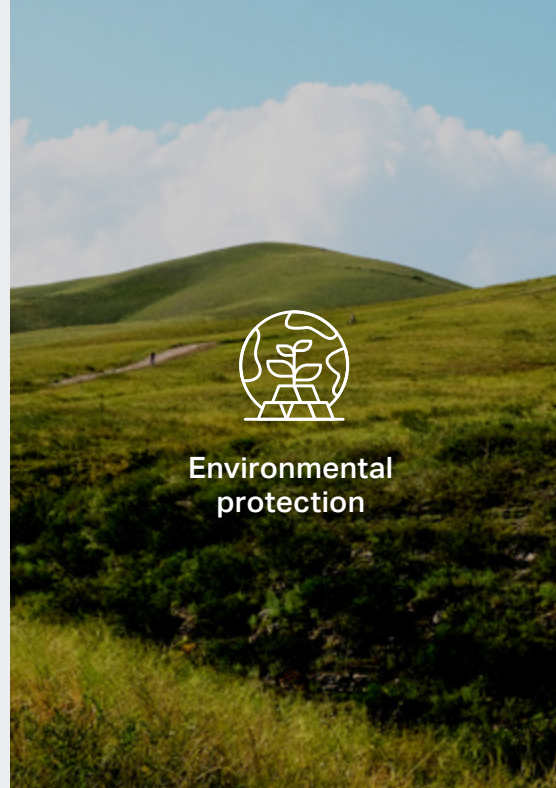
Befesa's business is to provide sustainable solutions to the steel and aluminium industries through servicing and recycling hazardous residues generated in the value chains of secondary steel and aluminium producers. Befesa focuses its core efforts on recycling hazardous residues: crude steel dust, salt slags and spent pot linings (SPL). Befesa has been a vital part of the circular economy for more than three decades.

Befesa's principles

Befesa places strong emphasis on its social responsibility and helps to create a sustainable world.



Befesa focuses on the following principles:



Environmental protection



Customer focus



Operational excellence



Compliance



Integrity & transparency



Highly qualified employees



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Business model

Befesa's business model is based on a full-service approach to offering residue management solutions to its customers in the steel and aluminium industries.

The services cover the timely and efficient collection and treatment of hazardous residues – mainly steel dust and salt slags – from customers' facilities. This enables the management of the environmental and regulatory obligations that Befesa's customers have: to recycle hazardous residues generated in their operations. The introduction of more stringent environmental regulations and an increasing focus on sustainability and circularity have been the main growth drivers for Befesa since 1987. Befesa has been able to capture the opportunities these market and operational conditions create with a business model that has proven beneficial for the protection of the environment, at the same time delivering profitable growth. These factors will continue to support Befesa's growth as new geographies adopt tighter environmental regulations and Befesa's services become ever more critical to operators in the steel and aluminium industries.

In the **Steel Dust Recycling Services** segment, Befesa collects and recycles steel dust and other steel residues generated in the production of crude, stainless and galvanised steel in electric arc furnaces (EAF).

The majority of the revenue generated in the Steel Dust Recycling Services segment comes from selling Waelz oxide (WOX) to zinc smelters.

Furthermore, a portion of the revenue generated comes from the service fees charged for the collection and especially the treatment of crude steel dust.

In the US, Befesa operates its zinc refining business, which creates a vertically integrated zinc operation for the Company in this market and helps to address the shortage of zinc smelting capacity in the North American market. Befesa's zinc refining plant is unique worldwide in producing 'green' special high-grade (SHG) zinc from 100% recycled raw materials (WOX). Befesa generates revenues from the sale of SHG zinc produced from the recycling of WOX sourced from Befesa's EAF steel dust recycling plants in the US.

Befesa's zinc refining plant is unique worldwide in producing 'green' special high-grade (SHG) zinc from 100% recycled raw materials (WOX).

In addition, a small portion of revenue is generated from tolling fees. These fees consist of a service fee charged for collecting and treating stainless steel residues and a fee for returning the metals – mainly nickel, chromium and molybdenum recovered in the recycling process – to stainless-steel dust customers.

In the **Salt Slags** operations of the Aluminium Salt Slags Recycling Services segment, Befesa recycles salt slags that are collected from customers for a service fee. Additional salt slags are generated during the production

of secondary aluminium at Befesa's plants. In addition, Befesa recycles SPL, a hazardous residue generated by primary aluminium producers. During the recycling process, melting salt, aluminium concentrates and aluminium oxides are recovered.

Revenues from the Salt Slags operations are mainly derived from the sale of aluminium concentrates and melting salt obtained from recycling salt slags and SPL, as well as from fees charged for recycling these materials. A large amount of the recovered aluminium concentrates is sold and used within Befesa to produce aluminium alloys.

In the **Secondary Aluminium** operations of the Aluminium Salt Slags Recycling Services segment, Befesa collects and recycles aluminium scrap and other aluminium residues such as aluminium drosses, shavings and cuttings, and aluminium concentrates from, among others, aluminium foundries, scrap dealers and collectors and primary aluminium producers. Befesa also generates aluminium concentrates during the salt slags recycling operations, producing secondary aluminium alloys from these aluminium residues.

These are mainly sold to customers in the automotive and construction industries. Revenues from the Secondary Aluminium operations are mainly derived from the sale of secondary aluminium alloys.



Business model continued

Inputs

Financial rigour: Befesa's focus is on securing volumes in its plants and maintaining resilient and solid margin levels while focusing on strong cash flow generation. This is achieved by managing capital expenditures, working capital and operating earnings to continue funding its growth initiatives and distribute dividends to its shareholders.

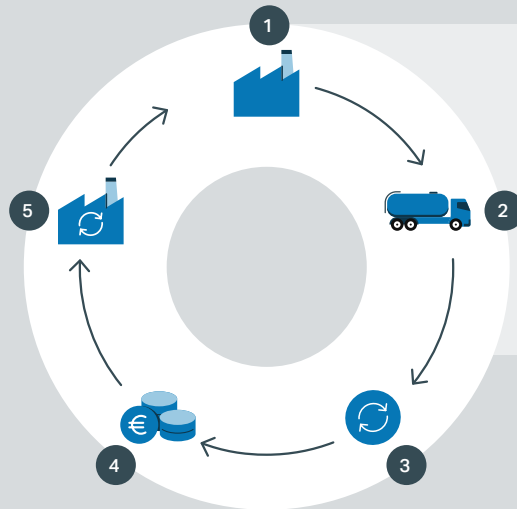
Leading technology & innovation: Befesa's R&D strategy is designed to create value by developing sustainable improvements in the existing technologies, optimising operations and product quality and developing new processes. This achieves greater recycling efficiency, reduced costs and an improved environmental footprint.

Macro trends: Befesa continues to execute its organic growth project pipeline, with a focus on growing its core environmental service activities, which benefit from the positive underlying macro trends, such as decarbonisation and the transition to electric vehicles (EVs).

Highly qualified employees: In striving to be the leading global recycling service provider, Befesa relies on a large team of highly qualified employees worldwide.

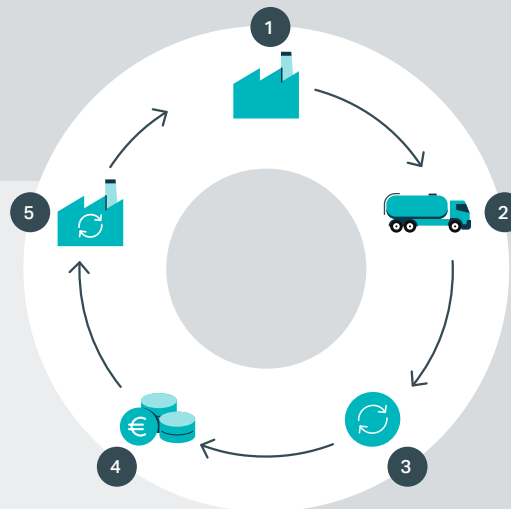
Activities

Befesa has been a part of the circular economy for more than three decades and contributes by reintroducing valuable materials back into the production process.



Aluminium Salt Slags Recycling Services

- 1 **Clients:** aluminium industry
- 2 **Collection** of salt slags and SPL
- 3 **Salt slags** and SPL recycling services
- 4 **Use of aluminium** concentrates and payment for salt
- 5 **Clients:** secondary aluminium producers



Outputs

Shareholder value: Befesa aims to create value for shareholders through management's ability to increase revenues, earnings and free cash flows, which lead to an increase in dividends and capital gains for shareholders.

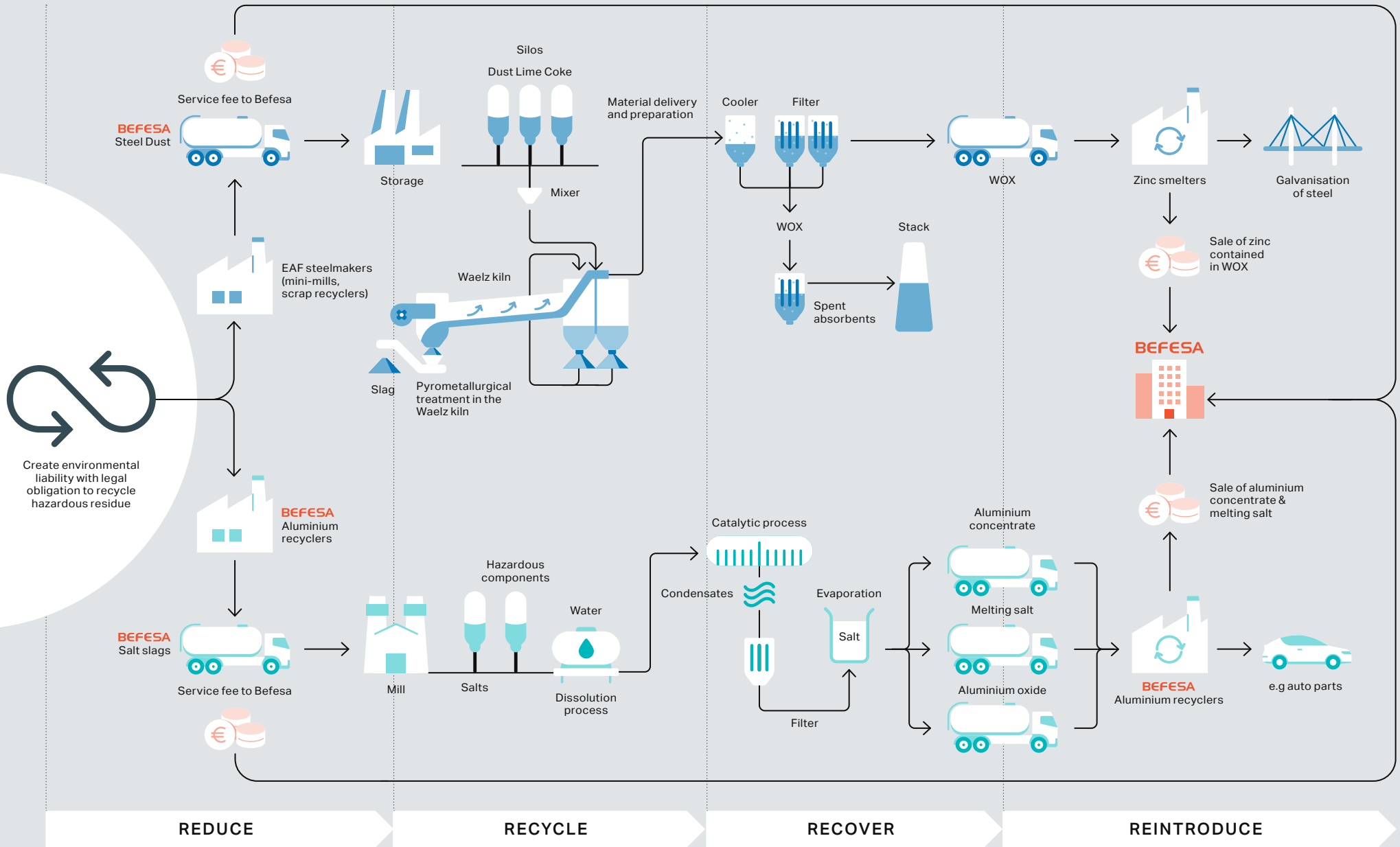
Customer satisfaction: Improvements in technology optimise operations and product quality, contributing to sustainable development and enhanced customer service.

Benefits to the environment: Befesa continuously looks for new processes and services to help its customers make their businesses more sustainable. Befesa prevents the landfilling of around 1.9 million tonnes of residue each year, reducing the extraction of natural resources from the earth.

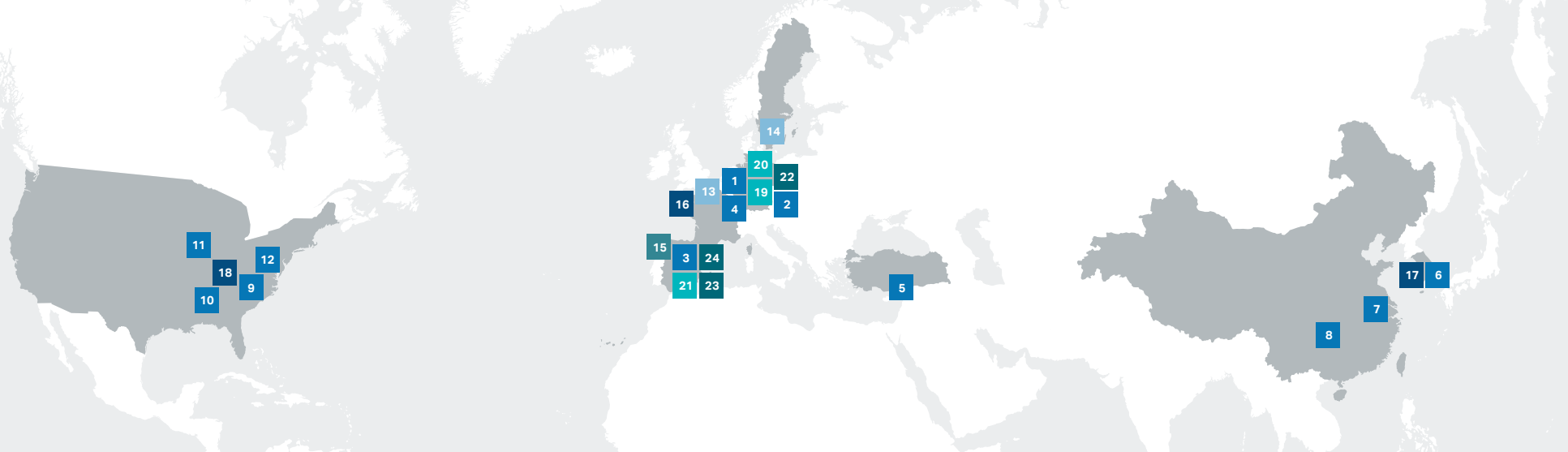
Employee satisfaction: Although the Company operates in a competitive labour market, Befesa maintains a low turnover of staff.



Critical services for steel and aluminium producers



Markets and sites



Steel dust recycling services

1,917 kt

Annually installed capacity to recycle steel dust (crude and stainless)¹

Installed capacity by plant

1	Duisburg	Germany	Crude steel dust	87 kt
2	Freiberg	Germany	Crude steel dust	194 kt
3	Asúa – Erandio	Spain	Crude steel dust	160 kt
4	Fouquières-lès-Lens	France	Crude steel dust	110 kt
5	İskenderun	Turkey	Crude steel dust	110 kt
6	Gyeongju	South Korea	Crude steel dust	220 kt
7	Changzhou	China	Crude steel dust	110 kt
8	Xuchang	China	Crude steel dust	110 kt
9	Barnwell, SC	US	Crude steel dust	163 kt
10	Rockwood, TN	US	Crude steel dust	145 kt
11	Calumet, IL	US	Crude steel dust	135 kt
12	Palmerton, PA	US	Crude steel dust	200 kt
13	Gravelines	France	Stainless steel dust	110 kt
14	Landskrona	Sweden	Stainless steel dust	64 kt
15	Sondika/Amorebieta	Spain	Oxide	16 kt
16	Gravelines	France	WOX washing	100 kt
17	Pohang	South Korea	WOX washing	60 kt
18	Rutherford County, NC	US	Zinc refining	141 kt

¹ Total annually installed capacity does not include the capacity of the oxide, WOX washing and zinc-refining plants

Aluminium salt slags recycling services

470 kt

Annually installed capacity to recycle salt slags and SPL

205 kt

Annually installed capacity to produce secondary aluminium

Installed capacity by plant

19	Lünen	Germany	Salt slags & SPL	170 kt
20	Hanover	Germany	Salt slags & SPL	130 kt
21	Valladolid	Spain	Salt slags & SPL	170 kt
22	Bernburg ²	Germany	Secondary aluminium	75 kt
23	Les Franqueses del Vallès	Spain	Secondary aluminium	66 kt
24	Erandio	Spain	Secondary aluminium	64 kt

² Bernburg is expanding its capacity to 135 kt in 2026

- Crude steel dust recycling
- Stainless-steel dust recycling
- Oxide
- WOX washing
- Salt slags & SPL recycling
- Secondary aluminium production

Market environment

Crude steel production and demand

In 2025, worldwide crude steel production decreased to 1,849.4 Mt (million metric tonnes), marking a modest 2% year-on-year decline. China accounted for the largest share of the global steel production decline, while Germany recorded one of the most significant contractions in Europe. These developments reflect an ongoing structural shift in global steel demand patterns. Demand growth is increasingly decoupling from residential construction and is instead being driven by manufacturing, industrial equipment and energy-related investments. India and Southeast Asia continue to benefit from urbanisation and infrastructure development, whereas in the US and Europe, demand is increasingly supported by renewable energy, electrification and electric vehicle supply chains.

China, the world's leading steel producer, recorded a 4.4% decline in crude steel production in 2025, with output decreasing to 960.8 Mt – marking the first time since 2019 that production dropped below the 1,000-Mt threshold. China's crude steel production contracted as the prolonged weakness in the property sector continued to weigh heavily on domestic demand. With consumption muted, producers increasingly redirected volumes to overseas markets, resulting in steel exports rising to a record 119.01 Mt in 2025, a 7.5% increase year-on-year. Despite this export strength, domestic market conditions remained challenging, prompting production cutbacks.

Europe also experienced a contraction in crude steel production, which decreased by 2.8% to roughly 126 Mt in 2025. A marked 9% fall in production in Germany and France weighed heavily on regional performance. In 2025, the

European steel industry entered its second consecutive year in which uncertainty surrounding EU industrial policy significantly hindered the scale-up of green steel investments. As in 2024, firms continued to grapple with deep ambiguity surrounding key policy mechanisms – especially the Carbon Border Adjustment Mechanism (CBAM) – but in 2025 this uncertainty evolved from an emerging concern into a structural bottleneck for major capital commitments. Without clear guidance on CBAM, energy market design and trade protections, companies such as ArcelorMittal emphasised that Europe still lacked meaningful market safeguards, leaving the region structurally less competitive than the US or Asia and eroding incentives to pursue higher-cost decarbonisation pathways.

Despite the challenging macro environment, demand for zinc recovery from recycled steel dust remained robust.

The United States recorded a 3.1% rise in crude steel production in 2025, with output amounting to 82 Mt. US steel production exceeded Japan's output for the first time since 1999, supported by tariff measures introduced under the Trump administration. Production was boosted by accelerated output ahead of the tariff increases and by continued momentum in large-scale infrastructure development. Additional demand stemmed from the rapid build-out of data-centre and power-generation facilities, as technology companies expand capacity to support artificial-intelligence applications.

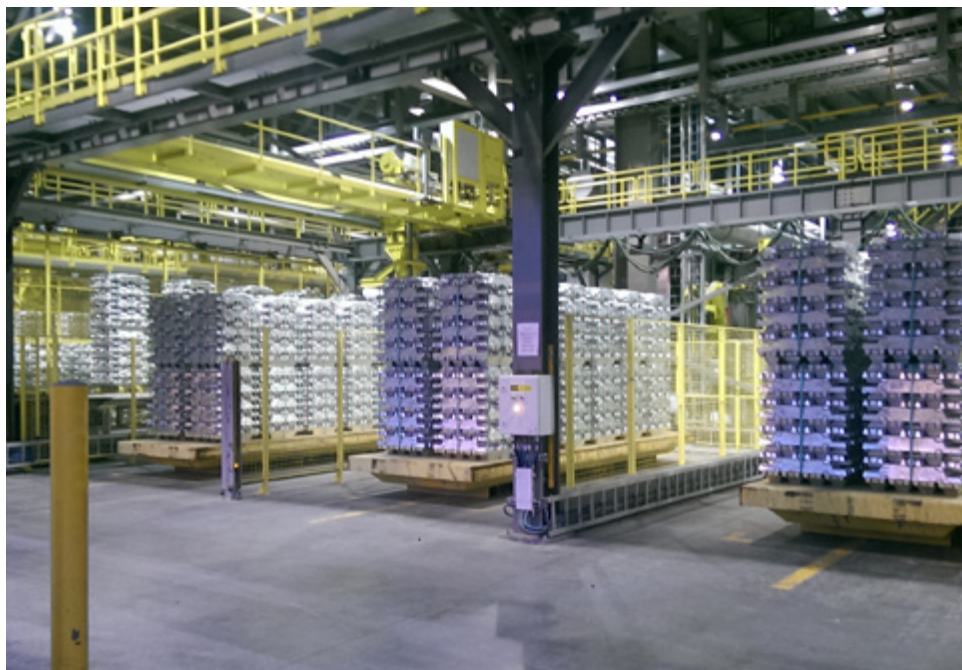
In 2025, the global steel industry experienced a transition year marked by a complex combination of structural change, policy uncertainty and emerging long-term opportunities. Although global steel demand remained broadly flat and crude steel production forecasts were revised downward, the structural shift towards EAF steelmaking continued to gather momentum across key regions. This expansion – particularly visible in Europe and North America – resulted in growing volumes of EAF steel dust, reinforcing the long-term relevance of steel dust recycling and zinc recovery services within the circular value chain. The 2025 production data underscores a lasting shift in global growth towards emerging markets. Looking forward, capacity expansion in 2026 is expected to be

concentrated in India and the Middle East, while the EU and North America are likely to emphasise capital redeployment towards scrap-based EAF steelmaking in line with decarbonisation objectives.

Despite the challenging macro environment, demand for zinc recovery from recycled steel dust remained robust. The increasing use of galvanised steel in construction, automotive and infrastructure applications drove higher zinc content in steel scrap, creating favourable conditions for efficient material recovery. These enduring trends strengthened Befesa's role in supporting industrial circularity and underlined the strategic importance of recycling services in a decarbonising global economy.



Market environment continued



2025 also brought heightened regulatory and trade-related challenges. In the United States, ongoing tariff volatility and protectionist measures caused supply-chain uncertainty and underscored the need for diversified market exposure. Meanwhile, Europe faced a pivotal year in its regulatory evolution. The scheduled review of the CBAM, alongside updates to steel safeguards and broader climate-policy instruments, added a layer of uncertainty that continued to influence cost structures and competitiveness within the region. This evolving policy landscape, particularly in the EU, continued to shape the operating environment for steel recyclers and producers alike.

Regionally, 2025 saw differing momentum across major steel economies. China's gradual decline in steel demand persisted, driven by structural adjustments and continued weakness in the housing sector. In contrast, India and other developing economies sustained strong growth, contributing to incremental global rebalancing. Europe began showing early signs of stabilisation, as sustainability and decarbonisation objectives stimulated selective investment activity, while the US remained heavily influenced by protectionist trade dynamics.

Against this backdrop, the strategic relevance of Befesa's core business – steel dust recycling, zinc recovery and sustainability-aligned industrial services – was reinforced. The continued rise of EAF steelmaking, the growing emphasis on resource circularity and the global progression towards lower-emission production technologies all contributed to a favourable long-term outlook. By leveraging technological advancements, adapting to evolving trade conditions and aligning with decarbonisation efforts across its regions of operation, Befesa is well positioned to capture the benefits of the steel industry's ongoing transformation and to strengthen its role within the circular economy.

Secondary aluminium production and demand

In 2025, Europe's secondary aluminium sector operated in a complex environment shaped by weak macroeconomic conditions, tightening scrap availability and ongoing sustainability-driven demand. Market assessments from early 2025 indicated that the region entered the year with lacklustre demand and structural overcapacity, creating a challenging backdrop for secondary alloy producers.

One of the defining pressures on secondary aluminium production in 2025 was the tightening supply of aluminium scrap, as strong global competition – especially from Asian buyers – diverted large volumes of scrap away from European markets. This dynamic drove scrap prices higher throughout the year and squeezed production margins for secondary alloy producers. Industry sources consistently warned that reduced scrap availability would remain a major constraint on production capacities and cost structures.

Although the automotive sector continued to face pressures from weak macroeconomic conditions, high production costs and ongoing competition from Asia, the decline seen in earlier years did not deepen further. Across Europe, new car sales in 2025 showed a modest recovery, yet overall volumes still remained well below pre-pandemic levels.

Despite these headwinds, the long-term demand outlook for secondary aluminium remained robust, supported by its central role in Europe's sustainability and decarbonisation agenda. Aluminium's high recyclability and its designation as a critical raw material for the EU's green transition reinforced the strategic importance of maintaining competitive recycling and secondary processing capabilities. Furthermore, global market projections published in 2025 indicated that secondary aluminium is expected to grow at a faster rate than primary aluminium over the coming decade, underpinned by rising environmental standards and increased recycling rates.

From a materials-demand perspective, the automotive sector's growing emphasis on lightweighting, energy efficiency and electrification reinforced its structural shift towards aluminium, including recycled content. Industry analysis highlighted aluminium's increasingly critical role in vehicle platforms – from body structures and engine components to alloy wheels – which continued to drive the sector's consumption of cast and wrought aluminium alloys. Because many of these components can be efficiently produced using secondary aluminium, automotive remained a key outlet for recycled metal.

Market environment continued

Development of zinc treatment charges

The benchmark zinc treatment charge (TC) is negotiated annually between major zinc concentrate producers and smelters, with the agreed benchmark TC usually published around March/April.

Befesa's customers, the zinc smelters, deduct the TC from the amount of zinc contained in Waelz oxide (WOX), typically 85% of the zinc London Metal Exchange (LME) price, which is payable to Befesa.

For 2025, the benchmark TC was settled at \$80 per tonne, \$85 per tonne lower YOY (2024: \$165 per tonne), the lowest benchmark in over 50 years.

Development of metal prices

Changes in the supply and demand dynamics of certain base metals partially shape the profitability of Befesa's steel dust and aluminium salt slags recycling units.

The zinc market in 2025 can be characterised as a year defined by shifting supply fundamentals and moderating prices.

The year began with expectations of softening zinc prices, as multiple analyses projected that improving global mine supply would ease the tightness that had previously driven significant price fluctuations. The International Lead and Zinc Study Group (ILZSG) forecast a transition from a 164,000-tonne deficit in 2024 to a 148,000-tonne surplus in 2025, supported by new and reopened mining capacity. This anticipated supply growth placed downward pressure on zinc prices throughout 2025.

However, despite the expectation of surplus, the zinc market did not loosen as much as forecast, as disruptions and structural constraints persisted. Zinc fundamentals remained tight due to low LME inventories, limited concentrate availability and smelter operating-rate decisions in China, which played a decisive role in treatment charges and shaping market balance. Although concentrate supply improved, new volumes entering the market remained insufficient to fully alleviate tight conditions, especially given ongoing disruptions from extreme weather, logistics constraints and community-related mine stoppages.

Zinc opened the year at approximately \$2,825 per tonne but fell sharply to \$2,521 in early April following the market's response to President Donald Trump's "Liberation Day" tariff announcement. Prices then increased steadily, peaking at around \$3,351 per tonne in December, reflecting an overall annual gain of about 19%. The average monthly price for December 2025 stood at \$3,160 per tonne, a 4% increase from the previous year.

Over the first 10 months of the year, zinc mine production climbed to 10.51 Mt from 9.87 Mt in 2024, accompanied by a modest uptick in refined zinc output to 11.52 Mt. Demand also strengthened, reaching 11.44 Mt compared with 11.19 Mt last year. Yet, in contrast to this oversupplied environment, LME stockpiles continued to shrink, falling sharply from 230,325 tonnes at the beginning of January to 33,825 Mt by early November. The ILZSG now expects refined zinc supply to outpace demand in 2026, projecting a surplus of 271,000 Mt.

Befesa continues to apply a disciplined hedging strategy that has proven instrumental in managing the inherent volatility of zinc prices.

Low LME inventories and slow contracting activity have added near-term uncertainty and supported higher prices, as manufacturers delay orders and producers wait for clearer signals. Zinc 2025 LME averaged US\$3,218. Regional imbalances exist, with China in surplus while other regions face shortages. The market is projected to rebalance in the second half of 2026 and into 2027 as global surpluses emerge, which could push prices down.

Zinc price hedging

Befesa continues to apply a disciplined hedging strategy that has proven instrumental in managing the inherent volatility of zinc prices. Embedded in the Company's operations for more than 20 years, this framework contributes meaningfully to earnings visibility and the resilience of cash flows.

The purpose of hedging is to maintain financial stability rather than to enhance earnings growth. By moderating the impact of price fluctuations, Befesa achieves predictable performance and strengthens its capacity to fund organic growth initiatives.

The Company hedges 60-75% of the expected zinc content in its WOX that qualifies for payment by smelters, with hedge durations of one to three years. Given that zinc prices on the LME are quoted in US dollars, Befesa executes most hedges in euros, thereby managing both commodity and currency risks simultaneously.

Zinc hedge levels for 2026 remain stable. For FY2027, Befesa has locked in hedges at \$3,000 for FY2027 and at all-time high at \$3,100 for H1 2028.

Befesa's unchanged hedging strategy remains a key pillar of its business model, ensuring stable and predictable earnings while reducing sensitivity to zinc price movements.

Aluminium prices

The aluminium alloy prices referenced by the Free Metal Bulletin (FMB) – an average independent quotation based on prices provided by the major secondary aluminium players in the European market – traded sideways during the year.

The aluminium alloy FMB prices increased in 2025 by 3% or 63 per tonne YOY to 2,369 per tonne (2024 average: 2,306 per tonne).

Development of energy prices

Throughout 2025, prices for coke, electricity and gas remained broadly stable, reflecting a continuation of the normalisation seen after the exceptional volatility of previous years. All three cost categories exhibited relatively flat trends over the period with no pronounced spikes or sustained upward pressures.



Market environment continued

Coke prices remained comparatively steady throughout 2025, following the gradual decline from the elevated levels observed in previous years. The curve shows minimal fluctuation over the period, indicating a more balanced supply-demand environment. This stability contributed to a more predictable cost base for the business, supporting operational planning and reducing exposure to short-term raw material volatility.

Overall, 2025 was characterised by a continuation of the stabilising trend in Befesa's key input markets.

Electricity prices also remained relatively stable during 2025, with no significant movements across the quarters. After the pronounced swings experienced in earlier periods, the market environment settled, resulting in lower volatility and improved visibility. This steadier price landscape enabled more reliable forecasting of energy-related expenses and supported the overall resilience of operations.

Gas prices continued to normalise throughout the year, demonstrating the highest degree of stability among the major input costs in 2025. The trend remained largely unchanged, reflecting a fully normalised market following the extraordinary disruptions of previous years. This consistent price environment provided a solid foundation for planning and helped safeguard margins against unexpected energy market shocks. The resulting cost relief was particularly beneficial for Befesa's Aluminium Salt Slags segment, which is especially sensitive to energy-price fluctuations.

Overall, 2025 was characterised by a continuation of the stabilising trend in Befesa's key input markets. Coke, electricity and gas prices remained broadly steady throughout the year, providing a more predictable cost environment across the Group's operations. The sustained normalisation of energy markets supported improved planning reliability and helped mitigate margin volatility, particularly in the more energy-intensive businesses. Although input costs have not fully returned to pre-crisis levels, the reduced volatility in 2025 contributed to a more stable operational backdrop and reinforced Befesa's ability to navigate its cost base with greater confidence.



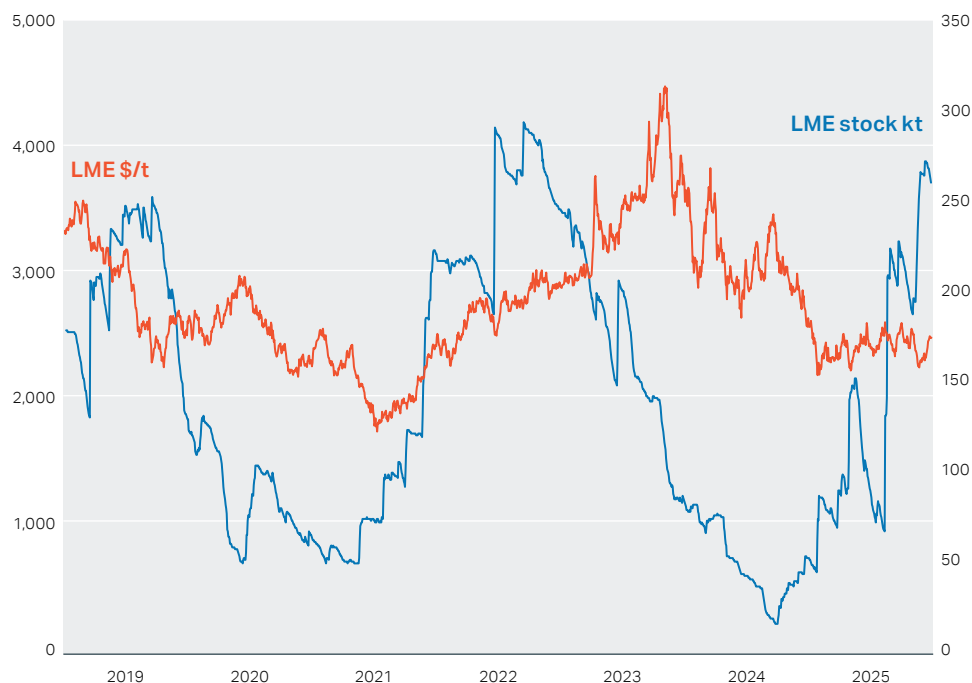
Market environment continued

Zinc LME prices

Average	2019	2020	2021	2022	2023	2024	2025
LME \$/t	\$2,549	\$2,265	\$3,005	\$3,485	\$2,649	\$2,779	\$2,867
LME €/t	€2,276	€1,979	€2,544	€3,302	€2,450	€2,569	€2,542
Stock kt	77	144	229	92	87	249	116

Zinc LME price

(US\$ per tonne¹)



¹ LME zinc daily cash settlement prices per lme.com

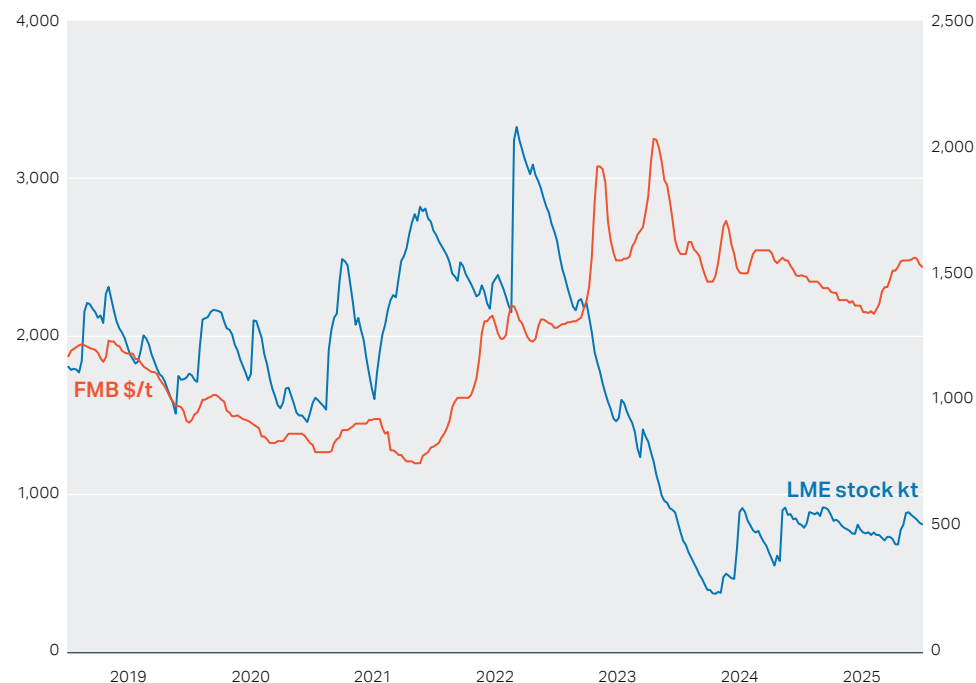
² LME zinc daily stock volumes per lme.com

Aluminium FMB prices

Average	2019	2020	2021	2022	2023	2024	2025
FMB €/t	€1,398	€1,424	€2,112	€2,438	€2,188	€2,306	€2,369
Stock kt	1,118	1,401	1,399	530	510	753	476

Alu FMB price

(€ per tonne¹)



¹ Aluminium alloy prices referenced by the Free Metal Bulletin (FMB), average independent quotations based on prices provided weekly by the major secondary aluminium players in the European market

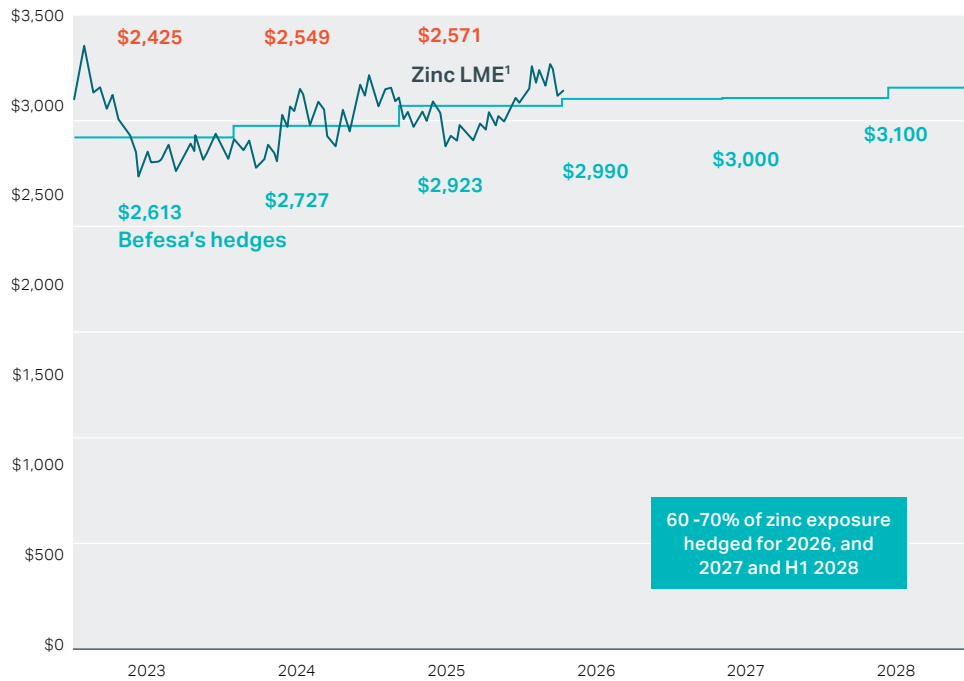
² Primary aluminium LME stock volumes



Market environment continued

Zinc price hedging extended until H1 2028 at all-time high level of \$3,100.

Befesa's blended²

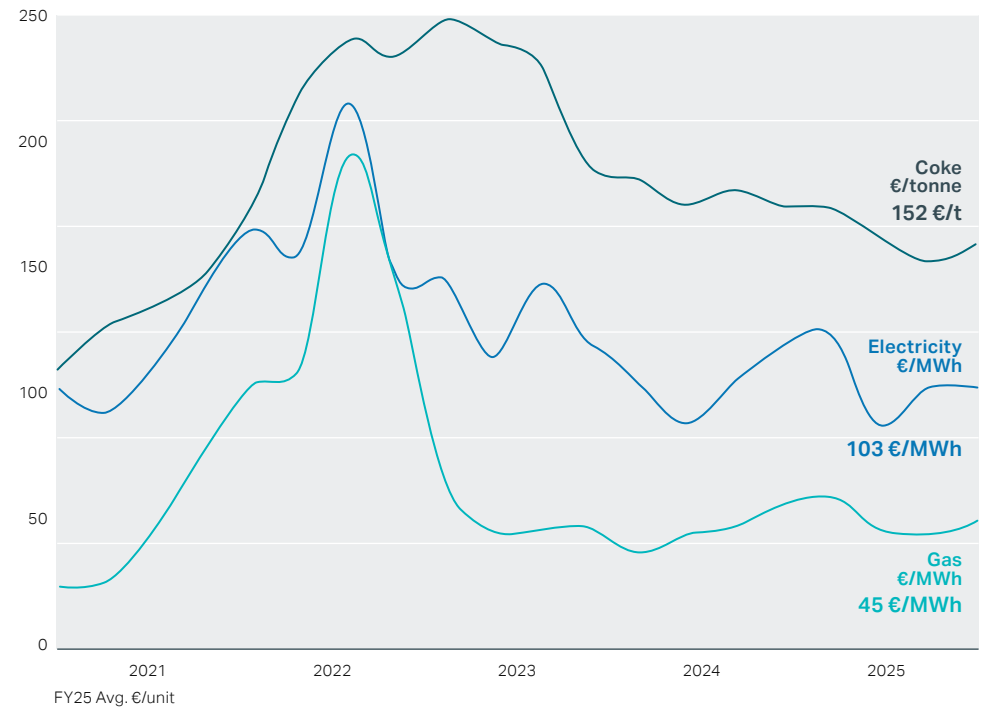


60 -70% of zinc exposure hedged for 2026, and 2027 and H1 2028

¹ London Metal Exchange (LME) zinc daily cash settlement prices
² Zinc blended prices are averages computed based on the monthly effective LME zinc and hedging prices weighted with the respective hedged and non-hedged volumes

Coke price continued further normalisation in FY24; Gas & electricity prices stabilised around 2021 levels

Befesa energy price evolution by source



Strategy

Befesa's business model is underpinned by high barriers to entry, enabling the Company to sustain strong margins and reliable performance throughout the economic cycle.

Despite operating within cyclical industries including steel, zinc and aluminium, Befesa's service-oriented offering and disciplined financial management enhance its resilience. Its well-positioned asset footprint supports long-term customer partnerships, ensuring predictable revenue generation. Zinc price risk is effectively managed through a well-established hedging framework maintained for more than 20 years. Notably, the European steel-dust and salt-slags business continues to be a core profitability driver, delivering EBITDA margins consistently above 35%.

Global megatrends: Decarbonisation and EV growth

Befesa's growth strategy is closely aligned with major global megatrends, including decarbonisation, the energy transition and increasingly stringent environmental regulations. The Company continues to focus on its core businesses in steel-dust and salt-slags recycling, as well as secondary aluminium production. The global shift towards EAF steelmaking – driven by decarbonisation efforts – is expected to increase demand for Befesa's recycling services. At the same time, rising metal demand and growing resource scarcity highlight the expanding importance of secondary metals.

The accelerating transition to circular-economy models and tighter environmental requirements further strengthen Befesa's long-term growth

prospects. Demand for zinc and aluminium is set to rise as renewable-energy infrastructure and the EV market expand, requiring lightweight materials and corrosion-resistant coatings. As global decarbonisation progresses, Befesa is well positioned to capture emerging opportunities, particularly in the steel and automotive sectors.

The steel industry is steadily transitioning towards lower-carbon production pathways. Traditional blast furnaces (BFs), which rely on iron ore and coking coal, have long dominated global steelmaking but are significantly more carbon-intensive. By contrast, EAFs use steel scrap and electricity and can reduce CO₂ emissions by up to 85% per tonne of steel, especially when powered by renewable energy sources.

Growing pressure for low-carbon steel is accelerating the shift towards EAF technology, which is projected to expand its share of global steel output from 29% in 2024 to roughly 40% by 2030.

The most pronounced growth in EAF steelmaking is anticipated in China, where the EAF production share is projected to rise from its current level of 10% to nearly 20% by 2030. With the inclusion of the steel sector in China's national Emissions Trading Scheme (ETS) in 2025, carbon costs are now increasingly internalised, incentivising mills to adopt cleaner production routes, supporting the country's broader decarbonisation strategy.

Likewise, the share of EAF production is projected to increase to about 57% as the EU advances its adoption of cleaner technologies on the path towards net-zero emissions by 2050. With strong assets and a leading starting position, Europe is seen as a frontrunner in hydrogen-based DRI and scrap-based EAF steelmaking, accounting for over half of the near-zero-emission projects tracked globally. This transformation is being driven and accelerated by evolving EU regulations, most notably the introduction of the CBAM, as well as the expected reduction of steel import quotas by approximately 47% from 2026 onward.

CBAM will function as a carbon levy on steel and other heavy-industry imports from January 2026. It requires both importers and EU producers to bear the cost of embedded

carbon emissions. For steelmakers that rely on blast-furnace routes, these costs will become increasingly material. With CBAM being phased in while free allowances under the EU ETS are phased out, the financial pressure on high-carbon production will intensify, reinforcing the need for investments in lower-carbon technologies such as EAF-based steelmaking.

Alongside CBAM, the European Council has approved a substantial tightening of import measures, cutting steel import quotas by 47% compared with 2024 levels and doubling the out-of-quota duty to 50%. These actions strengthen the resilience of European steelmakers against low-priced imports and further support the economic rationale for additional EAF investments.



Strategy continued

Befesa is well positioned to benefit from this strengthened regulatory environment. The combined effect of CBAM and tighter import restrictions accelerates the shift towards EAF steelmaking in Europe, expanding the availability of recyclable residues that form the core of Befesa's business model. As EAF capacity grows and European producers increasingly prioritise low-carbon production routes, demand for Befesa's recycling services and the secondary raw materials it provides is expected to rise accordingly.

North America, already operating at just over 70% EAF production, is poised for further expansion, supported by more than 17 million tonnes of new EAF capacity currently under construction in the US. The reintroduction of Section 232 tariffs underscores a more protectionist US trade stance and supports increased utilisation of the country's steel production capacity. Increased EAF output will generate larger quantities of recyclable steel dust, further enhancing demand for Befesa's environmentally focused recycling solutions.

The shift towards lightweighting and electrification in the automotive industry is driving a substantial increase in aluminium usage. Battery electric vehicles (BEV) contribute strongly to this trend, containing on average more than 100 kg more aluminium than petrol or diesel cars. With European vehicle production expected to reach 16.5 million units by 2030, aluminium demand for passenger cars is projected to rise to 4.2 Mt (up from 2.5 Mt in 2022), supported by BEVs, which are forecast to account for 60% of total output.

These trends underpin Befesa's global growth strategy. As EAF steel production expands and aluminium demand continues to rise, the

market for advanced recycling solutions is growing accordingly – placing Befesa in a strong position to capture these opportunities.

Zinc demand

Galvanising, which accounts for roughly 60% of total zinc demand, remains the metal's primary end-use segment. Looking ahead, global zinc demand growth will increasingly be shaped by its expanding role in the energy transition. Energy-transition applications are expected to represent around 10% of total zinc consumption by 2030. With the global shift towards cleaner energy systems and more sustainable industrial processes, zinc is becoming ever more important across galvanisation, emerging battery technologies and durable infrastructure solutions.

Zinc plays a critical role in renewable energy and modern industrial technologies. In solar installations, zinc coatings protect steel support structures and module frames from corrosion. In wind turbines, zinc is applied to the exterior tower surface through thermal spray coatings, in sacrificial anodes that protect submerged sections (particularly offshore), and in various galvanised components such as platforms and staircases. Offshore turbines require even more zinc due to their heavy steel requirements.

Zinc-based batteries are emerging as a potential solution for grid-scale storage, although they still face competition from lithium-ion and lead-acid technologies. In electric vehicles, most body-in-white structures rely on galvanised steel, with zinc demand further increased by the higher number of electrical fuses needed to support modern entertainment and electronic systems.



Zinc consumption in renewable-energy applications is projected to rise by roughly 48%, increasing from around 440,000 metric tonnes in 2023 to approximately 652,000 metric tonnes by 2030, with solar energy expected to account for more than 80% of this demand.

After several years of contraction, 2025 marked a turning point in supply-side dynamics. Mine output began to recover, yet operational and structural constraints prevented a full normalisation, and concentrate supply – while improving – remained insufficient to ease market tightness. Over the medium term, mining output is projected to rise steadily through 2030, underpinned by a strong pipeline of new and expanding projects.

The shift towards lightweighting and electrification in the automotive industry is driving a substantial increase in aluminium usage.

Driven by the energy transition, zinc is becoming indispensable for modern infrastructure and advanced energy-storage solutions, ensuring its continued economic relevance. Over the coming years, supply-demand dynamics are projected to stabilise, guiding the market towards a more balanced mid-term outlook.

Befesa business plan

Befesa's five-year business plan, introduced in November 2022, is being executed with strict financial discipline, as well as flexibility where required, aligning growth capex with evolving market dynamics to support sustainable long-term expansion.

The Company is well-positioned for continued growth while maintaining leverage below the x2.0 target. Befesa successfully completed the Palmerton expansion and is progressing the Bernburg expansion as planned. Additional European growth opportunities – such as the expansion of steel-dust operations and new salt-slugs facilities – will be pursued in line with leverage discipline and prevailing market conditions.

Strategy continued

In China, the Company continues to closely monitor market developments while pausing further expansion initiatives. The initial investments of USD 90 million in two EAF dust-recycling plants in Jiangsu and Henan were driven by the long-term trend towards increased EAF steelmaking and tightening environmental regulations. However, the prolonged real-estate downturn has sharply reduced steel demand, limiting the use of EAF producers. In the near term, the Company is directing efforts towards optimising its operational performance, increasing utilisation across its asset base and maintaining robust positive free cash flow.

Despite current headwinds, the underlying fundamentals in China remain compelling for medium- and long-term growth. Policy support for decarbonisation, tightening emissions rules and an eventual recovery in scrap availability are expected to create a more favourable environment for EAF steelmaking in the coming years. The Company maintains the flexibility to resume expansion plans once market conditions and utilisation rates show sustained improvement.

Befesa's US operations are progressing well with ongoing efficiency gains in recycling and refining contributing to a more robust operating performance. The refurbishment of the Palmerton plant is complete, positioning the facility to capture growth in the US EAF steel-dust market over the coming years. The second kiln was hot-commissioned in July 2025 and both new kilns have been fully operational since then. With 60 kt of additional EAF dust already secured from current customers, the Company is positioned to significantly enhance throughput, targeting a rise in utilisation from under 70% today to

90% by 2027. This trajectory is further supported by the strong outlook for US EAF steel production, with national EAF capacity expected to expand by more than 20%, or approximately 18 Mt, by 2028.

Befesa is implementing a structured turnaround plan in its refining business, successfully delivering the expected cost-reduction measures at the US zinc refining asset. After stabilising operations in 2024, the Company is now pursuing significant cost-saving initiatives in 2025, mainly in fixed-cost reductions.

Befesa continues to apply strict discipline in capital allocation, limiting total capex to a maximum of €80 million per year. Maintenance capex remains around €45 million annually, while approximately €35 million is allocated to growth projects that prioritise early cash-flow generation. The Company remains focused on delivering positive free cash flow and upholding its dividend policy of distributing 40-50% of net income. Befesa anticipates reaching an EBITDA level of approximately €300 million by 2029.

Befesa's business model remains robust, underpinned by strategic market positioning, deep customer partnerships and consistent financial discipline. Although current market conditions pose near-term headwinds, the Company's exposure to long-term structural trends supports a compelling growth outlook. With a balanced approach to investment and financial stability, Befesa is well placed to pursue new opportunities across Europe, the United States and, when the environment recovers, China.



Results of operations

This section includes the consolidated financial information of Befesa S.A. from its existing operations, Steel Dust Recycling Services and Aluminium Salt Slags Recycling Services. More detailed information is available in the “Consolidated financial statements” section of this Annual Report.

Revenue

Total revenue decreased in 2025 by -4.6% YOY to €1,182.6 million (2024: €1,239.0 million).

This drop was primarily driven by lower secondary aluminium volumes.

Revenue

(€ million):



EBITDA AND EBIT

Total adjusted EBITDA increased by 13.8% YOY in 2025 to €242.8 million (2024: €213.4 million).

Overall, this development was primarily driven by a favourable zinc treatment charges, improved zinc hedging prices, as well as lower operating costs. This was partially offset by a decrease in average aluminium metal margin and other general impacts such as inflation and unfavourable FX.

Detailed by volume, price and cost components, the €29.5 million increases in 2025 are explained by the following:

- Volumes (-€2.7 million): Solid steel dust volumes in all the geographies; Aluminium Salt Slags with a slightly decrease YOY, especially in secondary aluminium;
- Metal prices (+€29.6 million): 3% higher zinc LME prices (+€4million) and zinc hedging prices (+€12 million); 52% decrease in zinc TC at \$80 per tonne for the full 2025 year (+€19 million); 3% higher aluminium FMB prices and lower metal margins (-€5 million); and
- Cost/Other (+€2.6 million): Positive contribution by US zinc refining activity and better coke price; partially offset by general inflation and an unfavourable FX effect.

Adjusted EBITDA & margin

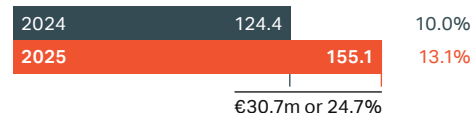
(€ million, % margin of revenue):



Total adjusted EBIT increased by 24.7% to €155.1 million in 2025 (2024: €124.4 million).

Adjusted EBIT & margin

(€ million, % margin of revenue):



Total EBITDA and EBIT in 2025 were adjusted for +€3.4 million and +€12.7 million, respectively. These adjustments were mainly driven by the Henan impairment. Total reported EBITDA amounted to €239.4 million in 2025 (17.0% YOY). Total reported EBIT amounted to €142.5 million in 2025 (26.2% YOY).

Further information regarding these adjustments is available in the “Consolidated financial statements” section of this Annual Report.

The reconciliation of EBITDA to IFRS operating results (EBIT) is available in the “Consolidated financial statements” section of this Annual Report.

Financial result and net profit

The total net financial result improved by 31.2% to -€26.1 million in 2025 (2024: -€38.0 million). This improvement was primarily driven by savings from repricing in April 2025 and a more favourable effective interest rate.

Total net profit attributable to shareholders increased by +58.4% in 2025 to €80.5 million (2024: €50.8 million). As a result, earnings per share (EPS) in 2025 increased by +58.4% to €2.01 (2024: €1.27).

Adjusted EBITDA in 2025

€242.8m

(€213.4m in 2024)

Net profit in 2025

€80.5m

(€50.8m in 2024)

Earnings per share in 2025

€2.01

(€1.27 in 2024)



Financial position & liquidity

Net debt

€552m

of December 2025
(€619m as of December 2024)

Net leverage

x2.27

as of December 2025
(x2.90 as of December 2024)

Net debt and leverage

Gross debt at year-end 2025 decreased to 694.8 million (year-end 2024: 721.5 million), driven by repayments of indebtedness related to Chinese subsidiaries, as well as the accounting effect of the repricing carried out in April 2025.

Net debt at year-end 2025 decreased by 11% to 552.2 million (year-end 2024: 619.0 million). The 552.2 million net debt with the 242.8 million adjusted EBITDA resulted in a x2.27 net leverage at year-end closing (year-end 2024: x2.90). Befesa continues to be compliant with all debt covenants.

Credit ratings

During 2025, Standard & Poor's and Moody's reviewed the corporate credit ratings assigned to Befesa, as summarised below:

Credit ratings for Befesa, S.A.

	Year-end 2025	Year-end 2024
Moody's	Ba2 (outlook stable)	Ba2 (outlook stable)
Standard & Poor's	BB (outlook positive)	BB (outlook stable)

Operating cash flow

Operating cash flow in 2025 increased by 10% to €211.9 million (2024: €191.8 million), primarily driven by the earnings growth explained.

The change in working capital affected operating cash flow by -€9.7 million in 2025, (2024: -€25.7 million). Taxes collected in 2025 amounted to -€21.2 million (2024: €4.2 million).

In 2025, Befesa's cash capex was €76.1 million (2024: €78.6 million), comprising maintenance capex (€50.0 million) and growth capex (€26.1 million), mainly related to the Palmerton plant refurbishment and the expansion of the Secondary Aluminium plant in Bernburg (Germany).

Net debt

(€ million)

	31 December 2025	31 December 2024
Non-current financial indebtedness	662.7	684.6
+ Current financial indebtedness	32.1	36.9
Financial indebtedness	694.8	721.5
- Cash and cash equivalents	(142.6)	(102.5)
Net debt	552.2	619.0
LTM Adjusted EBITDA	242.8	213.4
Net leverage ratio	x2.27	x2.90

Bank borrowings, interest paid, forex effects and other financing activities amounted to -€70.1 million in 2025 (2024: -€48.2 million).

Credit ratings for Befesa, S.A.

Net leverage ratio evolution

Dividends of €25.6 million or €0.64 per share were distributed to shareholders in July 2025.

After funding working capital, taxes, capex, financing activities and dividends, total cash flow in 2025 amounted to €40.1 million. Cash on hand stood at €142.6 million. This, together with the €100.0 million RCF (revolving credit facility) – entirely undrawn – provides Befesa with more than €242.6 million liquidity.



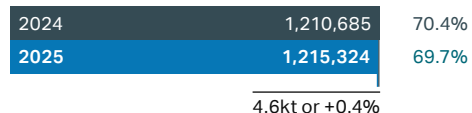
Segment information

Befesa organises its activities into two business segments: Steel Dust Recycling Services and Aluminium Salt Slags Recycling Services.

Steel dust recycling services

Volumes of **EAF steel dust** recycled remained stable in 2025 at 1,215,324 tonnes (2024: 1,210,685 tonnes). Performance across Befesa's markets was mixed. In Europe, the US and Asia, EAF steel dust treated volumes grew at solid levels, partially offset by lower volumes in China. With these volumes, Befesa's EAF steel dust recycling plants ran at an average utilisation rate of about 70% in 2025 (2024: 70%).

EAF steel dust throughput & load factor (Thousand tonnes, % of annual capacity)



The volume of WOX sold remained stable at 405,520 tonnes in 2025 (2024: 400,819 tonnes). The zinc refining plant in North Carolina ran at high utilisation levels, with a focus on gradually improving profitability.

Waelz oxide (WOX) sold (Thousand tonnes)



Revenue in the Steel Dust business decreased by -3.1% to €799.7 million in 2025 (2024: €825.6 million). This development was primarily attributed to FX impact on zinc LME price.

Revenue – Steel Dust Recycling Services (€ million)

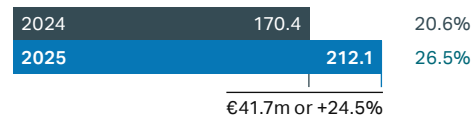


Blended zinc average price (€/tonne)



Adjusted EBITDA in the Steel Dust business increased by 24.5% to €212.1 million in 2025 (2024: €170.4 million). The YOY increase was primarily driven by lower zinc treatment charges and effective zinc price hedging strategies. Consequently, adjusted EBITDA as a percentage of revenue increased to 26.5% in 2025 compared with 20.6% in 2024.

Adjusted EBITDA & margin – Steel Dust Recycling Services (€ million, % margin of revenue)

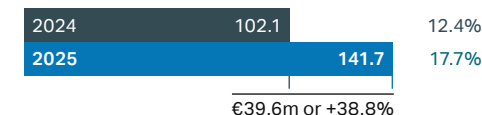


Adjusted EBIT in the Steel Dust business increased by 38.8% to €141.7 million in 2025 (2024: €102.1 million), following drivers similar to the EBITDA development, as indicated above.

In 2025, EBITDA and EBIT in Steel Dust Recycling Services were adjusted by €3.4 million and €12.7 million, respectively, primarily due to an impairment in Henan.

Reported EBITDA amounted to €208.7 million (29.2% YOY), and reported EBIT came to €129.1 million (42.5% YOY). Further information regarding these adjustments is available in Note 2.6 of the "Consolidated financial statements" section of this Annual Report.

Adjusted EBIT & margin – Steel Dust Recycling Services (€ million, % margin of revenue)



Segment information continued

Aluminium salt slags recycling services

Salt Slags subsegment

Salt slags and SPL recycled volumes decreased in 2025 by -1.0% to 421,874 tonnes (2024: 426,281 tonnes). On average, during 2025, Salt Slags recycling plants operated at 90% (2024: 91%) of the latest installed annual recycling capacity of 470,000 tonnes.

Salt slags & SPL volumes & load factor

(Thousand tonnes recycled, % of annual capacity)

2024	426.3	90.8%
2025	421.9	89.8%
-4.4kt or -1.0%		

Revenue in the Salt Slags subsegment increased by 7.7% to €114.0 million in 2025 (2024: €105.9 million) driven by higher Alu FMB prices.

Revenue – Salt Slags subsegment

(€ million)

2024	105.9
2025	114.0
€8.2m or 7.7%	

EBITDA in the Salt Slags subsegment decreased by -7.0% to €29.6 million in 2025 (2024: €31.8 million) mainly related to higher operating costs.

Adjusted EBITDA & margin – Salt Slags subsegment

(€ million, % margin of revenue)

2024	31.8	30.0%
2025	29.6	25.9%
-€2.2m or -7.0%		

EBIT in the Salt Slags subsegment increased by 0.7% to €20.0 million in 2025 (2024: €19.9 million), due to decrease in D&A.

Adjusted EBIT & margin – Salt Slags subsegment

(€ million, % margin of revenue)

2024	19.9	18.8%
2025	20.0	17.6%
€0.1m or 0.7%		

Secondary Aluminium subsegment

Aluminium alloy production volumes

decreased by -10.1% in 2025 to 153,992 tonnes (2024: 171,278 tonnes). Overall, in 2025, Secondary Aluminium production plants operated at about 75% utilisation rate on average (2024: 84%).

Secondary aluminium alloy volumes & load factor

(Thousand tonnes produced, % of annual capacity)

2024	171.3	83.6%
2025	154.0	75.1%
-17.3kt or -10.1%		

Aluminium alloy average market price (€/tonne)

2024	2,306
2025	2,369
€63 per tonne or 2.7%	

Revenue in the Secondary Aluminium subsegment decreased in 2025 by -9.8% to €331.3 million (2024: €367.3 million).

Revenue – Secondary Aluminium subsegment

(€ million)

2024	367.3
2025	331.3
-€36.0m or -9.8%	

EBITDA in the Secondary Aluminium subsegment decreased by -82.0% to €2.0 million in 2025 (2024: €11.2 million). The decrease is explained by the decrease in the average metal margin, with reduced premiums on the sale of aluminium alloys and low discounts on the purchase of raw materials.

EBITDA & margin – Secondary Aluminium subsegment

(€ million, % margin of revenue)

2024	11.2	3.0%
2025	2.0	0.6%
-€9.2m or -82%		

EBIT in the Secondary Aluminium subsegment decreased by -287.0% in 2025 to -€5.4 million (2024: €2.9 million), reflecting similar factors that influenced the EBITDA performance.

EBIT & margin – Secondary Aluminium subsegment

(€ million, % margin of revenue)

2024	2.9	0.8%
2025	-5.4	-1.6%
-€8.2m or -287%		

R&D and innovation

Befesa's research and development (R&D) strategy is designed to create value by developing sustainable improvements to existing technologies, optimising operations and product quality, developing new processes to achieve higher recycling efficiency, reducing costs and improving environmental conditions. All of this contributes to sustainable development and enhanced customer service.

Strategic focus and approach

Befesa's R&D strategic plan aims to be a technologically competitive reference in providing sustainable environmental services that recycle hazardous residues from the steel and aluminium industries, with a core focus on steel dust, salt slags and SPL.

The R&D activities are organised into two teams aiming to develop new technological and sustainable environmental service solutions that are adapted to the technological processes of each of the businesses. These two teams meet on a regular basis to exchange the achievements, findings, knowledge and developments of their respective projects.

Employees in R&D

Befesa's R&D strength is based on the teams' experience and qualifications across various specialisations. In 2025, a total of 12 employees were dedicated to R&D activities. Of these, seven were part of the Steel Dust Recycling Services segment and five were part of the Aluminium Salt Slags Recycling Services segment.

Expenses on R&D

The expenses on R&D activities in 2025 decreased by -26% to 3.4 million (2024: 4.5 million). In the Steel Dust Recycling Services segment, expenses on R&D activities

in 2025 decreased by -47% to 1.3 million (2024: 2.5 million). The year-on-year decrease is driven by an extraordinary R&D investment activated in the United States in 2024 amounting to €1.2 million. Excluding this non-recurring item, R&D expenditure remained broadly stable. In the Aluminium Salt Slags Recycling Services segment, expenses on R&D activities in 2025 increased by 2% to 2.0 million (2024: 2.0 million).

Collaborations network

One of the pillars of Befesa's R&D strategy is external collaboration. This is primarily executed via research groups and institutions, public research centres, universities and other industrial enterprises that Befesa frequently collaborates with on R&D projects.

Befesa is a founding partner of the Basque Innovation Agency and the Basque H2 Corridor, which seeks to coordinate and promote innovation in the Basque Country. Befesa is a member of the Labein Tecnalia Foundation. This is a private technology centre with significant business involvement that creates partnerships in their markets to develop innovative capacity using technology as a tool to increase competitiveness.

Befesa is also a member of European Aluminium, a Belgium-based industry association that represents the entire aluminium value chain in Europe: from refiners

and smelters to manufacturers of semi-finished products, recyclers and national aluminium associations.

Befesa has developed projects in collaboration with institutions such as Lukaszewicz – Institute of Non-Ferrous Metals (in Poland); Inspyro (in Belgium); EGA, Hydro, Nippon Gases, GHI, CIE Automotive, Condorchem, Fagor Edertek and CSIC (in Spain); and IAB, BFI and Ibutec (in Germany).

Befesa has also developed or is currently undertaking projects in collaboration with universities such as the University of the Basque Country, the University of Valladolid and the University of Oviedo (in Spain); the RWTH Aachen University (in Germany); the University of Leoben (in Austria); and the NTNU (in Norway).

Befesa's R&D strength is based on the teams' experience and qualifications across various specialisations.



R&D and innovation continued

Main achievements and projects

In the Steel Dust Recycling Services segment, focus areas included the following:

- Corporate services focused on monitoring plant performance, regulatory developments, and relevant technological advancements across the industry, aligned with Befesa's activities.
- Internal development of a standardised zinc Waelz plant solution based on best practices across the organisation.
- Assessment of optimal biochar characteristics and consumption rates to maximise its use in Befesa's zinc recycling processes.
- Charcoal (biocoke) initiative: ongoing analysis of multiple biochar and biocoke samples, including detailed evaluation of physical properties and preparation behaviour, with the most promising candidates advancing to laboratory and semi-industrial testing under the GreenWOx programme.
- Alternative reducing agents – Stainless Steel: evaluation of biogenic alternatives to replace fossil carbon, supported by a large-scale furnace smelting test completed in December 2025, forming the basis for industrial trials planned for 2026.
- GreenWOx and NOx emissions mitigation: research focused on improving charcoal combustion control as the project progresses from TRL4 to TRL5, alongside evaluation of specific measures to reduce NOx emissions in anticipation of stricter air-quality requirements.

- Dust2Value / ReZnH₂ project: development of a hydrogen-based reduction route to enable near-complete CO₂ emissions elimination, with engineering and process design completed, procurement under way, and construction and commissioning planned for 2026.
- Characterisation and simulation of stainless-steel dust residues to improve process efficiencies.
- Study of EV battery waste components and their recycling through pyrometallurgical processes, including smelting trials.
- Evaluation of alternative carbon carriers as reducing agents in stainless steel plants to support the transition towards zero CO₂ emissions in the steel industry.
- Investigations into solutions addressing water discharge limitations in washing plants.

In the Salt Slags subsegment of the Aluminium Salt Slags Recycling Services segment, the main research activities focused on these aspects:

- The obtention of high-pure alumina (4N grade) from low-quality aluminium oxides, which can be used as high-pure secondary aluminium oxide to manufacture metallurgical grade alumina and HPA in different applications.
- The study and development of an alternative treatment for SPL, to recover high-value products; and



- The development of a road map to recover main gases, hydrogen, and methane from the complex-rich hydrogen waste stream for salt slag valorisation under the scope of LIFE HYDROGAS project.
- Study and development of recovered fluxing salts to increase metal recoverability from residues.
- Optimization of the salt slag recycling process to provide products with higher added value, as well as to harness the energy capacity of the waste stream.
- Improve the recycling process to make it more environmentally sustainable by reducing diffuse ammonia emissions.

In the Secondary Aluminium subsegment of the Aluminium Salt Slags Recycling Services segment, the main research focus included:

- The optimisation of the aluminium alloy production process to introduce improvements and technologies to increase energy efficiency.

- The Hyinheat project focused on the decarbonisation of Befesa's melting process, lining up H₂ economy, using this as an alternative fuel to natural gas and evaluating the impact of the product – exhausted gases – and process parameters; and
- The development of improvement casting wheels for ingot aluminium casting lines.
- Increase the energy efficiency of the secondary aluminium alloys production process through heat recovery in reverberatory furnaces.



Risk and opportunities

Risk management at Befesa is a vital component of the overall management and control system.

Befesa's risk management system

Introduction

Befesa considers the management of risk to be one of the key topics the organisation must deal with. A proper compliance system must be based on a detailed risk analysis. For this reason, Befesa has a risk management system (RMS) in place which allows managers to analyse, evaluate and manage the risks of the different aspects of Befesa's operations.

The purpose of Befesa's RMS is the identification and assessment of the major risks that affect or may affect the Company. The system also provides Befesa with a supporting tool in decision-making through the provision of strategies aimed at risk management and control. The RMS approach implies the following:

- The elaboration of a risk map
- A definition of the current controls
- The implementation and development of a "risk mindset"
- The implementation of action plans
- Regular future reviews and analyses

Risk methodology

Befesa follows the ISO 31000 Risk Management Standard for carrying out a risk analysis. The rationale is that Befesa is the owner of the risks, so these must be identified, evaluated and controlled by Befesa itself.

The process is divided into two phases:

1. Risk identification process:
The first step is the identification of the key personnel who need to be involved in the risk analysis. All the business segments are incorporated into the project, including top management, the directors of business segments, finance, legal, health and safety, HR, IT, investor relations, internal audit and compliance and the industrial plants. Each year – after interviews, workshops and a documentation analysis – a risk catalogue is identified.
2. Risk assessment process:
After compiling the risk catalogue, the next step is the risk assessment. This assessment is carried out by people from different areas of the organisation included in the scope. They are provided with and trained on the risk assessment methodology and necessary indications. To assess risks, it is necessary to establish scales that allow all risks to be assessed in a homogeneous manner.

	Impact					
Very high	3	4	4	5	5	Probability
High	3	3	4	4	5	
Medium	2	3	3	3	4	
Low	2	2	2	3	4	
Very low	1	1	2	2	3	
	Very low	Low	Medium	High	Very high	



Risk and opportunities continued

Impact (I):



Financial impact



Operational impact



Legal impact



Reputational impact

Global impact = maximum
(financial, operational, legal, reputational)

The risk score (R) is computed as the Cartesian product of I (impact) x P (probability), as shown in the table. The probability (P) describes the likelihood of occurrence or degree of verisimilitude of the risk (based on past experiences).

Risk map

The final output of the risk analysis is a risk map, where all the financial and non-financial risks are incorporated.

It is important to highlight the fact that all the individual risks are mitigated by control measures, which are individually listed on the risk map.

In addition to the operational risk map, Befesa has developed a human rights risk map, encompassing all the human rights outlined in the Universal Declaration of Human Rights.

Each right is systematically analysed for its level of risk, mechanisms are devised to prevent its violation, and control measures established for the same purpose. Furthermore, Befesa is in the process of developing remediation procedures in case of non-compliance.

The five risk levels are: very low, low, medium, high or very high, depending on the assessment.

Risk monitoring

Befesa's RMS is a systematic mode of identification, assessment and treatment of risks. Therefore, it must not be understood to be a project carried out in a specific moment in time but as an exercise aimed at continuous improvement that requires updating on a regular basis.

The risk analysis and risk map are updated annually to include new risks (or to modify current ones) and new controls to mitigate risks.

In this sense, the risk map must as far as possible reflect the reality of Befesa, and must help to adapt to changes that may influence the Company.

To guarantee proper monitoring of the risks, Befesa has an Internal Risk Committee (IRC). The IRC is the body in the Company that is in charge of the monitoring and review of the risks included in the risk map. The IRC is composed of the Executive Chair, the CEO, the CFO, the vice presidents of the business segments and the corporate directors.

The committee must ensure that:

- The actions and strategies proposed to mitigate risks are effective and efficient, both in design and execution;
- Sufficient information is available to improve the assessment of existing risks, as well as to identify, analyse and assess new risks that should be considered; and
- The identification of new risks not previously detected has been carried out.

The risk analysis, risk map and mitigation actions are presented to the Audit Committee and Board of Directors of Befesa on an annual basis for their review.

Befesa's risk map includes financial and non-financial risks, the most relevant of which are described on the pages that follow.

Financial risks

Commodity prices

Befesa has appropriate risk and review routines and controls in place. An integral part of Befesa's risk management framework is to monitor and manage risk related to commodity price fluctuations.

Befesa may not be successful in obtaining long-term hedges for all volumes desired, and it is generally more difficult to successfully hedge larger volumes of zinc over longer periods of time. Consequently, Befesa's main risk management tool is its zinc hedging programme, which targets hedging one to three years forward at a volume level of 60-75% of Befesa's annual tonnage of zinc payable output.

The combined global hedge book in place as of the date of this Annual Report provides Befesa with improved pricing visibility up to June 2028.

In 2025, Befesa's zinc forward hedging price amounted to €2,593 per tonne on average, €72 per tonne higher YOY (2024: €2,521 per tonne). Befesa's hedging price in 2025 was also on average higher compared with the zinc LME price, which averaged €2,542 per tonne in the year.

Combined, the zinc effective price (blended rate between hedged volume and non-hedged volume) averaged €2,571 per tonne in 2025, up 0.9% YOY (2024: €2,549 per tonne). As of the date of publication of this Annual Report, Befesa's zinc forward hedging average prices will amount to approximately US\$2,990 per tonne for 2026, US\$3,000 per tonne for 2027 and US\$3,100 for the first half of 2028.

Befesa does not provide collateral for the contracted hedges and conducts its hedging programme with reputable hedging partners.

Foreign exchange

Befesa's functional currency is the euro. However, Befesa has subsidiaries and operations in a number of jurisdictions, including Sweden, Turkey, South Korea, China and the US, where Befesa generates revenues in currencies other than the euro.

In light of its growth plans, Befesa may operate in additional jurisdictions with currencies other than the euro.

Risk and opportunities continued

Befesa has adequate review and risk management processes in place to address the risk of foreign exchange rates. One of several tools Befesa uses is the hedging of zinc prices forward and transacting those hedges, primarily euro-based versus the LME prices quoted in US dollars.

For 2025, Befesa had hedged 165,901 tonnes of zinc payable output (2024: 163,233 tonnes).

This represents 70% (2024: 69%) of the zinc payable output sold by Befesa in 2025. Of the 165,901 tonnes hedged for 2025, 45% were in euro-denominated zinc forward hedges, 44% were in US dollars and the remaining 11% in Korean won. Further information on the hedging strategy is available in the “Strategy” section of this Annual Report.

Capital structure

At 31 December 2023, the facilities agreement consisted of a €626 million senior secured Term Loan B (TLB) which is a bullet with maturing in July 2026, a €75 million RCF maturing in July 2025, and a €35 million guarantee facility maturing in July 2025.

In July 2024, the company successfully completed the refinancing of its existing debt of a €650 million senior secured Term Loan B with a 3-year extension due July 2029, a €100 million revolving credit facility (RCF) due July 2028 and a €35 million guarantee facility due July 2028.

This refinancing extends the maturity profile of Befesa’s debt without affecting its current leverage ratio. All other documentation terms remain unchanged.

In April 2025, the Company carried out the repricing of the Term Loan B, reducing the interest rate by 50 bps to Euribor +225 bps. Furthermore, as of December 2025, the Company’s leverage stood at x2.27, and, as a result, the applicable margin is revised to 200 bps.

A general economic downturn or crisis could also affect Befesa’s suppliers and customers. This could adversely tighten or lengthen the payment terms in place with Befesa.

Interest rates

Any increase in interest rates would increase Befesa’s finance costs relating to its variable rate indebtedness and increase the costs of refinancing its existing indebtedness and issuing new debt. Befesa reviews the interest rate risk on a regular basis. With 48.6% of the €650 million TLB notional swapped from floating to fixed rates until July 2026 and 50% hedged through July 2029, the Group’s short-term interest rate risk is partially mitigated.

Financial controls and reporting

Befesa’s internal control system, financial reviews and reporting are key components of the risk management framework.

The purpose of the internal control and accounting system is to ensure that all transactions are adequately accounted for and that the financial reports present Befesa’s financial status fairly. The internal control system ensures compliance with legal regulations and that accounting follows statutory standards and IFRS. A defined calendar ensures that financial reports and statements are produced in a timely manner. Regular reviews at both the Group level and segment level ensure that potential errors are detected and promptly corrected.

The reviews of the Board of Directors and the Audit Committee occur regularly and form part of the control framework. The accounting team monitors changes to the accounting standards, and advisers from external, specialised parties notify Befesa of changes and complex accounting matters to avoid misstatements.



Risk and opportunities continued

Befesa's consolidated and selected subsegments and single entities' financials are subject to external audits. These audits form a key part of the risk management framework as an independent review of Befesa's internal control system, financial controls and reporting. Befesa strives to continuously improve its risk management and internal control systems. The main risks with a potential material influence are further detailed in the "Consolidated financial statements" section of this Annual Report.

Non-financial risks

Industry and business risks

Befesa is exposed to risks and opportunities related to the level of activity of the global economy – in particular, the level of economic activity in the jurisdictions of the markets that Befesa serves in Europe, Asia and the US.

The business is dependent on the availability of the materials that the services relate to and which Befesa recycles – specifically steel dust in the Steel Dust Recycling Services segment, and salt slags and aluminium residues in the Aluminium Salt Slags Recycling Services segment.

In periods of slowing economic growth or in recessionary cycles, the industrial recycling industry is affected, resulting in a reduction in the demand for Befesa's services and products. One important initiative to address global economic headwinds has been to diversify Befesa's global footprint from Europe to the US and Asia-Pacific, providing Befesa with a well-balanced portfolio across the world.

Nevertheless, the global economy may be affected by macroeconomic events, such as pandemics, global shortages of necessary products and military conflicts.

Zinc smelters are significant consumers of the WOX that Befesa produces in the Steel Dust Recycling Services segment. These smelters typically experience a variation in demand for their products as a result of a change in the level of activity in the automotive and construction industries, among others.

For the Aluminium Salt Slags Recycling Services segment, most of the salt slags and aluminium residues are received from companies operating in the automotive and construction industries in Europe.

Because of this, the demand for and pricing of Befesa's services and products is to a degree dependent on developments in the automotive and construction industries.

Environmental risks

Owing to its business activities, Befesa must comply with governmental regulations. These include, but are not limited to, increasingly stringent environmental laws and regulations in most jurisdictions where Befesa operates.

These laws and regulations require permits and authorisations to be obtained as they relate to Befesa's business. Certain procedures need to be followed, such as the completion and delivery of manifests and other paperwork for the shipment of hazardous wastes and other materials. This is so that the movement and management of hazardous residues are properly documented in terms of the location of generation and final disposal.

Generally, Befesa could be held liable for mismanaging hazardous residues from the moment Befesa becomes contractually responsible for its management from customers' facilities. Liability can extend to the point of departure from customers' facilities, depending on Befesa's contractual obligations.

During the past few years, Befesa has implemented measures to ensure that operations at its facilities comply with the regulations of the Industrial Emissions Directive (IED).

In addition, the contravention of environmental laws and regulations could result in fines and penalties on account of anyone found to be responsible for the release of hazardous substances into the environment (entering the soil, surface water, groundwater or atmosphere). This liability may be assigned by government agencies to entities owning the hazardous waste and others responsible for its management.

In addition to regulations dealing with the management of hazardous waste, Befesa is also required to comply with regulations dealing with air emissions, water discharge and the management of hazardous materials and chemicals.

A summary of potential environmental impacts related to Befesa's operations, process monitoring and control measures implemented by the Company are described in the following paragraphs.

a. Air emissions

Befesa closely monitors the air emissions from its operations and the performance of controls established to meet regulatory thresholds.

Industry practices employing Best Available Technology (BAT) for operations and emission controls are implemented to ensure that process emissions remain at acceptable levels.

During the past few years, Befesa has implemented measures to ensure that operations at its facilities comply with the

regulations of the Industrial Emissions Directive (IED). As part of this initiative, Befesa has developed a management system that is certified under the ISO 14001 standards and EMAS, to ensure compliance with applicable regulations and to renew Befesa's commitment to continuous improvement in its operations.

b. Soil, storm water and groundwater protection

Befesa's plants are designed to ensure that materials are kept from being placed on the land surface to the greatest extent possible.

Operational areas are established with concrete and paved surfaces for material transfer and other areas of high use. In addition, rainwater collection, control systems and other engineered facilities and practices are in place to protect hazardous process materials from potentially being transported and deposited on the soil surface and entering storm water. Groundwater monitoring is provided where required according to regulations.

c. Water conservation

The most sustainable approaches and technologies demonstrating the stewardship of water consumption and the processing of effluent discharge are used at Befesa's facilities, including the Steel Dust Recycling Services and Salt Slags Recycling Services facilities.

These facilities operate under a zero-discharge policy.



Risk and opportunities continued



Most of Befesa's plants have been designed to recycle 100% of the effluent water that is produced. Effluent water is used in the recycling process. This is done in an effort to reduce water consumption while minimising the potential for the discharge of entrained metals to off-site surface waters.

In addition, Befesa's water conservation efforts aim to provide economic dividends resulting from reduced operating costs for purchased water resources, eliminating the need for water treatment prior to discharge. Furthermore, entrained metal values are recovered for valuable use, as opposed to being discharged into the environment.

Befesa uses water consumption as a key performance indicator (KPI) to highlight enterprise conservation efforts. Each site contributes information for KPI tracking. Trends are monitored and analysed, and practices aligned to minimise consumption values.

d. Residue reduction

Befesa is an environmental recycling services provider that plays a critical role in the circular economy. This it does by conserving valuable mineral resources and reducing potential environmental impacts and risks for the steel and aluminium industries.

Befesa's inherent business of recycling hazardous residues from metal- processing businesses prevents the disposal of valuable minerals in landfills, while allowing the reuse of the valuable materials reclaimed.

KPIs are maintained for tracking hazardous and non-hazardous residues produced from Befesa's operations, and the volumes that are disposed of or recycled. Each site contributes information for KPI tracking. Trends are

monitored and analysed, and practices aligned to minimise residues generated and disposed of.

e. Carbon emissions

Befesa's business is to reclaim valuable metals from hazardous residues produced by the metals industry and to provide valuable feedstocks to bulk metal production businesses. Carbon emissions are generated through the processes used by Befesa in metal recycling operations. This occurs through the use of carbon-reductant sources, including coke, coal and fossil fuels.

Regulations are rapidly being promulgated on a regional and global scale to limit carbon emissions, which causes risk in business operations going forward. Opportunities to improve operational efficiency and reduce carbon emissions are being evaluated. Certain measures have already been implemented to minimise carbon emissions and to shrink Befesa's overall carbon footprint in a cost-effective manner.

Indirect services and utilities supplied to Befesa's operating sites are tracked and recorded, including the source of electricity and its production from fossil fuels or renewable resources. Sources of energy supply and its production will indirectly affect Befesa's carbon footprint, while potentially affecting the overall cost of operations and Befesa's overall profitability.

As of 31 December 2025, all the Befesa sites except for the Hannover, Lünen, Pohang and Chinese plants are ISO 14001 certified, and 60% of the Befesa sites are ISO 50001 certified. A total of 65% are ISO 14064 certified and 65% are also certified according to ISO 45001. Through these management



Risk and opportunities continued

systems and other internal protocols, Befesa monitors its carbon emissions and reports annually on a Company-wide basis. In addition, Befesa reports the Kyoto Protocol Scope 1 and Scope 2 emissions and, since 2022, also the Scope 3 emissions.

To minimise carbon emissions, Befesa applies BAT and looks for improvement opportunities as part of its operational excellence programme. Through this programme, specific opportunities are identified and evaluated for future implementation, with a view to reducing carbon emissions and energy consumption. Certain projects have already been implemented to achieve these objectives, namely the replacement of aluminium melting furnaces with units that have lower emissions.

Carbon emissions are monitored and compiled using the ISO 14064 management system. This is reported to stakeholders after being validated by an independent third-party organisation.

In 2022, Befesa defined a plan to reduce its CO₂ emission intensity by 20% by 2030, with the aim of achieving net zero by 2050.

Health and safety risks

Daily operations at Befesa's plants by employees may cause injuries to employees or contractors, particularly from the potential occurrence of events or circumstances. These could include being exposed to chemical agents; becoming trapped between objects or in moving parts; the risk of being run over in a plant (by a vehicle); incidents with subcontracted companies or personnel; exposure to high temperatures; damage as a

result of thermal injury; exposure to excessive noise; entering confined spaces; the threat of explosion; electrical injury; and operators becoming trapped because of machinery overturning.

To manage these risks, Befesa has a wide variety of controls in place, following the approved H&S policy and corporate safety standards.

Controls include the "Be Safe at Befesa" programme; the ISO 45001 management system; the Life-Saving Rules; an annual budget with investments to implement safety measures; inspections, audits and safety observations; internal training and communication (H&S monthly safety reports); accident investigations or learning lessons; corporate safety standards, plant-level safety standards and work instructions; risk evaluations of all works, including periodic reviews; procedures and communications with contractors; permanent attention from management; and life and accident insurance.

IT risks

In an era dominated by technological advancements, the industry faces a myriad of IT risks that demand vigilant attention. At the forefront of these challenges lies the omnipresent threat of cybercrime, casting a shadow over the seamless continuity of operations. Recent statistics underscore the severity of the issue, with global losses as a result of cybercrime soaring to unprecedented levels. The industrial sector witnesses a substantial share of these losses, further emphasising the imperative for robust cybersecurity measures.

In 2022, Befesa defined a plan to reduce its CO₂ emission intensity by 20% by 2030, with the aim of achieving net zero by 2050.

The World Economic Forum estimates that annual global losses as a result of cybercrime exceed \$1 trillion, with the industrial sector consistently ranking among the most affected. This alarming figure highlights the urgent need for enterprises such as Befesa to fortify its digital defences. Notably, unplanned downtime resulting from cyber incidents poses a significant risk to industrial facilities. The sector witnesses a staggering number of cyber incidents annually, leading to unforeseen disruptions. Befesa acknowledges the criticality of addressing this challenge head on to ensure the resilience of its operations against the evolving landscape of cyber threats.

To safeguard against these risks, Befesa has implemented a comprehensive cybersecurity framework guided by its Cybersecurity Master Plan. This strategic road map encompasses key activities and projects to fortify Befesa's digital infrastructure. Regular cybersecurity audits and assessments are conducted to identify vulnerabilities and to enhance the overall security posture. Both internal and external penetration tests, facilitated by impartial third parties, serve as proactive measures to identify and address potential weaknesses.

An integral component of Befesa's cybersecurity strategy is its workforce's continuous education and awareness-building. Befesa has instituted an annual cybersecurity training programme that equips all IT users with the knowledge and skills needed to navigate the evolving cybersecurity landscape.

This proactive approach underscores Befesa's commitment to cultivating a cybersecurity-conscious culture, where each employee becomes a frontline defender against potential threats.

In addition to these initiatives, Befesa prioritises staying abreast of emerging cybersecurity trends and technologies. This proactive stance enables Befesa to swiftly adapt and implement cutting-edge solutions to counteract evolving cyber threats. The ongoing dedication to cybersecurity, coupled with a robust framework and proactive measures, positions Befesa as a resilient and secure entity in the face of IT risks.

As it navigates the digital frontier, Befesa remains steadfast in its commitment to mitigating IT risks and ensuring the sustainable and secure operations of the Company's recycling facilities globally. Through ongoing investment in cybersecurity measures and fostering a culture of awareness, Befesa is well positioned to tackle the challenges of the digital age, ensuring the continued success and stability of the Company on a global scale.

Outlook and subsequent events

Subsequent events

There are no events between the financial statement date (31 December 2025) and the date of the presentation of the accounts (30 April 2026) that would materially affect the Group's assets or the Group's financial and/or earnings position.

Outlook

Befesa expects 2026 to represent another year of solid earnings progression, underpinned by resilient volumes, continued operational efficiencies, and strong cash flow generation, supporting further deleveraging.

Total EBITDA is expected between 250 and 270 million euros in 2026.

Steel dust volumes are anticipated to remain stable in Europe and Asia, while growth in the United States is expected to be driven by new contracts with steel producers. In the salt slags and secondary aluminium segment, volumes are projected to remain broadly stable, with profitability improving gradually following the margin trough experienced in 2025.

The Zinc Refining business is expected to benefit from cost reduction measures implemented in 2025 and additional efficiency gains in 2026, although this may be partly offset by softer zinc premiums.

Energy costs are expected to remain a headwind, particularly in Europe, where natural gas and electricity prices are forecast to stay elevated. In addition, ongoing inflationary pressures across maintenance, logistics, raw materials and personnel costs are likely to weigh on margins.

Treatment charges for zinc have been settled at \$85 per tonne, compared to \$80 in 2025, broadly stable, supported by tight market conditions, while the Group's zinc hedging position provides earnings visibility at attractive price levels. However, zinc prices are expected to remain volatile, reflecting continued macroeconomic uncertainty.

Capital expenditure is expected to remain disciplined, with total investments below €70 million, focused on essential maintenance and targeted growth initiatives. This, combined with strong operating cash flow, is expected to support further balance sheet strengthening, with leverage projected to decline toward approximately 2.0x.

Overall, the Group maintains a cautiously optimistic outlook for 2026, balancing growth opportunities with a prudent approach to cost management and capital allocation in an uncertain macroeconomic environment.



Corporate governance

Board of directors

The Board of Directors is the corporate body in charge of the management of Befesa S.A., supervising and controlling the activity of the Company and focusing on its strategic direction.

The Board of Directors acts in the corporate interests of the Company and serves the common interests of all shareholders by ensuring the implementation of its strategy. The Board of Directors also ensures the monitoring of the business activities of its affiliates. The Board of Directors is vested with the broadest powers to act in the name of Befesa S.A. and to take any action deemed necessary or useful to accomplish its corporate purpose, with the exception of the powers reserved to the General Meeting by the Luxembourg law on commercial companies of 10 August 1915, as amended (the "Luxembourg Companies Law") and by the Articles of Association.

The Board of Directors has appointed an Audit Committee, a Nomination and Remuneration Committee and a Sustainability Committee to deal with specific purposes. These committees advise the Board of Directors and make recommendations to the Board and/or, as the case may be, to the General Meeting (as defined overleaf).



1. Natalia Latorre Arranz
2. Georg Graf Waldersee
3. Birke Fuchs

4. Javier Molina Montes
5. Javier Petit Asumendi
6. Asier Zarraonandia Ayo

7. Frauke Heistermann
8. Soledad Luca de Tena
9. Helmut Wieser



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Corporate governance continued

In 2025, the Board of Directors was composed of the following members:

1. Javier Molina Montes

Executive Director, Executive Chair

Mr Molina has been the Executive Chair of Befesa since July 2022. He has managed Befesa since 2000, when he was appointed Chairman and Chief Executive Officer of Befesa Medio Ambiente. Mr Molina joined Abengoa in 1994 and later became Chief Executive Officer of Abengoa Servicios Urbanos (Abensur). From 1989 to 1993, he was General Director of Tecsa and, prior to that, from 1983 to 1988, was an investment banker at Banco de Progreso. Mr Molina holds a master's degree in law, and management and business (ICADE, E3) from Universidad Pontificia Comillas, Madrid, Spain.

2. Asier Zarraonandia Ayo

Executive Director, Chief Executive Officer

Mr Zarraonandia has been the Chief Executive Officer of Befesa since July 2022. He was previously Vice President of Befesa's Steel Dust Recycling Services business unit, as of 2006. Mr Zarraonandia joined Befesa in 2001 and was the Chief Financial Officer of the Aluminium Salt Slags Recycling Services business unit from 2001 to 2004 and Financial Controller of the Abengoa Group from 2004 to 2006. Before joining Befesa, he was a Senior Audit Manager and Consultant for Arthur Andersen, where he worked for 10 years, specialising in mergers and acquisitions in the industrial sector. He holds a bachelor's degree in economics from the University of the Basque Country, Bilbao, Spain. He currently serves as a board member of the Canadian company Global Atomic Corporation.

3. Frauke Heistermann

Independent Director

In 1999, Mrs Heistermann founded AXIT AG, a digital service platform managing global supply chains, which was sold to Siemens in 2015. Mrs Heistermann served as Chief Digitalisation Officer at Siemens Postal, Parcel & Airport Logistics GmbH in 2017. Prior to her management career, Mrs Heistermann

worked as a consultant and product manager. She serves as director of AXIT.capital, a company that supports start-ups in the area of digitalisation. She is currently Chairwoman of the Council of Technology of the Federal State of Rhineland Palatinate as well as a member of the Supervisory Board of Stroom Group SA and member of the Administrative Board of DKV Mobility Group SE. She holds a diploma in logistics and business administration (DiplomBetriebswirtin) from the Cooperative State University, Mannheim, Germany.

4. Georg Graf Waldersee

Lead Independent Director, Chair of the Audit Committee

Mr Waldersee is a German-certified accountant (Wirtschaftsprüfer). For more than 25 years, he was a partner at Arthur Andersen and Ernst & Young (EY) where he served in senior management positions in the EMEIA — and global — management teams of both organisations. He was the managing partner of EY in Germany, Switzerland and Austria until his retirement from EY in 2016. He is currently the Chairman of the Supervisory Board of EY, Wirtschaftsprüfungsgesellschaft, Germany. Mr Waldersee studied economics at the University of Bonn and holds a degree in business administration from the University of Hamburg, Germany.

5. Helmut Wieser

Independent Director, Chair of the Nomination and Remuneration Committee

Mr. Wieser was chief executive officer at AMAG Austria Metall AG. Previously he served as group president for Global Rolling at Alcoa Inc. NY USA and member of the executive board at AMAG Austria Metall AG, and held several management positions at Voest-Alpine Industrieanlagenbau. He served on the Supervisory Board of Höldmayr International AG and is a member of the Supervisory Board of Benteler AG. He is also member of the Advisory Council of TTTech Industrial Automation AG. Mr. Wieser graduated as Dipl.-Ing. In mechanical engineering and economics from Graz University of Technology, Austria.

6. Natalia Latorre Arranz

Independent Director, Chair of the Sustainability Committee

Ms. Latorre currently serves as General Director of Energy Transition at Enagás, S.A. Before joining Enagás, she spent most of her professional career at Shell (2003–2022), where she became the President of Shell Spain (2015–2022). She is Vice-President of the Spanish Gas Association and a member of its Board of Directors and Strategic Committee. She also serves on the Advisory Board of Fundación SERES, promoting the role of business in improving social outcomes and fostering individual and collective learning. Ms. Latorre is a member of the Advisory Board of Marsi Bionics, a company dedicated to the development of paediatric exoskeletons for rehabilitation. She also belongs to the Strategic Advisory Board of the Royal Academy of Engineering for the "Women and Engineering" programme and to the Advisory Board of the School of Industrial Engineering at the Technical University of Madrid. Ms. Latorre holds an Industrial Engineering.

7. Soledad Luca de Tena

Independent Director

Mrs Luca de Tena started her professional career as Finance Analyst for Midland Bank, plc. She moved to work based in New York as Client Executive while working for Banco Central and later worked as Deputy CEO for the Banco Hispano do Investimento in Lisbon. Mrs Luca de Tena has served as Proprietary Board Member first of Prensa Española and later for Vocento. She started her governance support back in 1998. In Vocento, one of the largest media groups in Spain, she served in several board committees since 2002, ranging from the executive and the nominations and remunerations, to audit and compliance, which she has chaired. In addition, Mrs Luca de Tena is the Vice Chair of the mutual insurance company Asepeyo, and serves on the board of several non-profit organisations. She holds a master's degree and a degree in economics from Universidad Autónoma de Madrid, Spain.

8. Javier Petit Asumendi

Independent Director

Mr Petit is CEO of Aracnet Partners, an independent company founded by professionals from the investment banking sector. He began his professional career at Banco de Progreso (Grupo March), with different responsibilities in the areas of Treasury, Capital Markets, Corporate Banking and Marketing. He was appointed General Manager in 1989. In 1992, he led the merger of Banca Mayorista de Banco de Progreso and Banco Urquijo and continued for a further four years as General Manager of Banco Urquijo. During these years, he represented the bank on the Boards of Media Planning, Urquijo Correduría de Seguros and Torrenova de Inversiones SICAV. In 1996, he joined Banco Cooperativo Español as General Manager, a position he has held for the past 21 years. He has been Director of Ausur (Concesionaria de Autopistas), Chairman of Espiga Gestión (Private Equity), member of the Steering Committee of Unico Banking Group (European Cooperative Central Banks) and member of the Board of Directors of the Financial Markets Association. Mr. Petit holds a dual degree in Business Administration and Law from Universidad Pontificia Comillas (ICADE), Madrid, Spain.

9. Birke Fuchs

Board Secretary

Mrs Fuchs is the Board Secretary and Group's General Counsel. She joined Befesa in 2007. She is a German-qualified lawyer and holds a degree in law from the University of Trier, Germany, and a Master of Laws degree from Tulane Law School, US. She successfully completed the programmes for management development (PMD) and ESG for board members at ESADE Business School, Spain.



Corporate governance continued

Non-Independent Directors

Name	Position	Nationality	Year of birth	First appointment	Renewal	End of term
Mr Javier Molina Montes	Executive Chair	Spanish	1959	18/10/2017	16/06/2022	AGM to be held in 2026 approving the annual accounts for the financial year ending on 31/12/2025
Mr Asier Zarraonandia Ayo	CEO	Spanish	1967	24/07/2019 (co-optation)	16/06/2022	

Independent Directors

Name	Position	Nationality	Year of birth	First appointment	Renewal	End of term
Mrs Frauke Heistermann	Independent Director	German	1971	18/10/2017	16/06/2022	AGM to be held in 2026 approving the annual accounts for the financial year ending on 31/12/2025
Mr Georg Graf Waldersee	Lead Independent Director Chair of the Audit Committee	German	1955	18/10/2017	16/06/2022	
Mr Helmut Wieser	Independent Director Chair of the Nomination & Remuneration Committee	Austrian	1953	24/07/2019 (co-optation)	16/06/2022	
Mrs Natalia Latorre Arranz	Independent Director Chair of the Sustainability Committee	Spanish	1975	16/06/2022	N/A	
Mrs Soledad Luca de Tena	Independent Director	Spanish	1961	25/10/2023 (co-optation)	N/A	
Mr Javier Petit Asumendi	Independent Director	Spanish	1959	24/07/2024 (co-optation)	N/A	

The Board of Directors of Befesa S.A. is firmly committed to the principles of transparent, responsible and value-based management and supervision. The standards of good corporate governance are a high priority at Befesa and form the basis of all its activities.



Corporate governance continued

As a Luxembourg *société anonyme* – whose shares are exclusively listed on a regulated market in Germany – Befesa S.A. is not required to adhere to the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange (the “LuxSE”).

These principles apply to companies listed and admitted to trading on the regulated market of the LuxSE, or to those governed by the German corporate governance regime applicable to stock corporations organised under German law. In the light of the aforementioned legal framework, Befesa has developed its own corporate governance rules based on the recommendations of the German Corporate Governance Code while adapting them to its one-tier Board structure, the Articles of Association of Befesa S.A. and Luxembourg Companies Law. Befesa’s corporate governance system is continuously reviewed by the Board of Directors and updated to incorporate and align with evolving new best practices in corporate governance.

Befesa places a strong emphasis on the following:

- i. A skilled and balanced composition of the Board of Directors, with a majority of independent directors;
- ii. Acting in the best interests of all of the Company’s shareholders, including minority shareholders;
- iii. Internal control and reporting, with emphasis on effective risk management;
- iv. A compliance management system (CMS) that ensures strict compliance with applicable laws and regulations, enhancing business integrity;

- v. The promotion of social responsibility and ethical values in all of Befesa’s areas of activity; and
- vi. Commitment to sustainability and corporate social responsibility.

Befesa is committed to adhering to good corporate governance practices that provide for the necessary decision-making processes and controls to balance the interests of all stakeholders, which ultimately ensures the long-term success of Befesa.

The main corporate bodies are the Board of Directors and the General Meeting of shareholders. Befesa currently has a majority of independent directors on the Board of Directors. All the members of the Audit Committee, the Nomination and Remuneration Committee and the Sustainability Committee are independent.

To enhance transparency regarding executive compensation, Befesa discloses the compensation of each member of the Board of Directors on an individual basis, with respect to the compensation received in 2025. Befesa ensures that its shareholders can exercise their rights before or during the General Meeting, as provided for by Luxembourg Companies Law and Befesa’s Articles of Association, and thus exercising their voting rights. Details of the abovementioned items can be found below.

Required skills, experience and background

All proposals for the members of the Board of Directors of Befesa S.A. are made on the basis of individual merit. All Directors need to have the required balance of skills, qualifications,

background, experience, diversity – including gender – and the ability to adequately perform the duties of the Board of Directors. The selection and nomination process of new Directors generally takes the following criteria into account:

- The alignment of skills with Befesa’s strategic direction;
- Value added to the current composition of the Board;
- The cultural fit with the Board of Directors;
- The time it will take to become an effective contributor; and
- Succession planning.

Befesa places a strong emphasis on recruiting experienced professionals with relevant industry background, strategic and problem-solving skills, and strong interpersonal and negotiation skills.

In addition, the representation of a mix of cultural and educational backgrounds offers a wide variety of perspectives on Company issues. Naturally, women and men can be members of the Board of Directors. For Befesa, diversity means combining different genders, experiences, nationalities and backgrounds in the Board of Directors. This approach is explicitly stated in Befesa’s HR and equality policy.

Different skills are a foundation to create an effective and valued Board of Directors. Befesa ensures that the members of each Board Committee have the relevant skills based on their experience, which is also reflected in their curriculum vitae.



Corporate governance continued

Overview of the skill matrix of the members of the Board of Directors for the year 2025:

Name	Position	Status	Gender	Nationality	Year of birth	Industrial operations	Risk management, finance, audit	Environmental, health & safety	Business strategy	Ethics, governance & compliance
Mr Javier Molina Montes	Executive Chair	Non-Independent	Male	Spanish	1959	✓		✓	✓	✓
Mr Asier Zarraonandia Ayo	CEO	Non-Independent	Male	Spanish	1967	✓	✓	✓	✓	✓
Mrs Frauke Heistermann	Member of the Audit Committee and member of the Sustainability Committee	Independent	Female	German	1971	✓			✓	✓
Mr Georg Graf Waldersee	Lead Independent Director Chair of the Audit Committee	Independent	Male	German	1955		✓		✓	✓
Mr Helmut Wieser	Chair of the Nomination and Remuneration Committee and member of the Sustainability Committee	Independent	Male	Austrian	1953	✓		✓	✓	✓
Mrs Natalia Latorre Arranz	Chair of the Sustainability Committee and member of the Audit Committee	Independent	Female	Spanish	1975	✓		✓	✓	✓
Mrs Soledad Luca de Tena	Member of the Nomination and Remuneration Committee	Independent	Female	Spanish	1961		✓		✓	✓
Mr Javier Petit Asumendi	Member of the Nomination and Remuneration Committee	Independent	Male	Spanish	1959		✓		✓	✓

Composition

Befesa's Board of Directors has the size and structure necessary to promote efficient operation and to maximise participation, in accordance with Befesa's share capital structure. Befesa also emphasises the importance of corporate governance, with a high standard of transparency implemented by the Board of Directors.

According to the Articles of Association, the Board of Befesa S.A. must have a minimum of five Directors, whose term of office may not exceed six years.

Each director is appointed by the General Meeting, is eligible for reappointment and may be removed at any time, with or without cause, by a resolution of the General Meeting. In the event of a vacancy on the Board of Directors, the remaining directors may elect by co-optation a new director to fill the vacancy until the next General Meeting, which shall ratify such co-optation or elect a new director instead.

During the reporting year, the Board of Directors of Befesa S.A. comprised eight

members: two Non-Independent Directors and six Independent Directors. As a result, Befesa's Board has a majority of six Independent Directors out of a total of eight, resulting in 75% of the Board's Directors being independent, which ensures a strong balance of perspectives and oversight. In terms of gender representation, there are three women on the Board of Directors, which represents 37.5% of the total number of Board members. The Board of Directors appoints a chairperson (the "Chair") from among its members.

In the event that an Executive Director is elected as Chair, the Chair shall have the status of Executive Chair of the Company. Therefore, there will be a Lead Independent Director of the Company as long as the Chair of the Board of Directors is not an Independent Director. The Independent Directors shall choose from among the Independent Directors the Lead Independent Director. As mentioned above, all Directors have been selected based on the criteria of complementarity, balance, diversity of knowledge, professional experience, and nationality.

Corporate governance continued

Meetings

The Board of Directors holds meetings in person or by tele/videoconference and may adopt decisions by written circulation. The quorum for a valid meeting of the Board of Directors is the presence or the representation of at least half of the Directors. Abstention and nil votes will not be considered for the purposes of the approval of resolutions. The Executive Chair or the Chair of the Board of Directors does not have a casting vote in case of a voting tie. The Board of Directors met on nine occasions in 2025, with an attendance rate of 100%.

Committees

To strengthen Befesa's corporate governance, the Board of Directors has set up the following three committees, each of which are responsible for examining and monitoring areas of particular importance:

- Audit Committee
- Nomination and Remuneration Committee
- Sustainability Committee

Each committee shall meet as often as necessary, but at least twice a year. During 2025, the Audit Committee met on five occasions, the Nomination and Remuneration met on two occasions and the Sustainability Committee met on two occasions. All committees had a 100% attendance rate.

a. Audit Committee

The Audit Committee consists of Mr Georg Graf Waldersee (Chair), Mrs Frauke Heistermann and Mrs Natalia Latorre Arranz. All members are independent.

This committee is responsible for the following:

- Evaluating and monitoring all material questions concerning the financial statements, accounting processes and policies of Befesa and its subsidiaries;
- Overseeing Befesa's internal control and internal audit system;
- Overseeing the procedure for the selection of the statutory auditor and supervision of its work; and
- Supervising the RMS and the CMS.

b. Nomination and Remuneration Committee

Mr Helmut Wieser (Chair), Mrs Soledad Luca de Tena and Mr Javier Petit Asumendi are the members of this committee, all of whom are independent.

The Nomination and Remuneration Committee ensures that the directors have the necessary knowledge, experience, abilities, and professional background to fulfil their responsibilities. This enables the Board of Directors as a whole to have an appropriate balance in its composition and adequate knowledge of Befesa and its environment, activities, strategy and risks, contributing to a better performance of its functions. In addition, the committee is responsible for:

- Implementing HR-related policies;
- Making recommendations to the Board of Directors on the terms of appointment and the long- and short-term benefits of executive directors; and
- Making recommendations on bonus payments to be paid to employees.

The Nomination and Remuneration Committee is responsible for the implementation of policies, appointments and dismissals of the daily managers of Befesa S.A., and for proposing to the General Meeting of shareholders suitable candidates for their recommendation to be appointed as members of the Board of Directors.

c. Sustainability Committee

The Sustainability Committee is made up of exclusively independent members: Mrs Natalia Latorre Arranz (Chair), Mrs Frauke Heistermann and Mr Helmut Wieser.

The Sustainability Committee is responsible for overseeing all matters of the Company and its subsidiaries related to environmental sustainability, with a priority on emissions reduction and energy-saving targets and plans, together with related recommendations to be made to the Board. The Sustainability Committee is responsible for:

- Reviewing and monitoring the Company's environmental sustainability strategy and its implementation as well as the Company's environmental sustainability policies, standards and guidelines;
- Reviewing and monitoring the Company's environmental sustainability achievements in accordance with the targets and guidelines of the Company; and
- Supporting and providing guidance to the Board of Directors in developing and updating the Company's policies and procedures relating to environmental sustainability.



Corporate governance continued

Overview of the member participation of the Board of Directors and committee meetings during 2025.

Board of Directors	Presence	100%
Mr Javier Molina Montes	9/9	✓
Mr Asier Zarraonandia Ayo	9/9	✓
Mrs Frauke Heistermann	9/9	✓
Mr Georg Graf Waldersee	9/9	✓
Mr Helmut Wieser	9/9	✓
Mrs Natalia Latorre Arranz	9/9	✓
Mrs Soledad Luca de Tena	9/9	✓
Mr Javier Petit Asumendi	9/9	✓
Audit Committee	Presence	100%
Mr Georg Graf Waldersee	5/5	✓
Mrs Frauke Heistermann	5/5	✓
Mrs Natalia Latorre Arranz	5/5	✓
Nomination & Remuneration Committee	Presence	100%
Mr Helmut Wieser	2/2	✓
Mrs Soledad Luca de Tena	2/2	✓
Mr Javier Petit Asumendi	2/2	✓
Sustainability Committee	Presence	100%
Mrs Natalia Latorre Arranz	2/2	✓
Mrs Frauke Heistermann	2/2	✓
Mr Helmut Wieser	2/2	✓



Shareholders

General Meetings

All General Meetings of shareholders (the "General Meeting") are held in the Grand Duchy of Luxembourg at the address of the registered office of Befesa S.A. or at such other place in the Grand Duchy of Luxembourg specified in the convening notice of the meeting. It may be held abroad if, in the judgement of the Board of Directors, circumstances *force majeure* so require.

The convening notice (including the agenda) to the General Meeting, the reports and any other documents required for the meeting are published in the subsection "General Meeting", included under the investors section of Befesa's website, in the *Recueil Electronique des Sociétés et Associations* and in a Luxembourg newspaper at least 30 days before the day of the meeting, in accordance with the Articles of Association and Luxembourg law.

The Annual General Meeting ("AGM") is held once a year within six months of the end of the preceding financial year, in accordance with the Articles of Association and Luxembourg law.

The Board of Directors of Befesa S.A. is responsible for presenting the consolidated financial statements and the annual accounts at the AGM. The approval of the consolidated annual financial statements and of the individual accounts of Befesa S.A., the allocation of results, the determination of the dividend, the appointment of the independent auditor and the discharge of the members of the Board of Directors are, among others, some of the resolutions adopted at the AGM.

The Board of Directors may convene General Meetings (in addition to the AGM) and it must do so if shareholders representing at least ten per cent (10%) of the share capital of

Befesa S.A. so require, in accordance with the Articles of Association and Luxembourg law.

The shareholders of Befesa S.A. exercise their voting rights at the AGM (or at any other General Meeting validly convened). Each share entitles the holder to attend all General Meetings, either in person or by proxy, to address the General Meeting and to exercise their voting rights. Each share entitles the holder to one vote.

Befesa S.A. ensures equal treatment of all shareholders. There is no minimum shareholding required to be able to attend or to vote at a General Meeting. In addition, the right of any shareholder to participate in any General Meeting and to exercise the voting rights attached to their shares is determined according to the shares held by the shareholder at the end of the 14th day prior to the General Meeting.

Shareholders holding – individually or collectively – at least five per cent (5%) of the issued share capital of Befesa S.A. have the right to (i) put items on the agenda of the General Meeting, and to (ii) present drafted resolutions for items included or items to be added to the agenda of the General Meeting. A relevant request must be received by Befesa S.A. by the 22nd day prior to the General Meeting.

Ordinary and extraordinary resolutions

Luxembourg law distinguishes between ordinary resolutions and extraordinary resolutions. Extraordinary resolutions relate to proposed amendments to the Articles of Association and certain other limited matters. All other resolutions are, as a general rule, ordinary resolutions.

Extraordinary resolutions are generally required for any of the following matters, among others:

- An increase or decrease of the authorised or issued capital;
- A limitation or exclusion of pre-emptive rights;
- The approval of a statutory merger or demerger (scission) or certain other restructurings;
- The dissolution of Befesa; and
- An amendment to the Articles of Association.

For any extraordinary resolution to be considered at a General Meeting, the quorum must be at least fifty per cent (50%) of Befesa's issued share capital. For their approval, at least two-thirds of the votes validly cast must approve such a resolution. Abstentions are not considered as "votes".

Dividend rights

In accordance with the Luxembourg Companies Law and the Articles of Association, Befesa S.A. must allocate at least five per cent (5%) of any net profit to a legal reserve account. Such a contribution ceases to be compulsory as soon as and as long as the legal reserve reaches ten per cent (10%) of Befesa S.A.'s subscribed capital. However, it shall again be compulsory if the legal reserve falls below the ten per cent (10%) threshold.

The General Meeting will resolve how the remainder of the annual net profits, after allocation to the aforementioned legal reserve, will be disposed of. This it will do by allocating the whole or part of the remainder to a reserve

or to a provision by carrying it forward to the following financial year or by distributing it, together with carried-forward profits, distributable reserves or share premium to the shareholder(s), each share entitling to the same proportion in such distributions.

Subject to the provisions of the laws and in compliance with the provisions set forth herein, the Board of Directors may resolve that Befesa pays out an interim dividend to shareholders. The Board of Directors shall set the amount and the date of payment of the interim dividend.

Liquidation rights

The Company may be dissolved by a resolution of the General Meeting adopted in compliance with the quorum and the majority rules set for any amendment of the Articles of Association. Should the Company be dissolved, the liquidation will be carried out by the Board of Directors or other person(s) appointed by the General Meeting.

The General Meeting shall also determine the powers and the compensation (if any) of those other person(s). After settlement of all the debts and liabilities of the Company, including the expenses of liquidation, the net liquidation proceeds shall be distributed to the shareholder(s) in compliance with the same preference as set out for dividend distributions.



Other corporate governance practices

Compliance management system

The CMS is an integral part of Befesa's corporate governance system, which ensures compliance with national and international laws, regulations and policies; and social responsibility and ethical values.

The core of the ethics and compliance programme at Befesa is the code of conduct. Befesa's code of conduct provides the legal and ethical framework for the conduct of all Directors, officers, and employees of Befesa. The code defines the basic behavioural standards within Befesa itself and in connection with other parties.

In addition, Befesa has implemented a whistleblowing channel and complementary-specific compliance policies such as a Group security dealing code. This ensures continuous training in compliance matters. More information on Befesa's CMS can be found in the "Governance" section of the Sustainability Statement.

Risk management system

Befesa has established internal procedures that are described in more detail in the "Compliance" section of this Annual Report, and which form an integral part of Befesa's RMS. This is explained in detail in the "Risk and opportunities" section of this Annual Report.

Independent auditors

In accordance with the Luxembourg law on commercial companies, the annual consolidated financial statements and the annual individual accounts of Befesa S.A. are certified by an approved statutory auditor (*réviseur d'entreprises agréé*) appointed by the shareholders at the AGM.

The AGM held on 19 June 2025 approved the appointment of KPMG Audit S.à r.l. as the approved statutory auditor (*réviseur d'entreprises agréé*) for the financial year ending 31 December 2025. KPMG Audit S.à r.l. has audited the annual consolidated financial statements and the annual individual accounts of Befesa S.A. since the financial year ending 31 December 2019 (i.e. for a period of seven years).

Others

Befesa provides a Group insurance policy for all Directors and officers of Befesa, including the members of the Board of Directors. The policy is taken out for one year at a time or renewed annually. It covers the personal liability of the insured in cases of financial loss associated with their activities on behalf of Befesa.

Further information about the remuneration of the members of Befesa's Board of Directors can be found in the remuneration policy available in the Investor relations/Corporate Governance section of Befesa's website (<https://www.befesa.com/investors/corporate-governance/>).

Luxembourg law on takeover bids

The following disclosures are made in accordance with article 11 of the Luxembourg law on takeover bids of 19 May 2006.

a. Share capital structure

Befesa S.A. has issued one class of shares that is admitted to trading on the Frankfurt Stock Exchange. No other voting securities or securities convertible into shares have been issued. The issued share capital as of 31 December 2025 amounts to €111,047,595.14, represented by 39,999,998 ordinary shares, each fully paid up.

Name of shareholder (direct or indirect)	Date on which the threshold was crossed or reached	% of voting rights in the share capital of Befesa
Alba Europe S.à.r.l., Luxembourg, Grand Duchy of Luxembourg	30 October 2024	10.01% attached to shares
Global Portfolio Investments, S.L., Madrid, Spain	17 June 2021	5.41% attached to shares

b. Transfer restrictions

As of the date of this Annual Report, all Befesa S.A.'s shares are freely transferable.

c. Major shareholding

Based on the various major holding notifications received by Befesa S.A. as of 31 December 2025, the following shareholders hold (or to whom were attributed) five per cent (5%) or more of the total voting rights attached to Befesa S.A. shares (shown in the table).

d. Special control rights

All the issued and outstanding shares have equal voting rights. Befesa S.A. has not issued any securities granting any special control rights to its holders.

e. Control system in employees' share scheme

This is not applicable. Befesa S.A.'s Board of Directors is not aware of any issue regarding section e) of article 11 of the Luxembourg law on takeover bids of 19 May 2006.

f. Voting rights

Each issued share of Befesa S.A. entitles the holder to one vote at the General Meeting of the shareholders. The Articles of Association of Befesa S.A. do not contain any restriction on voting rights. In accordance with the Articles of Association, a Record Date for

admission to a General Meeting of shareholders is set; that is, at 24:00 hours Luxembourg time on the 14th day preceding the date of the relevant General Meeting of the shareholders (the "Record Date").

Only shareholders holding shares on the Record Date will be able to participate at the relevant General Meeting. In addition, a shareholder willing to participate in any General Meeting shall notify Befesa of their intention to do so by means of a declaration in writing to be submitted to Befesa and/or its designated depository agent by no later than the Record Date, together with any supporting documents that may be required to evidence title ownership of the shares.

g. Shareholders' agreements with transfer restrictions or voting rights

Befesa's Board of Directors has no information about any agreements between shareholders that may result in restrictions on the transfer of Befesa S.A.'s shares. The shares issued by Befesa S.A. are freely transferable, in accordance with the legal provisions applicable to shares in dematerialised form. The Board of Directors is also not aware of any shareholders' agreements that may result in restrictions on voting rights.

Other corporate governance practices continued

h. Appointment of Board members; amendments of the Articles of Association

Rules governing the appointment and the replacement of the members of the Board of Directors and changes to the Articles of Association are set out in articles 11 and 32 of the Articles of Association of Befesa S.A. This document is available at <https://www.befesa.com/investors/corporate-governance/>

In particular, the following applies:

- The members of the Board of Directors are appointed by the General Meeting of shareholders for a period not exceeding six years. They may be removed with or without cause and/or be replaced at any time by a resolution adopted by the General Meeting of shareholders of Befesa S.A.
- Resolutions to amend the Articles of Association may be adopted by a majority of two-thirds of the votes validly cast, if the quorum of half of the share capital is met. If the quorum requirement of half of the share capital of Befesa S.A. is not met at the first meeting, then the shareholders may be reconvened to a second meeting. No quorum is required in respect of a second meeting and the resolutions are adopted by two-thirds of the votes validly cast.

i. Powers of the Board of Directors

The powers of the Board of Directors are regulated in articles 6, 12 and 13 of the Articles of Association of Befesa S.A. The Articles of Association are available at <https://www.befesa.com/investors/corporate-governance/>

In particular, the following applies:

- Befesa S.A. is managed by its Board of Directors.

- The Board of Directors is vested with the broadest powers to perform all acts necessary or useful to accomplish Befesa's objectives.
- The Board of Directors may delegate the daily management of Befesa and the representation of Befesa for this daily management to one or more persons or committees, specifying the limits of such delegated powers and the manner in which they should be exercised.
- The Board of Directors may appoint an Audit Committee, a Nomination and Remuneration Committee, an Operations Committee and/or any other committees it may deem necessary in order to deal with specific tasks.
- The Board of Directors is authorised, up to the maximum amount of the authorised capital, to (i) increase the issued share capital in one or several tranches, with or without a share premium, against payment in cash or in kind, by conversion of claims on the Company or in any other manner; (ii) issue subscription and/or conversion rights in relation to new shares or instruments within the limits of the authorised capital under the terms and conditions of warrants, convertible bonds, notes or similar instruments; (iii) determine the place and date of the issue or successive issues, the issue price, the terms and conditions of the subscription of, and paying up on, the new shares and instruments; and (iv) remove or limit the statutory preferential subscription right of the shareholders. This authorisation is valid for a period ending five years after the date of the General Meeting creating the authorised capital. The relevant authorisation was granted by the General Meeting of the shareholders held on 5 October 2021.
- The Board of Directors is authorised to acquire, by itself or through a person acting in its own name but on Befesa's behalf, its own shares, subject to the following conditions: (i) the maximum number of shares to be acquired may not exceed ten per cent (10%) of the total number of shares composing the issued share capital at the time of this resolution or, if lower, at the time of the acquisition; (ii) as a result of those acquisitions, Befesa S.A.'s holding of its own shares may not exceed at any time ten per cent (10%) of the total number of shares composing the issued share capital of Befesa S.A.; (iii) the acquisition price per share shall not be lower than its accounting par value or be higher than ten per cent (10%) above the volume-weighted average listing price per share in the XETRA trading system (or a comparable successor system) during the calendar month preceding the resolution of the Board of Directors on the buy-back; (iv) the acquisitions of its own shares by Befesa S.A., as well as shares acquired by a person acting in their own name but on behalf of Befesa S.A., may not have the effect of reducing the net assets of Befesa S.A. below the aggregate amount of the subscribed capital and of the reserves, which may not be distributed under the law or the Articles of Association of Befesa S.A. Only fully paid-up shares may be repurchased; (v) the authorisation will be valid for a period of five (5) years after the date of the General Meeting creating the share buy-back. The relevant authorisation was granted by the AGM of shareholders held on 19 June 2025; and (vi) the purchase shall be effected either through the stock exchange or on the basis of a public purchase offer to all shareholders. Befesa may use, in whole or in part, own shares acquired pursuant to this authorisation for any legally permissible purpose.

Through these well-defined powers, the Board of Directors ensures the effective management and strategic direction of Befesa, fostering sustainable growth, operational excellence and long-term value creation for all stakeholders.

j. Significant agreements

With the exception of the senior facility agreement signed on 18 July 2024, there are no significant agreements to which Befesa S.A. is a party to, and which take effect, alter or terminate upon a change of control of Befesa S.A. following a takeover bid.

k. Agreements with Directors and employees

The Executive Directors do not have service agreements with Befesa S.A. but have signed service agreements with other Group companies that provide for severance payments in various scenarios. Such severance payments may not exceed twice the total annual remuneration of the Executive Directors, consisting of the base salary, annual bonus and long-term variable remuneration. For further information, please refer to the remuneration policy available in the Investor relations/General Meeting section of Befesa's website (www.befesa.com/investors/general-meeting/). The service agreements signed by the Non-Executive Directors with Befesa S.A. do not provide for any compensation in the event of resignation or dismissal without just cause or in the event of termination of employment following a takeover bid.



Local communities

In the area of corporate social responsibility, the Company remains strongly committed to the many initiatives we have supported. This includes long standing collaborations such as the Autism Chair at the University of Seville, as well as local community initiatives with a festive or cultural character such as markets, raffles, local choirs, zoo sponsorship programmes and partnerships with associations supporting families with members who have disabilities or neurodivergent conditions.

Sport continues to be an important part of our CSR landscape with ongoing support for activities such as rowing, golf, baseball, football and cycling.

In the field of education, we continue to promote projects that support children’s learning and development. These include contributions to the printing of cycling training workbooks, classical outdoor learning activities and other initiatives that nurture skills, awareness and inclusion.

Employee-driven solidarity remains central to our culture: at our corporate offices. Colleagues donate toys and school material to children in need, with the Company matching the value of the gifts. In Korea, employees volunteer to help clean a residence for women with disabilities and the Company contributes with additional support.

In 2025, the Befesa Community Fund distributed a total of \$23,000 in grants to 11 local organisations to support a wide range of community-focused initiatives in the greater Palmerton area, including cultural, recreational, educational and infrastructure projects. The donations are being used to fund activities such as free summer concerts, educational nature programmes for schoolchildren, historical preservation displays, community

events and art exhibitions, as well as practical improvements such as park maintenance, building upkeep, new heating systems, pressure-washing equipment, insurance and supplies for youth recreation programmes, shade structures at public pools, lifeguard chairs and library building maintenance, all aimed at enhancing local quality of life and access to community services.

Charitable competitions also remain a cornerstone of our CSR initiatives. The Charity Project Contest continues to highlight meaningful local NGO proposals submitted by employees, with the entire workforce voting to select the winners. As every year, the top three projects receive corporate donations to help bring their initiatives to life.

The first prize was awarded to Small Feet – Big Steps, a project run by BSC Freiberg e.V. (Germany).The project focuses on promoting inclusion, teamwork and healthy habits among young children. The second prize went to Special Family Weekend and Other Activities, on behalf of the Outpatient Paediatric Palliative Care Service in Lünen (Germany), supporting families with children facing life limiting illnesses. The third prize, was awarded to the Hearts & Paws Rescue Project by Heart of the Foothills Animal Rescue (US), recognising its work in animal welfare.

Similarly, the Environmental Award continues to recognise outstanding environmental contributions, with one major prize granted to the top voted project each year. The winning initiative in 2025 was Broad River Basin – Trash Trouts, presented by Baxter Ward and supported by the Rutherford Outdoor Coalition in North Carolina, USA. The project focuses on river clean up activities, environmental education and community engagement to protect local ecosystems and promote environmental stewardship.

Our traditional Winter Greeting Card Contest for employees’ children also continues. The contest features two categories, ensuring the youngest artists in our global community have a space to showcase their creativity. In addition to a prize, each winner chooses a local NGO which the Company donates to on their behalf. In the Little Artists category, the donation was made to the Methodist Home for Children, selected by the winner from Befesa Zinc US. In the Young Creators category, the donation was directed to Good Neighbours Hall, chosen by the winner from Befesa Zinc Korea. Through this initiative, the creativity of employees’ children is directly linked to social impact, reinforcing the Company’s commitment to community support and solidarity.

We also continue to organise the Step Challenge, which strengthens well being while supporting a social cause. In 2025, the winning location was Befesa Aluminio Barcelona, followed by Valladolid and Freiberg, with the winning team selecting the NGO, SingularMents, as the beneficiary of the donation.

Finally, we once again participated in the Wings for Life World Run, bringing together employees and their families across countries to support research into spinal cord injury. This continued participation reflects our commitment to health related causes, global solidarity and community engagement.

	2025
Humanitarian and social projects	139.465 €
Education and culture	37.192 €
Sponsorship	88.353 €
Total donations and sponsorships	265.010 €

Sustainability statement

In this 2025 Annual Report, Befesa has prepared a sustainability statement in accordance with Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, which amends Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU regarding corporate sustainability reporting (“CSRD”).

The statement includes the requirements of Article 8 of Regulation (EU) 2020/852 (the “Taxonomy Regulation”) and the original Corporate Sustainability Reporting Directive (CSRD), and using the European Sustainability Reporting Standards (ESRS). As CSRD has not been transposed and implemented under Luxembourgish law at the date of publication of this Annual Report, the sustainability statement has been prepared on a voluntary basis and subjected to a limited assurance review to strengthen Befesa’s commitment to transparency and accountability. Befesa’s audit firm KPMG has performed a limited assurance engagement on this sustainability statement (the independent auditor’s report section of the sustainability statement).

This report provides a disclosure of Befesa’s ESG performance in 2025, ensuring compliance with the latest

regulatory frameworks while reinforcing the Company’s dedication to sustainable business practices. It reflects Befesa’s material impacts, risks and opportunities, integrating key sustainability factors into its strategy and operations.

By aligning with the ESRS principles of relevance, comparability and reliability, Befesa seeks that its stakeholders have access to clear, standardised and verifiable sustainability information.

The information provided in the sustainability statement is based on the double materiality assessment (“DMA”) of sustainability topics completed by Befesa in 2025, and all material data points requested by the ESRS have been answered taking into account Befesa’s sustainability material topics.



General disclosures

General disclosures

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Policy overview

BP-1 General basis for preparation of the sustainability statement

This sustainability statement has been prepared on a consolidated basis, following the same scope as the financial statements. Consequently, the consolidated ESG data comprises the parent company Befesa and subsidiaries controlled by Befesa and covers its own operations; the impact, risk and opportunities extend to its upstream and/or downstream value chain following the double materiality principle (more info in section IRO-1).

Befesa has not used the option to omit any material information on the basis that it is confidential or commercially sensitive or that it relates to the disclosure of impending developments or negotiations.

BP-2 Disclosures in relation to specific circumstances

Befesa follows time horizons defined by ESRS 1 (section 6.4) for its sustainability statement in all sections of this report.

- Short-term: period adopted as the reporting period in the financial statements, 1 year.
- Medium-term: from the end of the short-term reporting period up to 5 years.
- Long-term: more than 5 years.

Some of the metrics presented in our sustainability disclosures rely on information provided by external parties and/or involve the use of judgements, estimates and assumptions. Whenever possible, Befesa relies on widely recognised and trustworthy external sources, as well as past experience, to develop sound and equitable judgements, estimates and assumptions, which Befesa reviews and

updates on a regular basis. Nevertheless, the Company recognises that using third party data and these analytical approaches inherently involves a degree of uncertainty in the resulting outcomes.

Befesa also cross-references the sections of the report that address different regulations or reporting frameworks, including the Non-Financial Reporting Directive (NFRD).

In the fiscal year 2025, Befesa has not applied the amendments introduced by Delegated Regulation (EU) 2026/73 of 4 July (simplifying the EU Taxonomy Regulation), which updates the Delegated Acts relating to disclosures, climate and environmental objectives. The Company has exercised the option provided in the Delegated Act to continue applying the previous regulation during the transitional period applicable to financial years beginning in 2025.

In preparing the current sustainability statement for the year ended 31 December 2025, Befesa identified the following:

- During 2025, Befesa has reviewed and updated its DMA, resulting in the identification of new material topics and Disclosure Requirements to be reported (E3-Water, E2-5 Substances of concern and of very high concern, and E5-5 Outflows for products).
- Methodology changes and improvement in data collection: where applicable, changes to previously disclosed sustainability data are described in the relevant accounting principles. These disclosures describe the nature of the change, including methodological updates and/or changes in data measurement if applicable, and their

impact on reported figures (E1-5 Energy; E1-6 Scope 3; Emissions; E2-4 Air Pollution; E5-4 Inflows; E5-5 Waste). Therefore, the 2024 comparatives are not revisited nor restated due to impracticability.

No incorporation by reference has been made.

GOV-1/GOV-2 Role of management and sustainability matters addressed

During the 2025 financial year, the Board of Directors of Befesa consisted of eight members: two Executive Directors (Executive Chair and CEO) and six Non-executive Directors. There were no employee representatives at the Board of Befesa.

In terms of gender representation, the Board of Directors included three female Board members out of a total of eight, representing 37.5%. Befesa's Board of Directors consisted of six independent non-executive Board members out of a total of eight members, representing 75%.

General disclosures continued

Member	Position	Tipology	Committee
Javier Molina	Executive Chair	Executive	Not applicable
Asier Zarraonandia	CEO	Executive	Not applicable
Javier Petit Asumendi	Independent Director	Non-executive	Member of the Nomination & Remuneration Committee
Georg Graf Waldersee	Lead Independent Director	Non-executive	Audit Committee Chair
Frauke Heistermann	Independent Director	Non-executive	Member of the Audit Committee and of the Sustainability Committee
Natalia Latorre Arranz	Independent Director	Non-executive	Sustainability Committee Chair and member of the Audit Committee
Soledad Luca de Tena	Independent Director	Non-executive	Member of the Nomination & Remuneration Committee
Helmut Wieser	Independent Director	Non-executive	Nomination & Remuneration Committee Chair and member of the Sustainability Committee

The Board of Directors has the authority to carry out the acts necessary or appropriate to achieve the Company's corporate purpose and to support the sustainable creation of value.

In line with Board of Director's Rules of Procedure, the Board is responsible for the governance, management, strategic direction and control of Befesa's operations and businesses, including oversight of impacts, risks and opportunities and sustainability matters.

The Befesa Board contracts establish that the Board member agrees to comply with the articles, the internal regulations governing the internal functioning of the Company and its Board committees, the dealing code and all other applicable policies of the Company.

The Board of Directors brings significant expertise across various sectors, including finance, digitalisation, energy transition, logistics and industrial engineering. This diverse expertise is particularly relevant for overseeing sustainability matters due to the following factors:

1. Diverse industry experience and strategic oversight:

- Members such as Georg Graf Waldersee (accounting and auditing, risk management and compliance), Javier Petit Asumendi (investment banking), and Soledad Luca de Tena (corporate governance in media) provide financial, risk management and governance expertise, ensuring robust decision-making frameworks.
- Frauke Heistermann (supply chain and digitalisation) and Helmut Wieser (industrial and manufacturing sectors, in particular aluminium and steel industries, H&S and accident prevention) bring technical and operational perspectives that are crucial for sustainability-related transformations.
- Natalia Latorre Arranz (energy transition) has direct ESG expertise, particularly in renewable energy, environmental products and corporate sustainability strategies.

2. Relevance to material impacts, risks and opportunities:

- Several members have expertise in sectors highly impacted by ESG considerations, such as energy, industry and finance.

- Natalia Latorre Arranz's experience in energy transition and corporate transformation is particularly relevant for addressing climate-related risks and opportunities.
- Frauke Heistermann's background in digital transformation and supply chain management contributes to sustainable logistics and operational efficiencies.
- Georg Graf Waldersee's auditing and financial compliance experience ensures transparency and accountability in sustainability reporting.

3. Access to additional expertise and development initiatives:

- Many members serve on advisory boards, supervisory boards and strategic committees, giving them access to broader networks of expertise.
- Board members such as Natalia Latorre Arranz, who engages in advisory roles related to sustainability (e.g. Marsi Bionics, Strategy Advisory Board of Programa Mujer e Ingeniería), are likely to contribute ESG-focused insights.
- Membership in various supervisory bodies suggests exposure to ongoing training, industry developments and regulatory updates.

General disclosures continued

The explained composition and diversity of the Board of Directors reflect a well-rounded and strategic set of skills relevant for effective sustainability oversight. The diverse backgrounds of the Board members, particularly in energy transition, finance, governance, digitalisation and industrial operations, provide a foundation for addressing material sustainability impacts, risks and opportunities identified by Befesa in its DMA (see SBM-3 and IRO-1) in this chapter.

Additionally, the access of the Board members to expert networks and their commitment to ongoing learning strengthen their ability to effectively oversee ESG-related matters.

Befesa has the ability to engage external sustainability experts when needed. During the reporting period, no external experts were engaged, as the internal ESG team considered that it had the necessary expertise to prepare the sustainability disclosures

During the reporting year, and in accordance with the Rules of Procedure of the Board of Directors, the Executive Chair plays a key role in the development and implementation of the Company's sustainability strategy. The Company's sustainability priorities are integrated into its broader strategic planning, including its mid-term business plan, as regularly communicated to the market.

In 2025, the Board of Directors of the Company approved maintaining the same CSRD reporting and audit approach as applied in 2024.

In this context, and with the aim of advancing the sustainability reporting process compared with the previous year, the Company reviewed and updated the DMA conducted in 2024. The updated DMA does not significantly expand the scope of stakeholder categories or the value

chain. Instead, it reflects a refinement of the assessment approach, including a review of the wording and methodology applied to the identification and evaluation of IROs. These adjustments were introduced to improve the robustness of the process and to ensure that the outcomes more accurately reflect the Company's actual situation.

The updated DMA was carried out during 2025 under the leadership of the CFO. The results of the analysis were presented to management and relevant internal governance bodies, and the Board of Directors was informed of the outcome.

To ensure effective governance and oversight, the Board of Directors of Befesa has set up an Audit Committee, a Nomination and Remuneration Committee and, to integrate sustainability into the Company's decision-making process, a Sustainability Committee and an internal sustainability committee.

The chairs of the Audit Committee, the Nomination and Remuneration Committee, and the Sustainability Committee report to the Board of Directors on the activities, discussions and conclusions of their respective committees.

The Audit Committee

The Audit Committee, as outlined in its rules of procedure, monitors the effectiveness of Befesa's internal quality control, the Risk Management System (RMS) and the Compliance Management System (CMS). In addition to its other duties, it is responsible for supervising the RMS and CMS, which are integral elements of the Company's control framework. For more information see ESRs GOV-1 of Business Conduct.

Befesa has implemented an RMS and a CMS to enable managers to analyse, evaluate and manage risks associated with various aspects of the Company's operations. The purpose of the RMS is to identify and assess significant risks that may affect Befesa's performance and strategic objectives.

An internal risk committee, which reports to the Audit Committee, has been established to support this process. During the reporting year, this internal risk committee comprised the Executive Chair, the CEO, the CFO, the Vice President of Befesa's Aluminium Salt Slags Recycling Services Business Unit, regional CEOs of the Steel Dust Recycling Services Business Unit and various corporate managers (inter alia, – Compliance Officer, Global EHS Director).

This internal committee is responsible for monitoring and reviewing the risks included in the Risk Map of Befesa. Annually, the risk analysis, risk map and associated mitigation measures are submitted to the Audit Committee and the Board of Directors for review. Corporate managers who form part of the internal risk committee are responsible for the definition and monitoring of the material sustainability-related impacts, risks and opportunities, as well as implementing and overseeing mitigation controls.

During 2025, the Audit Committee held five meetings.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for ensuring that the Board of Directors has the necessary competencies, experience and diversity of skills to effectively address sustainability-related issues and challenges.

When recommending suitable candidates to the Board of Directors for election by the General Meeting, the Nomination and Remuneration Committee ensures that nominees have the necessary sustainability expertise, such as experience in environmental management, renewable energy, corporate governance, social impact and other sustainability-related fields. The committee aims to create a balanced and diverse set of skills and backgrounds among Board members to oversee the Company's sustainability strategy and performance effectively.

The Nomination and Remuneration Committee engages external consultants and advisors to support the recruitment of qualified candidates. The Committee monitors the ongoing development of sustainability-related expertise at Board level, for example, through specific training sessions. Furthermore, the Committee evaluates the effectiveness of the Board's sustainability oversight and recommends any necessary changes to ensure that sustainability remains at the forefront of the Company's strategic decision-making. This assessment includes evaluating the knowledge and awareness of key sustainability topics, such as environmental regulations, climate change, resource efficiency, sustainable supply chains and social responsibility within the context of Befesa's business and industry.

The Sustainability Committee

The Sustainability Committee comprises members with expertise in sustainability who are responsible for guiding the Company's sustainability strategy and monitoring its performance. The Committee includes Board members with knowledge and experience in environmental management, health and safety, social responsibility, corporate governance and sustainable business practices.

General disclosures continued

The responsibilities of the Sustainability Committee include overseeing and monitoring all material matters regarding sustainability, including the design, the implementation and progress of the CO₂ reduction plan for 2030 and 2050. The Committee performs the following activities: (1) reviews and monitors the Company's environmental sustainability strategy and its implementation, as well as the Company's environmental sustainability policies, standards and guidelines; (2) reviews and monitors the Company's environmental sustainability achievements in accordance with the targets and guidelines of the Company and (3) supports and provides guidance to the Board of Directors in developing and updating the Company's policies and procedures relating to environmental sustainability.

This Board Committee has no executive functions; however, it has the power to provide information and advice, and to make proposals and recommendations in the area of sustainability. The Chair of the Sustainability Committee reports to the Board of Directors of the Company on the Committee's discussions, conclusions and recommendations. The Sustainability Committee meets at least twice per year and as often as required to effectively fulfil its responsibilities.

The Internal Sustainability Committee

Befesa has set up an internal sustainability committee that is responsible for overseeing and managing all matters of the Company and its subsidiaries related to ESG, with a focus on emissions reduction and energy-saving targets. During the reporting period, this internal sustainability committee comprised the following members: the Executive Chair, the CFO and Head of IR, Strategy and Communications, the Global EHS Director, the HR and CSR Director, the Compliance Officer and the General Counsel.

During the reporting period and in line with the Climate Action Plan (see chapter E1) and the results of the updated DMA, the internal sustainability committee addressed the following information and issues:

- Reviewing the CO₂ emissions in comparison with previous years;
- Advancing the CO₂ reduction plan;
- Overseeing key projects and initiatives for reducing CO₂ emissions;
- Monitoring the Company's ESG ratings, including assessments from agencies such as ISS ESG, MSCI, Sustainalytics, S&P Global, CDP and Ethifinance, as well as developments in applicable environmental reporting requirements;
- Reporting on Scope 3 material categories to fulfil CSRD requirements; and
- Overseeing the Company's CSRD reporting process.

With expertise in environmental, health and safety management and energy transition, this committee focuses on reducing the environmental impact of Befesa's activities, particularly greenhouse gas emissions. By monitoring carbon reduction strategies and investments in clean technologies – while taking into consideration the updated and reviewed DMA and the Company's Climate Action Plan, - the committee supports the Company in navigating regulatory challenges and positions it to capitalise on emerging opportunities, such as production of green steel and the use of new hydrogen-based technologies.

The Sustainability Committee established by the Board of Directors is regularly informed about and reviews the decisions and discussions of the internal sustainability

committee to ensure alignment between operational ESG initiatives and the Company's strategic sustainability objectives.

GOV-3 Integration of sustainability-related performance in incentive schemes

The remuneration system of the Non-executive Directors of the Board consists solely of fixed remuneration, with no participation in any incentive schemes or variable compensation plans of Befesa. The compensation of the

non-executive members of the Board of Directors is proposed by the Board and approved on an annual basis by the General Meeting of Befesa.

In contrast, the remuneration system for the Executive Directors of the Board of Directors of Befesa includes both fixed, non-performance-related components and variable performance-related elements designed to align their interest with the long-term success and sustainable growth of the Company:

Instruments of Executive Directors' remuneration with respect to the reporting period (FY 2025)		
Fixed instruments	Annual base salary	Fixed remuneration paid in 12 monthly instalments
	Fringe benefits	Benefits such as a company car
Variable instruments	One-year variable remuneration	Performance period: 1 year Performance criteria for financial year 2025: <ul style="list-style-type: none"> • 40% EBITDA • 20% Net Debt • 20% ESG • 20% Execution of strategic initiatives and return on growth projects Performance scale: 0-200% of target value (cap)
	Long-term variable remuneration	Performance period: 3 years Criteria for Tranche VI of LTI (3-year performance period 2023-2025) – 100% performance-based (Performance Stocks). The performance criteria of the Performance Stocks are the following: <ul style="list-style-type: none"> • 25% Relative TSR • 30% EBITDA CAGR • 25% ESG • 20% Operating cashflow CAGR Performance scale: 0-200% of target value (cap) Information on Befesa's Long-Term Incentive Plan (Tranches VII-VIII) regarding future reporting periods can be found in our Remuneration Policy 2023 published on the corporate governance section of our website.

General disclosures continued

In accordance with Befesa's Remuneration Policy 2023, the ESG performance criteria applied to the variable remuneration instruments of the Executive Directors of Befesa are defined within the Company's remuneration framework, taking into account market practices and the Company's ESG strategy. These criteria are aligned with Befesa's key ESG objectives in the following three core areas:

- **Environmental/Climate Change:** To design and implement the CO₂ reduction plan to achieve the target of 20% CO₂ intensity rate for Scope 1 and 2 reduction by 2030 as well as the ambition to reach net zero by 2050. Specific KPIs include: increase in the percent of green power usage, decrease in the CO₂ intensity, during the performance period.

- **Social / Health & Safety:** Employees' health and safety is measured by the development of the lost time injury rate (LTIR) during the performance period. The target is to maintain an adequate level within the industry standards. The only numerical target is to keep fatalities at zero.
- **Governance/Compliance:** Continuing progress on compliance and governance practices, e.g. annual risk assessment update, no covenant breaches or corporate governance misconduct, maintaining and improving internal audit practices across the Company. In addition, other factors considered as part of Befesa's ESG performance criteria include maintaining, improving and extending ESG ratings by external agencies.

The Board of Directors of Befesa, based on the review and recommendations of the Nomination and Remuneration Committee, is responsible for developing and updating the remuneration system and compensation levels for its executive members. The Nomination and Remuneration Committee is currently reviewing the Remuneration Policy, taking into account market practices, shareholder feedback and the Company's existing remuneration framework. The proposed update aims to further align executive remuneration with the Company's long-term strategy and shareholder interests. The revised policy is intended to be submitted for an advisory vote at the 2026 Annual General Meeting.

Moreover, the Board of Directors annually prepares a detailed and comprehensive remuneration report for the preceding financial year. This remuneration report provides detailed information on the remuneration received by each Executive and Non-executive Director of Befesa in accordance with the approved remuneration policy. This remuneration report is submitted annually to the General Meeting for an advisory vote.

For the further development of the remuneration system and to assess its continued appropriateness, the Nomination and Remuneration Committee may consult an external remuneration expert. If this review reveals the need for a material or significant change to the remuneration system, the remuneration policy will be updated accordingly and submitted to the next Annual General Meeting for an advisory vote. In any case, the remuneration policy will be submitted to the Annual General Meeting for an advisory vote at least every four years, even if no material changes are proposed.

GOV-4 Statement on due diligence

While Befesa has not implemented a human rights due diligence process in line with the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, the Company has identified and assessed certain risks related to human rights and employees within the framework of the Befesa RMS. This identification is carried out at a corporate level and is part of the organisation's global risk map. Control measures have been implemented in relation to the risks identified.

This risk assessment considers labour conditions, diversity and non-discrimination, freedom of association, health and safety, fair working conditions and community-related rights such as environmental protection, anti-corruption and confidentiality.

Our Human Rights Remediation Policy sets out responsibilities and procedures to ensure that any adverse human rights impacts caused or contributed to by Befesa are promptly addressed. The policy applies to all Befesa employees, temporary agency workers and subcontractor employees performing services at our assets. It is aligned with international frameworks such as the OECD Guidelines for Multinational Enterprises and incorporates risk management principles based on ISO 31000.

When human rights concerns are identified, Befesa conducts a thorough investigation and implements tailored remediation measures. These may include disciplinary actions, rehabilitation programmes, formal apologies, restitution and guarantees of non-repetition. Befesa also ensure robust protection for whistleblowers, fostering a culture of transparency and accountability.



General disclosures continued

Complaints can be submitted through our Whistleblowing channel, available 24/7 in eight languages, accessible via our corporate website.

To strengthen our governance framework, Befesa provides annual online training to white-collar employees on human rights, diversity, equity, and inclusion, alongside our Code of Conduct and CMS. For blue-collar employees, printed documents are provided.

In the course of the next years Befesa plans to analyse and complete their due diligence process to achieve full compliance with UN Guiding Principles on Business of Human rights, the OECD Guidelines for Multinational Enterprises and respective future regulatory developments where applicable.

Core elements of due diligence	Section in the sustainability statements	Page
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2	52
	ESRS 2 GOV-3	55
	ESRS 2 SBM-1	58
	ESRS 2 SBM-3	65
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-5	57
	ESRS 2 SBM-1	58
	ESRS 2 SBM-2	59
	ESRS 2 SBM-3	65
	ESRS 2 IRO-1	60
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1	60
	ESRS 2 SBM-3	65
	ESRS 2 GOV-5	57
d) Taking actions to address those adverse impacts	ESRS 2 GOV-5	57
	S1-4	105
	E1-3	84
	E2-2	91
	E5-2	96
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-P	73
	G1-1	122
	G1-3	126

GOV-5 Risk management and internal controls

Scope, main features and risk and control framework

During 2025 Befesa has continued working on the implementation of its risk management plan and internal control system for sustainability information. To this end, Befesa has worked on the design of a structured plan to implement an internal control system for sustainability information. The implementation plan is structured around the following key pillars:

- Definition of internal controls for processes and sustainability datapoints;
- Development of an internal audit plan, incorporating sustainability audits;
- Reporting of identified improvement opportunities to Befesa's Audit Committee; and
- Monitoring and implementation of recommendations from internal audits.

At the time of preparation of this report, Befesa is at the first stage of the plan, identifying the risks associated with the information disclosed in the sustainability report and designing the appropriate controls to address them.

In addition, as a new development, the Internal Audit function has performed a review of environmental data as of 2025 year end. This review was carried out with the objective of ensuring the consistency of the information and the proper implementation of the new environmental reporting tool.

Befesa will continue to improve its analysis of the risks associated with sustainability information. As such, additional internal controls on sustainability processes and reporting will be included in the internal control framework for

the reporting period 2026. As a result, Befesa will produce a sustainability internal control matrix including all the risks identified and process and control owners. Internal Audit will include the review of the aforementioned information in its internal audit scope.

Findings and reporting to administrative and management bodies

Once the phases of the sustainability internal control system implementation are designed, the outcomes of the internal audit plan conducted will be reviewed and addressed accordingly.

These results of the internal audits, opportunities of improvement and proposed actions plans will be reported to:

- Responsible employees through detailed internal audit reports;
- Management of Befesa at monthly Internal Audit Committee meetings; and
- Board of Directors of Befesa through reporting of relevant findings and follow-up to Befesa's Audit Committee.

The Internal Audit function of Befesa will ensure the implementation of the proposed corrective actions related to sustainability information and will monitor and report on their progress on an ongoing basis.

Ethical audits

In addition to the initiatives aimed at enhancing the internal control system over sustainability information, the Internal Audit function, in collaboration with the corporate Environmental, Health & Safety Department, conducts ethical audits as part of its established annual audit plan, which is approved by Befesa's Audit Committee.

General disclosures continued

However, these audits focus on the review of ESG processes which fall outside the scope of datapoints required in accordance with ESRS.

This plan seeks to ensure that all Befesa companies undertake ethical audits of their processes at least once every three years. In 2025, a total of 12 ethical audits were conducted, compared with eight ethical audits in 2024.

SBM-1 Strategy, business model and value chain

Befesa's business model is based on a full-service approach to offering hazardous waste management solutions to its customers in the steel and aluminium industries. In the Steel Dust Recycling Services segment, Befesa recycles steel dust generated in the production of EAF steel, recovering zinc in the form of Waelz Oxide (WOX) which is sold to zinc smelters.

In the Salt Slags operations of the Aluminium Salt Slags Recycling Services segment, Befesa recycles salt slags, a hazardous waste that is collected from secondary aluminium customers for a service fee. During the recycling process, melting salt, aluminium concentrates and aluminium oxides are recovered.

In the secondary aluminium operations, Befesa collects and recycles aluminium scrap and other aluminium residues to produce secondary aluminium alloys which are mainly sold to customers in the automotive and construction industries (For more information, see the management report sections "Business model" and "Strategy".)

The headcount of employees by geographical areas is included in section S1-6 of this sustainability statement.

Befesa's core business is based on sustainability, and it has played a key role in the circular economy since 1987.

Befesa's business model is designed to capture opportunities provided by decarbonisation and environmental protection regulations. These regulations have been the main growth driver for Befesa and will remain so as more and more countries adopt more stringent environmental legislation.

Befesa's sustainability goals are closely integrated into its business strategy, focusing on enhancing the circular economy, reducing environmental impact and strengthening stakeholder engagement. For more information, please refer to the chapters of the material topics.

Sustainability goals are structured across significant product and service groups, customer categories, geographical areas and stakeholder relationships.

Products and services: Befesa operates two main business units, both of which contribute directly to sustainability objectives:

- **Steel Dust Recycling Services:** recovering valuable materials such as zinc from steel dust, reducing hazardous waste and minimising the need for primary resource extraction; and
- **Aluminium Salt Slags Recycling Services:** Processing aluminium salt slags and SPL to recover secondary aluminium and other reusable materials, preventing landfill disposal.

Customer categories: Befesa primarily serves EAF steel producers and secondary aluminium manufacturers, helping them to meet stringent

environmental regulations. Befesa aims to improve resource efficiency and promote the use of recycled materials within its customers' production processes.

Geographical areas: Befesa operates in Europe, North America and Asia, with facilities in key industrial regions. Befesa helps local industries to comply with increasing stricter environmental regulations by recycling the hazardous waste produced in the steel and aluminium industries.

Stakeholder relationships: Befesa engages with multiple stakeholders, including employees, investors, regulators, suppliers and local communities, to foster transparency and ethical business practices:

- **Governance initiatives:** compliance programmes to prevent corruption and bribery; and
- **Social commitments:** promoting health and safety, diversity and fair labour practices across all operations.

Befesa's strategy is based on expanding its circular economy business model to new markets to support environmental protection. The Company focuses on managing hazardous industrial waste through recycling, minimising environmental impact and improving resource efficiency.

Befesa's growth strategy was presented to the market, and it is explained in its "Sustainable Global Growth Plan (SGGP) for 2022 to 2027", which lays out the investment plan of Befesa to capture the growth opportunities in the market driven by megatrends like decarbonization or the electric vehicle.

Befesa faces several sustainability-related challenges, including the following:

- **Energy and emissions reduction:** reducing the carbon footprint of its recycling processes, which require high-temperature industrial operations;
- **Regulatory complexity:** adapting to evolving sustainability regulations, including the CSRD and EU Taxonomy, while maintaining operational efficiency; and
- **Market expansion:** integrating sustainability into new geographies where stricter environmental regulations create both opportunities and operational challenges.

To address these challenges, Befesa has implemented several strategic initiatives, renewable energy projects, waste management and resource efficiency, and strengthening governance and compliance practices and policies. By integrating these strategic elements, Befesa aims to ensure that sustainability remains at the core of its operations, reinforcing its position within the global industrial waste recycling sector and supporting continuous improvement in ESG performance.

Befesa provides regulated environmental recycling services for hazardous residues from the steel and aluminium industries, contributing to the circular economy by recovering valuable materials and reducing environmental impact. The Company ensures a stable inflow of materials through long-term supply agreements, improves recovery rates and environmental performance through continuous investment in advanced recycling technologies, and enhances the sustainability of its operations by integrating renewable energy and implementing measures to reduce its carbon footprint.



General disclosures continued

Befesa's recycling processes result in high-value secondary raw materials, reducing the need for virgin resource extraction and contributing to the reduction of CO₂ emissions.

Key outputs:

- **WOX:** a zinc-rich material sold to zinc smelters for refining.
- **Salt slags and secondary aluminium:** reintroduced into the market to replace primary resources.

Expected benefits:

- **For customers:** compliance with stringent environmental regulations, cost reduction in waste management and access to sustainable secondary materials.
- **For investors:** a business model designed to remain resilient under evolving market and regulatory conditions, supported by ESG practices and alignment with EU sustainability requirements, and further supported by improvements in independently issued ESG ratings during the year.
- **For society and the environment:** reduction in hazardous waste landfilling, conservation of natural resources and lower CO₂ emissions.

Befesa is positioned as a critical intermediary in the industrial waste recycling value chain, bridging the gap between steel and aluminium producers and the circular economy.

Upstream (suppliers and inputs):

- **Key suppliers:** EAF steel mills, aluminium smelters and industrial manufacturers providing steel dust, salt slags and SPL, as well as transport suppliers and intermediaries in the raw materials collection process.

- **Collection process:** Befesa operates 24 recycling plants in eight countries (Germany, Spain, Sweden, France, Turkey, South Korea, China and the US) strategically located near major industrial hubs.

Downstream (customers and distribution):

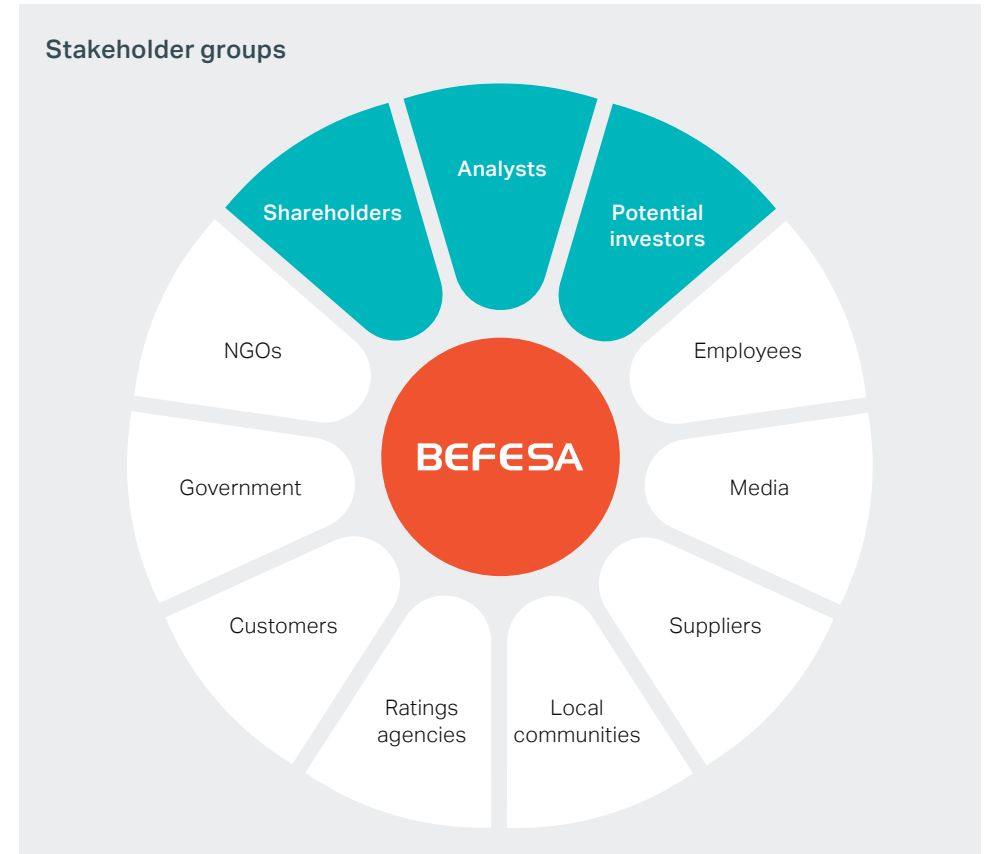
- **Key customers:**
 - Zinc smelters: purchase WOX oxide for zinc extraction.
 - Secondary aluminium producers: use recovered aluminium for new production.
- **Distribution channels:** Befesa delivers refined materials to end users through a combination of direct sales contracts and strategic logistics partnerships.

By leveraging its global footprint, advanced recycling technologies and its stakeholder relationships, Befesa continues to enhance sustainability and drive value creation across its entire supply chain. For more information, see the environmental chapter.

SBM-2 Interests and views of stakeholders

For Befesa, stakeholders are those individuals and organisations that affect or are affected by Befesa's business operations. Stakeholders are not just passive observers but active participants whose engagement can have a significant impact on the success and sustainability of Befesa.

Recognising their importance and effectively managing their involvement is key for Befesa to achieve its sustainability goals. The key stakeholders include customers, employees, local communities, suppliers, shareholders, rating agencies, analysts, government, NGOs and the media.



Befesa seeks engagement opportunities to gather feedback from stakeholders and to build relationships based on trust, where shareholders, analysts and potential investors are the main stakeholders of Befesa. Input from these engagements is considered in Befesa's operations and decision-making. Befesa pays close attention to society's views and works to identify emerging opportunities and risks through stakeholder dialogue.

Since Befesa's IPO in November 2017, it has established direct dialogue with shareholders, analysts and potential investors.

Dialogue channels include emails, phone calls, and virtual and face-to-face meetings. These discussions provide valuable insight into the views and expectations of investors and capital markets.



General disclosures continued

The Board of Directors and other committees, including the Audit Committee and the Sustainability Committee, are regularly informed about the views and feedback received from stakeholders. This task is led by the CFO, who is in charge, together with the Investor Relations Department, of gathering information from stakeholders for the Board and its committees. The results of the DMA can be found in the IRO-1 and IRO-2 chapters.

IRO-1 Double Materiality Analysis

During 2025, Befesa has reviewed and updated its DMA on material sustainability topics. The project followed the double materiality guidance from the European Financial Reporting Advisory Group (EFRAG) and is in line with disclosure requirements of the ESRS.

Double materiality considers the importance of sustainability topics from two main perspectives. First, the positive and negative impacts caused by Befesa's operations on people and the planet. This is known as impact materiality and assesses the "inside-out" impacts of Befesa. The second perspective is financial materiality, which assesses sustainability risks and opportunities that can have financial consequences for Befesa, also known as "outside-in" impacts.

To determine impact materiality, the potential severity and probability of sustainability impacts were assessed. Severity combines the average score of an impact's potential scale, scope and remediability, measured on a 5-point scale. The probability of an impact occurring is also measured on a 5-point scale. The factors taking into consideration for the impact assessment are the following:

Measuring impact materiality

Probability of occurrence:

Evaluates probability on a 5-point scale, where five is a real impact and zero is zero probability when considering preventative controls.

Severity assessment:

- Remediability: remediation is only assessed for negative impacts and considers corrective measures that Befesa can implement if the impact materialises.
- Scale: evaluates the social and environmental impact. The average score among environmental, social and business units is selected to calculate severity.
- Scope: three areas reflecting the scope of the impact are evaluated – geographical, key stakeholders and business units. An average of the three scopes is taken.

Value chain:

- Operations
- Upstream
- Downstream
- Downstream + Operations
- Upstream + Operations
- All

Time horizon:

- Short-term: < 1 year
- Medium-term: 1-5 years
- Long-term: > 5 years

Final impact assessment: A numerical result for impact materiality is calculated using 70% weighting for severity and 30% for probability.

When there are several areas that evaluate the same identified topic, the scores will be averaged.



General disclosures continued

Measuring financial materiality

Probability of occurrence:

Evaluates probability on a 5-point scale, where five is a real impact and zero is zero probability when considering preventative controls.

Magnitude assessment:

- Scale: Evaluates the operational, financial, reputational and legal impact if the risk or opportunity arises. The average score among these impacts is selected to calculate the magnitude.
- Scope: Two areas reflecting the scope of the impact are evaluated – geographical scope and key stakeholders. An average of the two scopes is taken.

Value chain:

- Operations
- Upstream
- Downstream
- Downstream + Operations
- Upstream + Operations
- All

Time horizon:

- Short-term: < 1 year
- Medium-term: 1-5 years
- Long-term: > 5 years

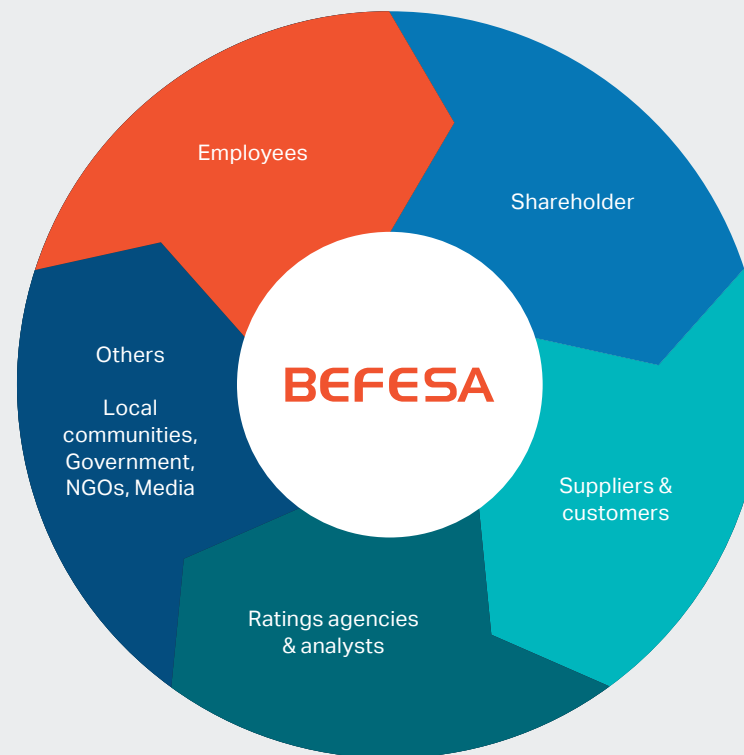
Financial materiality is measured by the potential magnitude and probability of a risk or opportunity arising. Magnitude combines the average of a risk or opportunity's scale and scope measured on a 5-point scale. Probability is measured in the same way as for impact materiality.

This process of the identification, assessments and management of the impacts and risks is fully integrated into the Befesa risk management process. The requirements for the internal control procedures and mitigation factors are the same as for other financial and non-financial risks assessed in the annual risk assessment. All sustainability internal areas and departments of Befesa participate in the evaluation of the IROs, which include, among others: environmental, human resources, compliance, legal and CFO.

Opportunities identification, assessments and management are also integrated at the same level as the impacts and risks in the management process. There have been multiple parameters taken into consideration for identifying the impacts, risks and opportunities, including interviews between advisors and managers, internal sources and procedures or stakeholders' engagement. The list of material impacts, risks and opportunities can be found below this section, in SBM-3 Sustainability material impacts, risks and opportunities.

The impact of Befesa on some of the stakeholder groups was considered in the materiality process, even though they were not involved in Befesa's DMA. These include Befesa employees, shareholders, suppliers and customers, ratings agencies and analysts, and other groups such as government, local communities and NGOs.

Stakeholder groups considered in the materiality process



General disclosures continued

A total of 21 sustainability topics were assessed through the materiality assessment process previously explained. These were divided into ESG topics as shown in the following table:

<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="174 478 448 518"><h2>Environmental</h2></div> <div data-bbox="562 443 672 555"></div> </div> <ol style="list-style-type: none"> 1. Climate change adaptation 2. Climate change mitigation 3. Energy 4. Air pollution 5. Water pollution 6. Water management and consumption 7. Biodiversity and ecosystems 8. Resources inflows including resource use 9. Resource outflows related to products and services 10. Waste management and resource outflow for waste 	<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="842 478 963 518"><h2>Social</h2></div> <div data-bbox="1229 443 1339 555"></div> </div> <ol style="list-style-type: none"> 11. Working conditions 12. Employee engagement 13. Health and safety 14. Equal treatment and opportunities for all 15. Human and labour rights 16. Working conditions and human rights in the value chain 17. Community engagement 18. Consumers and end users 	<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="1509 478 1742 518"><h2>Governance</h2></div> <div data-bbox="1899 443 2009 555"></div> </div> <ol style="list-style-type: none"> 19. Corporate culture and complaints mechanisms 20. Supplier relationships including payment practices 21. Corruption and bribery
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General disclosures continued

In order to obtain these results, an assessment of the associated IROs (Impacts, Risks and Opportunities) was performed. To do so, for the assessment of positive and negative impacts, the parameters to be used in the methodology are detailed as follows:

Rating Scale

Impacts measurement

Score level (From 1-5)	Probability		severity			Scope		
	Type of impact	Probability (for potential impacts)	Environment	Social	Remediability	Geographical Scope	Key Stakeholders (5 stakeholders groups established)	Business units
5	Actual: impact that has already occurred or is partially occurring.	Recurrent. It has happened several times a year.	It positively/negatively and critically impacts the environment and global emissions reduction and temperature control goals.	It positively/negatively and critically impacts people and human rights in a lasting manner.	Only for negative impacts No use of score levels, just Yes/No	Global scope	All Stakeholders benefited/affected	Steel Dust and Aluminium Salt Slags affected
4		Highly likely. It has happened sometime in the past two years or once in the past year.	It positively/negatively and significantly impacts the environment with lasting effects and global goals of emissions reduction and control of global temperature.	It positively/negatively and significantly impacts people with lasting effects, potentially enhancing human rights.		Regional scope (Americas, Asia, Europe)	4 Stakeholders benefited/affected	Only Steel Dust affected
3		Likely. It has happened sometime in the past three years.	It positively/negatively impacts the environment in a moderate manner with temporary effects.	It positively/negatively impacts people moderately with medium-term temporary effects.		National scope	3 Stakeholders benefited/affected	Only Aluminium Salt Slags affected
2		A little likely. An event occurred occasionally in the history of Befesa or similar companies (Sectoral risk).	It has a mildly positive/negative impact on the environment or with short-term temporary effects.	It has a mildly positive/negative impact on people or with short-term temporary effects.		Local Scope	2 Stakeholders benefited/affected	No business affected
1	Potential: impact that could occur but has not yet occurred.	Unlikely. It has happened at most once in the history of Befesa.	It has a minimally positive/negative impact on the environment.	It has a minimal and specific positive/negative impact on people.			1 Stakeholders benefited/affected	No business affected

General disclosures continued

For the assessment of risks and opportunities, the parameters to be used in the methodology are detailed, following the EFRAG recommendations:

Rating Scale

Risks & Opportunities measurement

Score level (From 1-5)	Probability	Magnitude				Scope	
	Probability (for potential impacts)	Operational	Financial	Reputational	Legal	Geographical Scope	Key Stakeholders (5 stakeholders groups established)
5	Recurrent. It has happened several times a year.	Long-term recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (more than six months). Several affected services. Very high impact on the organisation in a global way.	Cost of Risk Materialisation (k€): >21.000 €k % of impact on sales of the Company (Consolidated): 3,00% or more	The occurrence would result in loss, in case of risks, or in gain, on case of objectives of customers or serious problems with stakeholders. Loss of investor's confidence. Adverse coverage in international media and social networks.	Treat of loss, in case of risks, or prospect of gaining, in case of opportunities, of the activity licence and/or very serious legal implications (e.g. penal proceedings). Breach of contract with clients on a massive scale.	Global scope	All stakeholders benefited/affected
4	Highly likely. It has happened sometime in the past two years or once in the past year.	Long-term recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (3-6 months). Significant impact on the organisation in a global way.	Cost of Risk Materialisation (k€): 7.000–21.000 €k % of impact on sales of the Company (Consolidated): 3,00%	The occurrence would result in possible loss, in case of risks, or possible gains, in case of opportunities, of customers or stakeholders. The investors request for explanations. It attracts interest for information by authorities and local/national associations.	Sanction imposed, in case of risks, or reward granted, in case of opportunities, by the regulatory bodies and/or serious legal implications. Breach/ fulfilment of contract with a client.	Regional scope (Americas, Asia, Europe)	4 Stakeholders benefited/affected
3	Likely. It has happened sometime in the past three years.	Medium recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (1-3 months). Penalised or improvement of the effectiveness of one or more services of the organisation.	Cost of Risk Materialisation (k€): 700–7.000 €k % of impact on sales of the Company (Consolidated): 1,00%	The occurrence would result in a formal request for explanations from customers or stakeholders. It arises the interest by authorities and local/regional associations and information is requested. Coverage in national media and social networks.	Written warning, in case of risks, or verbal praise, in case of opportunities, by the regulatory body and/ or minor legal implications. Breach/ fulfilment of contract with a client.	National scope	3 Stakeholders benefited/affected
2	A little likely. An event occurred occasionally in the history of Befesa or similar companies (Sectoral risk).	Short-term recoverable damage, in case of risks, or benefits or advantages, in case of opportunities, (less than one month). Eventual interruption or boost of a specific service of the organisation.	Cost of Risk Materialisation (k€): 350–700 €k % of impact on sales of the Company (Consolidated): 0,10%	The occurrence would result in numerous complaints, in case of risks, or appreciation, in case of opportunities, from customers and/or uneasiness within the organisation. Coverage in local and/or sectoral media. Low impact in social networks.	Major breach, in case of risks, or adherence, in case of opportunities, of internal procedures.	Local Scope	2 Stakeholders benefited/affected
1	Unlikely. It has happened at most once in the history of Befesa.	Minor damage, in case of risks, or improvements, in case of opportunities.	Cost of Risk Materialisation (k€): <350 €k % of impact on sales of the Company (Consolidated): 0,05%	The occurrence would result in isolated complaints, in case of risks, or praises, in case of opportunities, from customers and/ or minor uneasiness within the organisation.	Minor breach, in case of risks, or adherence, in case of opportunities, to internal procedures.		1 Stakeholders benefited/affected

General disclosures continued

SBM-3 Sustainability material impacts, risks and opportunities

Befesa identifies potentially material IROs related to sustainability issues, taking into account the sustainability reporting standards issued by EFRAG, as well as the activities described above that contribute to understanding the context in which Befesa operates. In addition, Befesa's internal stakeholders contribute to the process of defining IROs, as, through their own activities, they manage the relationship with external stakeholders, knowing the potential IROs that might affect them or the organisation.

For the identification and assessment of the IROs, Befesa has taken into consideration the following factors:

- Internal context: internal policies, risk map, annual and sustainability reports, Befesa's operations.
- External context: peers benchmark, external Befesa news, standards and regulations, ESG questionnaires.
- Value chain: interview with managers, upstream and downstream operations analysis (clients, suppliers, third parties, etc).
- Assessment methodology previously stated.

The list of potentially material IROs related to ESG topics (203 IROs were mapped in 2025) is considered the basis for internal assessment, with the aim of determining the material IROs from which the corresponding material topics are derived.

The material IROs identified are part of the Befesa sustainability strategy. Management takes into consideration the effects of the IROs

for the definition of the sustainability strategy and decision-making.

In the methodology established for the risk and opportunities assessment, financial impact is considered within the magnitude criteria. The scale is the following:

- **Very high:** > €21m
- **High:** €7m–€21m
- **Medium:** €0.7m–€7m
- **Low:** €0.35m–€0.7m
- **Very low:** < €0.35m

Every risk and opportunity detected has been assessed with a financial impact in the DMA. The mitigation controls have been implemented with the goal of reducing the risks and improving the pursuit of opportunities.

Befesa analyses its risks and opportunities internally every year and incorporates its effects into its strategy and decision-making.

Potential financial effects are taken into consideration for the annual budget, including the CapEx plan, cash flow, revenues and expenses.

Management prepares the budget and strategy, which are presented to the Sustainability Committee and the Board of Directors for final approval.

Befesa's business model and strategy integrate sustainability, risk management and long-term adaptability.

Befesa continuously invests in technological innovation, process optimisation and capacity expansion to enhance efficiency and

environmental performance. In addition, its commitment to decarbonisation and circularity aligns with industry trends, reinforcing its role in sustainable industrial waste recycling. This strategic flexibility enables Befesa to navigate challenges, mitigate risks and seize emerging opportunities in an evolving global landscape.

In our DMA, the Company has identified and assessed its impacts on the environment and on society, as well as the sustainability-related financial risks to which it is exposed and the opportunities it leverages. In total, 40 IROs have been assessed as material, comprising of 14 positive impacts, 7 negative impacts, 7 risks, and 12 opportunities.

After this DMA and IROs assessment, 13 material topics were detected:

Befesa's material topics:

 <p>Environmental</p> <p>ESRS E1 – Climate change</p> <ol style="list-style-type: none"> 1. Climate change mitigation 2. Energy <p>ESRS E2 – Pollution</p> <ol style="list-style-type: none"> 3. Air pollution 	<p>ESRS E3 – Water and marine resources</p> <ol style="list-style-type: none"> 4. Water management and consumption <p>ESRS E5 – Water and marine resources</p> <ol style="list-style-type: none"> 5. Resources inflows including resource use 6. Resource outflows related to products and services 7. Waste management and resource outflow for waste
 <p>Social</p> <p>ESRS S1 – Own workforce</p> <ol style="list-style-type: none"> 8. Working conditions 9. Employee engagement 	<ol style="list-style-type: none"> 10. Health and safety 11. Equal treatment and opportunities for all
 <p>Governance</p> <p>ESRS G1 – Business conduct</p> <ol style="list-style-type: none"> 12. Corporate culture and complaints mechanisms 13. Corruption and bribery 	

General disclosures continued

Topic	IRO	Actual/Potential	IRO description
ESRS E1 Climate change – Climate change mitigation	Positive impact	Actual	Avoidance of environmental harm and carbon emissions coming from mining activities through our recycling activities.
	Positive impact	Actual	Contribution to a transition for a low-carbon steel industry by enabling EAF steel production and secondary aluminium production.
	Negative impact	Actual	Generation of CO ₂ emissions, especially scope 1, due to the dependence on the use of reducing agents in the production process, mainly coke in the steel dust business, is needed for the reduction and oxidation chemical reaction that produces the separation of the zinc at a very high temperature.
	Opportunity	Potential	Reinforcement of the environmental commitment of employees and value chain members through conducting a life cycle analysis approach to evaluate the climate impact across the value chain.
	Opportunity	Potential	Opportunity to improve environmental performance through the research and development of new technologies based on low-carbon raw materials (e.g. biocoke, hydrogen).
ESRS E1 Climate change – Energy	Positive impact	Actual	Promotion of the use of renewable energy and continuous improvement of efficiency: all of our plants have energy management systems that are reviewed annually to ensure that energy efficiency is improved, in line with ISO 50001. Measures include LED lighting, equipment renovation and improvement, etc.
	Risk	Potential	Inability of the facilities to take up renewable energy, resulting in dependence on fossil fuels, which are increasingly hiking prices due to charges imposed to reduce their consumption.
ESRS E2 Pollution – Air pollution	Positive impact	Actual	Befesa's activities contribute to avoiding air pollution coming from mining and landfilling activities.
	Negative impact	Actual	Impact on the surrounding community from the air pollution of Befesa's operations that can cause concern for public health, decreased quality of life and discontent among local residents, as well as litigation matters.
	Negative impact	Actual	Detriment to human and environmental wellbeing due to the production, use, distribution and commercialisation of substances of concern and substances of very high concern, in our own, in mixtures or in articles.
	Negative impact	Actual	Damage of the ozone layer due to direct emissions originated by the use of coke in the production process.
ESRS E3 Water and marines resources – Water management and consumption	Negative impact	Actual	Negative impact on water availability due to withdrawals in areas of water stress, as well as additional adverse effects on water quality resulting from effluent discharges.
	Opportunity	Potential	Opportunities to improve environmental performance and access financing through the implementation of targets, projects, strategies, or actions that improve water management and quality.
ESRS E5 Circular Economy – Resource inflows including resource use	Positive impact	Actual	Preservation of natural resources and avoiding the extraction of virgin material by reclaiming valuable material from industrial waste streams.

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Topic	IRO	Actual/Potential	IRO description
ESRS E5 Circular Economy – Resource outflows related to products and services	Positive impact	Actual	Offering an environmentally responsible option for waste management to other companies, diverting waste that would otherwise end up in landfills and incinerators.
	Opportunity	Potential	Increase in sales by becoming a sustainable provider within a sector previously overlooked due to its difficulty in aligning with sustainability.
	Opportunity	Potential	Reputational enhancement by increasing the communication and promotion of our product as a sustainable alternative to the mining sector.
ESRS E5 Circular Economy – Waste management and resource outflow for waste	Positive impact	Actual	Preservation of land for agriculture, conservation and recreational purposes by avoiding the need for new landfills.
	Opportunity	Potential	Improvement in reputation by advertising the second life given to waste generated by other companies, thus avoiding having it end up in landfills.
ESRS S1 Own workforce – Working conditions	Positive impact	Actual	Promoting fair and stable employment conditions for workers while supporting employers' interests through collaborative labour relations frameworks, such as collective agreements.
	Negative impact	Actual	Operational impact by reducing workforce availability because of a high rate of absenteeism in some locations.
	Opportunity	Potential	Environmental legislative changes aligned with the Company's strategic plan, fostering the creation of new employment opportunities through investing in regions with favourable regulatory frameworks, access to raw materials and proximity to industrial clients.
	Risk	Potential	Loss of personal information of employees and stakeholders because of a cyberattack through online scamming.
	Risk	Potential	Significant increase in raw material prices or a shortage of those materials could negatively impact production and, consequently, employee salary conditions.
ESRS S1 Own workforce – Employee engagement	Positive impact	Actual	The high percentage of employees covered by collective agreements helps promote labour rights and consistency in working conditions.
	Opportunity	Potential	Pursue greater commitment to the performance of tasks and achievement of organisational and financial objectives through enabling employees to identify with the Company's culture and values.
ESRS S1 Own workforce – Health & Safety	Positive impact	Actual	Befesa annually invests in integrating new technologies, continuous risk assessments and predictive analytics into its processes, including at the design level. With this, the Company protects its teams, prevents accidents and creates new standards for a sustainable manufacturing process.
	Negative impact	Actual	Accidents represent actual negative impact on workers' health and safety. These incidents may be linked to potential gaps or inconsistencies in the application of safety protocols, highlighting areas of improvement opportunities where the current management system may not have fully mitigated operational risks.

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Topic	IRO	Actual/Potential	IRO description
ESRS S1 Own workforce – Equal treatment and opportunities for all	Positive impact	Actual	Promotion of diversity through recruitment and talent management practices, training and development of opportunities to cultivate a culture of inclusivity, and carrying out campaigns on equality and diversity.
	Opportunity	Potential	Commitment to equality can generate a better reputation and a stronger brand, and can help access new markets and customers by demonstrating a commitment to shared social and ethical values.
	Risk	Potential	Failure to comply with the Diversity, Equity and Inclusion (DEI) policy can lead to communication breakdowns, increased workplace conflicts and a tense, uncollaborative environment. These issues may result in higher employee turnover, reduced productivity and difficulty attracting top talent – ultimately driving up recruitment and training costs and exposing the Company to potential legal expenses and reputational damage.
ESRS G1 Business conduct – Corporate culture and complaints mechanisms	Positive impact	Actual	Enhancement of employee engagement by fostering a sense of belonging and purpose among employees derived from compliance with the code of ethics.
	Positive impact	Actual	Increasing stakeholders trust in Befesa through the implementation of policies and procedures focused on transparency, truthfulness, good practices and ethical behaviour.
	Opportunity	Potential	The implementation of new certifications can generate a strategic positioning in response to the demand of interest groups.
	Opportunity	Potential	Enhancing transparency and accountability can attracts like-minded investors and foster trust and confidence in stakeholders, by ensuring comparability of information through sustainability reports.
	Risk	Potential	Non-compliance with policies related to social and governance can damage the reputation of the organisation and productivity among employees and lead to a decrease in market share and income for the organisation.
ESRS G1 Business conduct – Corruption and bribery	Risk	Potential	Loss of confidence of stakeholders by not complying with legal regulations given its status as a listed company.
	Positive impact	Actual	Implementation of voluntary anti-corruption policies and training through the availability of compliance management, as well as the recognition of being a trusted business partner with the purpose of being useful to suppliers and other stakeholders.
	Opportunity	Potential	Improvement of transparency and accountability as an opportunity to increase the comparability of information and therefore make investing in Befesa more attractive. Furthermore, this implies that more clients and suppliers will want to work with Befesa.
	Risk	Potential	Sanctions or fines derived from regulatory non-compliance, derived from ineffective anticipation of regulatory requirements.

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IRO-2 Disclosure requirements in ESRS covered by Befesa's sustainability statement

The following tables list all of the ESRS disclosure requirements in ESRS 2 and the six topical standards that are material to Befesa, and which have guided the preparation of its sustainability statements.

The tables can be used to navigate to information relating to a specific disclosure requirement in the sustainability statements. In cases where Befesa does not yet have any information related to a disclosure requirement, no reference is made.

	Disclosure requirement	Section/Report	Page
ESRS 2	General disclosures		
BP-1	General basis for the preparation of the sustainability statement	General disclosures	52
BP-2	Disclosures in relation to specific circumstances	General disclosures	52
GOV-1 GOV-2	Role of management and sustainability matters addressed	General disclosures	52
GOV-3	Integration of sustainability-related performance in incentive schemes	General disclosures	55
GOV-4	Statement on due diligence	General disclosures	56
GOV-5	Risk management and internal controls	General disclosures	57
SBM-1	Strategy, business model and value chain	General disclosures	58
SBM-2	Interests and views of stakeholders	General disclosures	59
IRO-1	Double Materiality Analysis	General disclosures	60
SBM-3	Sustainability material impacts, risks and opportunities	General disclosures	65
IRO-2	Disclosure requirements in ESRS are covered in Befesa's sustainability statement	General disclosures	69
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ESRS E1	Climate change		
ESRS 2 GOV-3	Sustainability in Befesa's incentive schemes	Environmental	81
ESRS 2 IRO-1	Processes to identify and assess IROs	Environmental	81
ESRS 2 SBM-3	Impacts, risks and opportunities	Environmental	82
E1-1	Climate Action Plan	Environmental	84
E1-2	Policies	Environmental	82
E1-3	Action and resources	Environmental	84
E1-4	Targets	Environmental	86
E1-5	Energy	Environmental	87
E1-6	Emissions	Environmental	88
E1-7	Carbon credits	Environmental	89
E1-8	Internal carbon pricing	Environmental	89

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ESRS E2	Pollution		
ESRS 2 IRO-1	Processes to identify and assess IROs	Environmental	90
E2-1	Policies	Environmental	90
E2-2	Actions and resources	Environmental	91
E2-3	Targets	Environmental	91
E2-4	Air pollution	Environmental	91
E2-5	Substances of concern and substances of very high concern	Environmental	92

	Disclosure requirement	Section/Report	Page
ESRS E3	Water		
ESRS 2 IRO-1	Processes to identify and assess IROs	Environmental	93
E3-1	Policies	Environmental	94
E3-2	Actions and resources	Environmental	94
E3-3	Targets	Environmental	94
E3-4	Water	Environmental	94

	Disclosure requirement	Section/Report	Page
ESRS E5	Resource use and circular economy		
ESRS 2 IRO-1	Processes to identify and assess IROs	Environmental	95
E5-1	Policies	Environmental	95
E5-2	Actions and resources	Environmental	96
E5-3	Targets	Environmental	96
E5-4	Resource inflows	Environmental	96
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	Disclosure requirement	Section/Report	Page
ESRS S1	Own workforce		
SBM2, SBM3	Own workforce IROs	Social	99
S1-1	Policies	Social	101
S1-2	Processes for engaging Befesa employees	Social	103
S1-3	Processes to remediate impact and channels to raise concerns	Social	104
S1-4	Actions to mitigate risks and pursue opportunities	Social	105
S1-5	Targets	Social	110
S1-6	Befesa employee metrics	Social	112
S1-8	Collective bargaining and social dialogue	Social	114
S1-9,S1-12	Diversity, Equity and Inclusion	Social	115
S1-10, S1-16	Adequate wage and compensation metrics	Social	116
S1-13	Training and development	Social	118
S1-14	Health and safety	Social	119
S1-17	Discrimination, incidents and human rights violations	Social	120

	Disclosure requirement	Section/Report	Page
ESRS G1	Business conduct		
ESRS 2 GOV-1	Business conduct: role of management	Governance	121
ESRS 2 IRO-1	Business conduct: impacts, risks and opportunities	Governance	122
G1-1	Corporate culture and business conduct policies	Governance	122
G1-3	Prevention and detection of corruption or bribery	Governance	126
G1-4	Confirmed incidents of corruption or bribery	Governance	127

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The following table includes all of the data points that derive from other EU legislation, as listed in ESRS 2 appendix B, indicating where the data points can be found in the report and which data points are assessed as "Not material".

Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Material / not material	Page
ESRS 2 GOV-1	21 (d)	Board's gender diversity	X		X		Material	52
ESRS 2 GOV-1	21 (e)	Percentage of Board members who are independent			X		Material	52
ESRS 2 GOV-4	30	Statement on due diligence	X				Material	56
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel	X	X	X		Not material	
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	X		X		Not material	
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	X		X		Not material	
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to the cultivation and production of tobacco			X		Not material	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				X	Material	84
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned benchmarks		X	X		Material	84
ESRS E1-4	34	GHG emission reduction targets	X	X	X		Material	86
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	X				Material	87
ESRS E1-5	37	Energy consumption and mix	X				Material	87
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	X				Material	87
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	X	X	X		Material	88
ESRS E1-6	53-55	Gross GHG emissions intensity	X	X	X		Material	88

Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Material / not material	Page
ESRS E1-7	56	GHG removals and carbon credits				X	Material	89
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			X		Not material	
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk		X			Not material	
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		X			Not material	
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			X		Not material	
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil	X				Material	91
ESRS E3-1	9	Water and marine resources	X				Material	94
ESRS E3-1	13	Dedicated policy	X				Material	94
ESRS E3-1	14	Sustainable oceans and seas	X				Not material	
ESRS E3-4	28 (c)	Total water recycled and reused	X				Material	94
ESRS E3-4	29	Total water consumption in m ³ per net revenue on own operations	X				Material	94
ESRS 2-IRO-1 - E4	16a) i		X				Not material	
ESRS 2-IRO-1 - E4	16 (b)		X				Not material	
ESRS 2-IRO-1 - E4	16 (c)		X				Not material	

General disclosures continued

Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Material / not material	Page
ESRS E4-2	24 (b)	Sustainable land / agriculture practices or policies	X				Not material	
ESRS E4-2	24 (c)	Sustainable oceans / seas practices or policies	X				Not material	
ESRS E4-2	24 (d)	Policies to address deforestation	X				Not material	
ESRS E5-5	37 (d)	Non-recycled waste	X				Material	97
ESRS E5-5	39	Hazardous waste and radioactive waste	X				Material	97
ESRS 2- SBM3 - S1	14 (f)	Risk of incidents of forced labour	X				Material	99
ESRS 2- SBM3 - S1	14 (g)	Risk of incidents of child labour	X				Material	99
ESRS S1-1	20	Human rights policy commitments	X				Material	101
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organization (ILO) Conventions 1 to 8			X		Material	101
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	X				Material	101
ESRS S1-1	23	Workplace accident prevention policy or management system	X				Material	101
ESRS S1-3	32 (c)	Grievance/complaint handling mechanisms	X				Material	104

Disclosure requirement	Data point	Sustainability statements	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Material / not material	Page
ESRS S1-14	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	X		X		Material	119
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	X				Material	119
ESRS S1-16	97 (a)	Unadjusted gender pay gap	X		X		Material	116
ESRS S1-16	97 (b)	Excessive CEO pay ratio	X				Material	116
ESRS S1-17	103 (a)	Incidents of discrimination	X				Material	120
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	X		X		Material	120
ESRS 2- SBM3 - S2	11 (b)	Significant risk of child labour or forced labour in the value chain	X				Not material	
ESRS S2-1	17	Human rights policy commitments	X				Not material	
ESRS S2-1	18	Policies related to value chain workers	X				Not material	
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	X		X		Not material	
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental ILO Conventions 1 to 8			X		Not material	

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ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	X				Not material	
ESRS S3-1	16	Human rights policy commitments	X				Not material	
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	X		X		Not material	
ESRS S3-4	36	Human rights issues and incidents	X				Not material	
ESRS S4-1	16	Policies related to consumers and end users	X				Not material	
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	X		X		Not material	
ESRS S4-4	35	Human rights issues and incidents	X				Not material	
ESRS G1-1	§10 (b)	United Nations Convention against Corruption	X				Material	122
ESRS G1-1	§10 (d)	Protection of whistleblowers	X				Material	122
ESRS G1-4	§24 (a)	Fines for violation of anti-corruption and anti-bribery laws	X		X		Material	127
ESRS G1-4	§24 (b)		X				Material	127

MDR-P Policy overview

Befesa's policies for each identified material sustainability matter are in place to prevent, mitigate and remediate actual and potential impacts and risks, and to pursue opportunities. Policies related to specific sustainability matters are disclosed under each topic on the following pages.

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
Code of Conduct	<ul style="list-style-type: none"> Main cornerstone of the CMS of Befesa. Provides rules and guidelines according to the values and principles of the Company involving all departments or areas (including, for example, HR and IT). Informs about basic behavioural requirements, compliance with laws and regulations, maintaining high ethical standards and protecting the Company's reputation. Prohibits conducts such as anti-competitive practices, corruption and political contributions. Fosters behaviour such as ensuring data security, maintaining confidentiality, adhering to human rights and labour standards and transparency in donations and sponsorships. 	Befesa employees	Compliance Officer	Corporate intranet and corporate website
General Compliance Policy	<ul style="list-style-type: none"> Principal framework of the CMS of Befesa. Emphasises management commitment to compliance. Contains preventative and detective measures regarding risks. Refers to the identification and assessment of risks. Encompasses the compliance policies, procedures and rules (including, for example, training and the Whistleblowing channel). 	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Anti-trust Policy	<ul style="list-style-type: none"> Focuses on compliance with anti-trust laws to ensure fair competition. Considers employee responsibility and consequences of violations. Prohibits coordinating market behaviour with competitors and market manipulation. Denies price coordination, market sharing, capacity limitations and bid-rigging. 	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Anti-corruption and Anti-bribery Policy	<ul style="list-style-type: none"> Highlights compliance with national and international anti-corruption laws. Considers employee responsibility and consequences of violations. Forbids offering or accepting benefits to or from public officials or related persons, as well as facilitation payments. Denies commercial bribery and benefits to induce improper performance. Donations and sponsorship are also considered. Includes a red flag list to help to identify potential corruption risks. 	Befesa employees	Compliance Officer	Corporate intranet and corporate website

General disclosures continued

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
Anti-money Laundering Policy	<ul style="list-style-type: none"> Defines money laundering and provides examples of suspicious behaviour. Emphasises the Company's commitment to preventing financial crime and not facilitating criminal behaviour. Minimises money-laundering risks considering risk factors, maintaining records and attending training sessions. 	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Conflict of Interest Policy	<ul style="list-style-type: none"> Pursues the identification and prevention of employees' activities that are in conflict with Befesa's interests. Informs about making optimal business decisions, outside employment, prohibitions regarding competition and personal investments. Involves the reporting of potential conflict of interest situations and disciplinary actions in cases of non-compliance. 	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Befesa Security Dealings Code	<ul style="list-style-type: none"> Aims to prevent the misuse of non-public information and ensure compliance with market regulations. Explains the roles of restricted persons, persons discharging managerial responsibilities and persons closely associated and their obligations. Prohibits the sharing of confidential information or engaging in insider dealing, and also trading based on inside information. Defines key terms such as "closed period", "permitted period", "inside information" and "dealing". 	Befesa employees	Legal Counsel and Compliance Officer	Corporate intranet
Confidentiality and Industrial and Intellectual Property Policy	<ul style="list-style-type: none"> Reinforces the goal of the Company to protect industrial and intellectual property rights. Stresses the proper use of Befesa's trademarks and corporate identity. Obliges employees to report any misuse of Befesa's trademarks or logos by third parties. Fosters the implementation of security measures to protect information and computer systems. Promotes confidentiality measures to protect business secrets and proprietary information. 	Befesa employees	Legal Counsel and Compliance Officer	Corporate intranet and corporate website

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
International Sanctions Policy	<ul style="list-style-type: none"> Emphasises the commitment to complying with all applicable sanctions and export control restrictions imposed by national governments and international bodies. Refers to restrictions on dual-use items, which are those that can be used for military and civil applications. Informs about the prohibition of dealing with blacklisted entities. Outlines the importance of screening business partners and reporting transactions involving sanctioned countries to the persons in charge. Provides a list of jurisdictions subject to sanctions. 	Befesa employees	Compliance Officer	Corporate intranet and corporate website
Whistleblowing Channel Policy	<ul style="list-style-type: none"> Encourages individuals to report wrongdoing and breaches of the Code of Conduct or the CMS without fear of retaliation. Confirms that reports can be made by phone or electronically and that they are treated confidentially. Remarks on the different whistleblowers' rights and duties, as well as the rights of the reported person. Clarifies how reports are registered and analysed, and the communication with the whistleblower. 	Befesa employees and third parties	Compliance Officer	Corporate intranet
Privacy Policy	<ul style="list-style-type: none"> Applies to all personal data submitted to Befesa and explains how it is collected, processed and protected. Explains that the data requested in the portal form is mandatory and cannot be processed if not provided correctly. Clarifies that Befesa is responsible for processing personal data and can be contacted for data-protection enquiries. Explains that data is processed to manage information requests, complaints, communications and recruitment processes. Specifies that users have a right to access, rectify, delete, restrict, object and port their data, and can exercise these rights by contacting Befesa. 	Befesa employees and third parties	Legal Counsel and Compliance Officer	Corporate intranet and corporate website



General disclosures continued

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
Integrated Environmental, Health, Safety and Quality Policy	<ul style="list-style-type: none"> Points out that the Company aims for ZERO incidents among employees and contractors, prioritising safety and health over economic gains or production targets. Management levels are committed to Environmental, Health, Safety and Quality (leading by example and fostering a safety culture). Promotes regular training for safe practices and environmental responsibility for employees and contractors, who must actively participate in Environmental, Health & Safety and Quality efforts. Remarks on the need to monitor conditions to prevent environmental harm and accidents, with essential safe practices for employment and career growth. Highlights that employees must intervene immediately when unsafe actions are observed, promoting a proactive safety culture. Indicates that regular inspections, audits and adherence to legal and industry standards ensure continuous Environmental, Health & Safety and Quality HSQ. 	Befesa employees and third parties	Environmental, Health & Safety Director	Corporate intranet and corporate website
Security Policy	<ul style="list-style-type: none"> Aims to protect assets and to ensure that access is restricted to authorised personnel, maintaining safe workplaces and proactively managing risks Ensures the protection and compliance of Befesa's information systems. Defines the system, security, services and assets by roles and responsibilities to guarantee the protection of information. Provides information about potential violations that could result in different disciplinary actions. 	Befesa employees	IT Director	Corporate intranet
Diversity, Equality And Inclusion Policy	<ul style="list-style-type: none"> Fosters a diverse, equitable and inclusive workplace by eliminating discrimination. Aims to oppose any form of harassment, victimisation or discrimination against employees, customers and suppliers. Highlights that training and development opportunities are offered to all staff so that they reach their full potential and enhance organisational efficiency. 	Befesa employees and third parties	HR Director	Corporate intranet and corporate website

Policy	Description of key contents	Policy scope	Accountable for implementation	Availability
HR Policy	<ul style="list-style-type: none"> Ensures that recruitment, promotion and remuneration are based on merit and performance, free from discrimination. To receive equal pay for work of equal value, without discrimination based on personal characteristics. Commit to achieving zero injuries and ensuring a safe working environment for all employees and stakeholders. Seeks to provide regular training and development opportunities for all employees to enhance their skills and career growth. 	Befesa employees	HR Director	Corporate intranet
Human Rights Remediation Policy	<ul style="list-style-type: none"> Commits to respecting all internationally recognised human rights and addressing any adverse impacts associated with its operations. Offers various remediation options, including disciplinary measures, rehabilitation, apologies, restitution and guarantees of non-repetition. States that the Whistleblowing channel is available for employees and external parties to report ethical concerns, with protections in place for whistleblowers. Provides annual training on the Code of Conduct, CMS and human rights through DEI sessions. 	Befesa employees and third parties	HR Director	Corporate intranet
Environmental Policy	<ul style="list-style-type: none"> Befesa commits to responsible operations by "minimising its environmental footprint" and promoting circularity across all plants. The Company provides a sustainable alternative to primary metal production by managing waste responsibly and increasing recycling and material recovery. It ensures compliance with environmental laws, adopts best-practice standards (ISO, EMAS, EcoVadis) and pursues decarbonisation targets including a 20% CO₂e intensity reduction by 2030. Befesa invests in Research & Development, energy-efficiency improvements and renewable energy to reduce emissions and enhance operational performance. Environmental governance is strengthened through periodic reporting, sustainability committees, and ESG-linked incentives to drive continuous improvement. The Company aims to prevent pollution, optimise water use, engage stakeholders across the value chain and align its reporting with CSRD and ESRS requirements. 	Befesa employees and third parties	Environmental, Health & Safety Director	Corporate intranet and corporate website

The EU Taxonomy

This section presents disclosures required under Article 8 of the EU Taxonomy Regulation (EU 2020/852) and related regulations.

These directives set out six environmental objectives, each presenting a set of technical screening criteria:

1. **Climate change mitigation**
2. **Climate change adaptation**
3. **Sustainable use and protection of water and marine resources**
4. **Transition to a circular economy**
5. **Pollution prevention and control**
6. **Protection and restoration of biodiversity and ecosystems.**

On this account, an economic activity is considered eligible when it has the potential to make a substantial contribution to at least one of these objectives, does no significant harm (DNSH) to the other objectives and meets the minimum social safeguards.

Furthermore, an activity qualifies as environmentally sustainable and is considered aligned when it fulfils the following three overarching conditions defined by the EU Taxonomy Regulation:

1. Makes a substantial contribution to at least one environmental objective
2. DNSH to any of the other five environmental objectives
3. Complies with minimum social safeguards

In accordance with Article 8 of the Taxonomy Regulation (EU) 2020/852 and the supplementary Delegated Acts, Befesa is required to disclose to what extent its economic activities comply with the criteria defined by the EU Taxonomy Regulation. As a non-financial company, Befesa reports the proportion of its total turnover, total capital expenditure (CapEx) and total operating expenses (OpEx) in 2025 that are associated with taxonomy-eligible and taxonomy-aligned economic activities.

Methodology

For FY2025, the eligibility and alignment analyses were carried out considering the available information contained in the relevant Acts. This analysis has involved a thorough examination of Befesa's business units across its different activities to correlate them with the taxonomic activities. The analysis is divided in two phases:

1. **Eligibility analysis:** to qualify as eligible under the EU Taxonomy, an economic activity must be foreseen within the Climate Delegated Act and subsequent delegated regulations and pursue at least one of the environmental objectives set by Regulation (EU) 2020/852.

2. **Alignment analysis:** regarding aligned activities, a study of the alignment of eligible activities has been carried out and, as they do not meet the different criteria, they are not aligned.
3. Based on the 2025 financial information (Turnover, CapEx and OpEx), the corresponding proportions required by the EU Taxonomy Regulation were calculated. key performance indicators (KPIs) are only calculated for the eligible activities, since there are no aligned activities. According to the EU Taxonomy, Turnover (Note 5 consolidated financial statements), CapEx and OpEx are defined as:

- a. **Turnover:** Sales or turnover as shown in Annual Accounts
 - i. **Numerator:** A portion of net turnover derived from products or services, including intangible assets, associated with economic activities eligible according to the EU Taxonomy.
 - ii. **Denominator:** Total net turnover of the Company, as shown in Notes 5 and 21.1 in the consolidated financial statement.
- b. **CapEx:** Expenditure derived from the Company's investments according to the Annual Accounts.

- i. **Numerator:** This equals the portion of investments in fixed assets included in the denominator that (i) is related to assets or processes associated with taxonomy-eligible activities that comply with the taxonomy; (ii) is part of a plan to expand taxonomy-eligible activities or to enable taxonomy-eligible activities to become taxonomy-aligned; and (iii) is related to the purchase of production obtained from economic activities that comply with the taxonomy and individual measures that enable the target activities to become low-carbon or result in greenhouse gas reductions.
- ii. **Denominator:** Additions to tangible and intangible assets during the considered fiscal year before depreciation, amortisation and any remeasurements, including those resulting from revaluations and impairments, corresponding to the relevant fiscal year, excluding changes in fair value. Additions resulting from business combinations are also included. This is shown in Notes 7, 8 and 10 of the consolidated financial statement.

The EU Taxonomy continued

- c. **OpEx:** Operating expenses derived from the functioning of a product, business or system according to taxonomy (research and development costs already accounted for in the KPI related to CapEx will not be accounted for as OpEx).
- i. **Numerator:** This includes the portion of operating expenses included in the denominator that (i) is related to assets or processes associated with economic activities that are eligible according to the EU Taxonomy, including training and other human resource adaptation needs and direct non-capitalised costs representing research and development; (ii) is part of the CapEx plan to expand economic activities that are eligible under the EU Taxonomy or to enable eligible economic activities under the taxonomy to be eligible according to the EU Taxonomy within a predefined time frame; and (iii) is related to the purchase of production from economic activities that are eligible under the EU Taxonomy, and to individual measures that enable the target activities to become low-carbon or result in greenhouse gas reductions.
- ii. **Denominator:** This includes direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repairs and other direct expenses related to the daily upkeep of fixed assets, either by the Company or a third party to whom activities are subcontracted, necessary to ensure the continued and efficient operation of such assets. In addition to these concepts, leasing costs must be accounted for by non-financial companies applying generally accepted national accounting principles that do not capitalise right-of-use assets. This is shown in Note 21.5 of the consolidated financial statement.

Eligibility analysis

To determine Befesa's eligibility under the EU Taxonomy, the descriptions of all relevant activities presented for the six objectives were analysed.

This analysis allowed Befesa to evaluate the eligibility of its activities against the EU Taxonomy descriptions. Befesa's economic activities can be classified into main activities:

- **Steel Dust Recycling Services:** Befesa collects and processes steel dust, a by-product of the steel manufacturing process, to recover valuable zinc and other metals (such as lead or iron). This recycling process reduces the need for primary raw materials and minimises environmental impact by preventing the landfill of hazardous waste.

- **Aluminium Salt Slags Recycling Services:** Befesa recycles salt slags and other secondary residues generated during aluminium production. Through this process, the Company extracts aluminium and other valuable materials, which are then reintroduced into the production cycle, thereby reducing waste and conserving natural resources.

In line with this interpretation and the activities outlined in Delegated Regulations 2021/2139, 2023/2485, 2023/2486, and 2022/1214, the EU economic activities that were initially identified that could contribute to the different objectives are set out.

EU Taxonomy activity identified 2.4 Treatment of hazardous waste

The treatment of hazardous waste is the overarching activity of most of the companies operating under Befesa.

The Annex II of the Delegated Regulation 2023/2486, under which an economic activity qualifies as contributing substantially to the transition to a circular economy, covers activity 2.4. Treatment of hazardous waste. It is described as the construction, upgrade and operation of dedicated facilities for the treatment of hazardous waste as a means of material recovery operations. Befesa has determined that it does not comply with the description for this activity, given that the economic activity is defined as recycling or reclamation of inorganic materials other than metals or metal compounds. This would exclude the main activity of Steel Dust Recycling Services from the eligibility and alignment analysis, given that Befesa recycles metals and/or metal compounds.

3.8 Manufacture of aluminium

Befesa produces secondary aluminium, while operating according to applicable sustainability standards and regulations. Annex I of the Delegated Regulation 2021/2139 and its amendment, under which an economic activity qualifies as contributing substantially to climate change mitigation, covers activity 3.8 Manufacture of aluminium. This is described as the manufacture of aluminium through a primary alumina (bauxite) process or secondary aluminium recycling.

Compliance with the minimum safeguards was examined at Company level, considering existing corporate policies and risk management processes. Befesa covers the minimum safeguards required by the EU Taxonomy Regulation criteria, as outlined in Articles 3 and 18 of the EU Taxonomy Regulation. See S1-1 and G1-1 for how Befesa's Code of Conduct recognises international standards in accordance with the human rights, corruption, taxation and fair competition criteria.

Alignment analysis 3.8 Manufacture of aluminium

The analysis of minimum social guarantees, technical criteria for substantial contribution, and DNSH has been carried out, and it is considered. The criteria are met except for the DNSH on adaptation to climate change because Befesa has not yet carried out a climate risk assessment and adaptation plan, which are required to fulfil this criterion.



The EU Taxonomy continued

Reporting tables Capex

Economic Activities	Code	CapEx	Proportion of CapEx, year 2025	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2025	Category enabling activity	Category transitional activity
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
		EUR Thousand	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	N/EL						N						0%	0%	0%	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of aluminium	CCM 3.8	12,529	14%													8.70%			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		12,529	14%	N	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	Y	Y	N/A	Y	Y		8.70%	
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		12,529	14%															8.70%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		79,560	86%																
Total		92,089	100%																

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	14%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

The EU Taxonomy continued

Turnover

Economic Activities	Code	Turnover	Proportion of Turnover, year 2025	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2025	Category enabling activity	Category transitional activity
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
		EUR Thousand	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1.+ A.2.)																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	N/EL						N							0%	0%	0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of aluminium	CCM 3.8	331,338	28%														29.60%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		331,338	28%	N	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	Y	Y	N/A	Y	Y	29.60%		
A. Turnover of Taxonomy-eligible activities (A.1.+A.2)		331,338	28%														29.60%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		851,294	72%																
Total		1,182,632	100%																

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	28%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

The EU Taxonomy continued

OpEx

Economic Activities	Code	OpEx	Proportion of OpEx, year 2025	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2025	Category enabling activity	Category transitional activity
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
		EUR Thousand	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1.+ A.2.)																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	N/EL						N						0%	0%	0%	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of aluminium	CCM 3.8	2,869	8%													9.40%			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,869	8%	N	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	Y	Y	N/A	Y	Y	9.40%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		2,869	8%													9.40%			
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities		34,291	92%																
Total		37,160	100%																

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	8%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Footnotes

Key conclusions, changes and restatements are (all driven by secondary aluminium segment):

- Turnover: 28% eligible (vs 30% last year)
- CapEx: 14% eligible (vs 9% last year)
- OpEx: 8% eligible (vs 9% last year)
- Alignment: 0.0% across all three items (vs 0.0% last year)

Environmental

E1 – Climate Change

ESRS 2 GOV-3

Sustainability in Befesa's incentive schemes

ESRS 2 IRO-1

Processes to identify and assess IROs

ESRS 2 SBM-3

Impacts, risks and opportunities

E1-2

Policies

E1-1

Climate Action Plan

E1-3

Action and resources

E1-4

Targets

E1-5

Energy

E1-6

Emissions

E1-7

Carbon credits

E1-8

Internal carbon pricing

ESRS 2 GOV-3 Sustainability in Befesa's incentive schemes

ESG performance targets are included as part of Befesa's one-year (annual bonus) and multi-year (stock incentive plan, SIP) variable remuneration schemes. The sustainability-related performance criteria include the implementation of Climate Action Plan to achieve the target of 20% CO₂e intensity rate reduction by 2030, as well as the ambition to reach net zero by 2050 (see E1-4). These targets refer to Scopes 1 and 2.

ESRS 2 IRO-1 Processes to identify and assess IROs

Befesa operates in 24 recycling sites around the world, each of which is subject to different climate-related risks.

As explained in IRO-1, Befesa has performed a DMA of the 21 ESRS topics, resulting in 13 material topics. In this assessment, the Company analysed potential climate-related risks. All sites have emergency plans that include climate-related risks and procedures to mitigate these, and Befesa closely follows local environmental regulation to reduce transition-related risks by adapting the facilities to the latest requirements. See E1-3 for more information on how Befesa's plants are implementing actions to comply with regulation and continuously improve their processes.

See below for Befesa's strategic IROs associated with E1.

IROs associated with E1

IRO	IRO description	Own operations/ Value chain	Related policies and procedures
Positive impact	Avoidance of environmental harm and carbon emissions coming from mining activities through our recycling activities.	Value chain	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Positive impact	Contribution to a transition for a low-carbon steel industry by enabling EAF steel production and secondary aluminium production.	Own operations/ Value chain	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Positive impact	Promotion of the use of renewable energy and continuous improvement of efficiency: all of our plants have energy management systems that are reviewed annually to ensure that energy efficiency is improved, in line with ISO 50001. Measures include LED lighting, equipment renovation and improvement, etc.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Negative impact	Generation of CO ₂ emissions, especially scope 1, as a result of the dependence on the use of reducing agents in the production process, mainly coke in the steel dust business, is needed for the reduction and oxidation chemical reaction that produces the separation of the zinc at a very high temperature.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Opportunity	Reinforcement of the environmental commitment of employees and value chain members through conducting a lifecycle analysis approach to evaluate the climate impact across the value chain.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Opportunity	Opportunity to improve environmental performance through the research and development of new technologies based on low-carbon raw materials (e.g. biocoke, hydrogen).	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Risk	Inability of the facilities to take up renewable energy, resulting in dependence on fossil fuels, which are increasingly hiking prices because of charges imposed to reduce their consumption.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy

Environmental continued

Climate-related assumptions in Befesa's consolidated financial statements

Specific climate-related assumptions are not taken into consideration in Befesa's financial statements.

ESRS 2 SBM-3 Impacts, risks and opportunities

At this stage, the Company has not yet conducted a climate scenario-based resilience analysis of its strategy and business model, as required under ESRS E1. This is because the Company has not yet completed a full detailed climate risk assessment, which should be used as a foundation and as input for the resilience analysis.

The Company plans to develop a detailed climate risk assessment (covering physical and transition risks) and subsequently perform a resilience analysis aligned with climate scenarios, including a 1.5°C pathway, in the upcoming reporting cycles.

E1-2 Policies

Befesa's plants have developed independent policies according to the regional policy and third-party standards they comply with. Likewise, the Company has been operating under the Integrated Environmental, Health, Safety and Quality Policy that sets out the guiding principles for managing QEHS practices to ensure compliance and prevent incidents.

This year the Company has published a company-wide Environmental Policy that has been approved by Befesa's management and applies across all operations. It provides a

unified framework for all material environmental topics (climate, air pollution, water, and circular economy) while enabling plant-level autonomy to implement their own policies and climate actions effectively. The Environmental Policy is referenced in the E2, E3, and E5 chapters in this report.

The following are set out in the policy:

Overarching commitments

Befesa implements decarbonisation strategies and actions aimed at reducing Scope 1 and 2 CO₂eq emissions intensity by 20% by 2030 and aims to achieve net-zero emissions by 2050. The Company emphasises renewable energy uptake as a core decarbonisation lever, aiming to increase the share of green electricity through both procurement and potential on-site renewable generation.

Befesa continuously works to improve energy and resource efficiency, optimising processes, upgrading equipment and monitoring energy use to reduce consumption and associated emissions. The Company invests in research and development to advance technologies that contribute to decarbonisation and enhance operational environmental performance.

Governance and accountability

Progress on environmental and climate strategies is monitored by the Board and two sustainability committees, which convene regularly and oversee implementation. Climate-related performance is integrated into annual and pluri-annual incentive structures, reinforcing accountability at senior and operational levels.



Environmental continued

Compliance and continuous improvement

Befesa has established processes to identify and monitor compliance with applicable environmental regulations at its operating sites. The Company operates environmental management systems aligned with recognised international standards, including ISO and EMAS.

Environmental and climate-related performance is reported through periodic management and sustainability reporting channels. Befesa's plants uphold the operational excellence principles through external verification of their environmental, health and safety performance. In the adjacent table are the certifications each plant possesses.

Site	Country	Type	Capacity (kt)	EMAS	ISO 14001	ISO 50001	ISO 9001	ISO 45001	ISO 14064
Steel Dust									
Duisburg	Germany	Crude steel	87		●	●	●	●	●
Freiberg	Germany	Crude steel	194	●	●		●	OHRIS*	●
Asua – Erandio	Spain	Crude steel	160		●	●	●	●	●
Fouquieres-les-Lens	France	Crude steel	55		●				
Iskenderun	Turkey	Crude steel	110		●	●	●	●	●
Gyeongju	South Korea	Crude steel	220		●	●	●	●	●
Changzhou	Chins	Crude steel dust	110						
Xuchang	Chins	Crude steel dust	110						
Barnwell, SC	US	Crude steel dust	165		●				
Rockwood, TN	US	Crude steel dust	147		●				
Calumet, IL	US	Crude steel dust	142		●				
Palmerton, PA	US	Crude steel dust	163		●				
Gravelines	France	Stainless steel dust	110		●	●	●	●	●
Landskrona	Sweden	Stainless steel dust	64		●	●	●	●	●
Sondika/Amorebiets	Spain	Oxide	16		●	●	●	●	●
Gravelines	France	WOX washing	100		●	●	●	●	●
Pohang	South Korea	WOX washing	60						
Rutherford County, NC	US	Zinc refining	141		●		●		
Aluminium									
Lünen	Germany	Salt slags & SPL	170			●	●	●	●
Hanover	Germany	Salt slags & SPL	130			●	●	●	●
Valladolid	Spain	Salt slags & SPL	150	●	●	●	●	●	●
Bernburg	Germany	Secondary Aluminium	75	●	●	●	●	●	●
Erandio	Spain	Secondary Aluminium	64	●	●	●	●	●	●
Les Franqueses de Valles	Spain	Secondary Aluminium	66	●	●	●	●	●	●

* German system similar to OSHAS



Environmental continued

Value-chain engagement

Befesa engages suppliers and customers to support decarbonisation across the supply chain, including improving Scope 3 emissions data quality and collaborating on environmental best practices.

E1-1 Climate Action Plan

Befesa has a Climate Action Plan that was published in 2023. It established a carbon intensity¹ reduction target of 20% by 2030 and an ambition to become net zero by 2050, both of which were approved by the Befesa Sustainability Committee in 2022. These targets applies to Scope 1 and 2. The Company is working on the development of a climate transition plan that will be published in the coming reporting cycles.

Befesa's CO₂ emissions are mainly driven by the use of reducing agents in the recycling process of steel dust (Scope 1), emissions from the use of electricity (Scope 2) and emissions from the value chain (Scope 3). In summary, the carbon footprint (location-based method) of Befesa is as follows:

- Scope 1: 58% (vs. 58% in 2024)
- Scope 2: 12% (vs. 21% in 2024)
- Scope 3: 30% (vs. 20% in 2024)

By business unit, about 80% of the CO₂e emissions are produced by the steel dust business, which also represents a similar proportion of Befesa's total EBITDA.

To minimise carbon emissions, Befesa applies best available technology (BAT) and looks for improvement opportunities as part of its operational excellence programme. The Company is committed to investing in technology to reduce its emissions. Befesa's decarbonisation investments are not done as part of a CapEx plan compliant with EU Taxonomy (Delegated Regulation (EU) 2021/2178), but rather on a year-by-year basis, depending on where improvements are needed and are beneficial.

Befesa's locked-in emissions

Befesa's operations rely on long-standing recycling furnaces and environmental treatment systems with operational lifetimes of 20–35 years. These assets create a level of 'locked-in emissions' – the GHG emissions associated with the future use of the infrastructure already in place. Even though Befesa's products and processes offer a less carbon-intensive option than the primary alternative, the Company currently depends on emission-intensive components such as coke, which represents a large portion of its emissions. Befesa is reducing their magnitude through ongoing efficiency improvements, renewable electricity sourcing and designing new assets to be near-zero-ready.

In addition, Befesa's recycling activities enable emissions reduction in global aluminium and zinc supply chains. The EAF industry is c.85% less carbon intensive than Basic Oxygen Furnace, BOF² and secondary aluminium is c. 99% less carbon intensive than primary aluminium³.

E1-3 Action and resources

Befesa's climate change mitigation actions are embedded in its Climate Action Plan. The Company has identified a series of decarbonisation levers that will contribute to achieving the target of reducing its carbon intensity by 20% by 2030.

1. Reduction of coke use in the steel dust recycling plants in the US after the acquisition of the assets in 2022, by improving the operations and increasing efficiency through applying European best practices and using technologies that decrease the need for this agent.
2. Green power sourcing to reduce Scope 2 emissions, especially in the most electricity-intensive plants such as the zinc smelter in the US, the stainless steel plants, and the secondary aluminium plants in Europe through power purchase agreements and guarantees of origin.
3. Replacement of coke with biomass, partially or totally in the European steel dust recycling plants.
4. Replacement of natural gas by hydrogen sources in the secondary aluminium and salt slags plants.

Apart from the four main decarbonisation levers, the Company also implements smaller projects in its plants that aim for continuous improvement and efficiency increase as part of its operational excellence programme. Befesa currently does not have a year-by-year plan to reach its net zero by 2050 ambition as this is heavily reliant on the

development of new technologies based on hydrogen to recycle steel dust and aluminium. These take time to progress from initial model to final industrial-scale size. The Company is working on a transition plan that will be published in the coming reporting cycles.

The Company's ability to implement some of these actions depends on the development of technology and its allocation of funds through CapEx investments and its Research & Development department (R&D). Befesa's R&D department is involved in researching the development of new technologies to recycle steel dust to recover zinc based on hydrogen that enables its transition to net zero by 2050. On the other hand, the sustainable CapEx investments take part as part of the recurrent maintenance CapEx strategy, in which the Company maintains its assets according to latest regulation and best practices. These currently do not relate to Taxonomy-aligned CapEx plans.



¹ Carbon intensity refers to Tn CO₂e per Tn of residue recycled (input)

² Considering BOF vs EAF world average

³ Considering Primary Production World Average vs Secondary Production



Environmental continued

Below are the key actions taken this year:

Initiative	Outcome	Business unit	Own operations/ Value chain	Location	CapEx cost (€)
Energy reduction and efficiency measures at the recycling plants	Improved energy efficiency	Steel Dust, Aluminium	Own operations	Europe	1-2M
Regenerative Thermal Oxidiser installation to reduce CH4 emissions	Process emissions reduction	Aluminium	Own operations	Europe	500k-1M
Hydrogas project	Hydrogen generation from salt slags capture	Aluminium R&D	Own operations	Europe	500k-1M
HyInHeat project (Lever 4)	Replacement of natural gas with hydrogen in aluminium recycling process	Aluminium R&D	Own operations	Europe	500k-1M
Alternative reducing agents research projects (Lever 3)	Research into substitution of coke with CO ₂ -neutral reductants in steel dust and stainless steel businesses	Steel R&D	Own operations/ Value chain	Global	100-500k
ReZnH2 project	Research into recycling of zinc-rich residue by hydrogen	Steel R&D	Own operations/ Value chain	Global	100-500k
Coke use reduction projects in the US	Reduce the amount of carbon used for processing EAF dust	Steel Dust	Own operations/ Value chain	America	50-100k

Apart from these four levers, Befesa also implements smaller projects in its plants that aim for continuous improvement and efficiency

increase as part of its operational excellence programme. See E1-1 for more detail about Befesa's intensity targets and progress.

Below are the research projects currently underway, which are carried out in collaboration with partnering institutions around the world.

Projects in the Steel Dust recycling business

Technology	Current development
Charcoal (biocoke) initiative Substitution of coke with biocoke, a CO ₂ -neutral reducing agent. (Lever 3)	<ul style="list-style-type: none"> Investigations into multiple biochar/biocoke samples, including analytics, physical-property assessment and preparation trials (briquetting, compaction, binders). Selection of the most adequate samples for further lab and semi-industrial trials under the initiative GreenWOx.
Alternative reducing agents – Stainless Steel CO ₂ -neutral reductants for stainless-steel residues. (Lever 3)	<ul style="list-style-type: none"> Continuous programme evaluating the substitution of fossil carbon with biogenic agents. Large scale furnace smelting developed in December 2025 as a basis for industrial tests foreseen in 2026.
GreenWOx and NOx Emissions Mitigation Replacement of fossil coal with charcoal in Waelz feed mixtures to reduce CO ₂ footprint.	<ul style="list-style-type: none"> Research on composition and preparation to control charcoal combustion. Starting from a TRL4, TRL5 level achievement expected in 2026. Investigation into NOx-reduction techniques in response to upcoming stricter air pollution limits.
Dust2Value / ReZnH₂ Project Substitution of coke with green hydrogen, a CO ₂ -neutral reducing agent.	<ul style="list-style-type: none"> Development of a fully hydrogen-based Waelz reduction process aimed at eliminating almost all CO₂ emissions. Engineering and process design completed; procurement advancing despite market limitations; construction and commissioning planned for 2026.

Projects in the Aluminium recycling business

Technology	Current development
HyInHeat Replacement of natural gas with hydrogen. (Lever 4)	<ul style="list-style-type: none"> Completed four batches of fusion in the form of a comparative study. Assessing the impact on metal recoverability, melting operations, gas flow and emissions.
Hydrogas Hydrogen generation from salt slags capture.	<ul style="list-style-type: none"> In 2025, progress has been made in the basic engineering of the exploitation facility, connection of the future plant with the industrial plant, negotiation of investment contracts, investment and operating costs.



Environmental continued

Control and monitoring

To track progress toward its carbon-reduction targets, Befesa has strengthened environmental data governance through the implementation of a new company-wide reporting tool accessible to all 24 recycling plants. The tool – rolled out progressively during the year – enables facilities to input, visualise, analyse, evidence and review environmental and emissions data within a unified system, supporting greater traceability and comparability. Plants submit data on a quarterly basis, allowing for more frequent monitoring of trends and assessment of performance against the decarbonisation targets. The entries are backed through evidence submitted with each KPI, ensuring traceability.

E1-4 Targets

Befesa aims for a 20% intensity reduction target in Scopes 1 and 2 by 2030 against a 2021 proforma baseline, and a net zero ambition in Scopes 1 and 2 by 2050. Befesa's target is to reduce its environmental impact. Because of its goals to expand its business model in new geographies, the Company decided to follow an intensity reduction target rather than an absolute emissions reduction target.

Target	Goal	Scopes	Baseline
Medium Term target: 20% CO ₂ e intensity reduction by 2030	0.45 Tn CO ₂ e/Tn input	1 and 2	0.56 Tn CO ₂ e/Tn input (2021 pro-forma)
Long-term ambition: net zero by 2050	Net zero	1 and 2	0.56 Tn CO ₂ e/Tn input (2021 pro-forma)

The intensity metric is defined as Ton CO₂e/ Ton input:

- Ton CO₂e: Reported GHG emissions for the year
- Ton input: Waste treated by the company. This is obtained from the list of inflows in E5-4, only selecting the metals Befesa recycles: steel dust and zinc residues, salt slags, waste containing aluminium, zinc oxide, unwashed oxide Waelz, metal and metal dust, and metallurgical wastes.

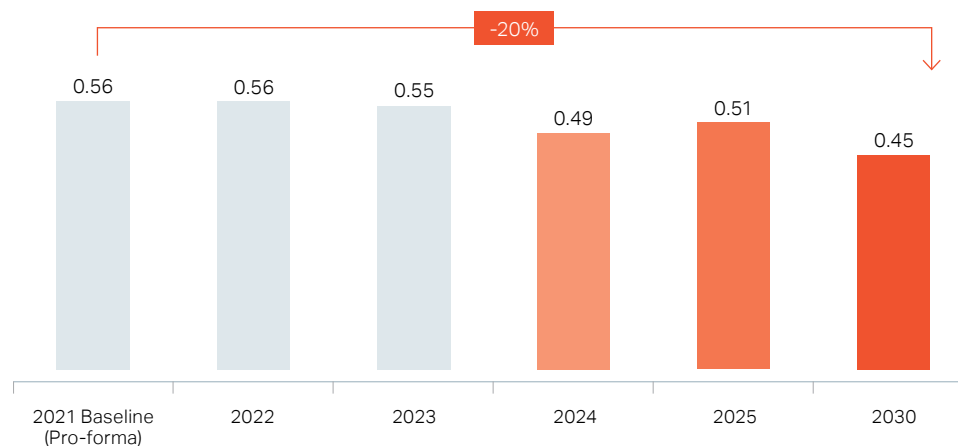
The Company established its baseline for CO₂ reduction targets as a pro-forma of 2021 emissions in order to more accurately represent its company scope of activities in 2021. As such, the baseline was calculated considering full operations in China and the US plants.

The actions towards these targets are set out in the Climate Action Plan and Environmental Policy and include improving current processes and adopting new technologies. To ensure consistency between these targets and the GHG inventory boundaries, the Company monitors emission disclosures annually at a plant level, and tracks progress in its annual sustainability reports and bi-annual sustainability committees.

In 2025, the CO₂ emissions intensity has increased from 0.49 to 0.51 Tn CO₂e /Tn input. This is a result of a decrease in the waste treated and an increase in the Scope 1 emissions arising from a higher use of coke. Higher coke consumption in 2025 has temporarily been

primarily driven by the US operations. As volume and capacity utilization increased in the US, unitary coke consumption will be reduced contributing further to the target of 20% intensity reduction by 2030.

CO₂e intensity
(Tn CO₂e/Tn input)



Environmental continued

E1-5 Energy

Energy consumption and mix	2025	2024
1. Fuel consumption from coal and coal products (MWh)	-	-
2. Fuel consumption from crude oil and petroleum products (MWh)	33,868.72	30,010.45
3. Fuel consumption from natural gas (MWh)	465,480.88	456,691.51
4. Fuel consumption from other fossil sources (MWh)	-	2,168.93
5. Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	459,635.88	729,996.27
6. Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	958,985.48	1,218,867.16
Share of fossil sources in total energy consumption (%)	73%	87%
7. Consumption from nuclear sources (MWh)	282,919.70	100,873.65
Share of consumption from nuclear sources in total energy consumption (%)	22%	7%
8. Fuel consumption for renewable sources, including biomass (MWh)	-	-
9. Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	72,543.34	86,372.98
10. The consumption of self-generated non-fuel renewable energy (MWh)	-	-
11. Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	72,543.34	86,372.98
Share of renewable sources in total energy consumption (%)	6%	6%
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	1,314,448.51	1,406,113.79

Energy consumption is reported based on metered data, using measurement methods such as supplier invoices or certified billing. The electricity mix is taken in this order of preference from: (1) an Energy Attribute Certificates (e.g. Guarantees of Origin), (2) the supplier specific mix provided in energy bills, (3) the residual mix or (4) the national energy mix. Once the data is reported at a plant level using the available reporting tool, it is consolidated at corporate level.

In 2025 Befesa improved its energy data collection processes, resulting in enhanced reported energy mix data, whereas in 2024 the energy mix for a limited number of plants was estimated using assumptions due to data unavailability. Consequently, the apparent increase in the share of nuclear energy and decrease in fossil energy between 2024 and 2025 reflects improved data accuracy rather than a structural change in energy sourcing, and the E1-5 energy mix breakdowns for the two years are therefore not directly comparable.

Total energy consumption is broadly stable year on year, with the slight decrease in 2025 attributable to lower production at the US zinc smelting facility, as well as the reduced activity levels in the aluminium business and in the Henan plant in China, due to weak market conditions, independent of changes in data methodology.

Energy intensity based on net revenue

Energy intensity per net revenue	2025	2024	% 2025/2024
Total energy consumption per net revenue for activities in high climate impact sectors (MWh/Thousand €)	1.11	1.13	-2%

Befesa has considered all of its activities to be included within the high climate impact sectors, as all could be classified under NACE code C.24. The net revenue figure used in this calculation (€1.183 million) is reported in its income statement (notes 5 and 21.1).



Environmental continued

E1-6 Emissions

Scope 1, 2 and 3 emissions are reported by plants applying GHG Protocol guidelines. Since this year, a new centralised tool has been used to introduce all the plant's consumptions and calculate emissions, using emission factors provided by government sources, GHG Protocol or Ecoinvent.

Emissions	2025	2024	2021 (Baseline)	% 2025/2024
Scope 1 GHG emissions				
Gross Scope 1 GHG emissions (tCO ₂ eq)	979,937.32	841,050.18	1,085,586.48	17%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	41%	ND	ND	NA
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	199,558.59	309,258.28	136,673.44	-35%
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	221,073.05	270,369.91	ND	-18%
Significant Scope 3 GHG emissions				
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	497,680.50	ND	ND	NA
1 Purchased goods and services	238,922.29	ND	ND	NA
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	52,681.75	ND	ND	NA
4 Upstream transportation and distribution	39,132.49	ND	ND	NA
10 Processing of sold products	166,943.96	ND	ND	NA
Total GHG emissions				
Total GHG emissions (location-based) (tCO ₂ eq)	1,677,176.41	1,440,977.71	1,222,259.92	18%
Total GHG emissions (market-based) (tCO ₂ eq)	1,698,690.86	1,402,089.34	NA	23%

For Scope 3, 2024 data has not been included, driven by the reassessment of the consolidated significance analysis across all plants during the year. Consequently, 2025 data is not fully comparable with prior periods.

Scope 1

Direct emission categories include process, stationary, mobile and fugitive emissions.

Process emissions account for the exchanges that take place during the recycling processes in the different business units. Plants calculate this type of emissions using either mass balance or industry-average data to infer the emission factors of incoming and outgoing gases and materials. Note that the use of coke as a reductant agent is not counted as fuel, but as process emissions here.

Stationary, mobile and fugitive emissions are calculated with provided emission factors for fuels and refrigerants used by the plants in the reporting year.

Scope 2

This category includes indirect emissions generated by electricity and steam consumption. For the second year, market- and location-based emissions are both included.

Location-based emission factors are obtained from government data from each country in which the plants operate. The plants then attain specific emission factors from their energy providers to reflect their energy mixes. When plants cannot obtain this data, the national or residual energy mix and emission factor is used.

Scope 3

Befesa has updated its approach to Scope 3 emissions by developing a consolidated, company level materiality analysis that identifies the most relevant value chain categories for the Company as a whole. This ensures that Scope 3 disclosures under CSRD reflect a comprehensive and comparable view of Befesa's value chain emissions.

Where last year each plant performed its own materiality analysis reflecting its own circumstances, this year the global materiality assessment was done using 2024 Scope 3 data from all plants. All 15 GHG Protocol Scope 3 categories were screened across Befesa's 24 plants as part of the Company's materiality assessment for greenhouse gas emissions. A preliminary qualitative screening was conducted first considering Befesa's business model. As a result of this preliminary analysis, categories 8, 13, 14 and 15 were considered as not significant based on the Company's business model. Consequently, the remaining categories were assessed solely on a quantitative basis.

Based on the results of this assessment, the following Scope 3 categories were identified as material and are therefore prioritised for disclosure in accordance with ESRS E1:

- Purchased goods and services (Category 1)
- Fuel- and energy-related activities not included in Scope 1 or 2 (Category 3)
- Upstream transportation and distribution (Category 4)
- Processing of sold products (Category 10)



Environmental continued

Together, these categories represent 91% of Befesa's Scope 3 emissions and reflect the Company's operational nature, which involves handling, transporting and processing more than two million tonnes of material annually. The remaining categories were not considered material enough and were therefore excluded.

Scope 3 calculations are done following the GHG Protocol Corporate Value Chain Standard. Primary activity data from the value chain is used whenever feasible (e.g. specific emission factors from clients or providers), but mostly secondary data sources and emission factors are applied. The Company has also implemented a unified reporting tool to harmonise data collection, improve traceability and ensure consistency across all business units.

Below are the calculation methodologies for each material Scope 3 category.

Category 1: Purchased goods and services

To calculate this category, plants enter the consumption of inflow materials by weight and emissions are calculated using specific Ecoinvent emission factors. For those cases in which it has not been possible to calculate it in accordance with the approach described above, consumption of other goods and services can be calculated by spend using the EPA Supply Chain Greenhouse Gas Emission Factors for Industries and Commodities. Water withdrawal is also included in this category.

Note: Waste inputs have an emission factor of 0, so the emissions from this category come mainly from additives in the process and other products and services hired.

Category 3: Fuel and energy-related activities not included in Scope 2

This category is calculated using the energy consumption introduced by the plants and the transmission & losses emissions factors provided by Defra.

Category 4: Upstream transportation and distribution

For this category, plants introduce the km and tonnes transported by mode of transport (marine, road or rail freight), selecting the specific type of vehicle and fuel if known. Emissions are calculated using Defra emission factors based on kg CO₂e/kmt. For those cases in which it has not been possible to calculate it in accordance with the approach described above, plants can introduce the spend on each mode of transport and emissions are calculated using the EPA Supply Chain Greenhouse Gas Emission Factors for Industries and Commodities. This option is available because it is the way plants have historically measured freight emissions. Distance-based calculations are encouraged because they are more accurate.

Note: To avoid double-counting between plants, they only account for the transport they pay for. Therefore, some plants have no emissions in one of the freight categories because another plant always pays for the transport of materials or products.

Categories 10: Processing of sold products

This was Befesa's first year reporting the GHG Protocol Category 10. This category refers to the processes that take place to transform the company's product into the final

one sold to the consumer (e.g., aluminium processed to manufacture cars). To calculate these, all products and subproducts sold outside of the organization in the year (see E5-5 Outflows) were multiplied by specific emission factors according to the transformation process they undergo once they are sold by Befesa.

Emissions factors were sourced for each processing type, as well as the portions of Befesa's steel and aluminium products and byproducts that were present in the processes. The main source for these figures was Ecoinvent, but, when not available, academic

papers, environmental product declarations (EPDs), or Befesa's own calculations were used.

The following formula was used: Product sold (tonne) x portion Befesa is liable for (kg Befesa product/kg client product) x emission factor.

Some of the company's production is not counted in this category. For instance, many subproducts are processed internally so their processing emissions are already counted in our scopes 1 and 2. Also, some slags cannot be sold due to local regulations, so those portions are counted in the waste category already.

GHG Intensity per net revenue

GHG intensity per net revenue	2025	2024	% 2025/2024
Total GHG emissions (location-based) per net revenue (t CO ₂ e/Thousand €)	1.42	1.15	24%
Total GHG emissions (market-based) per net revenue (t CO ₂ e/Thousand €)	1.44	1.12	29%

The net revenue figure used in this calculation (€1.183 million) can be found in the Company's income statement (note 5 and 22.1).

GHG intensity per revenue increased by 24% due to the increase of Scope 1 emissions in 2025.

E1-7 Carbon credits

Befesa does not take part in any accredited GHG removal schemes.

E1-8 Internal carbon pricing

Befesa does not currently apply internal carbon pricing.

Environmental continued

E2 – Pollution

ESRS 2 IRO-1

Processes to identify and assess IROs

E2-1

Policies

E2-2

Actions and resources

E2-3

Targets

E2-4

Air pollution

E2-5

Substances of concern and substances of very high concern

ESRS 2 IRO-1 Processes to identify and assess IROs

Emissions from Befesa's 24 sites' recycling processes can contribute to air pollution, affecting local air quality and public health. To identify and assess impacts, risks and opportunities related to pollution, a double materiality analysis has been carried out, establishing that water and soil pollution are not material to Befesa (see ESRS 2 IRO-1 and SBM-3). Air pollution is therefore the material sub-theme of this section.

The following table details the IROs identified as material and the associated policies.

IRO	IRO description	Own operations/ Value chain	Related policies and procedures
Positive impact	Befesa's activities contribute to avoiding air pollution from mining and landfilling activities.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Negative impact	Impact on the surrounding community from air pollution from Befesa's operations that can cause concern for public health, decreased quality of life and discontent among local residents, as well as litigation matters.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Negative impact	Detriment to human and environmental wellbeing because of the production, use, distribution and commercialisation of substances of concern and substances of very high concern, in our own, in mixtures or in articles.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Negative impact	Damage of the ozone layer due to direct emissions originated by the use of coke in the production process.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy

E2-1 Policies

Befesa's new Environmental Policy includes commitments to prevent and minimise pollution across air, soil and water. The policy requires all plants to follow best available techniques, adhere to regulatory emissions thresholds and maintain strong environmental controls. It applies to the entity's own operations.

Key policy elements:

- Befesa prevents air, soil and water pollution by implementing best practices, following regulatory requirements and investing in technologies that reduce emissions.

- Operations are continuously monitored and the Company performs regular reporting and audits to enhance pollution-prevention performance.
- Pollution-related risks are assessed within the Company's risk management framework, including plant-level environmental risk maps.
- The policy also integrates expectations that suppliers meet Befesa's environmental and conduct standards.



Environmental continued

E2-2 Actions and resources

Most of the actions described in E1-3 are aimed at decreasing the levels of pollution from the emissions of CO₂eq, as well as reducing other pollutants such as methane (e.g. the Hydrogas project).

Below are the actions taken by sites in 2025, amounting to €7.1M (vs. €4.2M in 2024). These initiatives are part of the annual budget for regular and compliance maintenance, and it is expressed as capital expenditures (CapEx) invested. Some of these initiatives will be

Initiative	Outcome	Business unit	Own operations/ Value chain	Location	Range
Reduction of dust emissions.	Mitigation of the risk of dust from the recycling processes being emitted into the air.	Aluminium, Steel Dust	Own operations	America, Asia, Europe	3-4M
Reduction of risk of fugitive or diffuse emissions.	Installation of technology to avoid unexpected air emissions.	Steel Dust	Own operations	America, Europe	2-3M
Reduction/neutralisation of air pollutants from the recycling processes.	Installation of technology to mitigate intrinsic emissions coming from the recycling processes.	Aluminium, Steel Dust	Own operations	America, Europe	1-2M

All actions implemented in 2025 are aimed at Befesa's own operations, which mitigate negative impacts throughout its value chain. Befesa will continue implementing preventative and corrective actions to minimise pollution and comply with regulation across the regions where Befesa operates. The Company does not currently have a centralised action plan regarding future air pollution; however, each individual recycling plant is aware of existing and new applicable regulations and has plans in place. Future actions are evaluated annually as

continued in subsequent years as future developments are evaluated as part of the annual budgeting process and therefore do not form part of a specific action plan. These investments can be found in the 'Property, Plant and Equipment' section in the consolidated statement of financial position, as part of the additions made in 2025 (€72.67M, note 8), which includes not only regular maintenance CapEx but also expansion CapEx, dedicated to increasing the recycling capacity of the Company's sites.

part of the budgeting process, allocating capital for those initiatives and prioritising the most critical ones.

Community engagement at Befesa's plants

Befesa is aware that, in certain circumstances and locations, its activity may have negative impacts on local communities, such as air pollution generated by its facilities. To mitigate these impacts, the Company implements planned actions to improve the pollution levels of its recycling assets.

When plants have received complaints from surrounding communities, they have initiated communications with them, holding meetings to inform the community about the plant operations and environmental management systems, and to allow questions and concerns to be raised. The line of contact may be direct or through intermediary bodies (such as local authorities) who either notify the plant of the complaint or contact them directly, requesting information about the incident. Plants analyse, manage and track complaints at an individual level. In addition to grievance management, plants proactively engage with local communities, organising talks and training sessions, and volunteering activities to show local communities about the work Befesa does.

The aluminium plant in Erandio, Spain, addressed neighbours' noise complaints through open engagement with the local community, including dialogue with them and the use of objective noise measurement, after which no further complaints were reported. The plant operates to high sustainability standards, holding Aluminium Stewardship Initiative (ASI) certification, independently audited by DNV Business Assurance Services, which included assessment of relationships with internal and external stakeholders such as suppliers, customers, and local community associations. In addition, the plant is registered under the EU Eco-Management and Audit Scheme (EMAS) and also holds ISO 14001 certification for its environmental management system.

All of the referenced documents are publicly available.

Finally, Befesa maintains a publicly available Whistleblowing channel that allows internal and external individuals to submit comment or complaints.

E2-3 Targets

Befesa has established company-wide targets related to its GHG emissions (see E1-4), but not pertaining to the remaining atmospheric pollutants. Each Befesa plant complies with its local regulation and thresholds, as such, company-wide targets have not been set. Befesa plants aim to minimise air pollution and keep it within legal limits, implementing actions towards this purpose (see E2-2). Befesa will evaluate the establishment of specific air pollution targets in following years.

E2-4 Air pollution

In 2025, Befesa has consolidated pollutant emissions at location level and includes only those emissions from the locations that exceed the pollutant and environmental medium specific reporting thresholds set out in Annex II of Regulation (EC) No 166/2006 (E PRTR). No additional quantitative thresholds have been applied for the purpose of this year's CSRD reporting. Due to last year's reporting of the full list of plants' pollutants, disclosures between 2024 and 2025 are not fully comparable.

Pollutant gases are measured through specialised equipment, either through Continuous Emissions Measurement Systems (CEMS) or through accredited external control companies that perform periodic measurements according to local requirements. Once the data is available at plant level, it is validated by government or accredited bodies and finally consolidated by the corporate team.

Environmental continued

Air Pollutants	2025 (kg)	2024 (kg)
Benzene	10,870.00	2,344.94
Cadmium and compounds	40.93	ND
Lead and compounds	1,015.97	919.55
Mercury and compounds	361.69	307.87
PCDD and PCDF	5.15	ND
Ammonia	32,770.00	27,851.15
Methane	1,886,400.00	1,161,179.33
Nitrogen oxides	101,200.00	532,225.12
Zinc and compounds	49,598.10	38,872.98

E2-5 Substances of concern and substances of very high concern

Thresholds for substances of concern and substances of very high concern are assessed at installation level in line with Annex II. Where an exceedance occurs at one or more plants, the disclosure requirement under ESRS E2-5 is triggered. In accordance with ESRS consolidation principles, the reported quantities reflect the total amounts for Befesa's own operations.

The total quantities of substances are detailed in E2-4.



Environmental continued

E3 – Water

ESRS 2 IRO-1

Processes to identify and assess IROs

E3-1

Policies

E3-2

Actions and resources

E3-3

Targets

E3-4

Water

ESRS 2 IRO-1 Processes to identify and assess IROs

In the previous reporting year, Befesa did not classify water as a material topic in its DMA. However, following a review process in 2025, water resulted as material topic as a result of several evolving factors. These include heightened regulatory expectations around water withdrawals and discharges, and the growing strategic relevance of water availability for ensuring operational continuity across industrial processes. Furthermore, it was identified that eight Befesa plants operate in areas experiencing high or very high levels of water stress, according to the Water Risk Atlas (WRI): Iskenderun, Valladolid, Bernburg, Calumet, Mooresboro, Granollers, Recytech, and Henan.

Twenty of Befesa’s plants operate either with closed-loop water circuits or on-site water treatment and recycling systems. These measures reduce net freshwater withdrawals and mitigate potential impacts on local water resources. In addition, through the years, a growing number of sites have implemented rainwater harvesting solutions, reducing reliance on external water sources and enhancing operational resilience to water-scarcity-related risks. This year, for instance, the Freiberg plant carried out an investment of €3.5M to improve their rainwater collection system.

On the other hand, Befesa’s operations may generate negative impacts on water availability in locations affected by increasing water stress. Despite many facilities using closed-loop systems, some sites still rely on freshwater sources such as groundwater, municipal supply, industrial or surface water for specific operational needs. In addition, some of the Company’s processes generate effluents, which could affect receiving water bodies at those plants without closed loops. To minimise this impact, the plants that do not operate in closed circuits either treat the used water internally or send it to external treatment facilities to ensure it returns to the network with

a high quality. This year the effluent metric has not been reported but the Company is evaluating how to best report this indicator to meet upcoming CSRD disclosures through the use of the newly incorporated reporting tool.

These considerations led to the recognition of water as a material topic this year and to its fuller integration into the Company’s impact, risk, and opportunity management framework. See below for Befesa’s strategic IROs associated with E3. All of these are related with the Integrated Environment, Health, Safety and Quality Policy and the new Environmental Policy.

IRO	IRO description	Own operations/ Value chain	Related policies and procedures
Negative impact	Negative impacts on water availability because of withdrawals in areas of water stress, as well as additional adverse effects on water quality resulting from effluent discharges.	Own operations/ Value chain	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Opportunity	Opportunities to improve environmental performance and access financing through the implementation of targets, projects, strategies or actions that improve water management and quality.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy

Befesa’s potential impacts on water resources highlight the importance of maintaining controls at plant level. Each facility is responsible for monitoring its own water performance and operates under strict local regulatory frameworks, which typically require regular

sampling, testing and environmental audits to ensure compliance with withdrawal and discharge conditions. At the corporate level, the Company oversees performance through quarterly reporting and trend monitoring, ensuring consistency across sites.

Environmental continued

E3-1 Policies

Befesa's Environmental Policy recognises that some facilities operate in water-stressed areas, as identified by the Water Risk Atlas (WRI). These are: Granollers and Valladolid in Spain, Henan in China, Recytech in France, Bernburg in Germany, BZM and Calumet in USA, and Iskenderun in Turkey.

Key commitments set out in the policy:

- Although Befesa's processes are not highly water intensive, the Company is committed to optimising water use across all operations.
- More than half the plants operate closed water circuits. Those that do not must follow procedures to ensure compliant and environmentally safe water discharges.
- The Company uses rainwater harvesting, water recycling and internal treatment systems to reduce water abstraction and minimise impact on local water bodies, especially those in areas of water stress.

Initiative	Outcome	Business unit	Own operations/ Value chain	Location	Range
Rainwater collection system	Collection of surface water throughout the entire company premises.	Steel Dust	Own operations/ Value chain	Europe	3-4M

Befesa will continue implementing preventative and corrective actions to minimise water consumption and comply with regulations across the regions where Befesa operates. The Company currently does not have a centralised action plan regarding future water management. However, each individual recycling plant is aware of the applicable existing and new regulations and has plans in place. Future actions are evaluated annually as part of the budgeting

- Water-related performance is monitored, reported and integrated into overall environmental management and oversight by the sustainability committees.

E3-2 Actions and resources

At Befesa, each plant manages their water operations locally to comply with local regulations and standards and continuously monitors them to minimise impact.

Below are the actions taken by sites in 2025, amounting to €3.5M. These initiatives are part of the annual budget for regular and compliance maintenance and are expressed as capital expenditures (CapEx) invested. These investments can be found in the 'Property, Plant and Equipment' section in the consolidated statement of financial position, as part of the additions made in 2025 (€72.67M, note 8), which includes regular maintenance CapEx as well as expansion CapEx, dedicated to increasing the recycling capacity of the Company's sites.

process, allocating capital for those initiatives and prioritising the most critical ones.

E3-3 Targets

Befesa has not established targets for water management at Company level. Befesa will evaluate the establishment of specific water targets in following years.

E3-4 Water

Water is mainly used as part of the WOX washing and salt lixiviation processes. Befesa's 24 plants are regulated in terms of water use, so a number of measures are implemented every year to minimise water impact, such as rainwater harvesting (see E3-2).

See below for Befesa's water withdrawal data for 2025. The data is collected using either water provider invoices, or direct withdrawal information reported through the plants management systems.

Water withdrawal (m ³)	Total	Consumption in areas of water stress	%
Recycled water	0		
Ground water (freshwater)	622,736		
Ground water (non-freshwater)	60,853		
Municipal supply	2,246,574	1,896,519	50%
Rainwater	76,208		
Surface (freshwater)	244,872		
Surface (non-freshwater)	527,793		
Total	3,779,035	1,896,519	50%

In several processes, water is primarily used for cooling purposes and is subsequently evaporated, which makes a reliable calculation of actual water use technically impracticable. Therefore, water withdrawals are reported instead of consumption. The Company will evaluate how to improve tracking of the actual water used, such as measuring how many times the water is recirculated internally.

Water intensity

Water intensity per net revenue	2025	2024	% 2025/2024
Total water withdrawal (m ³) per net revenue (m ³ /Thousand €)	3.2	ND	ND

The net revenue figure used in this calculation (€1.183 million) can be found in the Company's income statement (note 5 and 22.1).

Environmental continued

E5 – Resource Use and Circular Economy

ESRS 2 IRO-1

Processes to identify and assess IROs

E5-1

Policies

E5-2

Actions and resources

E5-3

Targets

E5-4

Resource inflows

E5-5

Resource outflows

ESRS 2 IRO-1 Processes to identify and assess IROs

Befesa’s recycling processes reduce dependence on primary resources and minimise waste. However, due to the recycling technology currently in use, the Company also faces challenges such as high consumption of reductant agents. To mitigate these, Befesa is investing in R&D and technologies that aim to reduce resource consumption, secure reliable material supplies, and leverage circular economy principles to enhance sustainability and market differentiation. The Company has identified impacts, risks and opportunities for the material sub-themes related to resource use and circular economy, which were obtained through the double materiality process detailed in sections SBM-2, SBM-3 and IRO-1 (see chapter ESRS 2 General Information). For this analysis, carried out at corporate level, all the plants operated by Befesa in all its geographies have been taken into account and stakeholders have been consulted.

As a result of this analysis, resource inflows, outflows and waste management have been defined as the material sub-themes. See below for Befesa’s strategic IROs associated with E5. All of these are related to the Integrated Environmental, Health, Safety and Quality Policy and the new Environmental Policy.

IRO	IRO description	Own operations/ Value chain	Related policies and procedures
Positive impact	Preservation of natural resources and avoiding the extraction of virgin material by reclaiming valuable material from industrial waste streams.	Own operations/ Value chain	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Positive impact	Offering an environmentally responsible option for waste management to other companies, diverting waste that would otherwise end up in landfills and incinerators.	Own operations/ Value chain	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Positive impact	Preservation of land for agriculture, conservation, and recreational purposes by avoiding the need for new landfills.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Opportunity	Increase in sales by becoming a sustainable provider within a sector previously overlooked due to its difficulty in aligning with sustainability.	Own operations/ Value chain	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Opportunity	Reputational enhancement by increasing the communication and promotion of our product as a sustainable alternative to the mining sector.	Own operations/ Value chain	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy
Opportunity	Improvement in reputation by advertising the second life given to waste generated by other companies, thus avoiding ending up in landfills.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Environmental Policy

E5-1 Policies

Key policy elements:

- Befesa provides a sustainable alternative to primary production by recovering valuable materials from hazardous and non hazardous waste, enabling circularity in the steel and aluminium industries.
- Investments in technology, R&D and efficiency improvements support increased material recovery and reduced dependency on virgin resources.
- Supplier engagement on resource efficiency and circular solutions is encouraged to extend circularity beyond Befesa’s own operations.



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Environmental continued

E5-2 Actions and resources

Below are the main actions taken in 2025. Some of these initiatives will be continued in subsequent years, as future developments are evaluated annually as part of the budgeting process and therefore do not form part of a specific action plan. The material actions taken this year amounted to €1.6M. They are part of

Initiative	Outcome	Business unit	Own operations/ Value chain	Location	Range
Coke use reduction projects in the USA	Reduce the amount of carbon used for processing EAF dust.	Steel Dust	Own operations/ Value chain	America	50-100k
Improvements in control of inflows and outflows	Improvements in scales, transport and overall management of materials and products.	Steel Dust	Own operations/ Value chain	America	500k-1M
Reduction of waste generation	Reduction of waste generation.	Steel Dust	Own operations/ Value chain	Europe, Asia	500k-1M

E5-3 Targets

One of Befesa's decarbonisation levers is also linked to its material inflows. The Company aims to reduce the use of coke in the US steel dust sites through optimising processes and implementing technologies that minimise the

Target	Waste hierarchy	Progress	Next steps
Reduce coke use in US plants by 40% (lever 1) by 2030	Prevention	2021 (Baseline): 133.4 kton 2024: 105.1 kton (-21.2%) 2025: 113.6 kton (-14.8%)	Continue implementing optimisation strategies such as SDHL air lances

In 2025 the use of coke in the US sites has increased because the Rockwood site increased its production significantly after a year of low activity. The target by 2030 is intact and achievable driven by the expected increase

the 'Property, Plant and Equipment' assets in the consolidated statement of financial position, under the additions made in 2025 (€72.67M, note 8), which includes not only regular maintenance CapEx but also expansion CapEx, dedicated to increasing the recycling capacity of Befesa's sites.

use of this primary raw material in the production phase. This target was approved as part of the Climate Action plan in 2022. See E5-2 for the resources allocated to this project in 2025.

in processed steel dust volume over the coming years, which will increase capacity utilization of the US plants and hence reduce the unitary consumption of coke and the associated emissions.

E5-4 Resource inflows

The main primary materials used by Befesa are hazardous waste received to recycle (steel dust, aluminium waste and scrap, salt slags, etc) and materials needed to process them (lime, coke, salts, etc). None of the raw materials used contains biological products.

Inflows	Tons	Ton resource inflow recycled	% Resource inflow recycled
Steel dust and zinc residues	1,268,428	1,268,428	45%
Salt Slag	409,337	409,337	15%
Waste containing Aluminium	221,033	221,029	8%
Zinc oxide	172,162	172,162	6%
Metallurgical coke	155,505		
Unwashed Oxyde WAELZ	138,855	138,855	5%
Lime	91,849	7,209	0%
Petrol Coke	88,221	9,630	0%
Metal and metal dust	86,518	86,518	3%
Sulphuric acid	62,498		
Smelting salt	26,222	26,222	1%
Liquid oxygen	25,873		
Anthracite	16,909		
Steel dust process additives	15,970		
Sand	13,892		
Alloying agents Si Mg Mn Fe Zn Cu	8,279		
WOX Washing process additives	4,353		
Metallurgical wastes	3,716	3,716	0%
Circular alloys process additives	1,919		
Other aluminium process additives	1,540		
Zinc Dust	421	421	0%
TOTAL	2,813,499	2,343,527	83%

Environmental continued

Where last year each plant reported either purchase or consumption of inflows for this metric, this year all inflows are defined homogeneously as purchases, not consumption. The one exception is the Lunen plant, which has reported some consumption due to this being more readily available and its being virtually the same as purchased materials. The inflow data is measured directly by weighing upon entry on site and reported monthly using the internal reporting tool. In the case of Lunen, this is reported through production reports that indicate the actual consumption. Inflows are reported in their original state (wet weight), without any adjustments, conversions, or treatments.

Due to the nature of the Company's operations, certain quantities reported as raw materials in E5-4 are also reported as waste in E5-5, given that, due to Befesa's business model, waste output from some plants becomes raw material input for others. For instance, salt slags are

counted as waste by the secondary aluminium division (e.g., Bernburg) but as input for the salt slags and SPL division (e.g., Hannover). See E5-5 for reference.

E5-5 Resource outflows

The main products generated by Befesa are the Waelz oxide, aluminium and zinc alloys that are sold to its main clients. In addition, many subproducts from the processes – mainly iron and aluminium oxides – are marketed for other purposes such as cement or fertiliser manufacturing.

Befesa promotes circularity through its operational practices, resulting in 66% of outflows being diverted from disposal, even though no specific target has been defined for this metric.

Often recovery happens internally and outflows from one process become inflows for another

one. In this way the Company boosts circularity and durability in the use of all outflows that would otherwise end up in landfill. For instance, in the steel business unit, Waelz oxide produced in steel dust sites (e.g. Duisburg) is washed in the oxide washing plants (e.g. Gravelines). On the other hand, in the aluminium business unit, the salt slags from the melting process are used as an inflow in the Salt Slags sites and then sent back to the aluminium melting plant (e.g. Valladolid and Erandio).

Outflows

Outflows include products and by products that are commercialised both internally and to third party companies.

Commercialised products and subproducts are weighted upon plant exit in dry tonnes. Where products are sold wet, the humidity percentage is subtracted to allow for comparison. Comparison against 2024 is not possible as 2025 is the first year of reporting this figure. Tonnes of product and kWh of energy sold are reported separately.

All reported data is derived from direct measurements at site level; no estimations or significant assumptions were applied.

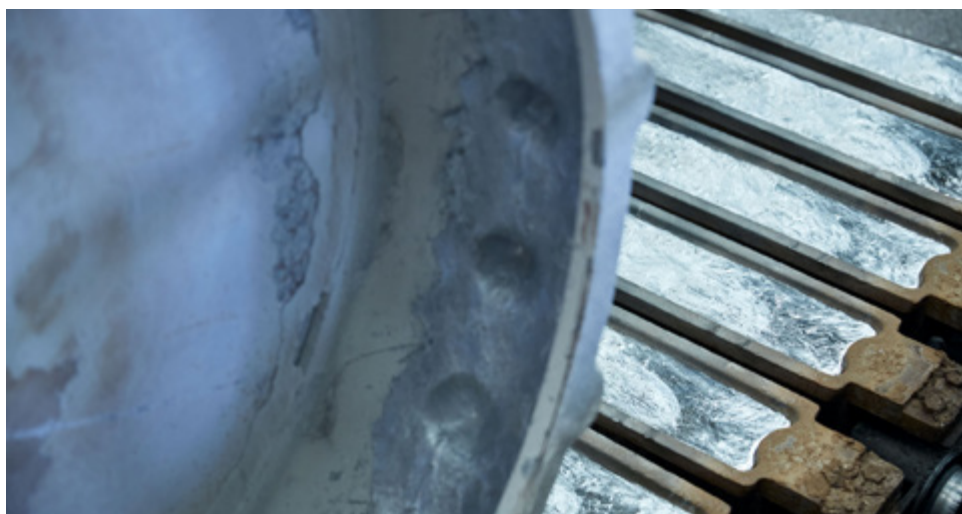
Befesa's outputs consist of bulk industrial materials (zinc oxide, secondary aluminium and recovered salts) supplied without packaging and intended for direct use as feedstock in industrial processes. Consequently, concepts such as product durability, reparability and packaging recyclability are not applicable.

These materials are, however, suitable for repeated recycling within established industrial processes without loss of intrinsic properties, supporting circular material flows across the value chain.

Outflows	Tonnes outflow
Aluminium alloys, ingots & liquid	153,998
Alloys	41,337
Sludge of filterdust	7,641
Casting	99,821
Drosses and skims	2,534
Gypsum	47,407
Lead sulfate	2,916
Zn ash	971
Zn ingots	1,517
Zn oxide	10,081
Al concentrates	30,011
Ammonium sulfate	53,073
Paval/xerox	337,141
Salt	136,978
Slag	394,426
Waelz oxide	333,769
Waelz oxide washed	231,132
Grand total	1,884,753

Outflows	kWh outflow
Hot water energy (kWh)	40,161,000

At the BCA Sweden site, part of the thermal energy recovered from process hot water is utilised internally for office heating, with excess energy exported to the local community. This represents an operational reuse of energy to enhance efficiency, without constituting a separate business model.



Environmental continued

Waste

Most of the waste produced by Befesa comes from unsold by-products resulting from the steel and aluminium recycling processes. Each site measures waste directly by weighting it on-site. Waste management is regulated and carried out by an authorised waste manager, which allows the accounting and classification of the different reported waste. Generally, Befesa generates three significant types of waste:

- **Hazardous waste:** Befesa produces waste that is categorised as hazardous. This includes solvents, flammable/ hazardous raw materials, chemical waste, batteries, acids, bases and caustic liquid used in the recycling process. This type of waste is discharged to an authorised waste manager or incinerated without energy recovery.
- **Hazardous waste that is reused/recovered/ recycled:** At the end of some recycling operations, the Company produces hazardous residues such as salt slags from secondary production. These hazardous wastes are recycled internally by the salt slags recycling division.
- **Non-hazardous waste:** Includes by-products from the steel dust and salt slags recycling processes that have not been sold in the market and need to be disposed of in a non-hazardous waste landfill.

In summary, the majority of the waste generated by Befesa comes from by-products from the steel dust and salt slags recycling processes in the form of iron and aluminium oxide which have not been sold and need to be disposed of as a non-hazardous waste in a regular landfill.

As explained in 5-4 Inflows, as a hazardous waste recycling company, Befesa has a specific situation when it comes to its inflows and outflows. Many times, waste recovery happens internally, and outflows from one process become inflows for another one. For instance, in the steel business unit, Waelz oxide produced in steel dust sites (e.g., Duisburg) is washed in the Oxide Washing plants (e.g., Gravelines) and ultimately sold. On the other hand, in the aluminium business unit, the salt slags resulting from the melting process are used as an inflow in the Salt Slags sites (e.g., Valladolid) and then sent back to the aluminium melting plant (e.g., Erandio). In these specific cases, Befesa does not engage an external waste manager, but solely a transport provider that carries the waste from one plant to become raw material at another.

Reported E5-5 data for 2025 is based on site-level reported information; however, certain assumptions and methodological clarifications were applied compared to 2024, primarily due to differences in national legislation and plant-level interpretation of waste treatment categories. During 2025, the reporting process was reviewed, as well as the methodologies that were used to classify waste into the different ESRS categories particularly for the "other recovery" and "other disposal" categories, which include legally permitted recovery or disposal operations that do not fall under standard recycling, landfill, or incineration classifications. In 2024, these classifications relied on plant practice rather than harmonised definitions. As a result, the E5-5 waste treatment breakdowns for 2024 and 2025 may not be fully comparable.

Hazardous waste	2025 tonnes	2024 tonnes
a) Total amount of waste generated	149,797.25	248,476.90
b) Total amount by weight diverted from disposal:	126,054.91	185,035.80
i) Preparation for reuse	107,902.94	26.49
ii) Recycling	18,151.97	184,895.45
iii) Other recovery	–	113.86
c) The amount by weight directed to disposal by waste treatment type	23,742.34	63,441.10
i) Incineration	339.64	442.86
ii) Landfill	23,398.09	61,516.85
iii) Other disposal operations	4.60	1,481.39
% non-recycled waste	16%	26%

Non-hazardous waste	2025 Non-hazardous tonnes	2024 Non-hazardous tonnes
a) Total amount of waste generated	525,552.23	492,859.13
b) Total amount by weight diverted from disposal:	322,372.64	372,352.94
i) Preparation for reuse	200,971.83	84.51
ii) Recycling	121,400.81	327,314.29
iii) Other recovery	–	44,954.14
c) The amount by weight directed to disposal by waste treatment type	203,179.60	120,506.19
i) Incineration	22.10	304.14
ii) Landfill	202,381.62	101,770.94
iii) Other disposal operations	775.88	18,431.11
% non-recycled waste	39%	24%



Social

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SBM2, SBM3

Own workforce IROs

S1-1

Policies

S1-2

Processes for engaging Befesa employees

S1-3

Processes to remediate impact and channels to raise concerns

S1-4

Actions to mitigate risks and pursuing opportunities

S1-5

Targets

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Befesa employee metrics

S1-8

Collective bargaining and social dialogue

S1-9, S1-12

Diversity, equity and inclusion

S1-10, S1-16

Adequate wage and compensation metrics

S1-13

Training and development

S1-14

Health and safety

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Discrimination, incidents and human rights violations

SBM2, SBM3 Own workforce IROs

The recognition of the importance of engaging Befesa’s stakeholders – and their involvement in the Company’s success – remains unchanged. Employees are essential to Befesa’s development; their professionalism, commitment and engagement are key to the Company’s future.

After the 2025 DMA, four social material topics have been identified: working conditions, employee engagement, health and safety and equal treatment and opportunities for all. (See ESRS 2 IRO-1, SBM2) For each of these topics, Befesa, has identified material impacts, risks, and opportunities as follows:

IROs associated with working conditions

IRO	IRO description	Own operations/ Value chain	Related policies and procedures
Positive impact	Promoting fair and stable employment conditions for workers, while supporting employer’s interests through collaborative labour relations frameworks, such as collective agreements.	Own operations	Human Resources Policy Collective agreements
Negative impact	Operational impact by reducing workforce availability due to a high rate of absenteeism in some locations.	Own operations	Integrated Environmental, Health, Safety and Quality Policy Human Resources Policy Collective agreements
Opportunity	Environmental legislative changes aligned with the Company’s strategic plan, fostering the creation of new employment opportunities through investing in regions with favourable regulatory frameworks, access to raw materials and proximity to industrial clients.	Own operations	Environmental Policy Code of Conduct Human Resources Policy DEI Policy
Risk	Loss of personal information of employees and stakeholders because of a cyberattack through online scamming. Significant increase in raw material prices or a shortage of those materials could negatively impact production and, consequently, employee salary conditions.	Own operations	IT Policy Human Resources Policy Collective agreements DEI Policy

Social continued

IROs associated with employee engagement

IRO	IRO description	Own operations/ Value chain	Related policies and procedures
Positive impact	The high percentage of employees covered by collective agreements helps promote labour rights and consistency in working conditions.	Own operations	Human Resources Policy Collective bargaining agreements
Opportunity	Pursue greater commitment to the performance of tasks and the achievement of organisational and financial objectives by enabling employees to identify with the Company's culture and values.	Own operations	Code of Conduct DEI Policy Human Resources Policy

IROs associated with health and safety

IRO	IRO description	Own operations/ Value chain	Related policies and procedures
Positive impact	Befesa integrates new technologies, continuous risk assessments and predictive analytics into its processes to protect its teams, prevent accidents and create new standards for a sustainable manufacturing process.	Own operations	Integrated Environmental, Health, Safety and Quality Policy
Negative impact	Accidents represent actual negative impacts on workers' health and safety. These incidents may be linked to potential gaps or inconsistencies in the application of safety protocols, highlighting areas of improvement where the current management system may not have fully mitigated operational risks.	Own operations	Integrated Environmental, Health, Safety and Quality Policy

IROs associated with equal treatment and opportunities for all

IRO	IRO description	Own operations/ Value chain	Related policies and procedures
Positive impact	Promotion of diversity through recruitment and talent management practices, training and development of opportunities to cultivate a culture of inclusivity, and carry out campaigns on equality and diversity.	Own operations	Code of Conduct Human Resources Policy DEI Policy
Opportunity	Commitment to equality can generate a better reputation and a stronger brand and it can help to access new markets and customers by demonstrating a commitment to shared social and ethical values.	Own operations	Code of Conduct Human Resources Policy Diversity, Equity and Inclusion Policy
Risks	Failure to comply with the DEI Policy can lead to communication breakdowns, increased workplace conflicts and a tense, uncollaborative environment. These issues may result in higher employee turnover, reduced productivity and difficulty attracting top talent – ultimately driving up recruitment and training costs and exposing the Company to potential legal expenses and reputational damage.	Own operations	Code of Conduct Human Resources Policy DEI Policy

Absenteeism related impacts show greater geographical variation. Differences in national regulatory frameworks, social security systems, sick leave entitlements, reporting obligations and administrative requirements influence the level of recorded absenteeism across countries. These structural factors can lead to higher absenteeism levels in certain locations and may affect short term workforce availability. The variations observed reflect local legal and administrative contexts rather than differences in workforce performance.

There is also a potential for significant negative impacts arising from workplace accidents, including disruptions to operations, increased

medical and legal liabilities and potential breaches of safety regulations. This exposure stems from possible gaps in the consistent application of safety protocols.

All the identified impacts arise from specific actions that Befesa carries out continuously in the course of its activities, whether through the development and implementation of policies, the training of its own employees or various specific awareness-raising events. These actions and initiatives can be seen in more detail in the section Impacts (positive and negative) and processes for risks and opportunities.



Social continued

In general, the main stakeholders affected by the identified material impacts are the company's own salaried staff, including white-collar and blue-collar.

No IROs affecting the Company's own workforce that may arise from transition or other environment-related plans have been identified as currently material. As indicated in the E1 chapter, work will continue to identify physical risks related to climate change and those applicable to the own workforce, and the actions to be considered, may be reviewed.

No operations have been identified as posing a risk of forced labour or child labour. Befesa ensures that all employees meet the legal minimum working age through its hiring procedures, in which the person responsible for the recruitment process must confirm that the candidate is above the legal working age.

Befesa also monitors and controls employees' working hours at each plant. The Company has a system that ensures compensation for overtime, either through additional payment or equivalent time off. This system guarantees that any overtime worked is properly compensated in accordance with applicable labour regulations. These control mechanisms apply across all Befesa locations.

S1-1 Policies

Befesa is committed to achieving a safe, inclusive and respectful workplace for all its employees, and that human rights are respected and upheld throughout its operations.

The Company has established various policies:

- Code of Conduct
- Human Resources Policy

- DEI Policy
- Human Rights Remediation Policy
- Integrated Environmental, Health, Safety and Quality Policy
- IT Policy
- Environmental Policy
- Workshop agreements
- Collective bargaining agreements

The relationship between the policies and codes and the material IROs obtained from the analysis of DMA has been included above in the section, Own workforce IROs of this chapter. Further details of the policies and codes can be found below.

Code of Conduct

Befesa's Code of Conduct applies to all employees and establishes a common framework for behaviour grounded in respect, inclusion and integrity. It sets out the Company's commitment to protecting human rights, ensuring equal treatment and preventing discrimination based on factors such as ethnic origin, culture, religion, age, disability, gender identity, political opinion, nationality, social background or other personal characteristics.

The Human Resources Policy, the DEI Policy, and the Human Rights Remediation Policy, all of which are based on the Code of Conduct, are aligned with the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights and its two covenants, as well as the ILO's Declaration on Fundamental Principles and Rights at Work and its core conventions.



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The Code defines conduct requirements for directors, officers and employees, covering internal interactions, relationships with business partners and engagement with the public. It includes principles related to employment practices, occupational and product safety, and environmental protection. It also outlines the channels available for raising concerns or submitting complaints.

The Code has been approved by Befesa's Board of Directors, while the all other corporate policies listed above, with the exception of the workshop agreements and the collective bargaining agreements (which are local agreements) have been approved by the Chairman and the CEO. The HR Director and the Compliance Officer hold a specific mandate to oversee human rights compliance and assess potential breaches.

The Code of Conduct is publicly available on the Company's website. It is provided to all new employees, and training is delivered both at onboarding and annually through online modules to ensure that updates are communicated consistently.

In addition to the Code of Conduct, the other aforementioned policies are accessible on the intranet. During 2025, the Company continued to provide an onboarding training programme for new employees. This programme explains Befesa's principles, introduces the Company's commitments regarding human rights and indicates where the relevant documents are available.

For further information please refer to Business Conduct chapter.

Human Resources Policy

Befesa's Human Resources Department, through its Human Resources Policy, is committed to upholding the principles outlined in the United Nations Global Compact (UNGC), the ILO, the International Bill of Human Rights, and the Company's Code of Conduct. The commitment to non discrimination is integrated in all HR processes, from recruitment to promotion and career development. Befesa seeks that all practices are fair, respectful and aligned with international human rights standards.

The aforementioned policy applies to all Befesa employees, regardless of their position, length of contract or work location.

The policy places particular focus on critical areas where discrimination is most likely to arise, including recruitment, retrenchment, promotion, wages, workplace accommodation, training and development, working hours and health and safety.

Human Rights Remediation Policy

Befesa maintains a commitment to respecting and promoting human rights across all its operations. This commitment is reflected in the Code of Conduct and the Human Rights Remediation Policy, which prohibit practices such as forced labour, modern slavery, human trafficking and child labour.

The policy is informed by internationally recognised human rights standards, including the Universal Declaration of Human Rights and the ILO core conventions, and is guided by the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The policy also assigns responsibility for implementation and oversight to senior management. It sets out

procedures for addressing cases of non compliance and outlines remediation measures that are selected according to the nature and severity of each situation.

The policy applies to all Befesa employees, temporary agency workers and subcontractor personnel carrying out activities at Befesa sites.

Befesa does not accept discrimination based on racial or ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction, social origin or any comparable grounds.

A Whistleblowing channel has been implemented to report potential cases of discrimination, including harassment, and as previously mentioned, a Human Rights Remediation Policy is in place to address any violations of these rights. For more information on remediation actions, refer to the section of this report (Processes to remediate impact and channels to raise concerns).

Diversity, Equity and Inclusion Policy

Befesa's Diversity, Equity and Inclusion (DEI) Policy guides recruitment, training, and career development processes. The policy, informed by the UNGC, the Universal Declaration of Human Rights, and the ILO's core conventions, aims to ensure that fairness and inclusion are integrated throughout the employee lifecycle, from hiring to professional advancement, and contribute to a work environment where all individuals have equitable opportunities.

Promoting diversity also requires active engagement from employees. The awareness initiatives carried out annually support this objective by strengthening understanding of DEI related topics. The combination of



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awareness activities and ongoing training helps reinforce a workplace culture that recognises and values diversity.

In 2025, to further support the implementation of the DEI Policy, the Company developed an internal training programme called Befesa's DEI Policy, launched in June 2025. This programme is designed to explain to employees what DEI represents for Befesa and the commitments associated with it. A total of 891 employees enrolled, and the completion rate reached 92%.

Integrated Environmental, Health, Safety and Quality Policy

At Befesa, safety is not just a priority but a fundamental value integral to its business operations. Befesa is dedicated to the continuous enhancement of health and safety performance for all own employees. Befesa's safety management systems encompass 100% of its own employees, non-employees and contractors. These systems are aligned with internationally recognised standards, including ISO 45001 and Occupational Safety and Health Administration, in addition to Befesa's Corporate Safety Standards.

All Befesa's European locations are certified in ISO 45001 and audited by external certified auditors on an annual basis. Likewise, the US locations follow the OSHAS legal requirements. The rest of the locations follow the corporate safety standards and the legal safety requirements.

Environmental Policy

This year the Company published a company wide Environmental Policy, which has been approved by Befesa's management and applies across all operations. It provides a unified framework for all material environmental topics

(climate, air pollution, water and circular economy) while enabling plant level autonomy to implement their own policies and climate actions effectively.

Workshop agreements

The workshop agreements negotiated with employee representatives should be considered policies, as they include measures that relate directly to the IROs identified through the DMA. These agreements contribute to positive impacts, particularly in relation to working conditions and employee engagement.

These agreements address a broad set of employment related matters, such as economic conditions, working hours, shift arrangements, holiday provisions, employee benefits and anti harassment procedures. Together, the implementation of these elements contribute to establishing appropriate working conditions and supporting a constructive work environment.

S1-2 Processes for engaging Befesa employees

Befesa has mechanisms in place to support employee engagement, accessible to all employees, including those who may belong to vulnerable groups. These mechanisms include the following categories:

1. Informative

Befesa provides employees with access to relevant Company information through the intranet and notice boards at each plant. The intranet offers updates on Company news, safety procedures, HR policies and workforce related communications. The IT department monitors intranet usage and reviews the most

frequently visited sections to understand employee information needs and assess how widely the system is used.

For those who do not have access to the intranet, Befesa uses the plant notice boards to inform on relevant topics and important information.

2. Consultative

Befesa maintains consultative mechanisms that enable dialogue with employees and their representatives, accessible to all workers, including those who may belong to vulnerable groups.

Respect for human rights, especially those related to labour conditions, is reflected in the collective bargaining agreements. These agreements frequently include specific provisions on non discrimination, forced labour, child labour and equity.

Regular meetings are held with employee representatives, such as works councils and trade unions, to address matters related to working conditions and employee engagement. Health and safety committees, composed of Company representatives and designated safety representatives, also meet to review workplace safety issues.

Meeting frequency varies depending on the topics under discussion. The meetings on health and safety matters are usually held monthly. If specific issues arise, meetings are held more frequently.

Psychosocial surveys are carried out under defined circumstances, including changes in working conditions, health related concerns or at the request of employees. These surveys are generally conducted every three years.

Managing directors of the plant, together with Human Resources, take part in the negotiation processes of workshop agreements and in the implementation of measures arising from these discussions. Works council members are authorised to sign agreements and keep employees informed about the progress of negotiations, sometimes consulting affected employees through assemblies or votes, depending on local practices. Collective agreements cover issues of relevance to employees and serve as a means to assess the effectiveness of this consultative engagement channel.

3. Participative

In 2025, Befesa continued to maintain employee participation mechanisms at plant level. These mechanisms include, for example, suggestion boxes installed across all sites, which allow employees to propose improvements related to their working environment.

Annual performance reviews also provide a structured opportunity for employees to share feedback and discuss development needs. In addition, Befesa conducts psychosocial surveys that invite employees to express their views on matters such as remuneration, workload, training and relationships with supervisors.

In 2025, Befesa continued to promote employee participation through several initiatives designed to strengthen corporate culture and provide opportunities for employees to express their views on social and environmental matters. Among others, these initiatives included the Step Challenge, the Wings for Life project and the Reto Pichon race. They also included the charity contest and the environmental award, through which employees



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can submit social or environmental projects of their choice. The three highest rated charity projects and the most voted environmental project receive recognition, supporting employee engagement in these areas.

The effectiveness of participative initiatives is generally measured by the number of participants in each initiative, the voter turnout in related decisions and feedback received on specific activities.

The above-described mechanisms are available to all Befesa employees throughout their professional journey with the Company, with varying frequencies depending on the nature of the topic addressed.

In addition to the channels mentioned, two key channels help Befesa understand sensitivities or specific needs of employees who may be considered vulnerable: the workers' legal representatives and HR employees. They serve as the primary communication channels for all Befesa employees, particularly those who may be more vulnerable, to express their concerns.

One of the key goals of the Befesa HR community is to foster an equitable and inclusive workplace. This is achieved by caring for employees, which includes proactively identifying and addressing any special needs they may have.

S1-3 Processes to remediate impacts and channels to raise concerns

Befesa applies a broader approach to identify and manage all material impacts on working conditions, equal treatment and labour rights:

- **Risk mapping** – the Company conducts annual assessments to identify material impacts related to working conditions,

health and safety, employee engagement and equal treatment and opportunities.

- **Integration into management systems** – identified risks are incorporated into HR processes, health and safety management systems and collective bargaining frameworks.
- **Employee participation** – workers and their representatives are involved in identifying risks and proposing improvements through structured social dialogue, suggestion boxes and health and safety meetings.
- **Policies and procedures** – as stated above, Befesa maintains policies covering non discrimination, equal treatment, safe working conditions, fair remuneration and respect for labour rights. These policies apply to all locations.
- **Training and awareness** – employees and managers receive training on health and safety topics, ethical conduct and respectful workplace behaviour. See S1-4 for more information
- **Continuous monitoring** – KPIs related to absenteeism, turnover, incidents, grievances and training completion are monitored to detect emerging risks and evaluate the effectiveness of mitigation measures.
- **Health and safety actions** – periodic review and update of risk assessments related to health and safety at all the locations, implementation of new technologies to address safety risks, follow-up on predictive safety analytics such as compliance with corporate safety standards, incident and near miss reporting and safety observations.

In accordance with the Code of Conduct, any employee who considers that they have

experienced, or are currently experiencing, unlawful discrimination, abusive behaviour or harassment may report the situation directly through the Whistleblowing channel. All submissions are reviewed without delay. When an investigation confirms the existence of discriminatory practices, abusive conduct or harassment, the Company implements corrective measures immediately. Employees who raise concerns in good faith are protected from retaliation or any adverse treatment as a result of their report.

The Whistleblowing channel is accessible, anonymous and available to all Befesa employees as well as other relevant

stakeholders. It enables individuals to confidentially communicate concerns regarding unfair or potentially unlawful practices within the organisation. All reports received through this mechanism, together with the outcomes of the corresponding investigations, are presented to Befesa's Board of Directors. Additional information on this tool is provided in sections G1-1 (Corporate Culture and Business Conduct Policies) and G1-3 (Prevention and Detection of Corruption or Bribery) and S1-17 Discrimination incidents and human rights violation.

The Whistleblowing channel operates alongside other avenues available to employees for submitting complaints:



Social continued

- Many of the collective bargaining agreements applicable to Befesa entities include specific procedures for addressing potential human rights violations.
- To ensure that the Company understands the needs or sensitivities of employees who may be in vulnerable situations, concerns may also be raised with workers' legal representatives, Human Resources personnel, the relevant supervisor or the Compliance Officer.

The Company ensures that employees are aware of the channels described above, mainly through training. This includes the Code of Conduct training, which contains a specific chapter on the Whistleblowing channel; the Befesa DEI Policy training, among others. Open communication also plays an important role, as do the legal representatives, who help ensure that the employees they represent are informed about these channels. Befesa assumes that employees trust these mechanisms.

S1-4 Actions to mitigate risks and pursuing opportunities

During 2025, Befesa continued implementing and strengthening the actions designed to prevent and mitigate the negative impacts identified through the DMA. These actions support the ongoing development and reinforcement of key internal policies, including the Code of Conduct, the DEI Policy, the HR Policy, the Integrated, Environmental, Health, Safety and Quality Policy and the Safety Corporate Standards.

None of the actions included in this section require significant operating expenses (OpEx) or capital expenditures (CapEx). The social initiatives listed are, in most cases, financed

through the annual budget of the corporate department. Each year, Befesa allocates a specific amount to ensure the implementation of these actions.

The resources that Befesa allocates to implement the social actions reflected here vary depending on the specific initiative. Many actions are led by the HR teams, both at corporate and local levels. Others are driven by health and safety professionals, while initiatives related to cybersecurity are led by the IT department. The Compliance Department also plays a key role in promoting and overseeing actions linked to legal, regulatory and ethical compliance. Across all initiatives, the strong involvement and support of the managing directors and senior management remain essential, as they actively support and reinforce the entire social action plan.

Befesa also advanced a range of initiatives, many of which were carried out in collaboration with employees' legal representatives. The following sections describe the processes established for each sub theme identified as material, outlining how the Company manages and monitors the prevention and mitigation of potential negative impacts.

Processes implemented in relation to working conditions, and specifically to remedy the impact of reducing workforce availability due to a high rate of absenteeism in some locations:

- **Absence analysis:** A plant- specific analysis of absence typologies (long-term, short- term, and other leaves) to identify trends and address underlying causes.
- **Absence talks and operational integration management:** During 2025, Befesa continued working on its processes to better understand the factors

contributing to employee absences and to identify additional measures that could support their reduction. Across the plants, absence talks are conducted to gather direct feedback from employees, assess individual circumstances and determine whether further support or adjustments are needed. In the German plants, these discussions are complemented by the Operational Integration Management system, which provides a structured framework to ensure an appropriate and effective reintegration process when employees return to work. Together, these mechanisms help the Company prevent potential negative impacts, promote employee wellbeing and support a sustainable return to work process.

- **Restricted work opportunities:** Implementing restricted work options where possible to facilitate employees' return to duty.
- **Flexible work arrangements:** Offering flexible shifts for manufacturing employees and implementing work-life balance measures such as flexible work hours and remote work (when feasible, based on the role).
- **Ergonomic campaigns and training:** During 2025, Befesa continued implementing ergonomic awareness initiatives and training programmes aimed at promoting safe working practices and reducing the likelihood of work-related ergonomic health issues. These actions form part of the Company's ongoing efforts to prevent negative impacts on workers' health and to minimise absences associated with ergonomic risks.
- **Health and safety committees:** Throughout 2025, Befesa maintained active engagement with employees'

legal representatives through Health and safety committees that exists in all Befesa plants. These committees support continuous monitoring of workplace conditions, contribute to the identification of potential risks, and help define measures to strengthen a safe working environment. Their work also supports the Company's efforts to reduce absences linked to occupational accidents and health and safety concerns.

Absence ratios and the actions implemented to reduce them are monitored monthly at plant level. The review includes the absenteeism rate, the evolution of long-term and short-term absences, the number of reintegration cases and the use of restricted-work arrangements. These indicators allow Befesa to assess whether the preventative and mitigating measures are effectively stabilising or reducing absence levels. They are also reviewed with the same frequency by Health & Safety, Human Resources and Corporate Social Responsibility, which comprise Befesa's CEO, the regional CEOs, the Corporate H&S Director and the Corporate HR and CSR Director, and are used to adjust measures, reinforce successful practices and identify plants requiring additional support.

Absences arising from legal or contractual entitlements constitute employee rights. Befesa fully upholds these rights and conducts monthly monitoring of absence rates – including common illness, accidents and other authorised leave – to assess whether the measures described contribute to their reduction. Since absences may recur whenever a legitimate reason exists, some categories may decrease while new cases emerge. Therefore a direct correlation between the measures implemented and the expected reduction cannot always be



Social continued

established, which may affect the overall effectiveness of these measures.

During 2025, Befesa continued strengthening its actions to promote equal treatment and equal opportunities for all employees. Although the DMA did not identify any material negative impacts in this area, the Company maintained several initiatives aimed at fostering an inclusive and non discriminatory working environment. These included the ongoing implementation of awareness campaigns and training programmes – such as Purposeful Inclusion – to support the integration of employees with disabilities, the renewal of its sponsorship of the Autism Chair at the University of Seville to advance research and awareness, the use of neutral and inclusive language in job advertisements, the systematic review of applications from female candidates who meet technical requirements and the requirement that recruitment partners comply with non discrimination policies. Befesa also continued increasing its visibility at job fairs and technical universities to attract diverse talent and demonstrate that its roles can be performed equally by individuals of any gender.

Furthermore, Befesa has designed and implemented a series of measures to mitigate risks and take advantage of opportunities related to its workforce.

These actions are shown for each sub-topic below:

Working conditions and employment engagement

Action	IRO description	Period	Department	Scope
Newcomer training on Befesa's operations and culture	Pursue greater commitment to the performance of tasks and the achievement of organisational and financial objectives by enabling employees to identify with the Company's culture and values.	2025-and onwards	Corporate HR and CSR departments	New Befesa employees
Step Challenge initiative	Operational impact by reducing workforce availability due to a high rate of absenteeism in some locations.	2025-2026	Corporate HR and CSR departments	All Befesa employees
Training and awareness campaign on mental health	Operational impact by reducing workforce availability because of a high rate of absenteeism in some locations.	2025-2026	Corporate HR and CSR departments	All Befesa employees
Adaptation of working time arrangements through social dialogue	Operational impact by reducing workforce availability because of a high rate of absenteeism in some locations.	2025-2026	Local HR professionals and Legal representatives	All Befesa employees
People of Befesa – short videos	Pursue greater commitment to the performance of tasks and the achievement of organisational and financial objectives by enabling employees to identify with the Company's culture and values.	2025-2026	Corporate HR and CSR departments	All Befesa stakeholders
Quarterly Befesa Newsletter	Pursue greater commitment to the performance of tasks and the achievement of organisational and financial objectives by enabling employees to identify with the Company's culture and values.	2025-and onwards	Communication department	Befesa employees with email address roughly 800 employees
Cybersecurity awareness programme	Loss of personal information of employees and stakeholders as a result of a cyberattack through online scamming.	2025-and onwards	Corporate IT department	Befesa employees with email address roughly 800 employees

Social continued

Initiatives regarding Befesa's Operations and Culture

During 2025, Befesa continued delivering its welcome training course for all newly hired employees, ensuring that new joiners receive a clear overview of the Company, its mission, ethical standards and key policies from the outset. The training also reinforces Befesa's core values, including its commitment to DEI, and supports the integration of new employees by fostering a sense of belonging and alignment with the organisation's principles.

In 2025, Befesa launched the second edition of its Step Challenge, an initiative that brought together 486 participants from across the organisation to promote an active lifestyle while encouraging team building and friendly competition. Over the course of one month, participants collectively achieved an impressive milestone, covering a distance equivalent to circling the Earth twice. The team with the highest average number of steps earned the opportunity to select an NGO to receive a corporate donation, and the top three teams were rewarded with a well deserved breakfast for all employees. In addition, the 10 employees with the highest individual step counts received a Befesa backpack in recognition of their achievement. In 2025, Befesa also focused on supporting the mental well being of all employees through a dedicated awareness campaign. As part of this initiative, the Company offered an online training programme highlighting the importance of managing stress and providing practical guidance on how employees can maintain healthy mental well being in their daily work environment.

In addition, a workshop titled HR Tools for Mental Wellbeing in the Workplace was organised for the HR team. The session focused on sharing practical strategies and

HR tools to support mental well being at work, strengthening awareness and equipping HR professionals with resources to better assist employees and contribute to healthier, more resilient workplaces.

People of Befesa – short videos: In 2025, Befesa launched a series of "People of Befesa" videos to further strengthen visibility around its activities and workforce. The "People of Befesa" videos aim primarily at increasing awareness of the job roles offered at Befesa, especially among those who may not be familiar with the exact nature of the Company's activities. They also highlight Befesa's commitment to the circular economy and how each employee contributes to this goal on a daily basis.

From an internal perspective, these videos also strengthen Befesa's culture by showcasing how our own employees perceive and value their roles. By seeing the experiences and contributions of their colleagues, employees:

- Recognise the importance of their work within the Company's broader purpose.
- Feel part of a shared mission, reinforcing their sense of belonging and pride.
- Can draw inspiration from good practices and ways to contribute to the circular economy, fostering collaboration and alignment with Befesa's values.

Taken together, the short videos serve as a dual-purpose tool, generating external impact (Company visibility and talent attraction) and internal impact (motivation and cultural reinforcement).

The Communication Department, together with the Investor Relations Department, keeps Befesa employees informed about the

Company's strategy, environmental legislation that may affect Befesa's business, market fluctuations and other relevant updates through a bi weekly newsletter. The Communication Department also publishes a quarterly Befesa Newsletter featuring key news on business, R&D, health and safety, environmental matters, and social activities involving Befesa employees. The newsletter is distributed by email and posted on the Befesa intranet.

Enhancing working time flexibility via social dialogue

Befesa promotes workforce adaptability through a comprehensive approach that combines multi skilling initiatives, flexible workforce planning and strengthened internal mobility. In 2025, the Company advanced these efforts by fostering employee polyvalence to enhance operational adaptability and reduce the impact of production fluctuations on employment stability, reinforcing internal mobility and redeployment opportunities across sites, and integrating workforce related

contingency considerations into financial and operational scenario planning. The Company also engaged in negotiations with employee legal representatives to introduce greater flexibility in working time arrangements, enabling the plant to accumulate excess working hours that can be recovered during periods of lower productivity. Together these measures support a more resilient organisation while safeguarding stable and sustainable employment.

Conditions. Cybersecurity awareness programme

During 2025, Befesa continues strengthening its prevention and awareness measures against the risk of loss of personal information of employees and customers, resulting from online scams and cyberattacks. These actions are part of Befesa's Information Security strategy, which includes the Company's annual cybersecurity training programme and reflects our commitment to data protection and the trust of our stakeholders.



Social continued

In the area of awareness and training, specific sessions were held to train employees in identifying and reporting credential theft messages, early notification of cybersecurity incidents, safe internet browsing and improving password security.

At the technological level, Befesa has advanced security controls that significantly reduce the likelihood of cyber fraud aimed at stealing information. Befesa evaluates itself against the CIS (Center for Internet Security) framework, which is composed of 139 safeguards grouped into 18 controls. Based on the results of this assessment, the corresponding action plans are established.

These measures include conditional access policies, multi-factor authentication and controls that prevent the use of weak passwords. Users' devices are protected by

attack-surface reduction technologies that prevent credential theft, even when malicious code is executed.

Regarding email, specific policies are in place to automatically detect and delete phishing and credential theft messages before they reach the user's inbox. Email authentication mechanisms based on Sender Policy Framework, DomainKeys Identified Mail, Domain-based Message Authentication, Reporting and Conformance standards are also used to prevent impersonation of Befesa's domain and reduce the risk of fraud. Web browsing is protected by security filters that block access to malicious websites and pages designed to steal credentials. Finally, the Company has a centralised alert system that analyses logs from multiple systems and identifies suspicious access, including from high-risk geographical locations.

Health and safety Actions

Action	Period	Resources	Scope
Fatality prevention programme	2021-and onwards	H&S department	All Befesa employees
Safety awards	2022-and onwards	H&S department	All Befesa employees
Corporate safety standards	2015-onwards	H&S department	All Befesa employees and contractors
Corporate safety initiatives to reduce specific hazards: hand injuries prevention and traffic safety	2020-onwards	H&S department	All Befesa employees

The Fatality Prevention Programme and the Company's Corporate Safety Standards, including the Industrial Hygiene and Respiratory Protection Standards, address potential employee exposure to hazardous substances. These frameworks require the monitoring and measurement of occupational

exposure to ensure compliance with applicable legal and regulatory limits. Where risks are identified, the Company implements engineering controls and provides appropriate personal protective equipment (PPE) to minimise or eliminate exposure to pollutants and hazardous agents.

The fatal and serious injuries (FSI) prevention programme:

The FSI prevention programme is designed to strengthen the organisation's overall safety performance by proactively managing high risk exposures. Its objectives are to:

- **Enhance organisational focus on critical safety risks**, ensuring that the most significant hazards receive priority attention and mitigation measures.
- **Broaden the scope of safety risk identification** to include non routine activities, locations, and operational conditions – such as shutdowns, restarts and atypical maintenance tasks – where risk levels may increase.
- **Promote clear visibility and understanding of major risks across all organisational levels**, from executive leadership to frontline teams, fostering a unified safety culture.
- **Ensure that adequate time, capabilities and resources are dedicated to the identification, evaluation and control of high risk scenarios**, reinforcing a preventative rather than reactive approach.
- **Implement and periodically verify robust control measures**, ensuring that risk controls function effectively and sustainably over time.

The average compliance with the corporate FSI programme in 2025 was 83% compared with 73% in 2024) across all Befesa locations. The compliance is measured through an audit process that scores the level of compliance with specific requirements of the programme such as:

- The programme must be led by the plant manager.

- There must be a multidisciplinary team at the location meeting on a regular basis to review the location FSIs.
- Management and employees must be trained in the programme.
- There must be a process in place for the proactive identification and closure of the FSIs.

Befesa Health and Safety Excellence Awards 2025

Every year Befesa recognises the achievement of Befesa employees and locations that contribute to a safer workplace for all with the Befesa Health and Safety Excellence Award:

- Two locations in Spain: Befesa Aluminium Granollers and Befesa Zinc Oxide were recognised for the exceptional safety improvement and zero lost time injuries.
- 67 employees were awarded for their safety projects.

Examples of the initiatives presented:

- Sondika: The plant developed a robotic solution to replace manual crucible cleaning, reducing risks and increasing productivity.
- Granollers: The plant redesigned the access and maintenance of the discharge belt, which had previously been performed manually with significant operational risks.
- Valladolid: every employee works as a safety technician for a day. The project aimed to improve a preventative culture through the active participation of all employees in identifying risks and correcting unsafe behaviours.

Social continued

Traffic safety and hand injuries prevention projects:

In 2025 Befesa continued working on these two projects with the aim of enhancing the traffic safety and reduce the hand injuries at the locations.

Across all operational sites, mobile equipment is routinely used for the movement of materials and personnel. To strengthen the control of high risk interactions, an improvement

programme was deployed to systematically identify potential conflicts between mobile equipment and pedestrians. This initiative delivered significant safety enhancements through the implementation of physical segregation, elimination of blind spots, upgraded visual and acoustic signalling, reinforced speed control measures and revised operational procedures. Those enhancements delivered an improvement of 12% in overall Befesa's corporate safety audit scores in the

compliance of traffic safety standard compared with 2024 scores applicable to all locations. Targeted training programmes were also introduced to increase situational awareness and operational discipline.

In addition, all the locations have advanced hand injury prevention measures through several complementary initiatives, including a systematic review of tools to eliminate or modify equipment that increases hand

exposure risks, upgrades to PPE such as enhanced glove specifications and improved ergonomics and strengthened task specific PPE selection. As part of this programme, sites are also progressing machine guarding improvements – mainly on conveyor belts – to reduce nip points and similar mechanical hazards that contribute to hand injuries. Collectively, these actions have delivered a 13% in the reduction of recordable accidents affecting hands, compared with 2024.

Equal treatment and opportunities actions

Action	IRO description	Period	Department	Scope
Training on Compliance Management System	Pursue greater commitment to the performance of tasks and the achievement of organisational and financial objectives by enabling employees to identify with the Company's culture and values.	2025-and onwards	Compliance Department	Befesa employees with email address roughly 800 employees
Training on Code of Conduct	Failure to comply with the DEI Policy can lead to communication breakdowns, increased workplace conflicts and a tense and uncollaborative environment.*	2025-and onwards	Compliance Department	Befesa employees with email address, roughly 800 employees
Compliance Quarterly Newsletter	Failure to comply with the DEI Policy can lead to communication breakdowns, increased workplace conflicts and a tense and uncollaborative environment.*	2025-and onwards	Compliance Department	Befesa employees with email address, roughly 800 employees
Brochure with the guidelines on conduct available in the eight Befesa languages	Failure to comply with the DEI Policy can lead to communication breakdowns, increased workplace conflicts and a tense and uncollaborative environment.*	2025-and onwards	Compliance Department/Local HR team	All Befesa employees
Training on DEI Policy	Failure to comply with the Diversity, Equity and Inclusion policy can lead to communication breakdowns, increased workplace conflicts and a tense and uncollaborative environment.*	2025-and onwards	Compliance Department/Local HR team	Befesa employees with email address, roughly 800 employees
Awareness Campaigns over DEI	Commitment to equality can generate a better reputation, stronger brand and it can help access new markets and customers by demonstrating a commitment to shared social and ethical values.	2025-and onwards	Corporate HR Department	All Befesa employees
DEI Training	Promotion of diversity through recruitment and talent management practices, training and development of opportunities to cultivate a culture of inclusivity, and carry out campaigns on equality and diversity.	2025-and onwards	Corporate HR and CSR departments	Befesa employees with email address
Renewal of the Seville Autism Chair Sponsorship	Commitment to equality can generate a better reputation, stronger brand and it can help access new markets and customers by demonstrating a commitment to shared social and ethical values.	2025-2026	Corporate HR and CSR departments	Community / People with Autism Spectrum
Renewal of the promotion of adapted sport (In Foundation) Sponsorship	Commitment to equality can generate a better reputation, stronger brand and it can help access new markets and customers by demonstrating a commitment to shared social and ethical values.	2025	Corporate HR and CSR departments	Community / People with disability

* These issues may result in higher employee turnover, reduced productivity and difficulty attracting top talent – ultimately driving up recruitment and training costs and exposing the Company to potential legal expenses and reputational damage.



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CMS and DEI actions

During 2025, Befesa continued developing actions to minimise the risk of non compliance with the Code of Conduct requirements in general, and with the DEI Policy and harassment prevention standards in particular. Specifically, Befesa developed an internal training programme to thoroughly explain the content of its DEI Policy to employees, clarifying what diversity, equity and inclusion represent to the Company and what is expected from them in this regard.

All compliance related actions, including their content and scope, are detailed in G1-1 Corporate culture and business conduct policies and G1 3: Prevention and detection of corruption or bribery.

Other actions related to DEI are led by the Corporate HR and CSR Department through awareness campaigns, including zero discrimination, cultural diversity, World Autism Awareness Day, and the International Day of People with Disabilities. Additionally, DEI training covers topics such as respectful workplace: effective communication, disability diversity and mental health. All DEI online training which had been sent in 2024 was sent to people starting in 2025: Purposeful Inclusion, Age Based Diversity, Unconscious Bias and Microaggressions.

Every year, the Company shares an intercultural calendar with all employees, aimed at promoting awareness and understanding of cultural diversity across our different locations. This calendar highlights public holidays and days off around the world, helping teams better plan and collaborate across regions. This year, this initiative has been further enhanced with the creation of a new online intercultural calendar, making the information

more accessible, dynamic and easier to use for everyone.

Operating in different countries, there are different legislations regarding the identification and categorisation of people with disabilities. In this sense, although only in this report, data of those persons with an official certificate are communicated, Befesa understands that normalising disabilities is the best way to foster true workplace inclusion.

In this spirit, and in honour of the International Day of Persons with Disabilities, Befesa organised an online workshop open to all employees. Befesa hosted Autism in the Workplace, led by David Saldaña, Chair of Autism at the University of Seville. The session aimed to raise awareness about neurodiversity and promote more inclusive working environments by providing clear insights into neurodivergences at work. Through expert input, open dialogue and practical examples, the event challenged common stereotypes and highlighted concrete ways to support neurodivergent colleagues. This reinforced the importance of creating workplaces where different ways of thinking are understood, respected and valued.

On World Autism Awareness Day, Befesa shared a personal story by interviewing one of our employees, who spoke about her experience as a mother of an autistic child. Through her testimony, the Company aimed to raise awareness, foster empathy and highlight the importance of understanding autism not only in the workplace but also in everyday life.

Moreover, Befesa is aware that the inclusion of people with disabilities needs to be comprehensive, and the Company sponsors various activities that, among other benefits,

help this group gain employment opportunities and access adapted sports.

In addition to awareness campaigns and training on disability-related topics, Befesa continued sponsoring the Autism Chair at Seville University throughout 2025, supporting various initiatives that help university students on the autism spectrum gain full access to the labour market.

S1-5 Targets

Equity, Diversity and Inclusion

As described in Disclosure Requirement S1-4, Befesa implemented various actions in 2025 linked to its strategic goals on these subjects. All targets were set by the Befesa Chairman and CEO and are approved by different committees. Those related to DEI and absenteeism are approved by the HR & CSR Committee and subsequently communicated to the regional CEOs during the Health & Safety, Human Resources and Corporate Social Responsibility committees. Targets related to compliance are approved by the Compliance Committee and those affecting cybersecurity are approved by the IT Committees. Regional CEOs are also informed through the quarterly Strategy Committee.

These committees are also used to monitor the performance of each goal and to analyse whether the established targets have an impact on the IROs described in SBM2 and SBM3.



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Target	IRO description	Scope	2024	2025	2026	2027
Cybersecurity training : ensure bimonthly training	Loss of personal information of employees and stakeholders due to a cyberattack through online scamming.	Befesa employees with email address, roughly 800 employees	Done	Done	Bimonthly training	Bimonthly training
CMS training: ensure annual training	Pursue greater commitment to the performance of tasks and the achievement of organisational and financial objectives by enabling employees to identify with the Company's culture and values.	Befesa employees with email address, roughly 800 employees	Done	Done	Annual	Annual
Code of Conduct training: ensure annual training	Failure to comply with the DEI Policy can lead to communication breakdowns, increased workplace conflicts and a tense and uncollaborative environment.*	Befesa employees with email address, roughly 800 employees	Done	Done	Annual	Annual
DEI Awareness Campaigns – Launch of four campaigns	Commitment to equality can generate a better reputation, stronger brand and it can help access new markets and customers by demonstrating a commitment to shared social and ethical values.	Befesa employees with email address, roughly 800 employees	Done	Done	Six campaigns to all Befesa employees	Six campaigns to all Befesa employees
DEI training: ensure quarterly training	Promotion of diversity through recruitment and talent management practices, training and development of opportunities to cultivate a culture of inclusivity, and carry out campaigns on equality and diversity.	Befesa employees with email address, roughly 800 employees	Done	Done	Quarterly training	Quarterly training
Absenteeism and employee engagement: Step Challenge initiative – achieve 75M steps	Operational impact by reducing workforce availability because of a high rate of absenteeism in some locations.	All Befesa employees	Done	Done	New edition planned for 2026	New edition planned for 2027
Employee engagement: Wings for life race 700 kilometres	Operational impact by reducing workforce availability because of a high rate of absenteeism in some locations.	All Befesa employees	Done	87%	To be defined	To be defined
Absenteeism mental health campaign: raise awareness of its importance	Operational impact by reducing workforce availability because of a high rate of absenteeism in some locations.	All Befesa employees	–	Done	To be defined	To be defined

* These issues may result in higher employee turnover, reduced productivity and difficulty attracting top talent – ultimately driving up recruitment and training costs and exposing the Company to potential legal expenses and reputational damage.

The scope of the training targets includes primarily white collar employees across all departments who have a corporate email address and regular access to a computer as part of their role. This includes management, administrative staff, technical and professional roles as well as selected blue collar staff who require system access to perform their duties.

Befesa does not set a specific absenteeism reduction target because employees have a legal right to be absent as a result of illness, accidents or other types of leave established under the legislation applicable in each country where Befesa operates. The Company promotes the reduction of absenteeism through the measures described above, but always within the limits of these legal rights. For this reason, Befesa's aims to encourage a reduction in the absenteeism ratio, while not establishing a concrete numerical goal.

Health and safety targets:

Befesa based its safety strategy on the following pillars:

- Progressively achieve excellence in the safety management systems.
- Identify and control the process safety risks.
- Promote the safety culture at all the levels of the organisation.

Befesa has established the goal of achieving zero fatalities, achieved in 2025, and progressively reducing the accident rates to achieve zero (for more information see section S1-14). In 2025, Befesa achieved a 24% reduction in the total recordable work-related injuries. To attain this goal, Befesa implemented several programmes, as outlined in sections S1-4.

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These programmes are monitored through the following leading indicators, among others:

Objective	2025 objective	2025 achieved	Improvement	2024
Compliance with the fatality prevention programme	73%	84%	15%	70%
Compliance with the corporate standards	80%	81%	8%	75%
Management follow-up on internal corporate audits nonconformities	100%	100%	NA	100%

These leading indicators are evaluated during corporate audits, which are conducted every three years, and internal audits, which are conducted annually. These audits involve a thorough analysis of compliance with all corporate safety standards.

The targets are established during the annual health and safety strategic meeting, in which all locations participate in formulating Befesa's strategy for the following year. Inputs from the locations are summarised and sent back as the annual strategy for final approval by the CEO.

The strategic goals are also presented for approval at the Regional CEO's health and safety committee, led by Befesa's CEO and the Board of Befesa. Once approved, the strategy and objectives are incorporated into the action plans of each location and monitored at the corporate level through health and safety follow-up meetings held as a minimum every two months and location audits every three years.



S1-6 Befesa employee metrics

Gender	2025 HC distribution	Number of employees (HC) 31-Dec-2025	Number of employees (HC) 31-Dec-2024	YoY difference	2025 FTE distribution	Number of employees (FTE) 31-Dec-2025	Number of employees (FTE) 31-Dec-2024	YoY difference
Female	12%	214	218	-2%	12%	205	207	-1%
Male	88%	1,582	1,614	-2%	88%	1,553	1,577	-2%
Other ⁽¹⁾	0%		0	0%	0%		0	0%
Not reported	0%		0	0%	0%		0	0%
Total employees	100%	1,796	1,832	-2%	100%	1,758	1,784	-1%

¹ Gender as specified by the employees themselves

Social continued

Country	2025 HC distribution	Number of employees (HC) 31-Dec-2025	Number of employees (HC) 31-Dec-2024	YoY difference	2025 FTE distribution	Number of employees (FTE) 31-Dec-2025	Number of employees (FTE) 31-Dec-2024	YoY difference
South Korea	4.1%	73	75	-3%	4.2%	73	75	-3%
Turkey	4.8%	86	86	0%	4.9%	86	86	0%
Sweden	4.5%	80	91	-12%	4.5%	79	90	-12%
China	4.3%	77	96	-20%	4.4%	77	96	-20%
France	9.6%	172	163	6%	9.7%	171	162	6%
Spain	22.0%	395	406	-3%	21.4%	376	380	-1%
Germany	23.6%	424	427	-1%	23.5%	413	416	-1%
United States	27.2%	489	488	0%	27.5%	483	479	1%
Total employees	100%	1,796	1,832	-2%	100%	1,758	1,784	-1%

The total workforce as at 31 December 2025 was 1796 employees (HC). Compared with 31 December 2024 (1832 employees), this represents a 2% year-on-year variation.

Overall, the workforce of Befesa remained stable year-on-year, with no significant structural changes at Company level. Headcount variations are limited to specific regions and are explained by identifiable and non-recurring factors.

The main variation relates to China, where headcount declined from 96 to 77 employees (-20% year-on-year), reflecting lower utilisation rates among EAF steelmakers linked to the ongoing real estate market crisis.

In Sweden, headcount decreased from 91 employees in 2024 to 80 employees in 2025 (-12% year-on-year). The higher headcount in 2024 was attributable to the temporary re-engagement of retired employees to support knowledge transfer and training activities for new hires. These temporary arrangements concluded during 2025 once the training period was completed, resulting in a lower headcount at year-end.

Regarding gender distribution, the workforce composition remained broadly unchanged, with 12% of employees identifying as female and 88% as male. Male representation is significantly higher, reflecting the predominance of manufacturing roles within the Company's workforce.

	Female	Male	Other ¹	Not reported	Total
Number of permanent employees (HC) – 31-Dec-2025	191	1,448	–	–	1,639
Number of permanent employees (HC) – 31-Dec-2024	197	1,461	–	–	1,658
Number of temporary employees (HC) – 31-Dec-2025	23	134	–	–	157
Number of temporary employees (HC) – 31-Dec-2024	21	153	–	–	174
Number of non-guaranteed hours employees (HC) 31-Dec-2025	–	–	–	–	–

¹ Gender as specified by the employees themselves

	Europe	North America	Asia	Total
Number of permanent employees (HC) – 31-Dec-2025	989	489	161	1,639
Number of permanent employees (HC) – 31-Dec-2024	1,011	487	160	1,658
Number of temporary employees (HC) – 31-Dec-2025	82	–	75	157
Number of temporary employees (HC) – 31-Dec-2024	76	1	97	174
Number of non-guaranteed hours employees (HC) 31-Dec-2025	–	–	–	–

Social continued

Befesa's workforce structure reflects a stable and predominantly permanent employment model. As at 31 December 2025, 91% hold permanent contracts, while only 9% hold temporary positions.

In Europe, temporary roles are primarily used to cover short-term needs such as absences, vacations, and replacements. In Asia,

particularly in China, the higher share of temporary contracts is driven by local labour practices, where fixed-term contracts (typically around three years in duration) are standard. In North America, temporary contracts are not commonly used and employees are generally classified as permanent (indefinite) under the at-will employment framework.

Turnover rate

Termination type	Number of leavers 2025	Turnover rate 2025 (%)	Number of leavers 2024	Turnover rate 2024 (%)
Voluntary turnover	125	6.9%	124	7.7%
Non-voluntary turnover	165	9.1%	116	7.2%
Total turnover	290	16%	240	14.9%

Methodology – number of employees

The number of employees is disclosed in both headcount (HC) and full-time equivalents (FTE) at the end of the reporting period.

HC represents the total number of employees with an active employment contract at the reporting date.

FTE at the end of the reporting period are calculated by considering the percentage of contractual working time of each employee compared to a full-time employee in the same location and equivalent employee group, in accordance with local working time arrangements.

Employee categories (permanent, temporary and non-guaranteed hours) are determined using the applicable national legal definitions in

each country of operation. Country-level data are prepared on this basis and subsequently aggregated at Company level.

For financial reporting purposes, workforce figures are based on the average number of FTE during the financial year, as this metric best reflects the workforce effectively contributing to the Company's operations and personnel costs throughout the reporting period.

Methodology – turnover

Employee turnover includes all departures during the reporting period and is classified as voluntary or non-voluntary. Voluntary turnover refers to employee-initiated exits, including resignations and mutual agreement terminations initiated by the employee. Non-voluntary turnover covers employer-initiated exits, such as dismissals for

operational, disciplinary performance-related or probationary reasons, company-initiated mutual agreements, retirements, deaths in service and terminations because of medical inability or disability.

The turnover rate is calculated by dividing the total number of leavers in each category by the average headcount during the reporting period. Exits from the natural expiry of fixed-term contracts (including seasonal or short-term contracts) and leaves of absence that do not end the employment relationship are excluded as they do not represent structural workforce attrition.

Comparability with prior-year data

Starting in 2025, the turnover rate methodology was updated to include all employee departures during the reporting period, regardless of contract type, and to classify them into voluntary and non-voluntary turnover.

In the previous year, the indicator was based only on permanent employees, excluding terminations of fixed-term contracts.

Due to this change in scope and definition, 2024 and 2025 figures are not directly comparable. The 2024 data is presented as originally reported and has not been recalculated.

S1-8 Collective bargaining and social dialogue

Collective bargaining coverage		Social dialogue
Employees – European Economic Area (EEA)	Employees – non-EEA	Workplace representation (EEA only)
0-19%		
20-39%	Asia	
40-59%	North America	
60-79%		
80-100%	Germany, Spain, France, Sweden	Germany, Spain, France, Sweden

Befesa recognises the fundamental rights of its employees, including freedom of association and the right to collective bargaining.

At the end of the reporting period, 77% of Befesa's employees were covered by collective bargaining agreements, calculated on a headcount basis.

Within the European Economic Area (EEA), 100% of employees are covered by collective bargaining agreements, either through company-level agreements, which constitute the majority, or through applicable sectoral collective agreements, representing full collective bargaining coverage of the EEA workforce.

Social continued

Outside the EEA, collective bargaining coverage varies by region, ranging from 20–39% in Asia (Turkey, South Korea and China) and from 40–59% in North America (United States). In countries where collective bargaining agreements are not in place, employment conditions are governed by applicable local labour legislation and Befesa’s internal frameworks, including employee handbooks and internal reference agreements.

Regarding social dialogue, within the EEA between 80% and 100% of employees work in establishments where workers’ representatives are in place, depending on the country.

Befesa does not currently have a European Works Council, SE Works Council or SCE Works Council in place.

Level / Gender	Female	Male	Total	% Female	% Male
Top management	5	19	24	20.8%	79.2%
Middle management	4	32	36	11.1%	88.9%
Junior management	30	118	148	20.3%	79.7%
Total	39	169	208	18.8%	81.2%

Workforce by gender and age

The workforce distribution by gender and age is based on headcount (HC) as of the end of the reporting period (31 December) and includes all employees with an active employment contract on that date.

S1-9, S1-12 Diversity, equity and inclusion

As of 31 December 2025, Befesa employs a total of 1796 employees, of which 214 are female (12%) and 1,582 are male (88%). Despite this, females hold a significant proportion of management positions relative to their overall numbers.

Management level by gender

The Company employs 208 managers across all levels, with 39 females and 169 males, representing an overall female representation of 18.8% in management. In top management, female account for five out of 24 positions, representing 21% of top management roles.

The overall workforce distribution by age shows a consistently low proportion of female employees across all age groups:

Age group	Female	Male	Total
Up to 30	27	201	228
30-50	110	808	918
Over 50	77	573	650
Grand total	214	1,582	1,796

Methodology – management level

Befesa classifies management positions into three levels, Top, Middle and Junior management, according to their level of responsibility, decision-making authority and organisational scope.

- **Top management** comprises roles with corporate or regional strategic responsibility and a reporting line no more than two levels below the Chief Executive Officer (CEO). These positions are responsible for defining strategy, setting policies and providing overall direction to the Company, and include the CEO, CFO, regional CEOs and corporate directors.
- **Middle management** comprises roles with responsibility for managing business units, legal entities, plants or multiple locations. These positions are accountable for implementing Company strategy and overseeing operational performance within their scope of responsibility, including managing directors, plant directors, and functional managers with multi-site responsibilities.
- **Junior management** comprises first-line management roles with direct responsibility for day-to-day operations at site level. These positions typically manage specific departments or functions within a plant and are responsible for supervising teams and executing operational objectives.

People with disabilities

As of 31 December 2025, 2% of Befesa’s own workforce are people with disabilities, representing 30 employees out of a total headcount of 1796, based on legally recognised disabilities under applicable national legislation. The reported percentage

covers only Befesa’s employees at the end of the reporting period and excludes external contractors, outsourced services, indirect employment and third-party hours worked.

While reporting is based on employees with official disability certification, Befesa acknowledges that the number of employees experiencing functional limitations may be higher. Accordingly, internal awareness initiatives address both formally recognised disabilities and employees who may face disability-related challenges without formal certification.

Gender	PwD	HC	%
Female	2	214	1%
Male	28	1,582	2%
Grand total	30	1,796	2%

Methodology – people with disabilities

Data is collected annually by the Human Resources function across all operations and is based on **official disability recognition** in accordance with **local legal frameworks**. As legal definitions and recognition thresholds vary by jurisdiction, Befesa does not apply a single global definition, to ensure compliance with national legislation. Each operation reports employees with disabilities as recognised by the competent local authorities.

In addition to direct employment, Befesa engages service providers that employ persons with disabilities (e.g. laundry or gardening services) to support legal compliance and promote employment opportunities. These external services are not included in the reported figures, which relate exclusively to Befesa’s own workforce.

Social continued

All data is collected and processed in compliance with applicable data protection regulations, including General Data Protection Regulation (GDPR), and sensitive personal data is processed only with explicit consent or where legally required.

Country context – disability recognition

To support interpretation of the reported figures, the following examples illustrate how disability is legally recognised in selected countries where Befesa operates. These differences explain why cross-country comparability is limited.

- **Germany (DE):** Disability is defined as a long-term impairment (>6 months) that may hinder equal participation; "severely disabled" generally requires **GdB ≥ 50**, with possible equal status at **GdB 30–49** under conditions.
- **China (CN):** Disability is defined by national law; classification criteria are established by the State Council and formal recognition is typically evidenced via an official **disability certificate**.
- **Spain (ES):** For many legal purposes, disability is recognised through an official procedure and is generally accredited at **≥33%** by the competent authority.
- **South Korea (KOR):** A disabled person is one whose long-term vocational life is substantially restricted due to physical or mental impairment and who meets criteria set by Presidential Decree.

- **Sweden (SWE):** The legal framework focuses on protection against discrimination and accessibility for persons with impairments; Sweden does not operate a single nationwide disability certification threshold comparable to percentage-based systems.
- **United States (US):** Under the **ADA**, disability means an impairment that substantially limits major life activities (including record of / regarded as); there is **no single national disability certificate**.
- **France (FR):** A disabled worker is a person whose ability to obtain/retain employment is reduced due to impairment; recognition is formalised through the **RQTH** administrative decision.
- **Turkey (TR):** Employment-related recognition commonly relies on a medical board report, often using thresholds such as **≥40% loss of working capacity**.

As a result of these differences, cross-country comparability is limited and figures should be interpreted in the context of national recognition frameworks.

S1-10 S1-16 Adequate wage and compensation metrics

Commitment to fair and adequate compensation

Befesa is committed to ensuring fair and adequate compensation for all its employees worldwide. Its remuneration framework is aligned with applicable laws and regulations in

each jurisdiction, including statutory minimum wage requirements, equal pay legislation and sectoral or local collective bargaining agreements. This approach aims to ensure equitable and consistent remuneration practices across all regions.

Methodology for adequate wage assessment

The adequate wage assessment at Befesa is conducted at the country level on an annual basis and covers all employees.

The analysis is based on the guaranteed fixed remuneration (base salary), excluding variable elements such as bonuses, overtime payments or discretionary benefits, to ensure consistency and comparability across jurisdictions.

The evaluation considers the following criteria:

- Statutory minimum wage, ensuring that all employees receive at least the legally required minimum remuneration.
- Collective bargaining agreement thresholds, where applicable, verifying compliance with sectoral or company-level agreements.

Market benchmarks, where relevant, to assess competitiveness against recognised industry standards. The calculation is based on the guaranteed fixed salary of all employees, ensuring that only base pay is considered without including variable elements such as bonuses, overtime pay or discretionary benefits.

This structured methodology provides an objective and transparent framework for assessing wage adequacy across all jurisdictions.

Evaluation results

Following a comparative analysis of salaries applied against reference indices in each country where Befesa operates, the following conclusions have been identified:

- 100% of Befesa employees receive an adequate wage based on the defined reference criteria.
- Befesa's wage policy ensures that all employees earn at least the statutory minimum wage or, where applicable, meet or exceed the conditions set by collective bargaining agreements.

Reference indices are based on a combination of publicly available sources (including government publications and labour statistics), formal compensation data from specialised providers, local market surveys when required, and complementary insights from recruitment processes.

Befesa will continue to monitor developments in wage regulation, collective bargaining frameworks and market standards to ensure ongoing alignment with adequacy requirements across all regions.

Social continued

Compensation metrics

Indicator	2025	2024
Gender pay gap (GPG)	-7.5%	-12.6
Annual total remuneration ratio	49.5	50.6

Gender pay gap

In 2025, Befesa’s consolidated gender pay gap (GPG) stands at -7.5%.

Befesa’s GPG is primarily influenced by structural workforce distribution factors rather than differences in pay for equal work. These factors include:

- The representation of female employees in higher-paying roles.
- Lower representation in operational and industrial positions.
- Geographical distribution across countries with different wage levels.
- Structural differences in working time patterns.

Gender pay gap methodology

For global comparability purposes, the Company calculates remuneration using a Paid Hour Equivalent Rate (PHER), defined as annual structural remuneration divided by contractual annual paid hours. Contractual annual paid hours are calculated based on individual weekly contractual working hours multiplied by 52 weeks, adjusted for FTE. Structural remuneration includes fixed guaranteed compensation and variable remuneration effectively paid during the year, while excluding overtime, long-term incentives (LTI), non-structural allowances and one-off or extraordinary payments. The calculation includes employees with an active employment contract throughout the full

reporting year (1st January to 31st December). All amounts are converted into EUR using the Befesa’s official annual average exchange rate to ensure consistency and comparability across jurisdictions.

The gender pay gap is calculated as the percentage difference between the average gross hourly remuneration of male and female, using the PHER as the reference measure. The reported consolidated GPG reflects the simple arithmetic average of the gender pay gaps across all countries and sites, in line with CSRD methodology.

Comparability with prior-year data

Starting in 2025, Befesa applies a harmonised PHER based methodology that standardises the definition of contractual annual paid hours and structural remuneration components across all countries. In the previous reporting year, contractual paid hours were based on local definitions, which in some countries included paid vacation and public holidays, while in others (such as Spain) only effective working hours were considered.

These differences in underlying working time definitions affected cross country comparability and partly explain the variation between the 2024 and 2025 figures.

The 2024 figures are disclosed as originally reported and have not been recalculated.

Total remuneration ratio

Befesa reports an annual total remuneration ratio of 49.5 for the 2025 reporting period. This ratio reflects the total annual remuneration of the highest-paid employee compared with the median total remuneration of all other employees (excluding the highest paid employee) within Befesa.



Social continued

The ratio has been calculated using the total remuneration, which includes both fixed and variable pay, in line with the scope and methodology defined in ESRS S1-16.

The reported ratio reflects structural characteristics of Befesa, including:

- Its global operational footprint across regions with differing wage levels and cost-of-living standards;
- The composition of the workforce across operational roles in industrial sites and management roles; and
- Variations in local remuneration practices and currency environments.

Befesa monitors this indicator as part of its broader remuneration governance framework, ensuring transparency and consistency in remuneration reporting.

S1-13 Training and development

Although ESRS S1-13 is not material for Befesa, the Company discloses information related to training and skills development as it is considered relevant for its people strategy. In this reporting cycle, Befesa reports the training metric, which is the only consolidated indicator currently available at global level. Participation in formal performance and career development reviews is not disclosed as these processes are decentralised and differ across countries, and no harmonised global register exists. In line with a quick-fix approach for the first year of CSRD reporting, this information is temporarily excluded.

Befesa is committed to the continuous development of its employees and offers a wide range of training and development programmes. These initiatives aim to

strengthen technical expertise, leadership capabilities, communication skills and other essential workplace competencies, thereby supporting sustainable talent development across the organisation.

Regular performance and career development reviews

In addition to global Human Resources initiatives, local development reviews are conducted across various Befesa locations to support employee growth. While structured performance evaluation systems are in place in almost all Befesa locations these processes are designed and implemented independently at local level and therefore differ in format, frequency and participation scope.

In most locations, individual companies conduct their own development reviews to support the professional growth of their employees.

While most countries conduct annual evaluations, some have additional review cycles:

- Germany holds quarterly reviews for certain employee groups.
- China conducts monthly evaluations for blue-collar employees alongside annual reviews for white-collar employees.

White-collar employees typically receive formal annual reviews. Blue-collar employees often undergo more frequent or informal evaluations (e.g. in China, Germany, and Spain). Additionally, most blue-collar employees have an incentive system tied to annual production targets, reinforcing the importance of teamwork and shared accountability. This fosters a collaborative culture where collective success is valued.

Annual performance review

The annual performance review is Befesa's only global, structured performance evaluation process. It is coordinated by the Global Human Resources team and applies exclusively to employees eligible for a management bonus scheme.

Through this structured annual process, which integrates objective setting, competency evaluation and development planning, the programme enables the systematic identification of individual and organisational training needs. Employees and managers jointly assess performance outcomes, competency gaps and future skill requirements in line with the Company's corporate strategy. For participants in the management bonus scheme, variable compensation combines a component linked to Befesa's global performance with individual objectives, ensuring clear alignment between performance evaluation and corporate results.

Training metrics

Metric	2025	2024	YoY change
Total training hours	44,361	41,038	8%
Average hours per employee	25	23	10%
Total employees (FTE)	1,758	1,784	-1%
Total training cost (€)	611,574	513,717	19%
Average training cost per employee (€)	348	288	21%

The process also contributes to succession planning and strengthens the leadership pipeline by facilitating the identification of high-potential employees and critical capabilities across the organisation.

This structured and transparent approach ensures that training and development initiatives are systematically linked to performance outcomes, competency assessment and long-term workforce planning, supporting sustainable organisational capability over time.

As part of its continuous improvement approach, Befesa plans to digitalise the annual performance review process in the coming year, aiming to enhance efficiency, data consistency and transparency across global operations.

Social continued

Training hours breakdown

Average hours by gender	2025
Male	24
Female	31
Average hours by age group	
Up to 30	30
30-50	29
Over 50	17
Average hours by work type	
Blue-collar	20
White-collar	33
Training hours per category	
General training	27%
Health & Safety	59%
Languages	14%

Training cost breakdown

Training hours per category	2025
General training	39%
Health & Safety	48%
Languages	14%

In 2025, the Company continued to strengthen workforce capabilities, increasing total training hours by 8% to 44,361 hours (2024: 41,038), despite a slight reduction in total workforce size to 1,758 FTE (2024: 1,784). As a result, average training hours per employee rose to 25 hours (2024: 23), reflecting higher training intensity and sustained commitment to skills development across the organisation.

Training delivery reflects the operational nature and structure of the workforce. Most of the training hours are concentrated on Health & Safety (59%), underlining the Company's focus on accident prevention, regulatory compliance and safe operations. General training (27%) supports ongoing professionalisation through technical, functional and role-specific development, while language training (14%) facilitates effective collaboration in the Company's international operating environment.

In gender breakdown, female employees receive more training on average than male employees, which is primarily explained by workforce composition rather than unequal access to training.

Investment in training increased by 19% year-on-year to €611,574 (2024: €513,717), corresponding to an average cost of €348 per employee (2024: €288), in line with higher training hours delivered in 2025.

Across all plants, the Company promotes multi-skilling as a key element of its people and operational strategy. Employees are trained to perform multiple roles within the operational environment, supporting workforce flexibility, continuity of operations and long-term employability.

S1-14 Health & Safety

Befesa's safety management systems encompass 100% of its own workforce and contractors. These systems are aligned with internationally recognised standards, including ISO 45001 and OSHA (See table in section E-5), in addition to Befesa's Corporate Safety Standards.

All Befesa sites are equipped with robust safety management systems, which include, but are not limited to:

- Life-Saving Rules
- Inspections and audits and safety observations
- Internal training and communication
- Accident investigations and learning lessons
- Risk evaluations of works, including periodical revisions
- Procedures and communications with subcontractors

- Continuous management attention
- Annual budget allocations for safety measures implementation
- Expanded use of digital tools to strengthen the safety management system, enabling more consistent procedure development, wider access to digital training, improved monitoring of safety performance and more efficient follow up of corrective actions, enhancing overall safety governance across all locations

Befesa has maintained a record of no fatalities and no work-related ill health over the past decade, resulting in zero lost workdays due to these causes.

Social continued

Reporting of safety performance indicators

FATALITIES as a result of work-related injuries and work-related ill health	2025	2024
Own employees	0	0
Contractors	0	0
Total	0	0
PROFESIONAL work-related ill health		
Own employees	0	0
Contractors	0	0
Total	0	0
RECORDABLE work-related injuries		
Own employees	61	84(*)
Contractors	1	0
Total	62	84
NUMBER OF DAYS lost to work-related injuries		
Own employees	782	753
Contractors	0	0
Total	782	753
Recordable rate (own employees)	18.71	25.45
Recordable rate (own employees and contractors)	15.97	20.9
Severity rate (own employees and contractors)	0.20	0.19
Working hours (own employees and contractors)	3,881,909	3,923,673

Historically, Befesa has reported its LTIR and total recordable rates, as KPIs using a baseline of 200,000 working hours. In parallel, calculations were also carried out according to the CSRD methodology, which utilises 1,000,000 working hours as the standard reference.

- 84 recordable accidents reported in 2024 included two in itinere accidents.
- Severity rate = Number of days lost due to an accident x 1,000 /Reported working hours).

The working hours are calculated from real reported working hours.

S1-17 Discrimination incidents and human rights violations

	2025
Total number of cases of discrimination (including harassment)	2
Number of complaints ⁽¹⁾	4
Total amount of fines and penalties	0

¹ Claims that do not fall under any category of discrimination and harassment

During the reporting period, Befesa recorded two confirmed cases of discrimination (including harassment). These complaints were regarding inappropriate comments and other minor issues. The complaints were addressed and successfully closed after internal investigations, supported by external lawyers. No further actions were required after the analysis of the cases. In addition, four complaints were received regarding employment practices, but none of them related to Human Rights.

All complaints were managed through the Company's established internal reporting channels and assessed in accordance with Befesa's policies and procedures. No cases resulted in financial penalties or sanctions and no severe human rights incidents were identified during the period. All reported matters were addressed internally in line with the applicable investigation and remediation processes.



Governance

G-1 Business Conduct

ESRS 2 GOV-1

The role of the administrative, supervisory and management bodies

ESRS 2 IRO-1

Impacts, risks and opportunities

G1-1

Corporate culture and business conduct policies

G1-3

Prevention and detection of corruption or bribery

G1-4

Confirmed incidents of corruption or bribery

ESRS 2 GOV-1 The role of the administrative, supervisory and management bodies

The Code of Conduct and the General Compliance Policy outline the responsibilities and ethical standards for all directors, officers and employees of Befesa, including the role of Befesa's Board of Directors. This framework governs their business conduct and ensures adherence to legal and ethical standards, both internally and in interactions with external parties.

These policies are implemented to ensure that Befesa's daily operations are carried out with integrity, transparency and responsibility. As explained in all its public documentation, they form the foundation of its ethical and compliance programme, which Befesa considers a critical aspect of its business conduct efforts. For further information, please refer to chapter "GOV-1 + GOV-2 Role of Management and Sustainability Matters Addressed".

During the reporting period, the duties and responsibilities of the different administrative bodies and functions were as set out below.

Board of Directors

- The Board of Directors of Befesa is responsible for developing and implementing an effective CMS, which has adequate policies and procedures in place to ensure compliance with all relevant laws and regulations.
- This responsibility is delegated to the Audit Committee of the Board of Directors that reports to the full Board. This Committee holds regular meetings to monitor the effectiveness of the CMS. In 2025, five meetings were held in this regard, and the

results of these meetings were reported to the Board. For more information regarding the Audit Committee, refer to GOV-1 / GOV-2 of the ESRS 2 chapter.

- The Board of Directors not only asks for regular compliance reports from the Audit Committee and the Compliance Officer, but also studies compliance audit reports and follows up any material non-compliance issues that may be identified.
- The Board of Directors has already designated a Compliance Officer (a corporate manager reporting directly to the Executive Chair) to support the CMS implementation. The Board of Directors of Befesa remains ultimately responsible for ensuring that an effective CMS is maintained.
- Compliance is part of the agenda at the Board of Directors meetings, which take place at regular intervals. Board minutes reflect compliance matters discussed and actions points going forward.

Senior Executive Management (Executive Chair and CEO)

- The Executive Chair and CEO are committed to ensuring compliance and communicating this commitment throughout the organisation.
- The Executive Chair and CEO are responsible for ensuring that: (i) appropriate guidelines and policies are developed, issued and continuously monitored and reviewed; (ii) employees and Directors are properly trained with respect to those guidelines and policies; (iii) compliance matters are made subject to compliance audits; and (iv) non-compliance issues are appropriately sanctioned.

- Sufficient resources are made available to adequately deal with compliance matters (in particular in terms of time and budget).

Compliance Officer

- As mentioned above, the Board has designated a Compliance Officer who conducts internal compliance meetings to support the implementation and effectiveness of the CMS.
- These internal compliance meetings ensure that all relevant compliance matters are adequately covered and in which the following people participate: Executive Chair, Compliance Officer and Global Controller. In addition, other corporate managers (e.g. personnel of the legal department, internal audit, IT department, finance department, business controlling, EHS, customs/export control department, the data protection officer and representatives of the business (or various business lines) who know how the business is run and what the relevant business practices are) could participate in those meetings, depending on the agenda.
- The Compliance Officer:
 - Reviews that appropriate policies and procedures are put in place;
 - Is the contact person when employees have questions regarding compliance matters;
 - Implements appropriate training for employees with respect to Befesa's Code of Conduct and other material compliance matters;

Governance continued

- iv. Reviews the Code of Conduct and Befesa's other compliance guidelines and policies at regular intervals and proposes amendments or additional compliance guidelines or policies to the extent required;
 - v. Informs the organisation about important legal developments which may cause non-compliance issues;
 - vi. Investigates the issue if any non-compliance issue is suspected;
 - vii. Ensures that non-compliance issues which they become aware of are resolved;
 - viii. Proposes compliance audits to the Executive Chair and proposes which matters should be the subject of a compliance audit;
 - ix. Provides regular or ad hoc compliance reports to the Executive Chair and has a reporting line to the Board of Directors; and
 - x. Informs the Board of Directors if the Executive Chair and/or CEO has failed to deal with a non-compliance issue.
- The responsibilities and tasks delegated to the Compliance Officer are documented through an appointment letter from Senior Executive Management addressed to, and countersigned by, the Compliance Officer.

Compliance audits

- In order to ensure that the CMS is effective, a process designed to detect potential non-compliance issues has been implemented. Befesa has established an audit compliance process led by the Internal Audit Department. The Internal Audit Department audits compliance matters in addition to its other responsibilities.
- Alternatively, outside professionals (for example, a law firm that specialises in compliance audits or an audit firm that conducts compliance audits) could be engaged.
- The Internal Audit Director proposes, on an annual basis, a compliance audit plan to the Executive Chair and CEO, which describes the selected compliance matters to be subjected to an audit.
- The results of the compliance audit are reported to the Executive Chair and CEO. An executive summary and the audit report are submitted to the Audit Committee before being presented to the Board of Directors.

All members of the Board of Directors of Befesa are required to have a balance of skills, qualifications, background, experience and ability to adequately perform the duties of the Board. Such a qualified and balanced composition is reflected in the skills matrix (ESRS-2 GOV-1 21c + AR5), which shows, in particular, that all members of the Board have ethics and governance skills.

ESRS 2 IRO-1 Impacts, risks and opportunities

The process to identify material impacts, risks and opportunities is disclosed in Section 53 of the ESRS 2 IRO-1, which includes business conduct matters. This process follows the EFRAG double materiality guideline, including the context analysis (internal and external communication, analysis of the value chain and identification of internal and external stakeholders), the identification of current and potential impact, risk and opportunities and the evaluation and prioritisation of the IROs.

G1-1 Corporate culture and business conduct policies

Corporate culture in Befesa is mainly covered by the Befesa CMS. Befesa and its employees must, at all times, fully respect all applicable laws, regulations and the environment in which it operates.

Befesa's CMS includes, but is not limited to, internal guidelines and policies such as the Code of Conduct and guidelines that address competition law requirements, anti-corruption, anti-money laundering, IT services, EHS issues, conflicts of interest and international sanctions. These measures guide members in ensuring that Befesa complies with all laws, regulations and values.

Governance continued

Below are the material IROs related to Governance – Corporate culture, complaints mechanisms and corruption and bribery, identified as a result of the DMA, as well as the existing policies implemented to address these material IROs:

IRO	IRO description	Own operation / Value chain	Related policies and procedures
Positive impact	Enhancement of employee engagement by fostering a sense of belonging and purpose among employees derived from compliance with the code of ethics.	Own operations	Code of Conduct General Compliance Policy
Positive impact	Increasing stakeholders trust in Befesa through the implementation of policies and procedures focused on transparency, truthfulness, good practices and ethical behaviour.	Own operations/Value chain	Code of Conduct Conflict of Interest Policy Befesa Security Dealings Code International Sanctions Policy General Compliance Policy Diversity, Equality and Inclusion Policy
Positive impact	Implementation of voluntary anti-corruption policies and training, through the availability of compliance management, as well as the recognition of being a trusted business partner with the purpose of being useful to suppliers and other stakeholders.	Own operations/Value chain	This IRO is covered by all CMS
Opportunity	The implementation of new certifications can generate a strategic positioning in response to the demands of interest groups.	Own operations	This IRO is covered by all CMS
Opportunity	Enhancing transparency and accountability can attract like-minded investors and foster trust and confidence in stakeholders, by ensuring comparability of information through sustainability reports.	Own operations/Value chain	This IRO is covered by all CMS
Opportunity	Improvement of transparency and accountability as an opportunity to increase the comparability of information, which therefore makes investing in Befesa more attractive. Furthermore, this implies that more clients and suppliers want to work with Befesa.	Value chain	This IRO is covered by all CMS
Risk	Non-compliance with policies related to social and governance can damage the reputation of the organisation, productivity among employees and a decrease in market share and income of the organisation.	Own operations/Value chain	This IRO is covered by all CMS
Risk	Loss of confidence of stakeholders by not complying with legal regulations given its status as a listed company.	Value chain	Befesa Security Dealings Code Whistleblowing channel
Risk	Sanctions or fines derived from regulatory non-compliance, derived from ineffective anticipation of regulatory requirements.	Own operations	This IRO is covered by all CMS

Befesa's General Compliance Policy

The General Compliance Policy provides guidance to Befesa and its subsidiaries on how to establish, maintain and report an effective CMS.

This document briefly describes concepts and guidelines that are further developed in the form of specific policies, tools and procedures. It covers several topics such as commitment of management, Code of Conduct, identification and assessment of risks, specific compliance policies detailed later in this section, training policy and the existence of a Whistleblowing channel.

Befesa's General Compliance Policy defines the core principles, roles, and behavioural expectations that underpin the Company's CMS and guide the development of the detailed policies, procedures, and controls that comprise the full compliance framework. It is supported by monthly compliance committees, and by communication and training for the entire organisation.

Code of Conduct

Befesa has in place a Code of Conduct that is binding for all employees and which is the cornerstone of its CMS. It is available to all employees and third parties in the Sustainability/Governance/Compliance section of Befesa's website: <https://www.befesa.com/sustainability/governance/#compliance>

Governance continued

The code provides the legal and ethical framework for the conduct of Befesa's directors, executives, managers and employees. It defines basic behavioural standards within Befesa itself and in connection with other parties. The document is available in the eight languages spoken in the countries where Befesa operates.

Any violation of the laws and regulations or the infringement of the Code of Conduct by any employee at any level of the organisation will be subject to disciplinary measures.

Complementary-specific compliance policies

To complement the Code of Conduct, Befesa has developed and updated compliance-relevant documents covering the following areas:

Anti-corruption and Anti-bribery Policy

One of Befesa's core principles is to comply with all the anti-corruption and anti-bribery laws and regulations where the Company operates. Befesa's principle is to compete by making deals and providing services to its customers based on the quality and price of its products and offerings, rather than providing undue advantages or benefits to others.

Anti-money Laundering Policy

Befesa is committed to carrying out its activities with accredited clients and with other trading partners who perform their activities legally and whose funds come from legitimate sources. Accordingly, all employees of Befesa must strictly comply with the pertinent anti-money laundering legislation and with Befesa's internal procedures, which are designed to detect and prevent suspicious payment methods.

All Befesa employees are obliged to report any suspicious behaviour by clients or trading partners, either to the Compliance Officer or by using the Whistleblowing channel. All employees must comply with all the rules and guidelines regarding accounting and financial information applicable to cash and other forms of payment in relation to the transactions that need to be made.

Anti-trust Policy

It is the unconditional policy of Befesa to fully comply with all applicable anti-trust laws worldwide and to enforce compliance throughout the organisation. In this policy, a guideline summarises the basic rules of the anti-trust laws prevailing in the main jurisdictions where Befesa is active.

All employees must be familiar with and strictly observe the basic rules and specific anti-trust regulations of the relevant jurisdiction in which they operate or which is affected by their operations. Non-compliance will be taken very seriously by Befesa's management and will lead to personal consequences for the relevant employee(s).

Conflicts of Interest Policy

The purpose of this policy is to identify and prevent situations in which an employee's activities conflict or appear to conflict with the interests of Befesa and its subsidiaries. Every employee must offer undivided commercial loyalty to Befesa and make business decisions only in the best interests of the Company, not based on their potential personal interests. All employees must avoid any relationship or activity that could affect their independent judgement in the conduct of Befesa's business, conflicts with the Company's interests or could reasonably give the appearance of conflicting with Befesa's interests.

Befesa Security Dealings Code

This code applies to all employees, managers and directors of Befesa and its fully consolidated subsidiaries and joint ventures. These rules are designed to ensure that employees do not misuse, or place themselves under suspicion of misusing, information about Befesa that they have access to, and which is not available to other investors. This code also includes a closed period calendar to be followed by the affected persons.

International Sanctions Policy

International sanctions or restrictive measures take the form of economic instruments that seek to modify policies or activities in other countries that breach international law or human rights. The implemented measures are obligatory and affect all the countries that form part of the organisation that adopts them. In the case of the EU, they are obligatory for all its member states. Befesa believes that all its employees must comply with these restrictive measures, insofar as they affect their activities. The aforementioned CMS of Befesa includes a specific section on policies, systems and controls in relation to international sanctions.

Confidentiality, and Industrial and Intellectual Property Policy

Befesa is aware of the value of its assets, in particular the industrial and intellectual property rights inherent in the innovative knowledge generated during the progress of its activities. The Company strives to protect this by adopting appropriate measures for interactions with its employees and with third parties. This policy establishes the operational rules and standards to be applied at Befesa, as well as for third parties. This ensures the effective protection of the industrial and intellectual property of Befesa, guaranteeing a high level of security and compliance with current legislation.

Privacy Policy

There is in place a privacy policy that applies to all personal data submitted to Befesa through any means of communication. In this policy, different aspects are covered, such as the obligation to provide data, data responsible, purpose, type of data and rights, among others.

It also covers the measures implemented to protect data security and to prevent the alteration, loss, processing or unauthorised access, in accordance with the provisions of applicable regulations.

Supplier Code of Conduct

Befesa has a Code of Conduct for suppliers that must be accepted and signed by all suppliers. Befesa expects its suppliers to implement the principles set out in this Code of Conduct throughout their organisations worldwide and to comply with these principles. Befesa also expects suppliers to use their best efforts to implement these standards with their suppliers and subcontractors and to take these principles into account when selecting them.

The Supplier Code of Conduct covers different aspects, including environmental protection and energy efficiency; human rights, employment practices and health and safety; and business integrity and corporate governance standards. The Supplier Code of Conduct is available on Befesa's website at <https://www.befesa.com/sustainability/governance/#compliance>. The internal audit team reviews and analyses the implementation of the code.

In addition to the aforementioned policies and codes, Befesa also has different internal procedures that complement the internal control system and the CMS.



Governance continued

Internal procedures

Concept

The internal procedures of Befesa take the form of a suitable internal control system that represents the internal rules of the Company. It works through an internal system of communication and authorisation. The main goal is to have a common method of operating, assessing and mitigating the business risks inherent in Befesa's activities.

This implies the following:

- Consistency of actions
- Reinforcement of corporate identity
- Risk control and reduction
- Optimisation of management
- Creation of value for stakeholders
- Profitability

Covered areas

The internal procedures cover different areas considered as key for Befesa. Twenty-one procedures are in place and include controls for the following areas:

- Financial management
- Legal matters and insurance management
- Human Resources and CSR
- IT management
- General expenses
- Corporate identity

Other aspects covered by Befesa's CMS

In addition to the above aspects, as part of Befesa's CMS, there are other relevant areas in the system, such as internal controls, risk analyses, insurance coverages and data protection regulations.

Internal controls

In addition to the compliance policies mentioned, Befesa has in place an internal control matrix. This covers the most significant areas of the Company:

- Purchases
- Fixed assets
- Stocks
- Sales
- Treasury
- Human Resources
- Taxes
- Hedging
- Equity
- Closing and reporting
- Legal and ethics

Risk analysis and insurance coverage

Included in the CMS, Befesa has an RMS in place, which is explained in detail in the GOV-1/GOV-2 Role of management and sustainability matters addressed section of this Annual Report.

Data protection regulations

Following the EU GDPR that came into force in May 2018, Befesa carried out an analysis of the

Company's data- protection standards, with the main goal of adapting those standards to the new GDPR requirements.

Criminal compliance certification UNE 19601

The Spanish criminal code establishes that legal persons may have criminal responsibility. To avoid this from happening at Befesa, a criminal compliance programme (Criminal Risks Management System) was implemented.

This programme comprises a set of preventative tools with the aim of preventing a breach of the rules of a criminal nature and of avoiding possible sanctions that could generate responsibility for the Company.

Furthermore, there is a certifiable standard UNE 19601 concerning criminal compliance that Befesa Medio Ambiente S.L.U. satisfactorily achieved in Q1 2021. Befesa renewed this certification in Q1 2023 for another three years.

Whistleblowing channel

Befesa has a Whistleblowing channel in place on its website, which is available to all employees and external third parties on a 24/7 basis. Complaints can be made via telephone or the web platform. This platform is available in eight languages: English, German, Spanish, French, Swedish, Turkish, Korean and Chinese.

Befesa's Whistleblowing channel is managed through EQS software, the leading company in Europe and the first compliance platform certified in accordance with the data protection law at European level (GDPR).

EQS offers an instruction manual to the staff receiving reports in Befesa, plus regular webinars and workshops. A Whistleblowing channel section is included in the CMS annual training and is also covered in the compliance printed guidelines of conduct that every employee receives. The policy for training in the organisation on business conduct is developed later in this section.

Furthermore, Befesa is certificated in UNE 19601 Criminal Compliance, where part of the certification is the evaluation of the Whistleblowing channel, the protocol established and the capability of the people in charge of the channel.

In addition, it meets the following data security standards: double security certification in accordance with ISO 27001, state-of-the-art encryption algorithms, high-security data centres and manual penetration testing. Befesa has a policy named "Whistleblowing Channel Protocol & Whistleblower Protection Policy".

Befesa will not, in relation to the reporting of any incident under the policy, permit any form of retaliation or reprisal (including discharge, demotion, transfer, suspension, threat, intimidation, harassment or any other form of discrimination) by any person or group, directly or indirectly, against any whistleblower, witness or interviewee who, truthfully and in good faith, reports an incident in accordance with this policy. Befesa has a structured and comprehensive process to investigate business conduct incidents, including cases of corruption and bribery, with promptness, independence and objectivity.



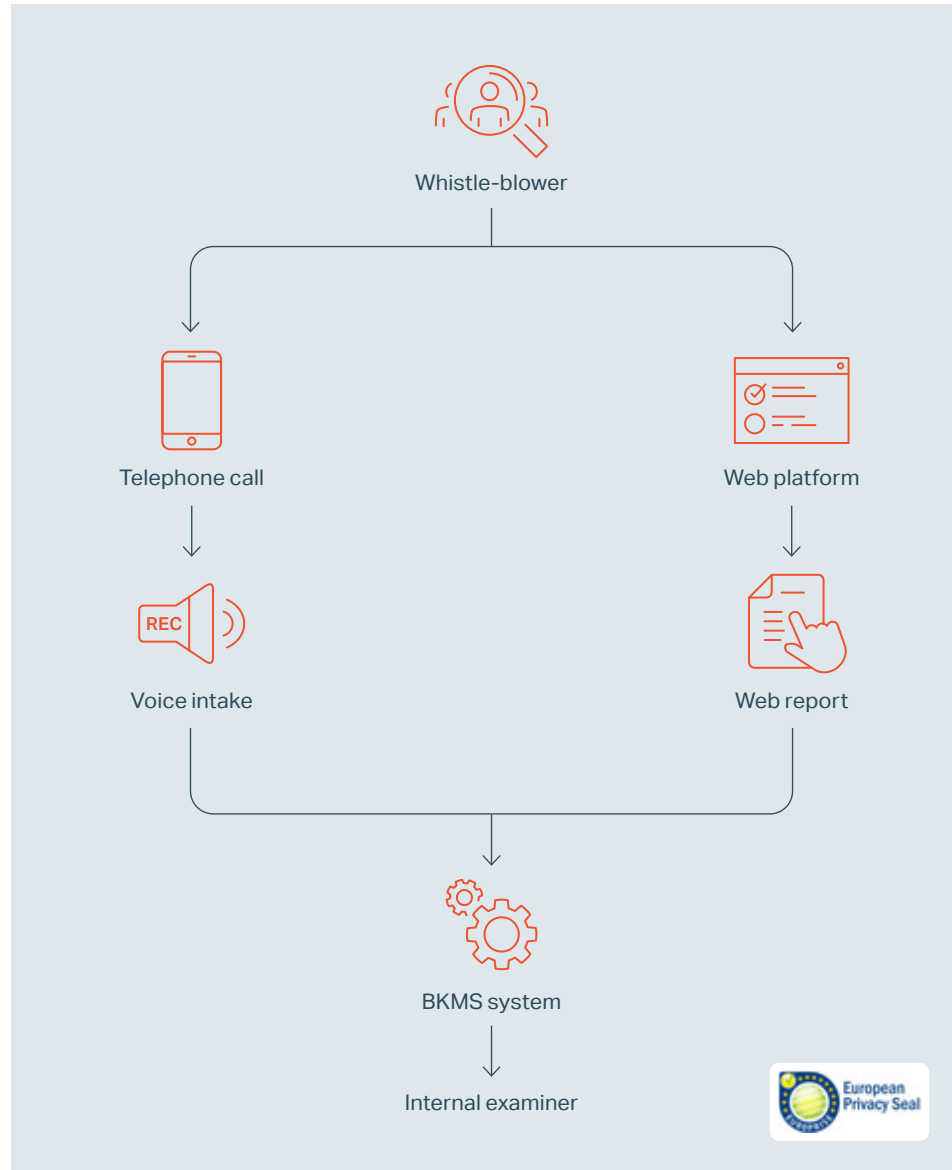
Governance continued

Key aspects of Befesa's investigation procedures include:

- **Confidentiality and anonymity:**
All reports are treated as confidential, and whistleblowers' identities are protected to the extent permitted by law.
- **Independent oversight:** The Compliance Officer oversees the Whistleblowing channel and ensures investigations are conducted without conflicts of interest.
- **Investigation process**
 1. Reports are classified and analysed to determine the need for an investigation.
 2. If required, additional information is gathered from the whistleblower and relevant parties.
 3. Investigations may be conducted internally or with external specialised resources, ensuring impartiality.
- **Decision-making and corrective actions:**
Findings are reviewed by management or the Board of Directors, which determines appropriate actions.

The training within the organisation on business conduct is detailed in section G1-3 of this report.

In terms of risk regarding corruption and bribery, the functions with higher risks are: plant managers, purchases and sales areas employees, employees in the financial areas, corporate directors and managers – the employees who have relationships with third parties. That is the reason why, together with the remaining white-collar employees, they have two specific compliance and business conduct online training courses every year, general compliance managements system and specific Code of Conduct training.



G1-3 Prevention and detection of corruption or bribery

The process that Befesa has in place to prevent, detect and address allegations or incidents of corruption and bribery is the following:

1. **Preventative measures:** A CMS and all policies and procedures previously detailed. All of them are available to all employees on the intranet and the website. In addition, training is provided annually. In addition to the aforementioned policies, the CMS is also supported by the following initiatives to improve the knowledge of the organisation:

a. Corporate review

Compliance culture in Befesa is implemented in a top-down approach. The CMS of Befesa was initially approved by management and the Board of Directors. After that, a monthly follow-up is carried out by both bodies. Communication and promotion are key for a positive development of the corporate culture through the organisation.

As has been mentioned, corporate culture in Befesa is mainly covered by the Befesa CMS. The CMS is reported and reviewed internally in three different ways:

- Internal meetings: On a monthly basis, the Compliance Officer and the Executive Chair have a meeting where all significant aspects of the CMS are analysed, reviewed and approved.
- The CMS plan and status are reviewed in every Board meeting as a regular part of the agenda.



Governance continued

- **Audit Committee:** A more detailed CMS status is presented in the Audit Committee. Its members supervise the compliance tasks and CMS performance, including whistleblowing reports.

b. Training and engagement

Befesa has implemented four tools to guarantee that everyone in the organisation has access to the latest compliance initiatives: quarterly newsletters, training, conduct guidelines and QR compliance posters. In addition to these tools, all the compliance information is available to all employees in the Befesa intranet. Also, for third parties, Befesa's website has a compliance section where compliance documentation can be found.

Quarterly newsletters

Every quarter, one specific compliance topic is shared with all Befesa's employees. These topics are agreed upon with management and are circulated via email throughout the organisation.

Training

The continuous training of Befesa's employees is key to the future and to the development of the organisation. Compliance is an important aspect for the Company.

Befesa has therefore developed annual training for employees, including part-timers. The training courses and training tests are updated on an annual basis with the latest compliance-related contents. All the topics included in the Befesa CMS are covered by the training tool, including policies regarding business conduct.

During 2025, two specific compliance training courses were launched to all employees on the CMS and the Code of Conduct. Both training courses were included in a specific online training tool, supported by live interactions and questionnaires.

Befesa divides its employees into two groups:

- **White-collar employees (roughly 800 employees):** Every employee with a company email is included in the annual corporate compliance online training through the KnowBe4 training tool. There are two training courses every year that cover business conducts: CMS (H1) and Code of Conduct (H2). The CMS training covers the theory and practical exercises relating to the Befesa compliance policies and requirements. In the CMS training, anti-corruption and anti-bribery topics are covered, among others. The Code of Conduct training is a specific and deeper training covering the contents of the Befesa Code of Conduct. The Compliance Department has a follow-up of the percentage of the training accomplishment. The Company understands that white-collar employees have higher risks in terms of corruption and bribery, so this is the reason they have two specific compliance and business conduct online training courses every year.
- **All employees (blue-collars and white-collars)** receive a printed brochure with the guidelines of conduct. These brochures are available in the eight languages of Befesa. In addition, every plant and office in the Company has compliance posters with QR codes. In these QR codes, all compliance and business conduct policies and procedures are available to employees.

All training courses are reviewed by the Compliance Department to make sure that every employee has accomplished the training requirements, and a final summary is shared with management. One hundred per cent of employees with functions at risk (employees with access to IT corporate devices or email) are covered by training programmes, and it is controlled with the Befesa training platform. Management receives the same compliance training as the remaining employees.

Brochures on conduct guidelines

Printed brochures on the conduct guidelines are in place and have been sent to all Befesa's employees. These brochures are available in the eight languages of Befesa. The brochure covers the main aspects of Befesa's Code of Conduct and CMS in a visual format that can be easily checked by all personnel.

QR compliance posters

With the goal of strengthening communication with employees, Befesa has produced printed posters with QR codes. These posters are available in eight languages and are at all the Befesa plants so that every employee can scan the QR codes of the posters to find direct access to the following:

- Code of Conduct
- Complementary-specific compliance policies
- Compliance training
- Procedures tool
- Whistleblowing channel

2. **Detective measures:** Befesa has an Internal Audit Department that carries out an annual audit programme in all subsidiaries, supervised by the Audit Committee (GOV-5 section).

Whistleblowing channel

As it was previously mentioned, in addition to the preventative and detective measures, Befesa has the aforementioned Whistleblowing channel where every employee or third party can send potential irregularities. In every investigation carried out, the investigators are independents and separate from the people investigated.

G1-4 Confirmed incidents of corruption or bribery

There have not been convictions or fines for violation of anti-corruption and anti-bribery laws, so no actions for addressing breaches have been needed.

Independent auditor's report



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Limited Assurance Conclusion

We conducted a limited assurance engagement on the Sustainability Statement of Befesa S.A. ("the Group") included in the section "Sustainability Statement" of the Management Report (the "Sustainability Statement") as at 31 December 2025 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the accompanying Sustainability Statement is not prepared, in all material respects, in accordance with:

- article 29(a) 4 of EU Directive 2013/34/EU ("Directive");
- the European Sustainability Reporting Standards ("ESRS"), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note IRO-1 Double Materiality Analysis;
- the disclosures in subsection "The EU Taxonomy" within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");

altogether the "Criteria".

Basis for Limited Assurance Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (revised) ("ISAE 3000"), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, established by the International Auditing and Assurance Standards Board ("IAASB") as adopted for Luxembourg by the Institut des Réviseurs d'Entreprises ("IRE").

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Responsibilities of réviseur d'entreprises agréé's* section of our report.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management ("ISQM") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements as adopted for Luxembourg by the CSSF and accordingly maintains a comprehensive system of quality control including the design, implementation and operate a system of quality management, of audits or reviews of financial statements, or other assurance and related services engagements.

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Responsibilities of the Board of Directors for the Sustainability Statement

The Board of Directors of Befesa S.A. is responsible for:

- the preparation of the sustainability information in the Sustainability Statement in accordance with the Criteria;
- designing, implementing and maintaining such internal control that Board of Directors determines is necessary to enable the preparation of the sustainability information in the Sustainability Statement, in accordance with the Criteria, that is free from material misstatement, whether due to fraud or error.

This responsibility includes:

- developing and implementing a process to identify the information reported in the Sustainability Statement in accordance with ESRS and for disclosing this process in note IRO-1 Double Materiality Analysis of the Sustainability Statement.
- preparing the disclosures in subsection "The EU Taxonomy" within the environmental section of the Sustainability Statement, in compliance with the Taxonomy Regulation.
- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

The Board of Directors of Befesa S.A. is further responsible for the preparation of the Sustainability Statement, which includes the information identified by the Process, in accordance with the Criteria.

Inherent limitations in preparing the Sustainability Statement

In reporting forward looking information in accordance with ESRS, the Board of Directors of Befesa S.A. is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, the Board of Directors of Befesa S.A. interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Responsibilities of the réviseur d'entreprises agréé

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.



Independent auditor's report continued



As part of a limited assurance engagement in accordance with ISAE 3000, we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- performing risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify risks that the process to identify the information reported in the Sustainability Statement does not address the applicable requirements of ESRS, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- designing and performing procedures to evaluate whether the Process to identify the information reported in the Sustainability Statement is consistent with the Group's description of its Process as disclosed in note IRO-1 Double Materiality Analysis.

Our other responsibilities in respect of the Sustainability Statement include:

- performing risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control;
- designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures performed in a limited assurance engagement vary in nature and form, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The nature, timing and extent of procedures selected depend on professional judgement, identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect of the Process, we:

- obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management and reviewing the Group's internal documentation of its Process; and
- evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in note IRO-1 Double Materiality Analysis .

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by performing inquiries and reviewing the relevant background documentation and records prepared by the Group, where applicable
- evaluated whether all material information identified by the Process is included in the Sustainability Statement;
- evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the Criteria;



- evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- performed inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- performed substantive assurance procedures based on a sample basis on selected disclosures in the Sustainability Statement;
- analysed, on a limited sample basis, relevant internal and external documentation at the level of the Group for selected disclosures;
- compared selected disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and management report, where applicable;
- obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- read the other information in the annual report to identify material inconsistencies, if any, with the Sustainability Statement.

Other information

The Board of Directors of Befesa S.A. is responsible for the other information. The other information comprises information included in the consolidated Annual report 2025 but does not include the Sustainability Statement and our assurance report thereon.

Our conclusion on the Sustainability Statement does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our limited assurance engagement on the Sustainability Statement, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Sustainability Statement or our knowledge obtained in the limited assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Luxembourg, 29 April 2026

KPMG Audit S.à r.l.
Cabinet de révision agréé

Stephan Lego-Deiber

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Consolidated statement of financial position

as at 31 December 2025 (Thousands of euros)

Assets	Note(s)	2025	2024
Non-current assets:			
Intangible assets			
Goodwill	6	615,135	645,137
Other intangible assets	7	106,365	109,503
		721,500	754,640
Right-of-use assets	10	38,152	37,594
Property, plant and equipment	8	683,042	736,555
Non-current financial assets			
Other non-current financial assets	9	9,965	15,846
		9,965	15,846
Deferred tax assets	18	76,082	102,182
Total non-current assets		1,528,741	1,646,817
Current assets:			
Inventories	11	97,152	100,332
Trade and other receivables	12	81,392	102,429
Trade receivables from related companies	12	70	354
Accounts receivable from public authorities	12–19	9,628	10,487
Other receivables	12	12,550	14,643
Other current financial assets	9	1,769	461
Cash and cash equivalents	4	142,604	102,520
Total current assets		345,165	331,226
Total assets		1,873,906	1,978,043

The accompanying Notes 1 to 27 and the Appendix are an integral part of the consolidated financial statements.

Equity and liabilities	Note(s)	2025	2024
Equity:			
Parent Company	13		
Share capital		111,048	111,048
Share premium		532,867	532,867
Hedging reserves		(16,456)	(20,787)
Other reserves		158,916	132,254
Translation differences		(64,319)	24,017
Net profit/(loss) for the year		80,504	50,820
Equity attributable to the owners of the Company		802,560	830,219
Non-controlling interests	13	15,738	15,518
Total equity		818,298	845,737
Non-current liabilities:			
Long-term provisions	17	18,110	16,071
Loans and borrowings	14	640,959	664,086
Lease liabilities	10–14	21,765	20,475
Other non-current financial liabilities	16	7,863	16,207
Other non-current liabilities	15	3,792	4,908
Deferred tax liabilities	18	100,665	110,296
Total non-current liabilities		793,154	832,043
Current liabilities:			
Loans and borrowings	14	20,793	25,422
Lease liabilities	10–14	11,266	11,493
Other current financial liabilities	16	16,325	26,162
Trade and other payables		149,403	169,646
Other payables			
Accounts payable to public administrations	15–19	23,141	23,590
Other current liabilities	15	41,526	43,950
		64,667	67,540
Total current liabilities		262,454	300,263
Total equity and liabilities		1,873,906	1,978,043

The accompanying Notes 1 to 27 and the Appendix are an integral part of the consolidated financial statements.



Consolidated income statement

for the year ended 31 December 2025 (Thousands of euros)

	Note(s)	2025	2024
Continuing operations:			
Revenue	5, 21.1	1,182,632	1,239,030
Changes in inventories of finished goods and work in progress		5,995	(4,256)
Raw material and consumables	21.2	(504,115)	(575,284)
Other operating income	21.3	8,923	7,412
Personnel expenses	21.4	(155,153)	(145,323)
Other operating expenses	21.5	(298,852)	(317,020)
Amortisation/Depreciation, impairment and provisions	21.6	(96,970)	(91,703)
Operating profit		142,460	112,856
Finance income	14-22	10,444	1,476
Finance costs	22	(35,369)	(46,713)
Net exchange differences	3.16	(1,224)	7,231
Net finance income/(loss)		(26,149)	(38,006)
Profit/(Loss) before tax		116,311	74,850
Corporate income tax expense	18	(33,309)	(20,764)
Profit/(Loss) for the year from continuing operations		83,002	54,086
Profit/(Loss) for the year		83,002	54,086
Attributable to:			
Parent Company's owners		80,504	50,820
Non-controlling interests		2,498	3,266
Earnings/(Losses) per share from continuing and discontinued operations attributable to owners of the Parent (expressed in euros per share)			
Basic earnings per share:	26	2.01	1.27

The accompanying Notes 1 to 27 and the Appendix are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2025 (Thousands of euros)

	Note(s)	2025	2024
Consolidated profit/(loss) for the year		83,002	54,086
Other comprehensive income from continuing operations:			
Items that may subsequently be reclassified to income statement:			
Income and expense recognised directly in equity		(72,046)	(17,900)
– Cash flow hedges	16	26,346	(75,870)
– Translation differences		(89,313)	38,748
– Tax effect	18	(9,079)	19,222
Transfers to the income statement		(12,936)	(1,027)
– Cash flow hedges	16	(16,078)	2,659
– Tax effect	18	3,142	(3,686)
Other comprehensive income/(loss) for the year, net of tax		(84,982)	(18,927)
Total comprehensive income/(loss) for the year		(1,980)	35,159
Attributable to:			
Parent Company's owners		(3,501)	28,900
Non-controlling interests		1,521	6,259

The accompanying Notes 1 to 27 and the Appendix are an integral part of the consolidated financial statements.



Consolidated statement of changes in equity

for the year ended 31 December 2025 (Thousands of euros)

	Attributable to the owners of the Parent						Non-controlling #interests (Note 13)	Total equity
	Share capital (Note 13)	Share premium (Note 13)	Hedging reserves (Note 13)	Other reserves (Note 13)	Translation differences (Note 13)	Net profit/(loss) for the year (Note 13)		
Balances at 31 December 2023	111,048	532,867	36,888	96,490	(11,738)	57,972	53,829	877,356
Total comprehensive income for the year	-	-	(57,675)	-	35,755	50,820	6,259	35,159
Non-controlling interests operations								
Business combination (Note 13.d)	-	-	-	4,356	-	-	(44,570)	(40,214)
Distribution of profit for the year								
Reserves	-	-	-	57,972	-	(57,972)	-	-
Dividends (Note 13)	-	-	-	(29,200)	-	-	-	(29,200)
Other movements (Note 3.16)	-	-	-	2,636	-	-	-	2,636
Balances at 31 December 2024	111,048	532,867	(20,787)	132,254	24,017	50,820	15,518	845,737
Total comprehensive income for the year	-	-	4,331	-	(88,336)	80,504	1,521	(1,980)
Distribution of profit for the year								
Reserves	-	-	-	50,820	-	(50,820)	-	-
Dividends (Note 13)	-	-	-	(25,600)	-	-	(1,301)	(26,901)
Other movements (Note 3.16)	-	-	-	1,442	-	-	-	1,442
Balances at 31 December 2025	111,048	532,867	(16,456)	158,916	(64,319)	80,504	15,738	818,298

The accompanying Notes 1 to 27 and the Appendix are an integral part of the consolidated financial statements.



Consolidated statement of cash flows

for the year ended 31 December 2025 (Thousands of euros)

	2025	2024
Cash flows from operating activities:		
Profit/(Loss) for the year before tax	116,311	74,850
Adjustments for:		
Amortisation/Depreciation, impairment and provisions (Note 21.6)	96,970	91,703
Changes in provisions	2,039	(1,982)
Interest income	(10,444)	(1,476)
Finance costs (Note 22)	35,369	46,713
Other profit and loss (Notes 2.6 and 5)	(612)	(819)
Exchange differences (Note 3.16)	1,224	(7,231)
Changes in working capital:		
Trade receivables and other current assets	23,432	(20,185)
Inventories	(4,204)	(3,126)
Trade and other payables	(26,987)	9,170
Other cash flows from operating activities:		
Taxes paid/collected	(21,197)	4,205
Net cash flows from/(used in) operating activities	211,901	191,822
Cash flows from investing activities:		
Investments in intangible assets (Note 7)	(2,283)	(4,124)
Investments in property, plant and equipment (Note 8)	(73,836)	(74,444)
Net cash flows from/(used in) investing activities	(76,119)	(78,568)

	2025	2024
Cash flows from financing activities:		
Cash inflows from bank borrowings and other liabilities (Note 14)	2,440	24,014
Cash outflows from bank borrowings and other liabilities (Note 14)	(34,111)	(29,697)
Dividends paid to shareholders (Note 13)	(25,600)	(29,200)
Interest paid	(33,680)	(42,390)
Transactions involving non-controlling interest (Note 13)	–	(40,000)
Net cash flows from/(used in) financing activities	(90,951)	(117,273)
Effect of foreign exchange rate changes on cash and cash equivalents	(4,747)	(153)
Net increase/(decrease) in cash and cash equivalents	40,084	(4,172)
Cash and cash equivalents at the beginning of the year	102,520	106,692
Cash and cash equivalents at the end of the year	142,604	102,520

The accompanying Notes 1 to 27 and the Appendix are an integral part of the consolidated financial statements.



Notes to the consolidated financial statements

as at 31 December 2025 (Thousands of euros)

1. General information

Befesa, S.A. (hereinafter the "Parent Company" or the "Company") was incorporated in Luxembourg on 31 May 2013 as a "société à responsabilité limitée", subject to Luxembourg law for an unlimited period. The registered office of the Company is 68-70 Boulevard de la Pétrusse, L-2320 Luxembourg.

The Company's shareholders, at their General Meeting held on 18 October 2017, agreed to convert the Company from a private limited liability company to a public limited company.

The Company's statutory activity is the acquisition, holding and disposal of interests in Luxembourg and/or in foreign companies and undertakings, as well as the administration, development and management of such interests.

The Company may provide loans and financing in any other kind or form or grant guarantees or security in any other kind or form, for the benefit of the companies and undertakings forming part of the Group of which the Company is a member.

The Company may also invest in real estate, in intellectual property rights or in any other movable or immovable assets in any kind or form.

The Company may borrow in any kind or form and issue bonds, notes or any other debt instruments as well as warrants or other share subscription rights.

In general, the Company may carry out any commercial, industrial or financial operation that it may deem useful in accomplishing and conducting its statutory activity.

The Company's financial year starts on 1 January and ends on 31 December.

The principal place of business of the Group is located in Asúa – Erandio, Bizkaia (Spain).

The Company and its subsidiaries ("Befesa" or the "Group") is an international industrial group (see Appendix) that engages mainly in the management and treatment of industrial residues (see Note 5).

The majority of the systems, equipment and facilities included in the Group's property, plant and equipment are primarily used for the management and treatment of industrial residues and, in general, for the protection and improvement of the environment. This is either due to the Group's business activities or because of their nature (industrial residues). Most expenses and revenues in 2025 and 2024 should be understood to accrue in the normal course of the aforementioned activities. Any information on possible provisions for contingencies and charges and on possible contingencies, liabilities and grants, if any, arising from the normal performance of the Group's statutory activities or other environmental measures, are described, as and when appropriate, in the related notes to the consolidated financial statements.

Since 3 November 2017, Befesa, S.A. has been listed on the Frankfurt Stock Exchange (Germany) (Note 13) (ISIN code LU1704650164).

2. Basis of presentation of the consolidated financial statements and basis of consolidation

The consolidated financial statements have been prepared on the basis of accounting records of Befesa, S.A. and its consolidated subsidiaries. The consolidated financial statements for 2025 have been prepared in accordance with IFRS Accounting Standards ("IFRS") as adopted by the European Union (IFRS-EU) and other applicable

provisions of the applicable financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Befesa, S.A. and subsidiaries at 31 December 2025, and the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the year then ended.

Details of the Group's accounting policies are included in Note 3.

The Directors of the Parent Company consider that the consolidated financial statements for the year ended 31 December 2025, authorised for issue on 29 April 2026, will be approved with no changes by the shareholders at their Annual General Meeting (AGM) to be held on 16 June 2026.

2.1 Fair presentation

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes thereto for the 2025 financial year include comparative figures for the prior year, which formed part of the 2024 consolidated financial statements approved by the shareholders of the Parent at their AGM held on 19 June 2025.

The Group's consolidated financial statements for 2025 were formally prepared:

- In accordance with IFRS Accounting Standards ("IFRS") as adopted by the European Union (IFRS-EU), in conformity with the regulation (EC) of the European Parliament and of the Council, including International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC). The principal accounting policies and measurement bases applied in preparing the accompanying consolidated financial statements are summarised in Note 3.
- Considering all the mandatory accounting policies and rules, and measurement bases with a material effect on the consolidated financial statements, as well as the alternative permitted by the relevant standards in this connection, which are specified in Note 3.
- So that they present fairly the Group's consolidated equity and consolidated financial position at 31 December 2025 and the consolidated results of its operations, changes in consolidated equity and consolidated cash flows for the year then ended.
- On the basis that the accounting records are kept by the Parent and by the other Group companies. However, because the accounting policies and measurement bases used in preparing the Befesa, S.A. consolidated financial statements (IFRS-EU) differ from those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with IFRS-EU.
- The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.4.
- The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union and on the going concern assumption.



2. Basis of presentation of the consolidated financial statements and basis of consolidation continued

2.2 Adoption of new standards and interpretations issued

a) First-time application of standards

The following new and amendments to standards and interpretations as adopted by the EU, which are applicable for the first time in 2025, are either not material or do not have a material impact on the consolidated financial statements of the Group:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

b) Standards, amendments and interpretations issued but not yet effective

At the date these consolidated financial statements were authorised for issue, standards, amendments and interpretations issued but not yet effective, and which the Group expects to adopt for annual periods beginning on or after 1 January 2026, are as follows, as adopted by the EU:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7): Disclosures
- Annual Improvements Volume 11 to IFRS Accounting Standards – Amendments to:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards
 - IFRS 7 Financial Instruments: Disclosures and its Accompanying Guidance on Implementing IFRS 7
 - IFRS 9 Financial Instruments
 - IFRS 10 Consolidated Financial Statements
 - IAS 7 Statement of Cash flows
- Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity

In light of the Group's activities, the effect of applying the new standards, amendments or interpretations to the consolidated financial statements when they are applied for the first time is not deemed relevant for the Group.

c) Standards, amendments and interpretations to existing standards that have not been adopted by the European Union

At the date these consolidated financial statements were authorised for issue, the IASB and the IFRS Interpretations Committee had published the following standards, amendments and interpretations, which are pending adoption by the European Union:

- IFRS 18 Presentation and Disclosure in Financial Statements;
- IFRS 19 Subsidiaries without Public Accountability: Disclosure;
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency;
- Amendments to IFRS 19 Subsidiaries without public accountability: Disclosures.

The Group is in the process of reviewing these standards; however, it considers that the effect of applying new standards, amendments or interpretations to the consolidated financial statements when applied for the first time is not considered to be material for the Group.

2.3 Functional currency

These consolidated financial statements are presented in thousands of euros as the euro is the currency used in the main economic area in which the Group operates. Foreign operations are recognised in accordance with the policies established in Note 3. The main currencies other than the euro in which the Group carries out its transactions are the US dollar, Korean won, Swedish krona, Turkish lira and Chinese yuan.

2.4 Use of estimates and judgements

The information in these consolidated financial statements is the responsibility of the Board of Directors of the Parent Company.

In the Group's consolidated financial statements for the year ended 31 December 2025, estimates are occasionally made by senior management of the Parent Company and of the consolidated companies, and later ratified by the Directors, in order to qualify certain assets, liabilities, income, expenses and obligations reported herein.

Relevant accounting estimates and assumptions
These estimates relate to the following:

Impairment losses on goodwill and certain assets (see Notes 6, 7, 8 and 10)

The Group verifies annually whether there is an impairment loss in respect of goodwill and other assets, in accordance with the accounting policy described in Note 3.

When calculating the value in use of the principal items of goodwill and licences with indefinite useful life, the assumptions used were as follows:

- Projections of the cash flows of the cash-generating unit (CGU) or group of CGUs in question are made for periods of five years (when based on past experience it is possible to predict cash flows accurately over a period longer than five years), calculating a residual value based on flow for the last year projected, provided that this flow represents a normalised flow to reflect margin and cash flow experience in those businesses, as well as future expectations. The projections are based on the budgets for next year, increased in accordance with the assumptions estimated by management.
- The gross margins used in the calculation are in line with the profit expected to be obtained, based on past experience of profits of each of the segments and on new contracts existing in each case.
- To discount the flows, a discount rate is used based on the weighted average cost of capital for assets of this type, adjusted where necessary, on the basis of the additional risk that could be contributed by certain types of activity.
- In any case, further sensitivity analyses are conducted, particularly regarding the discount rate used and the residual growth rate, to ensure that the effect of possible changes in estimates of these rates does not have an impact on the recoverability of the recognised goodwill and licences with indefinite useful life.

2. Basis of presentation of the consolidated financial statements and basis of consolidation continued

Recoverability of deferred taxes (Notes 3.17 and 18)

Deferred tax assets are recognised for all deductible temporary differences and unused deductions for which it is probable that the companies of the Group will have future tax profits against which they can be utilised. To determine the deferred tax assets eligible for recognition, their amount, the dates on which the future tax profits are expected to be obtained and the reversal period of the temporary differences are estimated.

If the final outcome (on judgement areas) differs unfavourably by 10% from management estimates, deferred assets would decrease and no material income tax expense would be recorded. If these changes evolved favourably, these deferred tax assets would increase and no material income tax expense would be recorded.

Fair value of derivatives

The fair value of financial instruments that are not quoted in an active market (e.g. OTC derivatives) is determined by using valuation techniques. The Group uses judgement to select a series of methods and makes assumptions that are mainly based on the market conditions existing at each balance sheet date.

Estimates made in the context of share-based payments (Note 23)

To calculate the liability for the obligation derived from share-based compensation plans with certain employees, at year-end the Group estimates the fair values of the liabilities based on Befesa, S.A.'s share price, and the degree of target achievement.

2.5 Changes in the scope of consolidation

There were no changes in the scope of consolidation during the 2025 and 2024 financial years.

2.6 Alternative performance measures

The Group regularly reports alternative performance measures (APMs) not defined by the IFRS Accounting Standards that management believes are relevant indicators of the performance of the Group.

APMs are used to provide readers with additional financial information that is regularly reviewed by management and is used to make decisions about operating matters. These measures are also used for defining senior management's variable remuneration. The measures are useful in discussions with the investment analyst community.

However, these APMs are not uniformly disclosed by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. In addition, certain information presented is derived from amounts calculated in accordance with the IFRS Accounting Standards but that is not itself an expressly permitted GAAP measure. Such measures should not be viewed in isolation or as an alternative to the equivalent IFRS Accounting Standard measure.

Definitions used and reconciliations to the closest IFRS Accounting Standards measures are presented below.

a) Net debt

Net debt is defined as current and non-current financial debt plus current and non-current lease liabilities less cash and cash equivalents and less other current financial assets adjusted by non-cash items. The Group believes that net debt is relevant to investors as it gives an indication of the absolute level of non-equity funding of the business.

This can be compared with the income and cash flows generated by the business and available undrawn facilities.

The following table reconciles net debt to the relevant statement of financial position line items:

	2025	2024
Non-current financial debt (Note 14)	640,959	664,086
Non-current lease liability (Notes 10 and 14)	21,765	20,475
Current financial debt (Note 14)	20,793	25,422
Current lease liability (Notes 10 and 14)	11,266	11,493
Cash and cash equivalents (Note 4)	(142,604)	(102,520)
Net debt	552,179	618,956

b) EBITDA, Adjusted EBITDA and EBITDA margin

EBITDA is defined as operating profit for the period before the impact of amortisation, depreciation, impairment and provisions.

Adjusted EBITDA is defined as EBITDA adjusted by any non-recurrent costs/incomes.

EBITDA margin and Adjusted EBITDA margin are defined as EBITDA and Adjusted EBITDA divided by revenue. The Group believes that these metrics are useful supplemental indicators that may be used to assist in evaluating the Group's operating performance.

Notes to the consolidated financial statements continued

2. Basis of presentation of the consolidated financial statements and basis of consolidation continued

The following table reconciles EBITDA to the consolidated income statement line items from which it is derived

	2025	2024
Revenue (Note 5)	1,182,632	1,239,030
Income/Expenses from operations (except revenue, depreciation and mortisation/depreciation charge and provisions) (Note 21)	(943,202)	(1,034,471)
Amortisation/Depreciation, impairment and provisions (a) (Note 21.6)	(96,970)	(91,703)
EBIT (operating profit/(loss)) (b)	142,460	112,856
EBITDA (operating profit/(loss) before amortisation/depreciation and provisions) (a+b)	239,430	204,559
Non-recurrent costs/incomes ⁽¹⁾	3,390	8,803
Adjusted EBITDA	242,820	213,362

⁽¹⁾ These amounts include in 2025 and 2024 other non-recurrent costs mainly related to Befesa Zinc Metal, LLC. and the amount of the impact of hyperinflation on the Group's EBITDA).

The following table provides a reconciliation of EBITDA margin and Adjusted EBITDA margin:

	2025	2024
Revenue (a)	1,182,632	1,239,030
EBITDA (b)	239,430	204,559
Non-recurrent costs/incomes	3,390	8,803
Adjusted EBITDA (c)	242,820	213,362
EBITDA margin (%) (b/a)	20%	17%
Adjusted EBITDA margin (%) (c/a)	21%	17%

c) EBIT, Adjusted EBIT and EBIT margin

EBIT is defined as operating profit for the year. The Group uses EBIT to monitor its financial return after both operating expenses and a charge representing the cost of usage of its property, plant and equipment and finite-life intangible assets.

Adjusted EBIT is defined as EBIT adjusted by any non-recurrent costs/incomes.

EBIT margin and Adjusted EBIT margin are defined as EBIT and Adjusted EBIT as a percentage of revenue, respectively. The Group believes that these ratios are useful measures to demonstrate the proportion of revenue that has been realised as EBIT and Adjusted EBIT, and therefore as indicators of profitability.

The following table reconciles EBIT and Adjusted EBIT to the income statement line items from which it is derived:

	2025	2024
Revenue (Note 5)	1,182,632	1,239,030
Income/Expenses from operations (except revenue, depreciation and amortisation/depreciation charge and provisions) (Note 21)	(943,202)	(1,034,471)
Amortisation/Depreciation, impairment and provisions (Note 21.6)	(96,970)	(91,703)
EBIT (operating profit/(loss))	142,460	112,856
Non-recurrent costs/(income) EBIT ⁽¹⁾	9,283	2,748
Non-recurrent costs/(income) EBITDA	3,390	8,803
Adjusted EBIT	155,133	124,407

⁽¹⁾ This amount includes the estimated amount of the impact of hyperinflation on the Group's EBIT and the impairment of assets of €6.7 million registered in Befesa Zinc Environmental Protection Technology (Henan) Co. Ltd (Note 21.6) (2024: This amount included the estimated amount of the impact of hyperinflation on the Group's EBIT).

The following table provides a reconciliation of EBIT margin and Adjusted EBIT margin:

	2025	2024
Revenue (a)	1,182,632	1,239,030
EBIT (b)	142,460	112,856
Non-recurrent costs/(income) EBIT	9,283	2,748
Non-recurrent costs/(income) EBITDA	3,390	8,803
Adjusted EBIT (c)	155,133	124,407
EBIT margin (%) (b/a)	12%	9%
Adjusted EBIT margin (%) (c/a)	13%	10%



2. Basis of presentation of the consolidated financial statements and basis of consolidation continued

d) Net debt/Adjusted EBITDA (adjusted leverage ratio)

Net debt/Adjusted EBITDA ratio is defined as net debt divided by Adjusted EBITDA. The Group believes that this ratio is a useful measure to show its ability to generate the income needed to be able to settle its loans and borrowings as they fall due.

The following table reconciles the net debt/Adjusted EBITDA ratio to net debt and Adjusted EBITDA:

	2025	2024
Net debt (Note 4)	552,179	618,956
Adjusted EBITDA	242,820	213,362
Net debt/Adjusted EBITDA	2.3	2.9

e) CapEx

CapEx is defined as the cash payments made during the period for investments in intangible assets, property, plant and equipment, and right-of-use assets.

The Group believes that this measure is useful to understand the effort made by the Group each year to acquire, upgrade and maintain physical assets such as property, industrial buildings and equipment.

The following table reconciles CapEx to the cash flow statement line items from which it is derived:

	2025	2024
Cash flows from investing activities:		
Investments in intangible assets (Note 7)	2,283	4,124
Investments in property, plant and equipment (Note 8)	73,836	74,444
CapEx	76,119	78,568

3. Accounting principles and policies and measurement methods applied

The main accounting policies adopted when preparing these consolidated financial statements are described below. These accounting principles and policies are consistently applied by the Group.

3.1 Subsidiaries

Subsidiaries are entities, including structured entities, over which the Group, either directly or indirectly, exercises control. The Group controls a subsidiary when it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Group has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Group is exposed or has rights to variable returns from its involvement with the subsidiary when the returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated financial statements from the date of acquisition, which is the date on which the Group obtains effective control of the subsidiaries. Subsidiaries are no longer consolidated once control ceases.

Transactions and balances with Group subsidiaries and unrealised gains or losses have been eliminated on consolidation. Nevertheless, unrealised losses have been considered as an indicator of impairment of the assets transferred.

The accounting policies of subsidiaries have been adapted to Group accounting policies for transactions and events in similar circumstances.

The consolidated financial statements or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Group.

3.2 Non-controlling interests

Non-controlling interests in subsidiaries acquired as of 1 January 2004 are recognised on the acquisition date at the percentage participation in the fair value of identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the percentage participation in their equity on the date of first consolidation.

Non-controlling interests are disclosed in consolidated equity separately from equity attributable to shareholders of the Parent. Non-controlling interests in consolidated profits for the year (and in consolidated comprehensive income for the year) are also presented separately in the consolidated statement of comprehensive income.

The consolidated total comprehensive income for the year and changes in equity of the subsidiaries attributable to the Group and non-controlling interests after consolidation adjustments and eliminations are determined in accordance with the percentage ownership at year-end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or not, on cumulative preference shares classified in equity accounts. However, Group and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently give access to the returns associated with the interests held in the subsidiaries.

The results and each component of other comprehensive income are allocated to equity attributable to the shareholders of the Parent and to non-controlling interests in proportion to their investment, although this implies a balance receivable from non-controlling interests.

The increase and decrease of non-controlling interests in a subsidiary while maintaining control is recognised as a transaction with equity instruments. Therefore, no new acquisition cost arises from the increases, and no results are recognised from the decreases. Instead, the difference between the consideration paid or received and the carrying amount of the non-controlling interests is recognised in the investor's reserves.

3. Accounting principles and policies and measurement methods applied continued

3.3 Goodwill

This heading in the consolidated financial statements reflects the difference between the price paid to acquire certain consolidated subsidiaries and the Group's interest in the fair value of the net assets (assets, liabilities and contingent liabilities) of those companies at the date of acquisition.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the Company acquired over the acquisition cost of the investment is allocated to income on the date of acquisition.

Goodwill is recognised as an asset and at the end of each reporting period it is estimated whether any impairment has reduced its value to an amount lower than its carrying amount. If so, impairment losses are recognised for the goodwill, which must not be reversed in a subsequent period.

Goodwill is allocated to CGUs for the purpose of impairment testing. The goodwill is allocated to the CGUs that are expected to benefit from the business combination in which the goodwill arises.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3.4 Other intangible assets

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred. In conformity with IFRS Accounting Standards, the Group classifies as internally generated intangible assets the expenses incurred in the development of projects that meet the following conditions:

- The expenditure is specifically identified and controlled by project, and its distribution over time is clearly defined.
- The Directors have well-founded reasons for believing that there are no doubts as to the technical success or the economic and commercial viability of the projects, on the basis of their level of completion and order book.
- The Group has the necessary technical, financial and other resources to complete the development work.
- The development cost of the asset, which includes, where appropriate, the personnel expenses of the Group's personnel working on the projects, can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over the period that they are expected to generate income, which is generally five years. The technical, economic and financial potential of each project is reviewed at each year-end. If a project is progressing negatively or if there are no financing plans to assure effective completion, the related amount is charged to income in full.

Where no internally generated intangible asset can be recognised, development expenditure is accounted for as an expense in the year in which it is incurred.

The Group has recognised the work performed on its intangible assets in relation to the development of new technologies for which there is a high probability of technical and economic success as a decrease in the income statement headings which reflect the carrying amount of capitalised expenses for an amount of €2,030 thousand (2024: €3,053 thousand).

The amounts capitalised during the year mainly relate to projects aimed at improving aluminium scrap treatment processes, developed by the subsidiary Befesa Aluminio, S.L., amounting to €2,030 thousand (2024: the capitalised amounts primarily related to projects aimed at improving aluminium scrap treatment processes, developed by Befesa Aluminio, S.L., amounting to €1,897 thousand and to a project in Befesa Holding US, Inc. focused on converting a residue into a new product for reuse in production, amounting to €1,156 thousand).

Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the management of the Group are recognised with a charge to "Other intangible assets" in the consolidated financial statements. Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

Computer software is amortised on a straight-line basis over the useful life of the assets (five years).

Concessions, patents, licences and similar items

In general, the amounts recognised by the Group in connection with concessions, patents, licences and similar items relate to the cost incurred in acquiring them, which is amortised on a straight-line basis over the estimated useful life based on the concession arrangement.

The capitalised concessions have a maximum estimated useful life of 25 years.

Licences acquired in a business combination are recognised at fair value at the acquisition date and have an indefinite useful life. Licences with an indefinite useful life are tested for impairment at least annually (Note 7). The useful life, in accordance with IAS 38, is considered indefinite due to the fact that those licences represent the amount that any producer willing to enter the market at any moment would have to pay in order to obtain the needed environmental authorisation to start the activity and have no maturity.

3.5 Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost less any accumulated depreciation and any recognised impairment losses.

The costs of expansion, modernisation or improvements, leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets, are capitalised. Repairs that do not lead to a lengthening of the useful life of the assets and maintenance expenses are charged to the consolidated income statement for the year in which they are incurred.

In-house work on non-current assets is recognised at accumulated cost (external costs plus in-house costs, determined on the basis of in-house warehouse materials consumption and manufacturing costs allocated using hourly absorption rates, similar to those used for inventory valuation). In 2025, €1,765 thousand was recognised in this regard related to the works carried out in the new plant of Befesa Aluminium Germany GmbH (2024: €68 thousand) (Note 21.3).



3. Accounting principles and policies and measurement methods applied continued

The Group depreciates property, plant and equipment using the straight-line method (land is not subject to depreciation), distributing the cost of the assets over the following years of estimated useful life:

	Average years of estimated useful life
Buildings	16–50
Plant and machinery	10–35
Other property, plant and equipment	4–10

Because the Group has to meet certain costs in relation to the closure of its facilities, the accompanying consolidated financial statements include the provisions raised for such costs (Note 17).

Assets' residual values and useful lives are reviewed and adjusted as appropriate at each consolidated financial statements date.

Gains and losses on disposals are determined by comparing the proceeds to the carrying amount of the items sold.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 9).

3.6 Leases

Identification of a lease

At the inception of a contract, the Group assesses whether it contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The period of time during which the Group uses an asset includes consecutive and non-consecutive periods of time. The Group reassesses the conditions if the contract is changed.

Lessee accounting

For contracts that contain one or more lease components and non-lease components, the Group considers all the components as a single lease component.

The right-of-use asset comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of dismantling and restoration costs to be incurred, as described in the accounting policy for provisions.

The Group measures the lease liability at the present value of the lease payments that are not made at the commencement date. The Group discounts the lease payments using the appropriate incremental borrowing rate, unless the interest rate implicit in the lease can be reliably determined. In this regard, for initial measurement of the lease liability, the incremental borrowing rate has been used, which represents the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment (2–5%).

Pending lease payments comprise fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of the purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Group measures the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the right-of-use asset includes the price of the purchase option, the lessee will depreciate the right-of-use asset following the depreciation criteria for property, plant and equipment from the commencement date of the lease to the end of the useful life of the underlying asset. Otherwise, the lessee will depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term.

The Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises remeasurements of the lease liability as an adjustment to the right-of-use asset, until this is reduced to zero, and then in profit or loss.

A lessee will remeasure the lease liability by discounting the revised lease payments using a revised discount rate if there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

The Group remeasures the lease liability if there is a change in the amounts expected to be payable under a residual value guarantee or a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review.

3.7 Non-financial asset impairment

At each reporting date, the Group reviews non-financial assets to determine if there is any indication that they might have undergone an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, at each statement of financial position date, the possible impairment of goodwill and of any intangible assets that have not yet come into operation or which have an indefinite useful life is analysed.

The recoverable amount is the higher of fair value, less costs to sell and value in use, which is taken to be the present value of the estimated future cash flows. In order to calculate value in use, the assumptions used include discount rates, growth rates and forecast changes in selling prices and costs. The Directors estimate post-tax discount rates, which reflect the time value of money and the risks specific to the CGU. The growth rates and the changes in selling prices and costs are based on in-house and industry forecasts, and experience and future expectations, respectively.



3. Accounting principles and policies and measurement methods applied continued

If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised for the difference, with a charge to "Amortisation/Depreciation, impairment and provisions" in the consolidated income statement. Impairment losses recognised for an asset in prior years are reversed, with a credit to the aforementioned heading when there is a change in the estimates concerning the recoverable amount of the asset, increasing the carrying amount of the asset, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised, except in the case of the impairment of goodwill, which cannot be reversed.

3.8 Financial instruments

Recognition and classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".

For measurement purposes, the Group classifies financial instruments in the following categories of financial assets and financial liabilities according to the business model and the characteristics of the contractual cash flows.

- **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows solely represent payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated income statement. This category includes the loans, trade and other receivables, and security deposits.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows solely represent payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the income statement and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the consolidated income statement. This category corresponds with the hedging derivatives.
- **Fair value through profit or loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the income statement and presented net in other gains/(losses) in the period in which it arises. This category includes the factoring and equity instruments.

The business model is determined by key Group personnel and on one level reflects the manner in which they jointly manage groups of financial assets to reach a specific business objective. The Group's business model represents the manner in which it manages its financial assets to generate cash flows.

The Group initially designates a financial liability at FVPL if doing so eliminates or significantly reduces an inconsistency in the measurement or recognition that would otherwise arise if the measurement of the assets of liabilities, or the recognition of the results thereof, were made on different bases, or if a group of financial liabilities, or financial assets and financial liabilities, is managed and their return is evaluated based on fair value in accordance with an investment strategy or documented risk management strategy, and information on this group is provided internally on the same basis to the Group's key management personnel.

The Group classifies the remaining financial liabilities, except financial guarantee contracts, commitments to extend below-market rate loans and financial liabilities resulting from a transfer of financial assets that do not qualify for derecognition or are recognised using the continued involvement approach, as financial liabilities at amortised cost.

Measurement

At initial recognition, the Group measures a financial asset and financial liability at its fair value, plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of income statement. Financial assets with embedded derivatives are considered in their entirety when determining if their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments, financial assets and financial liabilities depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Impairment

The Group recognises an impairment loss for expected credit losses on financial assets at amortised cost, FVOCI, lease finance receivables, contractual assets, loan commitments and financial guarantees. The methodology applied to impairment of value depends on whether there has been a significant increase in credit risk.

The value correction for losses of financial assets is based on the hypothesis of compliance risk and expected loss rates. The Group uses the judgement in making these assumptions and selecting the variables for the calculation of the impairment of value based on historical impairment losses, the existing market conditions, as well as the forward-looking estimates at the end of each year on which it is informed.

For trade accounts receivable, the Group applies the simplified approach permitted by IFRS 9, under which expected credit losses are recognised from the initial recognition of the receivables. The related impairment provision is determined on the basis of a single market, as most of the Group's customers operate across the different geographies in which the Group operates. The impact of this calculation is not material due to the creditworthiness of the Group's customers.

Derecognition, modification and extinguishment of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Derecognition and modifications of financial liabilities

The Group derecognises all or part of a financial liability when it either discharges the liability by paying the creditor or is legally released from primary responsibility for the liability, either by a process of law or by the creditor.



3. Accounting principles and policies and measurement methods applied continued

The exchange of debt instruments between the Group and the counterparty, or substantial modifications of initially recognised liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different terms.

The Group considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the original financial liability, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange is not accounted for as an extinguishment, the modified flows are discounted at the original effective interest rate, and any difference in the previous carrying amount is recognised in the income statement. Any costs or fees incurred adjust the carrying amount of the financial liabilities and are amortised using the amortised cost method over the remaining term of the modified liability.

The Group has contracted reverse factoring facilities with various financial institutions to manage payments to suppliers. The Group applies the above criteria to determine if it should derecognise the original trade payable and recognise a new liability with the financial institutions. Trade payables settled under the management of financial institutions are recognised under trade and other payables only if the Group has transferred management of the payment to the financial institutions but retains primary responsibility for settling the debt with the trade creditors. At 31 December 2025, the amount is €1,811 thousand (2024: €1,394 thousand).

The Group does not identify any type of material liquidity risk related to these reverse factoring agreements. Despite this, the Group uses only entities that have been given a high independent credit rating and have proven solvency on the market.

Factoring receivables

Befesa derecognises trade receivables for the amount transferred to financial institutions, providing the factor assumes all the risk of insolvency and default (non-recourse factoring). At 31 December 2025 and 2024, balances receivable not due, which were extinguished as a result of the aforementioned non-recourse factoring operations, amounted to €59,886 thousand and €61,466 thousand, respectively. Unlike above, Befesa does not derecognise amounts receivable transferred to financial institutions for which it substantially retains the associated risks.

3.9 Hedge accounting

Derivative financial instruments are initially recognised using the same criteria as for financial assets and financial liabilities. Derivative financial instruments that do not qualify for hedge accounting are classified and measured as financial assets and financial liabilities at FVPL. Derivative financial instruments that qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments. Nonetheless, transaction costs are subsequently recognised in profit and loss as they do not form part of the changes in the effective value of the hedge.

At the inception of the hedge, the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. This documentation includes identifying the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group measures hedge effectiveness.

Hedge accounting applies only when there is an economic relationship between the hedged item and the hedging instrument. The effect of credit risk does not dominate the value changes that result from that economic relationship, and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually uses to hedge that quantity of hedged item. However, that designation does not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness, irrespective of whether or not it is recognised, which could result in an accounting outcome inconsistent with the purpose of hedge accounting.

For cash flow hedges of forecast transactions or a component thereof, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss for the year.

At the inception of the hedging relationship, and on an ongoing basis, the Group evaluates if the relationship meets the effectiveness qualifying criteria prospectively. The Group assesses the effectiveness at each accounting close or when there are significant changes affecting the effectiveness requirements.

The Group performs a qualitative assessment of effectiveness, provided that the fundamental conditions of the instrument and the hedged item are the same. When the fundamental conditions are not exactly the same, the Group uses a hypothetical derivative with fundamental conditions equivalent to the hedged item to assess and measure efficiency.

The Group records changes in the time value of the options, hedging an item related to a transaction in other comprehensive income. If the hedged item results in the recognition of a non-financial asset or liability, the Group includes the accumulated amount in other comprehensive income with an adjustment to the non-financial asset or liability. For the remaining hedging relationships, the amount deferred in other comprehensive income is reclassified to profit or loss in the same period or periods in which the expected hedged cash flows affect profit or loss. Nonetheless, if the Group expects that part of the amount will not be recovered in one or more future periods, this is immediately recognised in profit or loss.

However, if the hedge is interrupted, the amount deferred in other comprehensive income is reclassified immediately to profit or loss.

Cash flow hedges

The Group recognises the portion of the gain or loss on the fair value measurement of a hedging instrument that is determined to be an effective hedge in other comprehensive income. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised under finance income or costs.

The separate component of other comprehensive income associated with the hedged item is adjusted to the lesser of the cumulative gain or loss on the hedging instrument from the inception of the hedge and the cumulative change in fair value or present value of the expected future cash flows on the hedged item from the inception of the hedge. However, if the Group expects that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, it reclassifies the amount that is not expected to be recovered into finance income or finance expenses.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses recognised in other comprehensive income are reclassified to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, and under the same caption of the consolidated income statement.



3. Accounting principles and policies and measurement methods applied continued

3.10 Cash and cash equivalents

This item includes cash on hand, current bank accounts and, where applicable, deposits and reverse repurchase agreements that meet all of the following requirements:

- They may be converted into cash.
- They have a maturity of three months or less on the date of acquisition.
- They are not subject to a significant risk of changes in value.
- They form part of the Group's usual cash management policy.

Bank overdrafts are recognised in the consolidated financial statements as current borrowings.

3.11 Inventories

"Inventories" in the consolidated financial statements includes the assets that the Group:

- Holds for sale in the ordinary course of its business;
- Has in the process of production, construction or development for such sale; or
- Expects to consume in the production process or in the provision of services.

Raw materials and goods held for resale are measured at the lower of FIFO cost and market. Ancillary products, consumables and spare parts are measured at the lower of the price per the last invoice and market value, which does not differ significantly from FIFO cost.

Work in progress and finished goods are measured at the lower of market value and average production cost. Average production cost is calculated as the specific cost of the supplies and services plus the applicable portion of the direct and indirect cost of labour and general manufacturing expenses. Other warehouse materials are measured at the lower of average acquisition cost and market value.

Obsolete, defective or slow-moving materials have been reduced to their net realisable value.

3.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are presented in equity as a deduction, net of taxes, from resources obtained.

Where any Group company purchases the Company's share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to equity holders of the Company until the shares are cancelled, reissued or sold. Where such shares are subsequently disposed of or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity owners.

3.13 Provisions, contingent liabilities and contingent assets

In the preparation of the consolidated financial statements, the Parent's Directors drew a distinction between the following:

- Provisions: Credit balances covering present obligations at the date of the consolidated financial statements arising from past events that could give rise to a loss for the companies, which are certain in their nature but uncertain in their amount and/or timing.
- Contingent liabilities: Possible obligations arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the consolidated companies and which do not meet the requirements for recognition as provisions.
- Contingent assets: Possible assets that arise from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the entities.

The Group recognises provisions for the estimated amount required to suitably meet its liability, whether it is legal or constructive, probable or certain, arising from contingencies, litigation in process or obligations, which arise as a result of past events, for which it is more probable than not that an outflow of resources will be required, provided that it is possible to make a reasonable estimate of the amount in question. Provisions are recognised when the liability or obligation arises with a charge to the relevant heading in the consolidated income statement, based on the nature of the obligation, for the present value of the provision when the effect of discounting the obligation is material.

Provisions for pensions and similar obligations

Several Group companies have certain defined benefit obligations with their employees to supplement social security retirement pensions. These obligations had been externalised at 31 December 2025 and 2024. Subsidiaries' obligations as pension plan promoters are established in the contribution of a percentage of employees' pensionable salaries. These commitments are not significant on a Group scale.

Dismantling, restoration and similar provisions

In addition, "Long-term provisions" in the accompanying consolidated financial statements also include, where applicable, the estimated amounts required to close certain facilities (Note 17), and the estimated amounts required to settle any liability that might arise from ongoing litigation and other significant obligations, when it is considered more probable than not that these obligations will have to be met, whereas any contingent liabilities (possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of Befesa) are not recognised in the consolidated financial statements, but rather are disclosed, as required by IAS 37 (see Note 21).

Share-based payments

The fair value of options granted under share-based compensation plans is recognised as an employee benefits expense with the corresponding increase in long-term liabilities.

For cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period, with any changes in fair value recognised in the consolidated income statement. Services received or goods acquired, and the liability payable are recognised over the vesting period or immediately if vesting is immediate. The Group only recognises as personnel expenses the amount accrued in accordance with the vesting conditions of the fair value of the payment on the grant date, and the residual amount accrued is recognised as finance income or expense.

3. Accounting principles and policies and measurement methods applied continued

3.14 Revenue recognition

a) Sale of goods

Sales of Waelz oxide (WOX), green zinc (Special High Grade, also known as SHG) and secondary aluminium are recognised when control of the products is transferred to the customers, mainly manufacturing companies, when the customer has full discretion over the products and there is no unfulfilled obligation that could affect the client's acceptance of the products. Delivery occurs depending on the specific agreements with customers (incoterm), the risks of obsolescence and loss have been transferred to the customer and the Group has evidence that all criteria for acceptance have been satisfied.

Revenue is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group acts as the principal in all sales transactions. In addition, the Group has determined that its contracts with customers do not contain a significant financing component and Group sales have no variable component.

No critical judgements in recognising revenue are identified.

In relation to the revenue recognition of sales, the Group considers that under IFRS 15 there is only one type of contract with customers. The assessment is supported by the fact that the main sales of the Group's products have only one performance obligation: the delivery of WOX, green zinc "SHG" or secondary aluminium. Furthermore, the products are not dependent on or connected to other products or services. Consequently, as there are no delayed performance obligations, the revenue is recognised fully after passing control to the customer.

The performance obligations for this type of sale reflect the delivery of distinct goods defined in each contract and the price of each delivery is established in each separate contract, having been indexed to various market variables on the payment dates.

b) Sale of services

Revenue from customer contracts is recognised based on the amount expected to be received from the customer when the transfer of control of a customer service occurs. Control transfer can occur at a specific time or over time.

The performance obligations for this type of sale relate to the collection of waste, the collection of salt slags and SPLs and the delivery of the defined product in each technology contract. The Group considers that the performance obligation related to this type of service is satisfied at a specific point in time, except for technology contract sales, where the performance obligation is satisfied over time.

The price of each service is established in each separate contract. Each contract has a unique performance obligation, which means that the price is estimated on an individual contract basis.

A contract is not considered to contain a significant financing component when the period between the transfer of the customer's committed service is transferred and the customer's payment for that service is one year or less.

There are no incremental costs for any of this type of rendering of services to secure the contract. Consequently, as there are no delayed performance obligations, revenue is recognised fully after transferring control to the customer.

Based on this, the Group discloses revenue by reporting segment and geographical area (Note 5).

The different types of services provided by Befesa are:

Steel business services

In the Steel Dust Recycling Services segment, the Group collects and recycles crude steel dust and other steel residues generated in the production of crude, stainless and galvanised steel through EAF steel production. The Group sells the WOX produced in the recycling of crude steel dust to zinc smelters and, to a lesser extent, returns metals – mainly nickel, chromium and molybdenum – recovered in the recycling of stainless steel residues to stainless steel producers for a tolling fee or sells such recovered metals on the market.

In this segment, in addition to the Group revenues from the sales of WOX, the other revenue sources are:

- The service fees the Group charges for collecting and recycling crude steel dust. The performance obligations for this type of sale relate to the collection of waste as defined in each contract; the price of the service is established in each separate contract.
- The tolling fees the Group charges for collecting and recycling stainless steel residues and returning the recovered metals to the stainless steel producers. Most of the services of this type are with the return of recovered metals. If there are no returns, the service is the same as in the previous point (collecting). The performance obligations for this type of sale relate to waste collection. The Group invoices customers a tolling/conversion fee per tonne of dust treated. The plant receives stainless steel dust from its customers, treats this dust and returns the alloys contained in this dust to the customers.

Collection of salt slags and SPLs

In the salt slags operations of the Aluminium Salt Slags Recycling Services segment, the Group recycles salt slags that it receives from customers for a service fee or generates during its own production of secondary aluminium. In addition, the Group recycles SPLs generated by primary aluminium producers.

The basis for the Aluminium Salt Slags Recycling Services segment is the secondary aluminium production market in Europe. The secondary aluminium production market produces salt slags, which are categorised as a hazardous waste in Europe and other markets.

The performance obligations for this type of sale reflect the collection of the salt slags and SPLs. The treatment price per tonne is a fixed price indicated in each contract, based on the tonnes received during the year.

Technology division

The Secondary Aluminium subsegment has a small technology division that designs, constructs, assembles and starts up the facilities so that they are ready for use in the aluminium, zinc and lead cast houses.

The performance obligation for this type of sale reflects the delivery of the defined product in each contract, with each contract containing a purchase order with all of the specifications of the project and a fixed price for it.

Note 12 in the consolidated financial statements for 2025 reflects a breakdown of "Contract assets" at 31 December 2025, which amount to €6,946 thousand (2024: €4,839 thousand).



3. Accounting principles and policies and measurement methods applied continued

c) Interest income

Interest income is accrued on a time-proportion basis by reference to the principal outstanding and the applicable effective interest rate, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's carrying amount.

d) Income from dividends

Income from dividends is recognised when the shareholder's right to receive payment is established.

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets, in accordance with IAS 23 for assets that necessarily take a substantial period of time to be prepared for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the year in which they are incurred.

3.16 Foreign currency

Foreign currency transactions, balances and cash flows

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies have been translated into euros at the foreign exchange rate ruling at the financial statement date, whereas non-monetary assets and liabilities valued at historical cost are translated at the rates prevailing at the transaction date. For these purposes, advances to suppliers and customers are deemed non-monetary items and are translated at the exchange rate on the date the payment or collection took place. Subsequent recognition of the receipt of the inventories or the advance on the income from sales is translated at the original exchange rate and not at the transaction date. Non-monetary assets measured at fair value have been translated into euros at the exchange rate at the date that the fair value was determined.

Exchange gains and losses arising on the settlement of foreign currency transactions and from the translation into euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation of foreign operations

Foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.
- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date.
- All resulting exchange differences are recognised as translation differences in other comprehensive income.

Translation differences recognised in other comprehensive income are accounted for in profit or loss as an adjustment to the gain or loss on the sale using the same criteria as for subsidiaries.

Foreign operations in hyperinflationary economies

The financial statements of Group companies whose functional currency is the currency of a hyperinflationary economy are restated in terms of the measuring unit at the reporting date.

If the reporting date of the consolidated companies' financial statements is different to that of the Company, the former is adjusted to the measuring unit at the Group's reporting date.

The results and financial position of the Group's foreign operations whose functional currency is the currency of a hyperinflationary economy are translated into euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, assets and liabilities, income and expenses and cash flows, are translated at the closing rate at the most recent reporting date.
- Comparative amounts are those that were included in the prior year's consolidated financial statements and are not adjusted for subsequent changes in the price level or in exchange rates. The effect of any adjustment on the prior year's balances is recognised as a revaluation reserve in other comprehensive income/ translation differences in other comprehensive income/reserves under equity.

Given the economic situation in Turkey, and in accordance with the definition of a hyperinflationary economy established in IAS 29, the country has been considered hyperinflationary since 1 January 2022. The Group holds investments in Turkey through the subsidiaries Befesa Silvermet İskenderun Çelik Tozu Geri Dönüşümü, A.S. and Befesa Silvermet Dış Ticaret, A.S.

An application of IAS 29 for the first time in Turkey in the Group's 2022 consolidated financial statements was carried out in accordance with the following criteria:

- The comparative figures for 2021 were not subject to modification.
- Hyperinflationary accounting was applied to all assets and liabilities of subsidiaries before conversion.
- The historical cost of non-monetary assets and liabilities and the different equity items of those companies was adjusted from the date of acquisition or incorporation into the consolidated statement of financial position until the end of the year to reflect the changes in the purchasing power of the currency resulting from inflation.
- The initial equity presented in the stable currency is affected by the cumulative effect of restatement for inflation of non-monetary items from the date they were recognised for the first time and the effect of converting these balances at the closing rate at the beginning of the year.

The effect of hyperinflation in the Turkish subsidiaries on the consolidated equity of the Group is €2.7 million and the "loss on the net monetary position" amounts to €2.0 million (2024: €3.2 million and the "gains on the net monetary position" amounts to €5.2 million), recognised under net exchange differences in the consolidated income statement for the year ended 31 December 2025 and 31 December 2024.



3. Accounting principles and policies and measurement methods applied continued

3.17 Income tax, deferred tax assets and deferred tax liabilities

Expense for income tax and other similar taxes applicable to the foreign consolidated entities is recognised in the consolidated income statement, except when it arises from a transaction whose result is recognised directly in equity, in which case the related tax is also recognised in equity.

Current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting allowable tax credits, plus the change in deferred tax assets and liabilities and any tax loss and tax credit carry-forwards and deductions.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases and tax loss and tax credit carry-forwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, unless, in general, the temporary difference arises from the initial recognition of goodwill. In addition, deferred tax assets recognised for tax loss, tax credit carry-forwards and temporary differences are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised. The Directors have also taken into account the Group's ability to use tax benefits in different fiscal years, depending on its needs.

Deferred tax assets and liabilities recognised are reassessed at each financial statement date in order to ascertain whether they still exist, and the appropriate adjustments are made based on the findings of the analyses performed (see Notes 18 and 19).

In view of the Group's international nature, there are several tax rates depending on the applicable legislation, ranging mainly from 20–33% (2024: 20–33%).

3.18 Environmental matters

The Group carries out actions aimed primarily at preventing, reducing or repairing any damage its activities may cause to the environment.

The Group recognises environmental investments at acquisition or production cost, net of the related accumulated depreciation/amortisation, and classifies them by nature in the appropriate non-current asset accounts.

Expenses incurred in order to comply with the applicable environmental legislation are classified by nature under "Other operating expenses" in the accompanying consolidated income statement.

3.19 Related party transactions

The Group performs all its transactions with related parties at arm's length. In addition, transfer prices are adequately supported and, therefore, the Parent's Directors consider that there are no material risks in this regard that might give rise to significant liabilities in the future.

3.20 Dividend distribution

The distribution of dividends to the Parent Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Parent Company's shareholders.

3.21 Segment reporting

The operating segments are presented consistently with the management approach, in accordance with the information used internally at the highest decision-making level. The maximum authority for decision-making is responsible for assigning resources to operating segments and evaluating the segment's performance. Segment reporting is disclosed in Note 5.

3.22 Consolidated statement of cash flows

The following terms are used in the consolidated statement of cash flows, which has been prepared using the indirect method, with the meanings specified:

- Cash flows: Inflows and outflows of cash and cash equivalents, which are short-term, liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: The principal revenue-producing activities of the Group companies and other activities that are not investing or financing activities.
- Investing activities: The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: Activities that result in changes in the size and composition of the equity and borrowings that are not operating activities.

3.23 Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- The weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take the following into account:

- The post-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares;
- The weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.



4. Financial risk management policy

The activities carried out by the Group through its business segments are exposed to several financial risks: market risk (including foreign currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The risk management model used by the Group focuses on the uncertainty in financial markets and attempts to minimise the potential adverse effects on the Group's earnings.

Risk management is carried out by the Corporate Financial Department in accordance with internal management rules. This department identifies, assesses and hedges financial risks in close cooperation with the different operating units. The internal management rules provide written policies for global risk management and for specific areas such as foreign currency risk, interest rate risk, liquidity risk, the use of derivative and non-derivative instruments and the investment of cash surpluses. There were no changes in risk management policies between 2025 and 2024.

4.1 Financial risk factors

a) Market risk

i) Foreign currency risk

The Group companies operate internationally and are therefore exposed to foreign currency risks in foreign currency transactions (especially the US dollar). To control the foreign currency risk that arises from future commercial transactions and recognised assets and liabilities, Group companies use derivative contracts. Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that it is not the Group's functional currency.

For financial reporting purposes, each subsidiary designates hedges with the Corporate Financial Department as fair value hedges or as cash flow hedges, as appropriate. In addition, at the corporate level, external foreign currency hedges are designated as foreign currency risk hedges on certain assets, liabilities or future transactions.

The Group's main exposures to currency risk at 31 December 2025 and 2024 are shown below. The table reflects the carrying amount of the Group's financial instruments or classes of financial instruments denominated in foreign currency:

Currency	2025				2024			
	Trade and other receivables	Treasury	Short-term loans and borrowings	Trade and other payables	Trade and other receivables	Treasury	Short-term loans and borrowings	Trade and other payables
USD	9,336	20,686	–	2,374	15,377	12,540	6,264	3,139
EUR	5,951	1,123	–	453	5,411	3,324	–	1,084
Other	13	–	–	20	292	–	–	45
Total	15,300	21,809	–	2,847	21,080	15,864	6,264	4,268

If the average exchange rate of the euro in 2025 and 2024 had depreciated or appreciated by 10% on all functional currencies other than the euro, with the other variables remaining constant, results for the year would not have changed significantly.

The US dollar is the primary currency to which the Group is exposed. If, as at 31 December 2025, the euro had appreciated or depreciated by 10% against the dollar while all other currencies and variables remained constant, the equity attributable to the Parent Company would have decreased by approximately €51 million or increased by approximately €63 million, respectively.

ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises mainly from variable interest financial debt.

To manage interest rate risk, in certain situations the Group uses floating-to-fixed interest rate swaps ("IRSs"), either for the total amount or a portion of the loan and either for the full term or a portion thereof.

In 2025 and 2024, had the average interest rates on the financial debt denominated in euros increased or decreased by 50 basis points, with all the other variables remaining constant, the profit after tax for the year would not have been significantly affected as a result of the hedging policies in place.

The exposure of the Group's financial debt to variations in interest rates is set out below:

	2025	2024
Total external financial debt (Note 14)	694,783	721,476
Effect of interest rate swaps ⁽¹⁾	(325,000)	(316,000)
Financial debt subject to variable interest	369,783	405,476

⁽¹⁾ As of 31 December 2025, the Group's interest rate swap (IRS) portfolio hedges €316 million of debt with maturities up to July 2026. In addition, €325 million of debt is hedged from July 2026 to July 2029 through new IRS contracts entered into in 2025 (Note 16).

iii) Price risk

Earnings in the Steel Dust, Salt Slags and Secondary Aluminium segments are exposed to the movement of recycled metal prices (zinc and aluminium). The Group manages price risk through the acquisition of commodity swaps. Befesa's target in the Steel Dust Recycling Services segment is to hedge between 60% and 75% of the sale transactions, which are subject to the risk of changes in selling prices.

The objective of the Group is to secure a certain level of revenues that will ensure a reasonable return, given the risk of decline that these revenues may face in the event of a fall in zinc prices, which accounts for 85% of the zinc content in WOX sold and 100% of the SHG zinc sold.

The Group uses zinc futures contracts at the London Metal Exchange (LME), hedging between 60% and 75% of the estimated sales, therefore the likelihood of the hedged transaction being executed is almost 100%, given that, due to the nature of the business, the sale of the entire production is assured. Establishing this limit protects the business against reductions in production due to once-off events, such as breakdowns, technical shutdowns or other similar circumstances.

These financial instruments are initially analysed to assess if they can be treated as hedging instruments and, if so, the accounting rules specific to these instruments may be applied.

Note 16 contains a breakdown of derivative financial instruments arranged on the selling prices of these metals.



4. Financial risk management policy continued

b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and at FVOCI, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

Regarding cash and cash equivalents, the Group's credit policy is to only use entities that have been given high independent credit ratings. Most of the balances are held in credit institutions located in the eurozone, mainly in Spain and Germany, with their credit risk rated at least BBB or above.

Most receivables and work in progress relate to several customers in various industries and countries. In most cases, the contracts provide for progress billings, billings at the beginning of the provision of service or billings upon delivery of the product.

It is standard practice for the Group to reserve the right to cancel projects in the event of any material breach and, in particular, of default on payment.

In addition, under most contracts the Group has a firm commitment from several banks for the acquisition, without recourse, of receivables. Under these agreements, the Group pays a fee to the banks for assuming its credit risk, plus interest and a spread on the financing received. In all cases, the Group assumes liability for the validity of the receivables.

In this regard, factored receivables are recognised from the consolidated financial statements, provided that all the conditions established in IFRS 9 are met for their derecognition from the consolidated financial statements. An analysis is performed to determine if the risks and rewards inherent to ownership of the related financial assets have been transferred, comparing the Group's exposure to changes in the amounts and timing of net cash flows from the transferred asset before and after the transfer. Once the exposure of the Group factoring the receivables to these changes has been eliminated or substantially reduced, the financial asset in question is deemed to have been transferred.

In addition, some Group companies work with insurance companies that establish the credit guaranteed, normally insuring about 95% of the risk hedged in case of insolvency. The Finance Department continually seeks to adjust the limits granted to business needs. The Group allows for an acceptable level of commercial risk, which is established based on each specific customer, market and circumstance (history of non-payment and solvency, among others).

Consequently, regarding the balance of trade and other receivables, the potential effect of trade receivables subject to factoring agreements, would have to be excluded, as well as the effect of other trade receivables that could be factored but which have not yet been sent to the factor at year-end and assets that are covered by credit insurance and that are reflected in this balance. Through this policy, the Group minimises its credit risk exposure in relation to these assets.

At 31 December 2025, the amount subject to credit risk amounts to €81,392 thousands (€102,429 thousands at 31 December 2024).

Trade and other receivables, other receivables, current financial assets and cash are the Group's main financial assets and represent its maximum exposure to credit risk, in the event that the counterparty does not meet its obligations.

c) Liquidity risk

The prudent management of liquidity risk entails maintaining sufficient cash and marketable securities, the availability of financing through a sufficient level of committed credit facilities and the capacity to settle market positions. Given the dynamic nature of the Group's core businesses, the Treasury Department aims to maintain flexible financing through the availability of committed credit lines.

Management monitors the Group's liquidity reserve projections and changes in net borrowings, calculated as follows at 31 December 2025 and 2024:

	2025	2024
Cash and cash equivalents	142,604	102,520
Undrawn credit facilities and unused financing (Note 14)	100,000	100,000
Liquidity reserve	242,604	202,520
Financial debt (Note 14)	661,752	689,508
Finance lease payables (Note 14)	33,031	31,968
Cash and cash equivalents	(142,604)	(102,520)
Net debt (Note 2.6)	552,179	618,956
Less non-current borrowings (Note 14)	(662,724)	(684,561)
Current net financial debt	(110,545)	(65,605)

One of the Group's strategic objectives is the optimisation and most efficient possible use of its assets and resources assigned to the business. Therefore, the Group pays special attention to the net operating working capital invested in it. In this respect, as in previous years, during 2025 and 2024 the Group made significant efforts to control and reduce collection periods with customers and other debtors and to optimise payment terms, thereby unifying policies and conditions across the Group.



4. Financial risk management policy continued

The table below presents an analysis of the financial liabilities that will be settled, which are grouped to reflect the term remaining from the date of the financial statements to contractual maturity. This breakdown does not include long-term provisions (Note 17).

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2025				
Bank borrowings and lease liabilities (Note 14)	32,059	12,896	644,694	5,134
Other financial liabilities (derivatives)	16,325	7,572	291	–
Trade and other payables ⁽¹⁾	214,070	–	–	–
Unaccrued interest payable	27,032	29,403	47,703	1,379
At 31 December 2024				
Bank borrowings and lease liabilities (Note 14)	36,915	22,274	659,293	2,994
Other financial liabilities (derivatives)	26,162	16,151	56	–
Trade and other payables ⁽¹⁾	237,186	1,387	–	–
Unaccrued interest payable	32,928	32,018	86,171	1,581

⁽¹⁾ Long-term payables do not include capital grants amounting to €3.8 million and €3.5 million in 2025 and 2024, respectively.

d) Capital risk

The Group manages its equity investments to ensure that its subsidiaries have a guarantee of continuity in terms of their assets and financial position, maximising shareholder return by optimising the structure of equity and liabilities on the liabilities side of the subsidiaries' financial statements.

Capital management is the responsibility of the Group's Management Committee, whose approach focuses on increasing the long-term value of the business for shareholders and investors, as well as for employees and customers. The objective is to achieve consistent, sustained results through organic and, where necessary, inorganic growth. For this purpose, a balance across the businesses is required, combining control of financial risks with the financial flexibility necessary to achieve such objectives.

The Group's capital management policy focuses on achieving a financial structure that optimises the cost of capital while maintaining a solid financial position. This policy makes the creation of value for the shareholders compatible, with access to financial markets at a competitive cost in order to cover both debt-refinancing requirements and the investment plan financing needs not covered by the funds generated by the business.

Details of the debt/equity ratios (excluding balances with Group companies) as at 31 December 2025 and 2024 are as follows:

	2025	2024
Total bank borrowings and lease liabilities (Note 14)	694,783	721,476
Less: Cash and cash equivalents	(142,604)	(102,520)
Net debt (Note 2.6)	552,179	618,956
Total equity	818,298	845,737
Total capital invested	1,370,477	1,464,693
Borrowing ratio	40.3%	42.3%

For a detailed definition of net debt, please refer to Note 2.6.

4.2 Fair value estimation

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, whether it is observable or estimated using a valuation technique. For this purpose, data consistent with features that market participants would consider in the transaction are selected.

IFRS 13 maintains the principles of the other standards while setting the full framework for fair value measurement when it is mandatory under other IFRSs and establishes the additional information to be disclosed about fair value measurements.

The requirements of IFRS 13 are met by the Group in the fair value measurement of assets and liabilities when fair value is required by other IFRSs.

For financial assets and liabilities not valued at fair value, the Group breaks down the possible impacts between the fair value and the amortised cost if the impact is significant (Note 9).

Based on the content of IFRS 13 and in accordance with IFRS 7 on financial instruments measured at fair value, the Group reports on estimating the fair value hierarchy levels as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. reference prices) or indirectly (i.e. derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable market data) (Level 3).

Notes to the consolidated financial statements continued

4. Financial risk management policy continued

The table below shows the Group's assets and liabilities that were measured at fair value at 31 December 2025 and 2024:

2025	Level 2	2025
Assets		
– Derivatives (Note 16)	7,087	7,087
Total assets at fair value	7,087	7,087
Liabilities		
– Derivatives (Note 16)	24,188	24,188
Total liabilities at fair value	24,188	24,188
2024		
Assets		
– Derivatives (Note 16)	11,256	11,256
Total assets at fair value	11,256	11,256
Liabilities		
– Derivatives (Note 16)	42,369	42,369
Total liabilities at fair value	42,369	42,369

a) Financial instruments Level 2

The fair value of financial instruments not traded in an active market is determined using valuation techniques. The Group employs a variety of methods such as estimated discounted cash flows and uses assumptions based on the market conditions at each financial statement date. If all significant data required to calculate the fair value of an instrument are observable, the instrument is included in Level 2.

Specific techniques for measuring financial instruments include the following:

- The fair value of interest rate swaps is calculated as the present value of future estimated cash flows.
- The fair value of currency forwards is determined using forward exchange rates quoted in the market at the consolidated financial statements date.
- It is assumed that the book value of trade payables and receivables approximates their fair value.
- The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The instruments included in Level 2 relate to derivative financial instruments (Note 16).

5. Segment reporting

The Board of Directors is ultimately responsible for making the Group's operational decisions as the Board functions as the Chief Operating Decision-Maker (CODM). The Board of Directors reviews the Group's internal financial information in order to assess its performance and allocate resources to the segments.

The Board of Directors analyses the business based on the segments indicated:

- Steel Dust Recycling Services ("Steel Dust")
- Aluminium Salt Slags Recycling Services
 - Salt Slags Recycling ("Salt Slags")
 - Secondary Aluminium Production ("Secondary Aluminium")

These segments relate to the Group's principal activities (products and services), the sales of which (fee for the services and/or sale of the recycled waste) determine the Group's revenue.

The Board of Directors assesses the performance of the operating segments, based mainly on operating income before interest and taxes (EBIT), depreciation/amortisation and provisions (EBITDA).

The financial information received by the Board of Directors includes finance income and costs, tax aspects, cash flow and net debt on only a consolidated basis because this is the way the Group manages them.

For a detailed definition of EBIT and EBITDA, please refer to Note 2.6.

The accounting policies and measurement bases applied to the information furnished to the Board of Directors are consistent with those applied in the consolidated financial statements.



Notes to the consolidated financial statements continued

5. Segment reporting continued

a) Segment reporting

Set out below is the distribution by segment of EBIT and Adjusted EBIT for the year ended 31 December 2025 and for the year ended 31 December 2024 (thousands of euros).

The column "Corporate and eliminations" is presented solely for reconciliation purposes. Corporate is not considered a standalone business unit.

	2025				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate and eliminations	Total
Revenue	799,713	114,026	331,338	(62,445)	1,182,632
Income/Expenses from operations (except revenue, depreciation and amortisation/ depreciation charge and provisions)	(590,994)	(84,465)	(329,325)	61,582	(943,202)
Amortisation/Depreciation, impairment and provisions	(79,650)	(9,543)	(7,364)	(413)	(96,970)
EBIT (operating profit/(loss))	129,069	20,018	(5,351)	(1,276)	142,460
Non-recurrent costs/incomes EBIT (Note 2.6)	9,283	–	–	–	9,283
Non-recurrent costs/incomes EBITDA (Note 2.6)	3,390	–	–	–	3,390
Adjusted EBIT (operating profit/(loss))	141,742	20,018	(5,351)	(1,276)	155,133

	2024				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate and eliminations	Total
Revenue	825,550	105,874	367,296	(59,690)	1,239,030
Income/Expenses from operations (except revenue, depreciation and amortisation/depreciation charge and provisions)	(663,950)	(74,095)	(356,116)	59,690	(1,034,471)
Amortisation/Depreciation, impairment and provisions	(71,037)	(11,909)	(8,318)	(439)	(91,703)
EBIT (operating profit/(loss))	90,563	19,870	2,862	(439)	112,856
Non-recurrent costs/incomes EBIT (Note 2.6)	2,748	–	–	–	2,748
Non-recurrent costs/incomes EBITDA (Note 2.6)	8,803	–	–	–	8,803
Adjusted EBIT (operating profit/(loss))	102,114	19,870	2,862	(439)	124,407

The reconciliation of Adjusted EBIT to results attributable to the Parent Company is as follows:

	2025	2024
Adjusted EBIT	155,133	124,407
– Non-recurrent costs/(income) EBIT (Note 2.6)	(9,283)	(2,748)
– Non-recurrent costs/(income) EBITDA (Note 2.6)	(3,390)	(8,803)
EBIT (operating profit/(loss))	142,460	112,856
Finance income/(cost)	(26,149)	(38,006)
Corporate income tax	(33,309)	(20,764)
Profit/(Loss) attributable to continuing operations	83,002	54,086
Non-controlling interests (Note 13.d)	(2,498)	(3,266)
Profit/(Loss) attributable to the Parent Company	80,504	50,820

Notes to the consolidated financial statements continued

5. Segment reporting continued

Set out below is the distribution by segment of EBITDA and Adjusted EBITDA for the years ended 31 December 2025 and 2024 (thousands of euros):

	2025				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate and eliminations	Total
Revenue	799,713	114,026	331,338	(62,445)	1,182,632
Income/Expenses from operations (except revenue, depreciation and amortisation/depreciation charge and provisions)	(590,994)	(84,465)	(329,325)	61,582	(943,202)
Amortisation/Depreciation, impairment and provisions (a)	(79,650)	(9,543)	(7,364)	(413)	(96,970)
EBIT (operating profit/(loss)) (b)	129,069	20,018	(5,351)	(1,276)	142,460
EBITDA (operating profit/(loss) before amortisation/depreciation and provisions) (a–b)	208,719	29,561	2,013	863,00	239,430
Non-recurrent costs/incomes (Note 2.6)	3,390	–	–	–	3,390
Adjusted EBITDA	212,109	29,561	2,013	863,00	242,820

	2024				Total
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate and eliminations	
Revenue	825,550	105,874	367,296	(59,690)	1,239,030
Income/Expenses from operations (except revenue, depreciation and amortisation/depreciation charge and provisions)	(663,950)	(74,095)	(356,116)	59,690	(1,034,471)
Amortisation/Depreciation, impairment and provisions (a)	(71,037)	(11,909)	(8,318)	(439)	(91,703)
EBIT (operating profit/(loss)) (b)	90,563	19,870	2,862	(439)	112,856
EBITDA (operating profit/(loss) before amortisation/depreciation and provisions) (a–b)	161,600	31,779	11,180	–	204,559
Non-recurrent costs/incomes (Note 2.6)	8,803	–	–	–	8,803
Adjusted EBITDA	170,403	31,779	11,180	–	213,362

The reconciliation of Adjusted EBITDA to results attributable to the Parent Company is as follows:

	2025	2024
Adjusted EBITDA	242,820	213,362
Non-recurrent costs/incomes (Note 2.6)	(3,390)	(8,803)
Amortisation/Depreciation, impairment and provisions	(96,970)	(91,703)
Operating profit/(loss)	142,460	112,856
Finance income/(cost)	(26,149)	(38,006)
Corporate income tax	(33,309)	(20,764)
Profit/(Loss) attributable to continuing operations	83,002	54,086
Non-controlling interests (Note 13.d)	(2,498)	(3,266)
Profit/(Loss) attributable to the Parent Company	80,504	50,820



Notes to the consolidated financial statements continued

5. Segment reporting continued

Other segment items included in the consolidated income statement are as follows:

	2025					2024				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate and eliminations	Total	Steel Dust	Salt Slags	Secondary Aluminium	Corporate and eliminations	Total
Depreciation/Amortisation charge:										
– Property, plant and equipment (Notes 8 and 21)	(54,560)	(6,892)	(5,226)	(126)	(66,804)	(54,266)	(7,973)	(6,280)	(121)	(68,640)
– Intangible assets (Notes 7 and 21)	(299)	(940)	(1,224)	(7)	(2,470)	(359)	(890)	(1,190)	(64)	(2,503)
– Right-of-use assets (Notes 10 and 21)	(10,285)	(1,594)	(836)	(278)	(12,993)	(9,664)	(1,458)	(848)	(254)	(12,224)
– Reversal/(Recognition) of impairment losses and other (Note 21)	(14,507)	(117)	(79)	–	(14,703)	(6,748)	(1,588)	–	–	(8,336)
Total	(79,651)	(9,543)	(7,365)	(411)	(96,970)	(71,037)	(11,909)	(8,318)	(439)	(91,703)

Details of segment assets and liabilities are as follows:

	2025					2024				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate and eliminations	Total	Steel Dust	Salt Slags	Secondary Aluminium	Corporate and eliminations	Total
Assets										
Intangible assets	654,799	51,148	15,549	4	721,500	687,812	51,069	15,756	3	754,640
Property, plant and equipment	539,668	84,041	59,027	306	683,042	597,088	86,070	52,998	399	736,555
Right-of-use assets	31,762	4,752	839	799	38,152	31,026	4,646	1,470	452	37,594
Non-current financial assets and deferred tax assets	38,616	23,854	17,950	5,627	86,047	61,524	1,926	19,428	35,150	118,028
Current assets	227,727	17,469	66,654	33,315	345,165	241,316	12,979	65,746	11,185	331,226
Total assets	1,492,572	181,264	160,019	40,051	1,873,906	1,618,766	156,690	155,398	47,189	1,978,043
Equity and liabilities										
Net assets	587,668	60,566	29,035	141,029	818,298	652,701	60,916	23,767	108,353	845,737
Non-current liabilities	709,303	100,007	62,440	(78,596)	793,154	736,461	80,891	60,114	(45,423)	832,043
Current liabilities	195,601	20,691	68,544	(22,382)	262,454	229,604	14,883	71,517	(15,741)	300,263
Total equity and liabilities	1,492,572	181,264	160,019	40,051	1,873,906	1,618,766	156,690	155,398	47,189	1,978,043



Notes to the consolidated financial statements continued

5. Segment reporting continued

Investments in the corresponding year were as follows (excluding the effect of translation differences):

	2025					2024				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate and eliminations	Total	Steel Dust	Salt Slags	Secondary Aluminium	Corporate and eliminations	Total
Additions to non-current assets (Notes 7 and 8)	56,755	5,831	12,323	43	74,952	68,031	9,232	7,743	98	85,104
Disposals of non-current assets (Notes 7 and 8)	(7,237)	(41)	(66)		(7,344)	(5,012)	(20,343)	(25,074)	–	(50,429)
Net investments in the year (Notes 7 and 8)	49,518	5,790	12,257	43	67,608	63,019	(11,111)	(17,331)	98	34,675

Investments in non-current assets include additions to property, plant and equipment (see Note 8) and intangible assets (see Note 7).

In 2024, disposals related mainly to the removal of fully amortised assets in the Salt Slags and Secondary Aluminium segments (Note 7 and 8).

Inter-segment transfers and transactions (if any) are arranged under the same usual commercial terms and conditions as those that should also be available to unrelated third parties. Details of sales by geographical segment for the years ended 31 December 2025 and 2024 are as follows:

Geographical area	2025	%	2024	%
Spain	240,764	20%	222,216	18%
Germany	123,955	10%	133,388	11%
Belgium	57,441	5%	52,533	4%
Finland	52,521	4%	44,408	4%
Netherlands	41,395	4%	28,166	2%
Italy	40,749	3%	31,532	3%
France	38,380	3%	53,376	4%
Norway	36,465	3%	39,256	3%
Portugal	19,444	2%	14,638	1%
Sweedeen	19,060	2%	20,212	2%
Switzerland	14,328	1%	11,566	1%
Poland	12,968	1%	4,706	0%
Rest of Europe	37,374	3%	38,469	3%

Geographical area	2025	%	2024	%
US	301,680	26%	367,530	30%
South Korea	32,143	3%	40,121	3%
Australia	30,857	3%	16,542	1%
Japan	24,572	2%	54,162	4%
Brazil	19,291	2%	22,292	2%
China	15,435	1%	12,344	1%
Rest of the world	23,810	2%	31,573	3%
	1,182,632	100%	1,239,030	100%

The distribution of property, plant and equipment, intangible assets (excluding goodwill and licences) and right-of-use assets is as follows:

	2025	2024
US	359,467	393,797
Germany	131,406	122,024
Spain	79,350	84,219
China	77,302	93,036
France	34,326	35,407
South Korea	18,529	23,52
Sweden	16,073	14,598
Turkey	14,138	17,991
	730,591	784,592

5. Segment reporting continued

b) Information on customers

On 31 December 2025 two customers from Steel Dust segment represented over 10% of the Group's total revenues, the largest customer represented approximately 34% of the Group's total revenues and the second-largest customer represented approximately 11% of the Group's total revenues. On 31 December 2024, only one customer from the Steel Dust segment represented over 10% of the Group's total revenues; this customer represents approximately 37%.

6. Goodwill

Details of goodwill on the consolidated statement of financial position as at 31 December 2025 and 2024 are as follows:

CGU	Balance at 31/12/24	Translation differences	Balance at 31/12/25
Befesa Zinc US, Inc.	258,929	(30,002)	228,927
Steel Dust	341,422	–	341,422
Salt Slags	35,829	–	35,829
Secondary Aluminium	8,957	–	8,957
	645,137	(30,002)	615,135

CGU	Balance at 31/12/23	Translation differences	Balance at 31/12/24
Befesa Zinc US, Inc.	243,435	15,494	258,929
Steel Dust	341,422	–	341,422
Salt Slags	35,829	–	35,829
Secondary Aluminium	8,957	–	8,957
	629,643	15,494	645,137

Impairment analysis

The Group has implemented a procedure whereby at each year-end, any impairment of goodwill and licences with indefinite useful life (Note 7) is analysed.

The recoverable amount is the higher of fair value less costs to sell and value in use, which is taken to be the present value of estimated future cash flows.

The measurement methods indicated in Note 2.4 led to discount rates used to perform the impairment test in a range for each CGU, as follows:

- Befesa Zinc US, Inc.: 8.6% (2024: 9.08%);
- Steel Dust: 7.1%-13.3% (2024: 7.34–13.3%);
- Salt Slags: 7.1%-8.10% (2024: 7.34–8.34%);
- Secondary Aluminium: 7.1%-8.10% (2024: 7.34–8.34%).

The discount rates used are pre-tax and reflect the risks specific to the significant CGU segments. The Directors consider that a change in the discount rate used (approximately 50 basis points) would not have a significant impact on these consolidated financial statements.

The cash-flow budget is determined by the Group's management in their strategic plans, taking into account an activity structure similar to the present one and based on previous years' experience.

At the end of 2025 and 2024, estimates were made of the recoverable amounts of the CGUs to which goodwill and/or licences with indefinite useful life had been allocated, in accordance with Notes 3.4 and 3.5 and the methods described above. No impairment has been recognised in 2025 and 2024.

The Group's management carried out a sensitivity analysis of the recoverable amount of goodwill and licences (Note 7) in the event of variations of $\pm 5\%$ in key assumptions. No signs of impairment were identified.



Notes to the consolidated financial statements continued

7. Other intangible assets

Movements in "Other intangible assets" in the consolidated statement of financial position as at 31 December 2025 and 2024 are as follows:

	2025				
	Development expenditure	Licences	Computer software	Administrative concessions and others	Total
Cost:					
Balance at 31/12/24	13,930	99,140	5,492	4,610	123,172
Additions	2,030	17	6	230	2,283
Disposals	–	(2)	(1)	(815)	(818)
Transfers	1	–	112	26	139
Translation differences	(140)	(2,092)	(12)	(23)	(2,267)
Balance at 31/12/25	15,821	97,063	5,597	4,028	122,509
Accumulated amortisation					
Balance at 31/12/24	(6,250)	–	(4,582)	(2,837)	(13,669)
Additions (Note 21.6)	(2,250)	(10)	(209)	(1)	(2,470)
Disposals	–	–	–	–	–
Transfers	–	–	2	–	2
Translation differences	5	–	–	(12)	(7)
Balance at 31/12/25	(8,495)	(10)	(4,789)	(2,850)	(16,144)
Other intangible assets, net at 31/12/24	7,680	99,140	910	1,773	109,503
Other intangible assets, net at 31/12/25	7,326	97,053	808	1,178	106,365

	2024				
	Development expenditure	Licences	Computer software	Administrative concessions and others	Total
Cost:					
Balance at 31/12/23	17,493	97,980	5,808	5,033	126,314
Additions	3,053	79	115	877	4,124
Disposals	(6,664)	–	(456)	(845)	(7,965)
Transfers	–	–	16	(461)	(445)
Translation differences	48	1,081	9	6	1,144
Balance at 31/12/24	13,930	99,140	5,492	4,610	123,172
Accumulated amortisation					
Balance at 31/12/23	(10,855)	–	(4,592)	(2,837)	(18,284)
Additions (Note 21.6)	(2,059)	–	(444)	–	(2,503)
Disposals	6,664	–	456	–	7,120
Transfers	–	–	–	–	–
Translation differences	–	–	(2)	–	(2)
Balance at 31/12/24	(6,250)	–	(4,582)	(2,837)	(13,669)
Other intangible assets, net at 31/12/23	6,638	97,980	1,216	2,196	108,030
Other intangible assets, net at 31/12/24	7,680	99,140	910	1,773	109,503

Licences are intangible assets with an indefinite useful life. The recoverability of these licences has been evaluated by the Group's management based on the impairment tests disclosure in Note 6.

2025

The most significant additions for the year relate to capitalised development expenses, with €2,030 thousand in the "Secondary Aluminium" segment (Note 3.4).

2024

The most significant additions for the year relate to capitalised development expenses, with €1,897 thousand in the "Secondary Aluminium" segment and €1,156 thousand in Befesa Holding US, Inc. (Note 3.4).

In 2024, disposals relate mainly to the removal of fully amortised assets in the subsidiary Befesa Aluminio, S.L.U.

Investment commitments

As at 31 December 2025 and 2024, the Group had no significant investment commitments.

Notes to the consolidated financial statements continued

8. Property, plant and equipment

Movements in this consolidated statement of financial position as at 31 December 2025 and 2024 are as follows:

	2025					
	Land	Buildings	Plant and machinery	Other property, plant and equipment	Fixed assets in progress	Total
Cost:						
Balance at 31/12/24	45,148	222,741	933,752	35,974	71,334	1,308,949
Additions	–	1,588	5,136	721	65,224	72,669
Disposals	–	(75)	(6,058)	(393)	–	(6,526)
Transfers	–	5,070	66,158	1,167	(73,393)	(998)
Translation differences	(1,420)	(6,959)	(62,668)	(430)	(4,731)	(76,208)
Balance at 31/12/25	43,728	222,365	936,320	37,039	58,434	1,297,886
Accumulated depreciation and provisions:						
Balance at 31/12/24	–	(97,172)	(443,697)	(23,055)	–	(563,924)
Additions (Note 21.6)	–	(8,282)	(56,173)	(2,349)	–	(66,804)
Disposals	–	75	5,993	356	–	6,424
Transfers	–	975	–	(2)	–	973
Translation differences	–	1,698	21,715	244	–	23,657
Balance at 31/12/25	–	(102,706)	(472,162)	(24,806)	–	(599,674)
Impairment losses at 31/12/24	(874)	–	(7,569)	(27)	–	(8,470)
Additions (Note 21.6)	–	–	(6,700)	–	–	(6,700)
Impairment losses at 31/12/25	(874)	–	(14,269)	(27)	–	(15,170)
Carrying amount at 31/12/24	44,274	125,569	482,486	12,892	71,334	736,555
Carrying amount at 31/12/25	42,854	119,659	449,889	12,206	58,434	683,042

	2024					
	Land	Buildings	Plant and machinery	Other property, plant and equipment	Fixed assets in progress	Total
Cost:						
Balance at 31/12/23	45,421	212,888	908,070	35,489	47,159	1,249,027
Additions	–	275	9,139	453	71,113	80,980
Disposals	(161)	(724)	(39,061)	(2,508)	(10)	(42,464)
Transfers	–	7,777	29,306	2,374	(49,391)	(9,934)
Translation differences	(112)	2,525	26,298	166	2,463	31,340
Balance at 31/12/24	45,148	222,741	933,752	35,974	71,334	1,308,949
Accumulated depreciation and provisions:						
Balance at 31/12/23	–	(89,539)	(425,143)	(23,215)	–	(537,897)
Additions (Note 21.6)	–	(7,928)	(58,485)	(2,227)	–	(68,640)
Disposals	–	528	38,809	2,506	–	41,843
Transfers	–	–	4,923	–	–	4,923
Translation differences	–	(233)	(3,801)	(119)	–	(4,153)
Balance at 31/12/24	–	(97,172)	(443,697)	(23,055)	–	(563,924)
Impairment losses at 31/12/23	(874)	–	(7,569)	(27)	–	(8,470)
Impairment losses at 31/12/24	(874)	–	(7,569)	(27)	–	(8,470)
Carrying amount at 31/12/23	44,547	123,349	475,358	12,247	47,159	702,660
Carrying amount at 31/12/24	44,274	125,569	482,486	12,892	71,334	736,555

8. Property, plant and equipment continued

2025

The main additions for the year relate to investments made by Befesa Holding US, Inc. and Befesa Zinc Metal, LLC. (€38.2 million), associated mainly with the Palmerton Project. Apart from these amounts, the remaining additions relate to recurring environmental and maintenance capital expenditures across the Group's subsidiaries.

In 2025, disposals relate mainly to the removal of fully amortised assets in several subsidiaries.

2024

The main additions for the year related to investments made by Befesa Holding US, Inc. (€39.0 million), primarily driven by the Palmerton Project and recurring environmental and maintenance expenditures at each plant.

In 2024, disposal related mainly to the removal of fully amortised assets in the subsidiary Befesa Aluminio, S.L.U.

"Transfers" for a net value of €5.0 million mainly comprised the amount of long-term spare parts transferred to short-term spare parts, included in the "Inventory" line of the consolidated statement of financial position because their storage cycle was less than one year.

Impairment losses

In 2025, as a result of the "impairment review process", the Company registered an impairment loss of €6.7 million in the plant located in China (Befesa Zinc Environmental Protection Technology (Henan) Co., Ltd) after estimating the future cash flows generated by the subsidiary would be insufficient to recover the carrying amount of the plant (Note 3.8).

On 31 December 2024, there were no impairment additions.

Insurance

The Group takes out insurance policies to cover possible risks that its property, plant and equipment are subject to. The coverage is considered to be sufficient.

Capitalisation of borrowing costs

There are no significant borrowing costs capitalised in 2025 and 2024.

Mortgaged property, plant and equipment

At 31 December 2025 and 2024, there are no significant fixed assets pledged to secure loans.

Investment commitments

At 31 December 2025 and 2024, the Group had investment commitments of €30.6 million and €50.9 million, respectively, mainly in connection with the expansion projects at Befesa Holding US, Inc. and Befesa Aluminium Germany GmbH.

9. Financial assets by category and class

The classification of financial assets by category and class is as follows:

	2025		2024	
	Current	Non-current	Current	Non-current
Financial assets at amortised cost				
Loans				
Variable rate	–	1,666	–	1,666
Impairment	–	(532)	–	(741)
Trade and other receivables (Note 12)	103,640	–	127,913	–
Security deposits	515	2,998	461	3,665
Financial assets measured at fair value				
Hedging derivatives (Note 16)	1,254	5,833	–	11,256
Total financial assets	105,409	9,965	128,374	15,846

The fair value of financial assets does not differ significantly from their carrying amount.

Notes to the consolidated financial statements continued

10. Right-of-use assets and lease liabilities

Details of and movement in classes of right-of-use assets during 2025 and 2024 are as follows:

	Land	Buildings	Plant and machinery	Other property, plant and equipment	Total
Cost:					
Balance at 31/12/23	17,883	8,381	13,709	15,664	55,637
Additions	127	1,343	7,622	9,684	18,776
Disposals	81	(213)	(5,087)	(2,659)	(7,878)
Translation differences	300	116	182	998	1,596
Balance at 31/12/24	18,391	9,627	16,426	23,687	68,131
Additions	549	1,491	5,591	9,506	17,137
Disposals	(391)	(1,673)	(3,085)	(1,695)	(6,844)
Transfers	0	314	–	–	314
Translation differences	(667)	(194)	(924)	(1,986)	(3,761)
Balance at 31/12/25	17,882	9,575	18,008	29,512	74,977
Accumulated amortisation					
Balance at 31/12/23	(4,165)	(5,041)	(8,477)	(6,009)	(23,692)
Additions (Note 21.6)	(1,077)	(1,333)	(4,495)	(5,319)	(12,224)
Disposals	(81)	195	3,230	2,519	5,863
Translation differences	(45)	(76)	(60)	(303)	(484)
Balance at 31/12/24	(5,368)	(6,255)	(9,802)	(9,112)	(30,537)
Additions (Note 21.6)	(1,034)	(1,343)	(4,700)	(5,916)	(12,993)
Disposals	275	1,550	2,423	1,374	5,622
Transfers	–	(94)	–	–	(94)
Translation differences	99	111	214	753	1,177
Balance at 31/12/25	(6,028)	(6,031)	(11,865)	(12,901)	(36,825)
Right-of-use assets net at 31/12/2024	13,023	3,372	6,624	14,575	37,594
Right-of-use assets net at 31/12/2025	11,854	3,544	6,143	16,611	38,152

The short-term lease expense for 2025 amounts to €1,749 thousand (2024: €2,545 thousand).

Details of lease payments and liabilities

An analysis of the contractual maturity of lease liabilities, including future interest payable, is as follows:

	2025	2024
Within 1 year	11,266	11,493
Between 1 and 2 years	6,898	7,134
Between 2 and 3 years	4,982	4,927
More than 3 years	9,885	8,414
	33,031	31,968

The changes in this liability from 1 January to 31 December are as follows:

	2025	2024
Balance as at 1 January	31,968	26,363
Increase	17,137	18,776
Lease payments	(14,134)	(13,385)
Interest	1,344	1,257
Disposal	(1,174)	(2,226)
Translation differences	(2,110)	1,183
	33,031	31,968

11. Inventories

Details of inventories in the accompanying consolidated statement of financial position as at 31 December 2025 and 2024 are as follows:

	2025	2024
Finished goods	28,358	23,827
Goods in progress and semi-finished goods	6,011	5,822
Raw materials	19,142	26,017
Other	43,641	44,666
Total	97,152	100,332

“Other” at 31 December 2025 and 2024 includes mainly spare parts for the Group’s facilities.

The Group has taken out insurance policies to cover risks relating to inventories. The coverage provided by these policies is considered to be sufficient.

Notes to the consolidated financial statements continued

12. Accounts receivable

The breakdown of accounts receivable in the accompanying consolidated statement of financial position as at 31 December 2025 and 2024 is as follows:

	2025	2024
Contract assets	6,946	4,839
Trade and other receivables	75,406	98,565
Trade receivables from related companies	70	354
Other receivables	10,556	11,631
Public authorities (Note 19)	9,628	10,487
Advances to suppliers	1,994	3,012
Expected credit loss	(960)	(975)
Total	103,640	127,913

No significant impact of the applicability of the expected credit loss model has been identified on trade receivables.

Changes in the allowances for doubtful debts relating to the Group's trade and other receivables for 2025 and 2024 are as follows:

	2025	2024
Opening balance	(975)	(1,199)
Write-off uncollectible accounts receivable and other transfers	(49)	263
Conversion differences	64	(39)
Closing balance	(960)	(975)

The credit quality of trade receivables that have not become impaired can be classified as highly satisfactory, because in substantially all cases, the risks are accepted and covered by credit risk insurers and/or banks and financial institutions.

The maximum exposure to credit risk at the date of presentation of the financial information is the fair value of each of the accounts receivable disclosed above, in all cases taking the aforementioned credit insurance coverage into consideration.

13. Equity

a) Share capital

The number of shares as at 31 December 2025 and 2024 is 39,999,998 with a par value of €2.78 each. All the shares are listed on the Frankfurt Stock Exchange.

The authorised capital of the Company (including, for the avoidance of doubt, the Company's issued share capital) is set at 39,999,998 shares.

The shareholder structure as at 31 December 2025 and 2024 is as follows:

	Percentage of ownership	
	2025	2024
Free-float (including management)	100%	100%
Total	100%	100%

b) Share premium and other reserves

Details in the consolidated financial statement are as follows:

	2025	2024
Share premium	532,867	532,867
Hedging reserves	(16,456)	(20,787)
Other reserves	158,916	132,254
Total	675,327	644,334

Share premium

The share premium may be used to provide for the payment of any shares that the Parent Company may repurchase from its shareholders, to offset any net realised losses, to make distributions to its shareholders in the form of a dividend or to allocate funds to the legal reserve.

Other reserves

The Parent Company is required to transfer a minimum of 5% of its net statutory profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. If the legal reserve later falls below the 10% threshold, at least 5% of net statutory profits must again be allocated to the reserve. The legal reserve is not available for distribution to the shareholders.

At the AGM in June 2025, the shareholders resolved to approve the distribution of a dividend of €25,600 thousand from the net profit of the year 2024 (2024: in June 2024, the shareholders at their AGM resolved to approve the distribution of a dividend of €29,200 thousand from the net profit of the year 2023).

Notes to the consolidated financial statements continued

13. Equity continued

c) Translation differences

The breakdown by company of "Translation differences" at 31 December 2025 and 2024 is as follows:

Company or group of companies	2025	2024
Befesa Zinc Korea, Ltd.	(9,063)	(4,200)
Befesa Circular Alloys Sweden, AB	(2,578)	(3,639)
Befesa Silvermet İskenderun Çelik Tozu Geri Dönüşümü, A.S.	(18,157)	(17,203)
Befesa Silvermet Dış Ticaret, A.S.	(3,026)	(1,135)
Befesa Zinc Environmental Protection Technology (Jiangsu) Co, Ltd.	(1,097)	799
Befesa Zinc Environmental Protection Technology (Henan) Co, Ltd.	(1,966)	(11)
Befesa Holding US, Inc.	(14,376)	60,082
Befesa Zinc Metal, Inc.	(11,570)	(9,708)
Other	(2,486)	(968)
Total	(64,319)	24,017

d) Non-controlling interests

Details of equity – non-controlling interests are as follows:

	% non-controlling		Thousands of euros	
	2025	2024	2025	2024
Steel Dust:				
Befesa Silvermet Turkey, S.L. and subsidiaries	48.2%	47.6%	15,738	15,518
Total			15,738	15,518

Movements in non-controlling interests are as follows:

	2025	2024
Balance at 1 January of current period	15,518	53,829
Profit for the year	2,498	3,266
Difference in foreign currency conversion	(977)	2,993
Dividends to non-controlling interests	(1,301)	–
Variations in the perimeter and business combinations	–	(44,570)
Balance at 31 December of current period	15,738	15,518

On 4 March 2024, Befesa Steel Services GmbH acquired the remaining 50% stake in Befesa Zinc Recytech, S.A.S. (formerly Recytech, S.A.) for the price of €40 million. The difference between the consideration paid and the carrying amount of the non-controlling interests was recognised in the "Other reserves" item of the consolidated equity of an amount of €4,356 thousand.

Summary information on subsidiaries with non-controlling material shareholdings

Below are the main figures of Befesa Silvermet Turkey, S.L. and its subsidiaries, expressed in thousands of euros.

	Befesa Silvermet Turkey, S.L. and its subsidiaries	
	2025	2024
Non-current assets	27,499	33,766
Current assets	16,471	13,266
Non-current liabilities	1,081	935
Current liabilities	10,223	13,523
Equity	32,666	32,574
Sales	31,673	29,389
Profit before taxes	6,391	6,575
Profit after taxes	5,184	5,613

Below are the main figures of Befesa Zinc Recytech, S.A.S. expressed in thousands of euros.

	Befesa Zinc Recytech, S.A.S.	
	2025	2024
Sales	–	5,504
Profit before taxes	–	1,570
Profit after taxes	–	1,183

e) Capital management

The Group's capital management focuses on achieving a financial structure that optimises the cost of capital while maintaining a solid financial position. This policy reconciles the creation of value for shareholders with access to financial markets at a competitive cost, in order to cover both debt-refinancing requirements and the financing needs of investment plans not covered by funds generated by the business (Note 4.1.d).

The Group's management considers that the leverage ratio (Note 2.6) is a good indicator of the degree to which the objectives set are being achieved.

14. Financial debt

Details of the related line items in the accompanying consolidated statement of financial position as at 31 December 2025 and 2024 are as follows:

	2025		2024	
	Current maturity	Non-current maturity	Current maturity	Non-current maturity
Bank loans and credit facilities	16,837	640,959	20,533	664,086
Unmatured accrued interest	3,956	–	4,889	–
Finance lease payables (Note 10)	11,266	21,765	11,493	20,475
Total	32,059	662,724	36,915	684,561

The fair values of borrowings are not materially different from their carrying amounts as the interest payable is close to current market rates.

The main terms and conditions of borrowings are as follows:

Type	Limit in nominal currency (thousands of currency)	Interest rate	Maturity date	2025		2024	
				Current maturity	Non-current maturity	Current maturity	Non-current maturity
Facilities agreement	€785,000	Euribor+2.25%	2029	3,933	634,962	4,763	639,802
Jiangsu	CNY 220,000	LPR(NBIC)+25 bps	2026	8,350	–	7,271	7,253
Henan	CNY 260,000	LPR(NBIC)+25 bps	2027	8,486	5,997	6,673	17,030
Other				11,290	21,765	18,208	20,476
				32,059	662,724	36,915	684,561

At 31 December 2023, the facilities agreement consisted of a €626 million senior secured Term Loan B (TLB) structured as a bullet loan maturing in July 2026, a €75 million revolving credit facility (RCF) maturing in July 2025 and a €35 million guarantee facility maturing in July 2025.

On 18 July 2024, the Company successfully completed the refinancing of its facilities agreement, which now consists of:

- TLB facility commitment in an amount of €650 million, structured as a bullet loan maturing in July 2029;
- RCF in an amount of €100 million maturing in July 2028;
- A guarantee facility commitment in an amount of €35 million maturing in July 2028.

The Group analysed whether there was a substantial modification of the conditions and concluded that the original liabilities were not cancelled, as the discounted present value of the cash flows under the new terms decreased by only 0.42% compared with the discounted present value of the remaining cash flows of the original financial liability. However, this modification resulted in the recognition of a finance cost of €0.8 million, as the new future cash flows were discounted at the original effective rate of 2.8%.

Following the 2024 refinancing, the interest rate on the TLB was set at Euribor plus a 2.75% spread, whereas the RCF carried a spread of 2.25% (compared with the previous rates in 2023 of 2.00% and 2.25%, respectively, prior to the refinancing). These spreads could be adjusted downwards to 2.25% in the case of TLB and to 1.75% in the case of the RCF, depending on the ratio of net financial debt/Adjusted EBITDA.

On 30 April 2025, Befesa repriced its TLB reducing its interest rate by 50 bps to Euribor plus a 2.25% spread with a floor of 0%. The facility's long-term July 2029 maturity date and all other documentation terms remain without further amendment. This spread could be adjusted downwards to 2.00%, depending on the ratio of net financial debt/Adjusted EBITDA.

The Group analyses whether there is a substantial modification of the conditions and has concluded that the original liabilities have not been cancelled, as the discounted present value of the cash flows under the new terms decreased by only 1% compared with the discounted present value of the remaining cash flows of the original financial liability. However, this modification has resulted in the recognition of a finance income of €6.4 million (Note 22), as the new future cash flows are discounted at the original effective rate of 2.8%.

The facilities agreement provides a financial covenant based on the net leverage which will not exceed the ratio 4.5:1 for any relevant period. The covenant applies only if the total amount of all drawings under the RCF exceeds 40% of the commitments. At 31 December 2025 and 2024, the RCF has not been drawn and no financial covenant applies.

The facilities agreement was signed by the Parent of the Group (Befesa, S.A.) and has been designed to meet the financing needs of all Group companies. The facilities agreement limits the dividend distribution if any Group company incurs an event of default as defined in the agreement.

In 2020, Befesa closed the financing structure for both plants under construction in China (Jiangsu and Henan). The notional and the rest of the conditions signed are shown in the table above.

At 31 December 2025 and 2024, "Other" mainly includes debt related to financial leases. In 2024 it also included the short-term financing of Befesa Silvermet İskenderun. As of December 2025, it has been fully repaid.

At 31 December 2025, €100 million remained undrawn under the RCF (2024: €100 million) (Note 4.1.c).

Notes to the consolidated financial statements continued

14. Financial debt continued

The evolution of net financial debt during 2025 and 2024 is as follows:

	Cash and cash equivalents (Note 4)	Other current financial assets (Note 9)	Financial debt	Total
Net financial debt as at 31 December 2023	(106,692)	(71)	710,771	604,008
Cash flows	4,325	–	(5,683)	(1,358)
Exchange rate adjustments	(153)	–	1,222	1,069
Other non-monetary movements ⁽¹⁾	–	71	15,166	15,237
Net financial debt as at 31 December 2024	(102,520)	–	721,476	618,956
Cash flows	(35,337)	–	(31,671)	(67,008)
Exchange rate adjustments	(4,747)	–	(5,609)	(10,356)
Other non-monetary movements ⁽¹⁾	–	–	10,587	10,587
Net financial debt as at 31 December 2025	(142,604)	–	649,783	552,179

¹ Other non-monetary movements: mainly due to the impact of the new contracts under IFRS 16.

15. Other current and non-current payables

	2025		2024	
	Current maturity	Non-current maturity	Current maturity	Non-current maturity
Payable to asset suppliers	13,754	–	14,921	–
Accounts payable to public authorities (Note 19)	23,141	–	23,590	–
Remuneration payable (Note 23)	20,413	–	18,840	–
Other	7,359	3,792	10,189	4,908
Total	64,667	3,792	67,540	4,908

"Other" mainly includes the capital grants not yet released to income amounting to approximately €3.8 million (2024: €3.5 million) and the current financial liabilities related to the last derivative settlements of the year amounting to €3.5 million (2024: €6.6 million).

16. Financial derivatives

The Group uses derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed, which are mainly risks arising from changes in exchange rates, interest rates and the market price of certain metals, mainly zinc. Details of the balances that reflect the measurement of derivatives in the accompanying consolidated statement of financial position as at 31 December 2025 and 2024 are as follows:

	2025	2024
Cash flow hedges non-current assets (Note 9)		
Interest rate swap	5,833	11,256
	5,833	11,256
Cash flow hedges current assets		
Swap contracts for zinc	1,254	–
	1,254	–
Total assets	7,087	11,256
Cash flow hedges non-current liabilities:		
Swap contracts for zinc	6,949	12,637
Equity swap (Note 22)	914	3,570
	7,863	16,207
Cash flow hedges current liabilities:		
Swap contracts for zinc	16,304	26,079
Foreign currency SWAP	21	83
	16,325	26,162
Total liabilities	24,188	42,369

16. Financial derivatives continued

Zinc derivative contracts

Details of the tonnes hedged and of the maturity of the related contracts at 31 December 2025 and 2024 are as follows:

	Tonnes			
	31 December 2025		31 December 2024	
	2026	2027 and subsequent years	2025	2026 and subsequent years
Hedge (in tonnes)				
Swap contract for zinc	161,567	97,525	165,901	152,925
	161,567	97,525	165,901	152,925

During 2025, Befesa extended its zinc hedges until and including December 2027 (2024: January 2027).

Derivatives are designated to hedge highly probable forecast transactions (sales). The full effect of the hedge is recognised in equity, net of the tax effect, considering its assessment as highly effective hedging instruments. The portion transferred to profit/(loss) each year is recognised under "Revenue" in the income statement at each settlement date.

Interest rate swaps (floating-to-fixed)

The Company arranged an interest rate swap ("IRS") in March 2020, the notional amount of the IRSs outstanding at 31 December 2025 and 31 December 2024 totalled €316,000 thousand (Note 4.1), which was classified as a highly effective hedging instrument. The fixed interest rate was 0.236%, and the main benchmark floating rate was Euribor. This derivative matures in July 2026.

In 2025, the Company entered into a new IRS agreement to hedge the senior secured Term Loan B for the period from July 2026 to July 2029, the notional amount of the IRSs outstanding at 31 December 2025 is €325,000 thousand (Note 4.1), which was classified as a highly effective hedging instrument. The fixed interest rate is 2.181%, and the main benchmark floating rate was Euribor.

Equity swap

At the end of the years 2025 and 2024, the Group has an ongoing equity swap agreement to acquire 293,228 shares.

Foreign currency cash flow hedges

At 31 December 2025, currency purchase contracts (swaps or forwards) amounted to:

- US dollar sales: USD 9,883 thousand
- US dollar purchases: USD 1,757 thousand

At 31 December 2024, currency purchase contracts (swaps or forwards) amounted to:

- US dollar sales: USD 21,667 thousand
- US dollar purchases: USD 4,900 thousand

Highly probable future hedged transactions denominated in foreign currency are expected to take place on various dates within the next 12 months. The gains and losses recognised in the hedging reserve in equity in connection with forward foreign currency contracts at 31 December 2025 and 2024 are recognised in profit or loss in the year in which the hedged transactions affect the income statement. Gains and losses in equity in respect of currency forwards at 31 December 2025 will be transferred to the income statement over the next 12 months.

17. Long-term provisions

Details of long-term provisions on the liability side of the accompanying consolidated financial statements and of movements in 2025 and 2024 are as follows:

	Provisions for litigation, pensions and similar obligations	Other provisions for contingencies and charges	Total long-term provisions
Balance at 31 December 2023	8,082	9,971	18,053
Profit and loss impact	(143)	197	54
Transfers	(1,837)	–	(1,837)
Payments	(340)	(694)	(1,034)
Conversion differences	345	490	835
Balance at 31 December 2024	6,107	9,964	16,071
Profit and loss impact	5,937	1,197	7,134
Transfers	(3,279)	–	(3,279)
Payments	(447)	(262)	(709)
Conversion differences	(139)	(968)	(1,107)
Balance at 31 December 2025	8,179	9,931	18,110

Provisions for litigation, pensions and similar obligations

At 31 December 2025, the Group recognised a provision of €4.6 million (2024: €2.0 million) related to the compensation plans described in Note 23. "Transfers" in 2025 and 2024 mainly represent liability payable in 2026 and 2025, respectively, which have been recognised as "Remuneration payable" at 31 December 2025 and 2024.

In 2025, the profit and loss impacts are related to the compensation plans described in Note 23. In 2024, the profit and loss impacts are related to a cancellation of a provision for Befesa Holding US, Inc. partially offset by the compensation plans described in Note 23.

17. Long-term provisions continued

Other provisions for contingencies and charges

The Group company Befesa Circular Alloys France, S.A.S. (formerly Befesa Valera, S.A.S.) recognises a provision of approximately €1.9 million at 31 December 2025 and 2024 for the present value of the estimated costs of dismantling the concession for the performance of their activities at the Port of Dunkirk (France) following its termination.

In addition, the Group recognised other provisions under “Other provisions for contingencies and charges” to meet liabilities, whether legal or implicit, probable or certain, due to contingencies, ongoing litigations and tax obligations, which arise as the result of past events and are more likely than not to require an outflow of resources embodying economic benefits from the Group to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Befesa Zinc US, Inc. recognises asset retirement obligations linked to its different facilities in the US of €7.1 million at December 2025 (2024: €7.0 million) for the present value of estimated costs. The main asset retirement obligation relates to the ultimate closure of the former Monaca facility.

18. Income tax

The Group’s Parent Company, Befesa, S.A., is subject to Luxembourg law (Note 1).

Befesa Medio Ambiente, S.L.U. heads the fiscal group of companies subject to Biscay tax regulation. That tax group comprises Befesa Medio Ambiente, S.L.U., MRH Residuos Metálicos, S.L.U., Befesa Aluminio, S.L.U., Befesa Aluminio Comercializadora, S.L.U., Befesa Zinc, S.A.U., Befesa Zinc Comercial, S.A.U., Befesa Zinc Óxido, S.A.U., Befesa Zinc Aser, S.A.U., Befesa Steel R&D, S.L.U., Befesa Zinc Sur, S.L.U. and Befesa Circular Alloys, S.L.U.

The German companies Befesa Zinc Germany GmbH, Befesa Steel Services GmbH, Befesa Zinc Freiberg GmbH and Befesa Zinc Duisburg GmbH file consolidated tax returns under the tax legislation applicable to them in Germany; Befesa Zinc Gravelines, S.A.S., Befesa Circular Alloys France, S.A.S., and Befesa Zinc Recytech S.A.S. file consolidated tax returns under the tax legislation applicable to them in France; the German companies, Befesa Salzschlacke GmbH and Befesa Aluminium Germany GmbH, file consolidated tax returns under the tax legislation applicable to them in Germany; and in the US, the companies, Befesa Holding US, Inc., Befesa Zinc US, Inc., Befesa Zinc Metal, LLC, and Chesnut Ridge Railroad, Corp., file consolidated tax returns under the tax legislation applicable to them in the US.

The remaining Group companies file individual income tax returns in accordance with the tax legislation applicable to them.

Group companies subject to Biscay tax legislation, including those within the tax group, are generally required to keep open for review by the tax authorities the years that have not become statute-barred – the past four years for income tax and for the main taxes and tax obligations applicable to them – in accordance with current legislation.

Fully consolidated foreign subsidiaries calculate income tax expense and tax charges for the taxes applicable to them in accordance with the legislation of, and at the tax rates of, their respective countries (Note 3.17).

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group operates. The legislation is effective for the Group’s financial year beginning 1 January 2024. The Group falls within the scope of the enacted or substantively enacted legislation and has assessed the Group’s potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Group does not have material exposure to Pillar Two income taxes in any jurisdiction.

The reconciliation of accounting profit/(loss) for the year to income tax expense for the year is as follows:

	2025	2024
Profit/(Loss) before tax from continuing operations	116,311	74,850
Total accounting profit/(loss) before tax	116,311	74,850
Tax charge at the tax rate in force in each territory	(31,586)	(20,253)
Tax credits (loss) generated/used in the year and not capitalised	(7,911)	(7,311)
Off-balance tax credits recognition	–	4,849
Tax credit derecognition	(4,263)	(2,128)
Non-deductible expenses and non-computable income (Note 21.3)	397	426
Tax deductions generated/(used) in the year	1,113	1,241
Others	8,941	2,412
Income tax expense	(33,309)	(20,764)
– From continuing operations	(33,309)	(20,764)

2025

Tax credits generated/used in the year and not capitalised corresponds mainly with tax loss carry-forwards generated in US and China companies.

Tax credits derecognition relates mainly to China entities.

In accordance with the regulatory amendment implemented in 2024 to the Biscay tax regulation, “Others” relates mainly to the reversal of the deferred tax liability arising from the tax depreciation of the Goodwill resulting from the acquisition of BUS Group by Befesa Zinc S.L.

2024

Tax credits generated/used in the year and not capitalised relate mainly to tax loss carry-forwards generated in US companies.

Off-balance tax credits recognition relates mainly to previous year tax loss carry-forwards capitalisation in companies in France.

Notes to the consolidated financial statements continued

18. Income tax continued

The details of not recognised deferred tax assets and liabilities as of 31 December 2025 and 2024 are as follows:

2025

	Tax loss carry-forwards	Deductions	Temporary differences (assets)	Temporary differences (liabilities)
Befesa, S.A.	9,102	–	–	–
Befesa Holding US, Inc.	133,585	–	20,918	28,625
Befesa Circular Alloys Sweden, AB	9,200	–	174	232
Befesa (China) Investment Co., Ltd	585	–	6	–
Befesa Zinc Environmental Protection Technology (Jiangsu) Co., Ltd	3,443	–	257	–
Befesa Zinc Environmental Protection Technology (Henan) Co. Ltd	4,837	–	1,652	–
Others	1,398	698	–	–
Total deferred tax	162,150	698	23,007	28,857

2024

	Tax loss carry-forwards	Deductions	Temporary differences (assets)	Temporary differences (liabilities)
Befesa, S.A.	8,908	–	–	–
Befesa Holding US, Inc.	146,495	–	22,607	26,272
Befesa Circular Alloys Sweden, AB	8,343	–	53	174
Befesa Zinc Environmental Protection Technology (Henan) Co. Ltd	2,881	–	–	–
Befesa Circular Alloys France, S.A.S.	279	–	–	–
Others	1,398	600	267	–
Total deferred tax	168,304	600	22,927	26,446

The majority of these tax credits (€144.6 million) expire in 2043 or later (2024: €155.5 million).

Details of deferred tax assets and deferred tax liabilities in the accompanying consolidated financial statements for 2025 and 2024 are as follows:

	2025	2024
Deferred tax assets arising from:		
Tax loss carry-forwards and tax credits and tax relief	57,561	74,148
Revaluation of derivative financial instruments	1,975	8,742
Other deferred tax assets	16,546	19,292
Total deferred tax assets	76,082	102,182
Deferred tax liabilities arising from:		
Asset revaluation	41,146	43,782
Revaluation of derivative financial instruments	1,302	2,701
Deferred tax liability arising from the tax deductibility of goodwill	48,791	55,454
Other deferred tax liabilities	9,426	8,359
Total deferred tax liabilities	100,665	110,296

Amounts attributable to deferred tax assets are as follows:

	2025	2024
Deferred tax assets		
Deferred tax assets recoverable in more than 12 months	62,393	88,798
Deferred tax assets recoverable within 12 months	13,689	13,384
Total deferred tax assets	76,082	102,182

The Directors of the Group companies consider that the tax assets recognised will be offset in the income tax returns of the Group companies taken individually or of the companies forming the consolidated tax group, as appropriate, within the applicable deadlines and limits.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the income taxes levied by the same tax authority. At 31 December 2025 and 2024, there was no material offset of deferred tax assets and liabilities.

The Group recognises deferred tax assets, tax loss carry-forwards and unused tax credits and tax relief to the extent that their future realisation or utilisation is sufficiently assured.

Notes to the consolidated financial statements continued

18. Income tax continued

Movements in deferred tax assets and liabilities in 2025 and 2024 relate to:

2025

	Balance at 31/12/24	Recognised in		Balance at 31/12/25
		Income statement	Equity	
Deferred tax assets				
Tax loss carry-forwards and deductions	74,148	(13,982)	(2,605)	57,561
Derivatives	8,742	3,142	(9,909)	1,975
Other	19,292	(2,602)	(144)	16,546
Total deferred tax assets	102,182	(13,442)	(12,658)	76,082
Deferred tax liabilities				
Revaluations	43,782	(913)	(1,723)	41,146
Derivatives	2,701	–	(1,399)	1,302
Goodwill	55,454	(6,663)	–	48,791
Other (temporary differences)	8,359	1,486	(419)	9,426
Total deferred tax liabilities	110,296	(6,090)	(3,541)	100,665

2024

	Balance at 31/12/23	Recognised in		Balance at 31/12/24
		Income statement	Equity	
Deferred tax assets				
Tax loss carry-forwards and deductions	76,793	(1,472)	(1,173)	74,148
Derivatives	272	(3,686)	12,156	8,742
Other	19,643	(343)	(8)	19,292
Total deferred tax assets	96,708	(5,501)	10,975	102,182
Deferred tax liabilities				
Revaluations	44,065	(1,211)	928	43,782
Derivatives	6,264	–	(3,563)	2,701
Goodwill	50,801	4,653	–	55,454
Other (temporary differences)	12,715	(3,903)	(453)	8,359
Total deferred tax liabilities	113,845	(461)	(3,088)	110,296

The main amounts and changes in deferred tax assets and liabilities in 2025 and 2024 were as follows:

2025

- The movement in the income statement for tax loss carry-forwards and deductions mainly relates to the derecognition of tax loss carry-forwards in Chinese companies and their utilisation in France and Basque fiscal unities. Regarding deductions, the main movements relate to their generation and utilisation within the Basque fiscal unity.
- Movements recognised in equity relate mainly to the tax effect of the measurement of derivatives hedging zinc prices (Note 16), and to the impact of conversion difference, mainly from deductions in Turkey and Befesa Zinc US Inc.
- The movement of goodwill relates to the net movement of the tax depreciation of goodwill by Befesa Zinc, S.A.

2024

- Movements recognised in equity relate primarily to the tax effect of the measurement of derivatives hedging zinc prices (Note 16), and to the impact of conversion difference, mainly from deductions in Turkey and Befesa Zinc US, Inc.
- The movement in goodwill relates to the tax depreciation of the goodwill by Befesa Zinc.

19. Public administrations

Details of tax receivables and tax payables on the asset and liability sides, respectively, of the accompanying consolidated statement of financial position as at 31 December 2025 and 2024 are as follows:

	2025		2024	
	Receivable (Note 12)	Payable (Note 15)	Receivable (Note 12)	Payable (Note 15)
VAT	8,389	6,156	8,420	7,232
Withholdings and interim payments	–	986	198	919
Corporate income tax	868	12,472	1,200	11,968
Social security	7	2,910	11	2,696
Other	364	617	658	775
Total	9,628	23,141	10,487	23,590

“Accounts payable to public authorities” on the liability side of the accompanying consolidated financial statements includes the liability relating to applicable taxes, mainly personal income tax withholdings, VAT and projected income tax relating to the profit for each year, mainly net of tax withholdings and pre-payments made each year.

Notes to the consolidated financial statements continued

20. Guarantee commitments to third parties and contingencies

At 31 December 2025 a number of Group companies had provided guarantees for an overall amount of approximately €66.4 million (31 December 2024: €71.9 million) to guarantee their operations vis-à-vis customers, banks, government agencies and other third parties.

21. Income and expenses

21.1 Revenues

Details of revenues by category for 2025 and 2024 are as follows:

	2025	%	2024	%
Steel Dust	799,713	68%	825,550	67%
– Sale of WOX and other metals	605,108	51%	541,882	44%
– Service fees	71,102	6%	83,527	7%
– Smelting: sale of metals and by-products (Note 5)	286,775	24%	341,334	28%
– Eliminations ⁽¹⁾	(163,272)		(141,193)	
Salt Slags	114,026	10%	105,874	9%
– Sale of aluminium concentrates and melting salt	61,360	5%	62,947	5%
– Fees for recycling salt slags and SPL	52,666	4%	42,927	3%
Secondary Aluminium	331,338	28%	367,296	30%
– Sale of secondary aluminium alloys	301,720	26%	342,717	28%
– Technology division and others	29,618	3%	24,579	2%
Corporate, other minor eliminations	(62,445)		(59,690)	
Total	1,182,632		1,239,030	

⁽¹⁾ Eliminations in the Steel Dust segment relate to the elimination of sales between Befesa Zinc US, Inc. and Befesa Zinc Metal, Inc., as Befesa Zinc US, Inc. sells 100% of its production to Befesa Zinc Metal, Inc., which processes WOX and transforms it into SHG zinc.

The Group discloses revenue by reporting segment and geographical area in Note 5.

21.2 Raw materials and consumables

Details of procurements in the consolidated income statement for 2025 and 2024 are as follows:

	2025	2024
Cost of raw materials and other supplies used	505,004	579,595
Changes in goods held for resale, raw materials and other inventories	(889)	(4,311)
	504,115	575,284

21.3 Other operating income

Details of other operating income in the consolidated income statement for 2025 and 2024 are as follows:

	2025	2024
In-house work on non-current assets (Note 3.5)	1,765	68
Income from income-related grants	2,055	1,680
Other operating income	1,634	1,283
Services	3,469	4,381
Total	8,923	7,412

21.4 Personnel expenses

Details of personnel expenses in the consolidated income statement for 2025 and 2024 are as follows:

	2025	2024
Wages and salaries	121,837	112,243
Employer's social security contributions	20,114	19,240
Other welfare costs	13,202	13,840
Total	155,153	145,323

The average number of employees at the 2025 and 2024 year-end, by gender, was as follows:

	2025		2024	
	Male	Female	Male	Female
Management	42	8	40	7
Experts	167	69	190	71
Professionals	311	67	293	65
Operators and assistants	1,046	61	1,051	67
Total	1,566	205	1,574	210

21. Income and expenses continued

21.5 Other operating expenses

	2025	2024
External services	285,932	300,814
Taxes other than income tax	5,569	6,893
Other current operating expenses	7,351	9,313
Total	298,852	317,020

21.6 Amortisation/Depreciation, impairment and provisions

	2025	2024
Amortisation of intangible assets (Note 7)	2,470	2,503
Depreciation of property, plant and equipment (Note 8)	66,804	68,640
Amortisation of right-of-use assets (Note 10)	12,993	12,224
Impairment of assets	9,273	–
Other	5,430	8,336
Total	96,970	91,703

"Impairment of assets" mainly includes the amount of impairment loss of €6.7 million in the plant located in China (Befesa Zinc Environmental Protection Technology (Henan) Co.) (Note 8).

22. Finance costs

The breakdown of this balance in the 2025 and 2024 consolidated income statements is as follows:

	2025	2024
Interest expense	33,582	39,768
Other finance costs	1,787	6,945
Total	35,369	46,713

In 2025, an interest rate swap (IRS) settlement accrued €6,630 thousand of finance income registered in Interest expenses (2024: €11,181 thousand). In 2024, other finance costs included €4,450 thousand related to the fair value of the equity swap. In 2025, the fair value of the equity swap accrues a finance income of €2,656 thousand (Note 16).

23. Remuneration of the Board of Directors

Directors' remuneration and other benefits

Remuneration in the total amount of €5,986 thousand was accrued in 2025 to the members of the Parent Company's Board of Directors (including Executive members of the Board of Directors) for discharging their duties in Group companies (2024: €5,738 thousand).

Also, as at 31 December 2025 and 2024 and during the year then ended, the Parent had not granted any loans, advances or other benefits to its former or current Directors.

In addition, the Parent Company did not have any pension or guarantee obligations with any current members of the Board of Directors.

Incentives to executives and other matters

In 2025 and 2024, there were no transactions with senior executives outside the normal course of business.

In January 2018, the Parent Company approved a compensation plan for certain members of the Group's management. This compensation plan was linked to the evolution of certain key indicators determined in the agreement (cumulative EBIT and/or EBITDA; cumulative cash flow; return on inputs of strategic projects; and EHS environment, health and safety and governance as strategic initiatives). The plan consists of four tranches of three years each, from January 2018 to January 2021. The agreed remuneration plan is conditional on the continued service of the beneficiaries as senior management and managers of the Group. The agreed remuneration related to the fourth tranche, amounting to €3.4 million, was paid in 2024.

In 2022, the Parent Company approved another compensation plan for certain members of the Group's management. This compensation plan was linked to the evolution of certain key indicators determined in the agreement (cumulative EBITDA; cumulative cash flow; ESG targets; and share price development). The plan consists of four tranches of three years each, from January 2022 to January 2025. The agreed remuneration plan is conditional on the continued service of the beneficiaries as senior management and managers of the Group. The agreed remuneration related to the fifth tranche, amounting to €1.5 million, was paid in 2025.

The main assumptions relate to the estimation of the degree of achievement of the key indicators and the fair value of the shares. In this regard, in 2025 the Group's Directors estimate a degree of achievement of these indicators of 75% for the sixth tranche and 70% for the remaining tranches using the market value of Befesa, S.A. shares at 31 December 2025, as a reference. In 2024 the Group's Directors estimate a degree of achievement of these indicators of 75% for the fifth tranche and 100% for the remaining tranches using the market value of Befesa, S.A. shares at 31 December 2024, as a reference.

24. Information on the environment

The Parent Company and its subsidiaries maintain their production facilities in such a way as to meet the standards established by the environmental legislation of the countries in which the facilities are located.

Property, plant and equipment includes investments made in assets intended to minimise the environmental impact and protect and improve the environment (Note 1).



Notes to the consolidated financial statements continued

25. Auditors' fees

Fees attributable to services rendered by KPMG Audit S.à r.l. and network firms for the years ended 31 December 2025 and 2024, irrespective of the invoice date, are as follows:

	Thousands of euros	
	2025	2024
Audit services	1,150	1,057
Tax services	12	8
Other services	192	204
Total auditors' fees	1,354	1,269

26. Earnings per share

a) Basic earnings/(losses) per share (EUR per share)

	Thousands of euros	
	2025	2024
From continuing operations attributable to the ordinary equity holders of the Company	2.01	1.27
From discontinued operations	–	–
Total basic earnings/(losses) per share attributable to the ordinary equity holders of the Company	2.01	1.27

b) Diluted earnings/(losses) per share (EUR per share)

As at 31 December 2025 and 2024, there were no differences between basic and diluted earnings/(losses) per share.

c) Reconciliation of earnings used in calculating earnings per share

	Thousands of euros	
	2025	2024
Profit/(Loss) for the year from continuing operations	83,002	54,086
Less non-controlling interests from continuing operations	(2,498)	(3,266)
Profit/(Loss) from continuing operations attributable to the ordinary equity holders of the Company	80,504	50,820
Profit/(Loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	80,504	50,820

d) Weighted average number of shares used as the denominator

	Number in thousand	
	2025	2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (Note 13)	40,000	40,000

As at 31 December 2025 and 2024, there were no financial instruments or other contracts that might have a significant dilutive effect on the calculation of earnings per share.



Notes to the consolidated financial statements continued

27. Subsequent events

There are no events between the financial statement date (31 December 2025) and the date of the presentation of the consolidated financial statements (29 April 2026) that would materially affect the Group's assets or the Group's financial and/or earnings position.

Subsidiaries

Entity	Country	Activity	% interest	Auditor	Thousands of euros (31/12/2025)				
					Capital	Reserves	Translations differences	Results	Interim dividend
Sociudades dependientes:									
Befesa Medio Ambiente, S.L.U.	Spain	Holding	100%	KPMG	150,003	906,844	–	58,089	–
– Befesa Management Services GmbH	Germany	Holding	100%	(1)	25	2,600	(30)	183	–
– MRH Residuos Metálicos, S.L.U.	Spain	Holding	100%	(1)	15,600	18,287	–	(921)	–
– Befesa Salzschlacke GmbH	Germany	Aluminium waste treatment	100%	KPMG	25	5,528	–	178	–
– Befesa Aluminium Germany GmbH	Germany	Aluminium waste treatment	100%	KPMG	25	303	–	–	–
– Befesa Aluminio, S.L.U.	Spain	Recovery of metals	100%	KPMG	4,767	75,579	–	5,621	–
– Befesa Aluminio Comercializadora, S.L.	Spain	Marketing company	100%	(1)	90	21	–	–	–
– Befesa Zinc, S.A.U.	Spain	Holding	100%	KPMG	25,010	501,795	–	88,665	(50,000)
– Befesa Zinc Comercial, S.A. (Sociedad Unipersonal)	Spain	Sale of recycled waste	100%	KPMG	60	7,854	–	(17)	–
– Befesa Zinc Aser, S.A. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	KPMG	4,260	13,755	–	44,873	(40,000)
– Befesa Zinc Sur, S.L. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	(1)	605	199	–	1	–
– Befesa Zinc Óxido, S.A. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	KPMG	1,102	5,927	–	81	–
– Befesa Steel R&D, S.L. (Sociedad Unipersonal)	Spain	Development of projects and technology innovation	100%	(1)	3	857	–	126	–
– Befesa Circular Alloys, S.L.U.	Spain	Holding	100%	(1)	3	20,436	–	–	–
– Befesa Circular Alloys France, S.A.S.	France	Recovery of metals	100%	KPMG	4,000	4,316	–	(661)	–
– Befesa Circular Alloys Sweden, AB	Sweden	Recovery of metals	100%	KPMG	5,309	9,603	92	(2,195)	–
– Befesa Silvermet Turkey, S.L.,	Spain	Holding	51.82%	(1)	9,175	(2,026)	–	3,142	–
– Befesa Silvermet Iskenderun Çelik Tozu Geri Dönüşümü, A.S.	Turkey	Recovery of metals	100%	E&Y	6,247	52,483	(36,710)	4,888	(1,006)
– Befesa Silvermet Diş Ticaret, A.S.	Turkey	Recovery of metals	100%	(1)	2,944	(1,096)	(1,310)	1,478	(531)
– Befesa Zinc Germany GmbH	Germany	Holding	100%	(1)	25	552,453	–	55,013	(53,000)
– Befesa Steel Services GmbH	Germany	Sales and logistics	100%	KPMG	2,045	67,976	–	9	–
– Befesa Zinc Duisburg GmbH	Germany	Recovery of metals	100%	KPMG	5,113	16,506	–	(24)	–
– Befesa Zinc Korea Co., Ltd.	South Korea	Recovery of metals	100%	KPMG	17,015	29,217	(9,063)	15,148	–
– Befesa Pohang Co., Ltd.	South Korea	Recovery of metals	100%	KPMG	1,770	7,311	(1,955)	639	–
– Befesa Zinc Freiberg GmbH & Co., KG	Germany	Recovery of metals	100%	KPMG	1,000	17,231	–	(39)	–
– Befesa Zinc Environmental Protection Technology (Jiangsu) Co., Ltd.	China	Recovery of metals	100%	KPMG	21,407	(11,706)	50	(4,791)	–
– Befesa (China) Investment Co, Ltd.	China	Holding	100%	KPMG	28,375	(897)	245	(1,833)	–
– Befesa Zinc Environmental Protection Technology (Henan) Co., Ltd.	China	Recovery of metals	100%	KPMG	27,670	(13,948)	(263)	(13,542)	–
– Befesa Zinc Gravelines S.A.S.	France	Waelz oxide treatment	100%	KPMG	8,000	371	–	502	–
– Befesa Holding US, Inc.	US								
Befesa Zinc US, Inc.	US	Waelz oxide treatment	100%	(1)/(2)	549,152	12,270	(29,260)	19,744	–
– Befesa Zinc Metal, Inc.	US	Zinc refining	100%	(1)/(2)	160,695	(86,413)	(11,570)	(41,279)	–
– Befesa Zinc Recytech, S.A.S.	France	Recovery of metals	100%	Deloitte	6,240	6,102	–	16,015	(14,000)

¹ Companies not subject to statutory audit

² Audit for Group audit purposes by KPMG

Notes to the consolidated financial statements continued

Subsidiaries

Entity	Country	Activity	% interest	Auditor	Thousands of euros (31/12/2024)				
					Capital	Reserves	Translations differences	Results	Interim dividend
Subsidiaries:									
Befesa Medio Ambiente, S.L.U.	Spain	Holding	100%	KPMG	150,003	820,038	–	116,526	–
– Befesa Management Services GmbH	Germany	Holding	100%	KPMG	25	2,458	(30)	263	–
– MRH Residuos Metálicos, S.L.U.	Spain	Holding	100%	(1)	15,600	13,679	–	57,607	(53,000)
– Befesa Salzschlacke GmbH	Germany	Aluminium waste treatment	100%	KPMG	25	3,843	–	1,673	–
– Befesa Aluminium Germany GmbH	Germany	Aluminium waste treatment	100%	KPMG	25	303	–	–	–
– Befesa Aluminio, S.L.U.	Spain	Recovery of metals	100%	KPMG	4,767	64,150	–	11,383	–
– , Befesa Aluminio Comercializadora, S.L.	Spain	Marketing company	100%	(1)	90	21	–	–	–
– Befesa Zinc, S.A.U.	Spain	Holding	100%	KPMG	25,010	498,176	–	63,619	(60,000)
– Befesa Zinc Comercial, S.A. (Sociedad Unipersonal)	Spain	Sale of recycled waste	100%	KPMG	60	7,529	–	325	–
– Befesa Zinc Aser, S.A. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	KPMG	4,260	7,153	–	46,024	(40,850)
– Befesa Zinc Sur, S.L. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	(1)	605	202	–	(3)	–
– Befesa Zinc Óxido, S.A. (Sociedad Unipersonal)	Spain	Recovery of metals	100%	KPMG	1,102	5,364	–	564	–
– Befesa Steel R&D, S.L. (Sociedad Unipersonal)	Spain	Development of projects and technology innovation	100%	(1)	3	797	–	59	–
– Befesa Circular Alloys, S.L.U.	Spain	Holding	100%	(1)	3	14,512	–	5,924	–
– , Befesa Circular Alloys France, S.A.S.	France	Recovery of metals	100%	KPMG	4,000	1,206	–	3,096	–
– , Befesa Circular Alloys Sweden, AB	Sweden	Recovery of metals	100%	KPMG	5,309	2,895	(351)	(3,236)	–
– Befesa Silvermet Turkey, S.L.	Spain	Holding	53.60%	(1)	9,175	740	–	(111)	–
– , Befesa Silvermet Iskenderun Çelik Tozu Geri Dönüşümü, A.S.	Turkey	Recovery of metals	100%	E&Y	5,707	42,185	(30,467)	5,914	–
– , Befesa Silvermet Dış Ticaret, A.S.	Turkey	Recovery of metals	100%	(1)	2,674	4,923	(4,987)	874	–
– Befesa Zinc Germany GmbH	Germany	Holding	100%	(1)	25	552,394	–	20,059	(20,000)
– , Befesa Steel Services GmbH	Germany	Sales and logistics	100%	KPMG	2,045	68,004	–	(28)	–
– , Befesa Zinc Duisburg GmbH	Germany	Recovery of metals	100%	KPMG	5,113	14,083	–	38	–
– , Befesa Zinc Korea Co., Ltd.	South Korea	Recovery of metals	100%	KPMG	17,015	20,756	(4,200)	7,052	–
– , Befesa Pohang Co., Ltd.	South Korea	Recovery of metals	100%	KPMG	1,770	5,883	(1,150)	1,422	–
– , Befesa Zinc Freiberg GmbH & Co., KG	Germany	Recovery of metals	100%	KPMG	1,000	12,628	–	245	–
– , Befesa Zinc Environmental Protection Technology (Jiangsu) Co., Ltd.	China	Recovery of metals	100%	KPMG	21,407	(9,877)	799	(1,828)	–
– , Befesa (China) Investment Co., Ltd.	China	Holding	100%	KPMG	18,825	(1,084)	236	187	–
– , Befesa Zinc Environmental Protection Technology (Henan) Co., Ltd.	China	Recovery of metals	100%	KPMG	17,890	(6,197)	(11)	(7,751)	–
– , Befesa Zinc Gravelines S.A.S.	France	Waelz oxide treatment	100%	KPMG	8,000	327	–	395	–
– , Befesa Holding US, Inc.	US								
Befesa Zinc US, Inc.	US	Waelz oxide treatment	100%	(1)/(2)	549,152	(798)	32,044	21,150	–
– , Befesa Zinc Metal, Inc.	US	Zinc refining	100%	(1)/(2)	107,466	(37,306)	(9,708)	(48,275)	–
– , Befesa Zinc Recytech, S.A.S. (3)	France	Recovery of metals	100%	Deloitte	6,240	3,718	–	14,762	–

¹ Companies not subject to statutory audit

² Audit for Group audit purposes by KPMG

³ Name changed in 2024 from Recytech, S.A. to Befesa Zinc Recytech, S.A.S.

Responsibility statement

Consolidated financial statements

We, Asier Zarraonandia Ayo and Rafael Pérez Gómez, respectively Chief Executive Officer and Chief Financial Officer, confirm, to the best of our knowledge, that:

- the 2025 consolidated financial statements of Befesa S.A. presented in this Annual Report, which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of Befesa S.A. and the undertakings included in the consolidation taken as a whole; and
- the management report includes a fair review of the development and performance of the business and the position of Befesa S.A. and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 29 April 2026

Asier Zarraonandia
Chief Executive Officer

Rafael Pérez
Chief Financial Officer



Independent auditor's report



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Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Befesa S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Recoverability of the goodwill from Befesa Zinc US, Inc.

a) Why the matter was considered to be one of the most significant in our audit of the consolidated financial statements of the current period

On 17 August 2021, the Group, through Befesa Holding US, Inc. acquired a 100% interest in American Zinc Recycling Corp. (currently Befesa Zinc US, Inc). Befesa Zinc US, Inc has its registered office in Pittsburgh, Pennsylvania and its principal activity is providing electric arc furnace steel dust (EAFD) recycling services. The main reason for the business combination was to enter the US market and become a global leader in steel dust recycling.

As a result of the business combination, a goodwill of EUR 228,674 thousand resulting from the excess of net assets acquired over the cost of acquisition arose on the date of acquisition.

As of 31 December 2025, the goodwill from Befesa Zinc US, Inc. is EUR 228,927 thousand, which represents 37.2% of the total goodwill amount of Group.

We identified the goodwill related to Befesa Zinc US, Inc.—and in particular the recoverability of this asset—as a key audit matter due to its significance to the consolidated financial statements and the significant judgement of the management and estimation required in performing the valuation analysis, which could be subject to error or potential management bias.

b) How the matter was addressed in our audit

Our procedures concerning the valuation of Befesa Zinc US, Inc goodwill included, but were not limited to, the following:

- Assessing the appropriateness of the accounting treatment applied.
- With the involvement of our valuation specialists:
 - Evaluating the methodology applied by management for the valuation of goodwill;
 - Testing the mathematical accuracy of the valuation model used;
 - Assessing the key valuation assumptions;
 - Validating key inputs and data used in the valuation model.
- Assessing whether the Group's disclosures in the consolidated financial statements reflect the requirements of the prevailing accounting standards.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.





Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé".
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Shareholders on 19 June 2025 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

The management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2025 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.



For the Group it relates to:

- consolidated financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of Befesa S.A. as at 31 December 2025, identified as 222100VXGA8L6J4ZWG61-2025-12-31-1-en.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the consolidated financial statements of Befesa S.A. as at 31 December 2025, identified as 222100VXGA8L6J4ZWG61-2025-12-31-1-en.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version

Luxembourg, 29 April 2026

KPMG Audit S.à r.l.
Cabinet de révision agréé

Stephan Lego-Deiber



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Befesa
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Balance sheet

for the year ended 31 December 2025 (Expressed in euros)

	Note(s)	2025	2024
ASSETS			
A. Subscribed capital unpaid			
I. Subscribed capital not called			
II. Subscribed capital called but unpaid			
B. Formation expenses	3	333,737.00	1,063,163.00
C. Fixed assets		1,247,026,151.00	1,247,026,151.00
I. Intangible assets			
1. Costs of development			
2. Concessions, patents, licences, trademarks and similar rights and assets, if they were			
a) acquired for valuable consideration and need not be shown under C.I.3			
b) created by the undertaking itself			
3. Goodwill, to the extent that it was acquired for valuable consideration			
4. Payments on account and intangible assets under development			
II. Tangible assets			
1. Land and buildings			
2. Plant and machinery			
3. Other fixtures and fittings, tools and equipment			
4. Payments on account and tangible assets in the course of construction			
III. Financial assets	4	1,247,026,151.00	1,247,026,151.00
1. Shares in affiliated undertakings		597,026,151.00	597,026,151.00
2. Loans to affiliated undertakings		650,000,000.00	650,000,000.00
3. Participating interests			
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests			
5. Investments held as fixed assets			
6. Other loans			

	Note(s)	2025	2024
D. Current assets		3,648,012.00	4,591,788.00
I. Stocks			
1. Raw materials and consumables			
2. Work in progress			
3. Finished goods and goods for resale			
4. Payments on account			
II. Debtors	5	3,621,204.00	4,566,283.00
1. Trade debtors			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
2. Amounts owed by affiliated undertakings		3,454,580.00	4,566,283.00
a) becoming due and payable within one year	5.1	3,454,580.00	4,185,685.00
b) becoming due and payable after more than one year	5.2	-	380,598.00
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
4. Other debtors	5.1	166,624.00	-
a) becoming due and payable within one year		166,624.00	-
b) becoming due and payable after more than one year			
III. Investments			
1. Shares in affiliated undertakings			
2. Own shares			
3. Other investments			
IV. Cash at bank and in hand		26,808.00	25,505.00
E. Prepayments	6	4,861,824.00	5,415,009.00
TOTAL (ASSETS)		1,255,869,724.00	1,258,096,111.00



Balance sheet for the year ended 31 December 2025 (Expressed in euros) continued

	Note(s)	2025	2024
CAPITAL, RESERVES AND LIABILITIES			
A Capital and reserves	7	597,264,318.00	598,083,750.00
I. Subscribed capital		111,047,595.00	111,047,595.00
II. Share premium account		532,868,268.00	532,868,268.00
III. Revaluation reserve			
IV. Reserves		58,560,200.00	57,197,732.00
1. Legal reserve		11,104,760.00	11,104,760.00
2. Reserve for own shares			
3. Reserves provided for by the articles of association			
4. Other reserves, including the fair value reserve		47,455,440.00	46,092,972.00
a) other available reserves		47,455,440.00	46,092,972.00
b) other non-available reserves			
V. Profit or loss brought forward		-129,992,312.00	-129,992,312.00
VI. Profit or loss for the financial year		24,780,567.00	26,962,467.00
VII. Interim dividends			
VIII. Capital investment subsidies			
B. Provisions	8	262,500.00	102,511.00
1. Provisions for pensions and similar obligations			
2. Provisions for taxation			
3. Other provisions		262,500.00	102,511.00
C. Creditors	9	653,554,113.00	654,494,841.00
1. Debenture loans			
a) Convertible loans			
i) becoming due and payable within one year			
ii) becoming due and payable after more than one year			
b) Non-convertible loans			
i) becoming due and payable within one year			
ii) becoming due and payable after more than one year			
2. Amounts owed to credit institutions		653,454,580.00	654,185,685.00
a) becoming due and payable within one year		3,454,580.00	4,185,685.00
b) becoming due and payable after more than one year		650,000,000.00	650,000,000.00

	Note(s)	2025	2024
3. Payments received on account of orders insofar as they are shown separately as deductions from stocks			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
4. Trade creditors		-	268,549.00
a) becoming due and payable within one year		-	268,549.00
b) becoming due and payable after more than one year			
5. Bills of exchange payable			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
6. Amounts owed to affiliated undertakings		99,533.00	-
a) becoming due and payable within one year			
b) becoming due and payable after more than one year		99,533.00	-
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
8. Other creditors		-	40,607.00
a) Tax authorities		-	40,607.00
b) Social security authorities			
c) Other creditors			
i) becoming due and payable within one year			
ii) becoming due and payable after more than one year			
D. Deferred income	10	4,788,793.00	5,415,009.00
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		1,255,869,724.00	1,258,096,111.00



Profit and loss account

for the year ended 31 December 2025 (Expressed in euros)

	Note(s)	2025	2024
PROFIT AND LOSS ACCOUNT			
1. Net turnover			
2. Variation in stocks of finished goods and in work in progress			
3. Work performed by the undertaking for its own purposes and capitalised			
4. Other operating income	11	1,312,290.00	974,134.00
5. Raw materials and consumables and other external expenses		-864,525.00	-667,847.00
a) Raw materials and consumables			
b) Other external expenses	12	-864,525.00	-667,847.00
6. Staff costs	13		
a) Wages and salaries			
b) Social security costs			
i) relating to pensions			
ii) other social security costs			
c) Other staff costs			
7. Value adjustments	14	-729,426.00	-731,424.00
a) in respect of formation expenses and of tangible and intangible fixed assets		-729,426.00	-731,424.00
b) in respect of current assets			
8. Other operating expenses	15	-660,000.00	-732,908.00
9. Income from participating interests	16	25,599,999.00	28,000,000.00
a) derived from affiliated undertakings		25,599,999.00	28,000,000.00
b) other income from participating interests			

	Note(s)	2025	2024
10. Income from other investments and loans forming part of the fixed assets	17	31,091,378.00	38,894,376.00
a) derived from affiliated undertakings		31,091,378.00	38,894,376.00
b) other income not included under a)			
11. Other interest receivable and similar income	18	8,177,951.00	12,616,138.00
a) derived from affiliated undertakings		1,547,843.00	1,434,569.00
b) other interest and similar income		6,630,108.00	11,181,569.00
12. Share of profit or loss of undertakings accounted for under the equity method			
13. Value adjustments in respect of financial assets and of investments held as current assets			
14. Interest payable and similar expenses	19	-39,142,285.00	-51,382,502.00
a) concerning affiliated undertakings		-6,640,650.00	-11,181,405.00
b) other interest and similar expenses		-32,501,635.00	-40,201,097.00
15. Tax on profit or loss			
16. Profit or loss after taxation		24,785,382.00	26,969,967.00
17. Other taxes not shown under items 1 to 16	20	-4,815.00	-7,500.00
18. Profit or loss for the financial year		24,780,567.00	26,962,467.00



Notes to the statutory financial statements

for the year ended 31 December 2025 (expressed in euros)

1. General information

Befesa S.A. (the "Company") (formerly Bilbao Midco S.à r.l.) was incorporated in Luxembourg on 31 May 2013 as a "société à responsabilité limitée" subject to the Luxembourg law for an unlimited period of time. On 18 October 2017, the shareholders resolved to convert the Company from its current form of a "société à responsabilité limitée" into a "société anonyme" without creating a new legal entity or affecting the legal existence or personality of the Company in any manner, and to change the name of the Company into Befesa S.A. The registered office of the Company is established at 68-70 Boulevard de la Pétrusse, L-2320 Luxembourg.

The registered office of the Company is established in Luxembourg and the Company number with the Registre de Commerce is B177697. The financial year of the Company starts on 1 January and ends on 31 December.

The objective of the Company is the acquisition, holding and disposal of interests in Luxembourg and/or in foreign companies and undertakings, as well as the administration, development and management of such interests. The Company may provide loans and financing in any other kind or form, or grant guarantees or security in any kind or form, for the benefit of the companies and undertakings forming part of the group of which the Company is a member. The Company may also invest in real estate, in intellectual property rights or any other movable or immovable assets in any kind or form. The Company may borrow in any kind or form and issue bonds, notes or any other debt instruments as well as warrants or other share subscription rights. In a general fashion, the Company may carry out any commercial, industrial or financial operation, which it may deem useful in the accomplishment and development of its objective.

Following the Initial Public Offer ("IPO") held on 3 November 2017, the Company is listed on the Frankfurt Stock Exchange (ISIN number: LU1704650164).

The Company also prepares consolidated financial statements in accordance with IFRS Accounting standards as adopted by the European Union ("IFRS"). The consolidated financial statements and the management report are available at the registered office of the Company.

2. Summary of significant accounting policies and valuation methods

2.1 Basis of preparation

The annual accounts of the Company are prepared in accordance with Luxembourg legal and regulatory requirements.

Accounting policies and valuation rules follow the historical cost convention and are determined and applied by the Board of Directors, in accordance with the ones prescribed by the law of 19 December 2002, as amended.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Board of Directors makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company's annual accounts have been prepared on a going concern basis which assumes that the Company will be able to meet its liabilities as they fall due.

2.2 Formation expenses

Formation expenses are amortised within a period of five years.

2.3 Financial assets

Shares in affiliated undertakings are valued at purchase price including the expenses incidental thereto.

Loans to affiliated undertakings are valued at nominal value including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.4 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5 Prepayments

This asset item includes expenditure incurred but relating to a subsequent financial year.

2.6 Provisions

Provisions are intended to cover losses or debts of which the nature is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created in order to cover charges which have their origin in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provision for taxation

Provisions for taxation corresponding to the difference between the tax liability estimated by the Company and the advance payments for the financial years for which the tax return has not yet been filed are recorded under the caption "Provisions".

2.7 Creditors

Creditors are recorded at their reimbursement value. When the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt.

2.8 Deferred income

This liability item includes income received but relating to a subsequent financial year.

2.9 Value adjustments

Value adjustments are deducted directly from the related asset and recognised in the PL.



2. Summary of significant accounting policies and valuation methods continued

2.10 Income from participating interests

Income from dividends is recognised when the shareholder's right to receive payment is established.

2.11 Interest income and charges

Interest income and interest charges are accrued on a timely basis, by reference to the principal outstanding and at the nominal interest rate applicable.

3. Formation expenses

The increase in the capital and reserves of the 16 June 2021 had formation expenses of 3,649,126 EUR. As at 31 December 2025, 729,426 EUR (2024: 731,424 EUR) have been passed through profit and loss, leaving 333,737 EUR (2024: 1,063,163 EUR) in the balance sheet.

4. Financial assets

Financial assets held at cost less impairment – movements gross book value	Gross book value – opening balance	Additions	Disposals	Transfers	Gross book value – closing balance
Shares in affiliated undertakings	597,026,151	–	–	–	597,026,151
Loans to affiliated undertakings	650,000,000	–	–	–	650,000,000
Total	1,247,026,151	–	–	–	1,247,026,151

Financial assets held at cost less impairment – movements net book value	Net book value – opening balance	Additions	Disposals	Transfers	Net book value – closing balance
Shares in affiliated undertakings	597,026,151	–	–	–	597,026,151
Loans to affiliated undertakings	650,000,000	–	–	–	650,000,000
Total	1,247,026,151	–	–	–	1,247,026,151

In the opinion of the Board of Directors, no durable decrease in value has occurred on shares in affiliated undertakings as at 31 December 2025, neither as at 31 December 2024; accordingly, no value adjustment was recorded.

Undertaking in which the Company holds at least 20% in their share capital is as follows:

Name	Registered office	% holding	As at 31/12/2025			
			Net book value (EUR)	Net equity (EUR)	Net result (EUR)	
Befesa Medio Ambiente, S.L.U.	Audited account	Spain	100%	597,026,151	702,659,000	26,113,000

Loans to affiliated undertakings

Counterparty	Currency	Amount	Interest rate	Maturity date
Loan to Befesa Medio Ambiente, S.L.U.	EUR	650,000,000	2.25%+ Euribor 3M	09.07.2029

The facility agreement granted to the Company (Note 9) and the loan granted to Befesa Medio Ambiente, S.L.U. have the same principal economic terms.

In July 2024, the loan to Befesa Medio Ambiente, S.L.U. increased by EUR 24,000,000 in the same way as the Term Loan B (Note 9).

On 30 April 2025, the Loan to Befesa Medio Ambiente, S.L.U. was repriced in the same way as the Term Loan B (Note 9).

In the opinion of the Board of Directors, no durable decrease in value has occurred on loans to affiliated undertakings as at 31 December 2025, neither as at 31 December 2024; accordingly, no value adjustment was recorded.

5. Debtors

Debtors by category	Within one year	More than one year	As at 31/12/2025	As at 31/12/2024
Amounts owed by affiliated undertakings	3,454,580	–	3,454,580	4,566,283
Other debtors	166,624	–	166,624	–
Total	3,621,204	–	3,621,204	4,566,283

5. Debtors continued

5.1 Debtors – Becoming due and payable within one year

The detail of debtors is the following:

Becoming due and payable within one year	As at 31/12/2025	As at 31/12/2024
Accrued Interest – loan and interest rate swap Befesa Medio Ambiente, S.L.U.	3,454,580	4,566,283
Tax authorities	166,624	–
Total	3,621,204	4,566,283

5.2 Debtors – Becoming due and payable within more than one year

Becoming due and payable within more than one year	As at 31/12/2025	As at 31/12/2024
Reciprocal Credit Agreement to Befesa Medio Ambiente, S.L.U.	–	380,598
Total	–	380,598

As at 1 December 2020, the Company signed a “Reciprocal Credit Agreement” with Befesa Medio Ambiente, S.L.U. The interest is Euribor plus a margin of 0.50% and the maturity is indefinite.

As at 31 December 2025 the “Reciprocal Credit Agreement” amounts to EUR -99,533 (2024: EUR 380,598). As the total amount is negative, it has been classified as a payable under the account “Amounts owed to affiliated undertakings” (Note 9).

In the opinion of the Board of Directors, the recovery of debtors is not compromised as at 31 December 2025; accordingly, no value adjustment was recorded.

6. Prepayments

Prepayments	As at 31/12/2025	As at 31/12/2024
Transaction costs	4,788,793	5,415,009
Insurance costs	73,031	–
Total	4,861,824	5,415,009

Transaction costs represent the outstanding expenses yet to be recognised in the profit and loss, related to the facility agreement granted to the Company. In 2025, an amount of EUR 679,700 in transaction costs was paid due to the repricing of this facility agreement. In 2024, an amount of EUR 3,460,536 in transaction costs was paid due to the refinancing of this facility agreement (Note 9). These transaction costs have been capitalised and are amortised over the term of the facility.

7. Capital and reserves

Movements in capital and reserves	Balance as at 31/12/2024	Allocation of preceding result	Dividend	Result of current year	Balance as at 31/12/2025
Subscribed capital	111,047,595	–	–	–	111,047,595
Share premium	532,868,268	–	–	–	532,868,268
Legal reserve	11,104,760	–	–	–	11,104,760
Other available reserves	46,092,972	1,362,468	–	–	47,455,440
Profit or loss brought forward	-129,992,312	–	–	–	-129,992,312
Profit or loss for the financial year	26,962,467	-26,962,467	–	24,780,567	24,780,567
Dividend	–	25,599,999	-25,599,999	–	–
Total	598,083,750	–	-25,599,999	24,780,567	597,264,318

The number of shares as at 31 December 2025 and 2024 is 39,999,998 with a par value of 2.78 EUR each and fully paid up.

On 9 July 2025, Befesa distributed to its shareholders a dividend of 0.64 EUR per share, amounting to 25,599,999 EUR, as approved by the AGM held on 19 June 2025.

On 9 July 2024, Befesa distributed to its shareholders a dividend of 0.73 EUR per share, amounting to 29,199,999 EUR, as approved by the AGM held on 20 June 2024.

Legal reserve

In accordance with relevant Luxembourg law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. If the legal reserve later falls below the 10% threshold, at least 5% of net profits must again be allocated to the reserve. The legal reserve is not available for distribution to the shareholders. As at 31 December 2025, the legal reserve reaches 10% of the issued share capital.

8. Provisions

Provisions	As at 31/12/2025	As at 31/12/2024
Other provisions	262,500	102,511
Total	262,500	102,511

As at 31 December 2025 and 31 December 2024, the other provisions consist mainly of provision for other operating expenses not yet invoiced.

Notes to the statutory financial statements continued

9. Creditors

Creditors by category	Within one year	More than on year	As at 31/12/2025	As at 31/12/2024
Amounts owed to credit institutions	3,454,580	650,000,000	653,454,580	654,185,685
Amounts owed to affiliated undertakings (Note 5)	–	99,533	99,533	–
Trade creditors	–	–	–	268,549
Tax authorities	–	–	–	40,607
Total	3,454,580	650,099,533	653,554,113	654,494,841

Amounts owed to credit institutions

The debt with credit institutions arises from a facility agreement signed by the Company in 2017.

At January 2024, the facilities agreement consisted of a EUR 626 million senior secured Term Loan B (TLB) which is a bullet with maturing in July 2026, a EUR 75 million revolving credit facility (RCF) maturing in July 2025, and a €35 million guarantee facility maturing in July 2025.

On 18 July 2024, the Company successfully completed the refinancing of its facilities agreement, which now consists of:

- TLB facility commitment in an amount of EUR 650 million, which is a bullet maturing in July 2029.
- RCF in an amount of EUR 100 million maturing in July 2028.
- A guarantee facility commitment in an amount of EUR 35 million maturing in July 2028.

Following the 2024 refinancing, the interest rate on the TLB was set at Euribor plus a 2.75% spread, whereas the RCF carried a spread of 2.25%. These spreads could be adjusted downwards to 2.25% in the case of the TLB and to 1.75% in the case of the RCF, depending on the ratio of net financial debt/EBITDA.

On 30 April 2025, the Company repriced its TLB reducing its interest rate by 50 bps to Euribor plus a 2.25% spread with a floor of 0%. The facility's long-term July 2029 maturity date and all other documentation terms remain without further amendment. This spread could be adjusted downwards to 2.00%, depending on the ratio of net financial debt/Adjusted EBITDA.

In March 2020, Befesa arranged an interest rate swap (IRS) to hedge the senior secured the TLB. The swap has a notional amount of EUR 316,000,000, a fixed interest rate of 0.236%, and matures in July 2026. The positive fair value of this IRS was EUR 4,270,746 as at 31 December 2025 (2024: EUR 11,255,909).

In 2025, Befesa entered into a new IRS agreement to hedge the senior secured the TLB for the period from July 2026 to July 2029, the swap has a notional amount of EUR 325,000,000 and a fixed interest rate of 2.181%. The positive fair value of this IRS was EUR 1,562,452 as at 31 December 2025.

As at 31 December 2025 and 2024, the amounts becoming due and payable within one year are composed of accrued interest on the facility, and of accrued interest on the IRS.

10. Deferred income

Deferred income	As at 31/12/2025	As at 31/12/2024
Deferred Income – transaction costs	4,788,793	5,415,009
Total	4,788,793	5,415,009

The facility agreement granted to the Company (Note 9) and the loan granted to Befesa Medio Ambiente, S.L.U. (Note 4) have the same principal economic terms. The transaction costs on the facility (Note 6) have been accounted for equally on the loan granted to Befesa Medio Ambiente, S.L.U..

11. Other operating income

Other operating income	As at 31/12/2025	As at 31/12/2024
Management fee	1,176,666	974,134
VAT regularisation income	135,624	–
Total	1,312,290	974,134

The management fee comprises costs that the Company recharges to its subsidiary, Befesa Medio Ambiente, S.L.U.

12. Other external expenses

Other external expenses	As at 31/12/2025	As at 31/12/2024
Accounting, auditing and domiciliation fees	313,570	94,112
Banking and similar services	3,579	3,400
Legal fees	172,260	183,526
Other commissions and professional fees	372,025	378,933
Miscellaneous	3,091	7,876
Total	864,525	667,847

13. Staff costs

The Company did not have any employees during the year ended 31 December 2025 and 2024.

14. Value Adjustments

	As at 31/12/2025	As at 31/12/2024
Formation expenses	729,426	731,424
Total	729,426	731,424

15. Other operating expenses

The other operating expenses consists mainly of Directors' fees.

16. Income from participating interests

	As at 31/12/2025	As at 31/12/2024
Shares in affiliated undertakings	25,599,999	28,000,000
Total	25,599,999	28,000,000

As of 31 December 2025 and 2024, the income from participating interests derived from affiliated undertakings due to the dividend declared by Befesa Medio Ambiente S.L.U. (Note 4).

17. Income from other investments and loans forming part of the fixed assets

Details of income from other investments and loans forming part of the fixed assets for 2025 and 2024 are follows:

	As at 31/12/2025	As at 31/12/2024
Loans to affiliated undertakings (Loan to Befesa Medio Ambiente, S.L.U.)	31,091,378	38,864,248
Reciprocal Credit Agreement	–	30,128
Total	31,091,378	38,894,376

18. Other interest receivable and similar income

	As at 31/12/2025	As at 31/12/2024
Amortisation costs	1,305,916	1,240,790
Income of IRS from credit institutions	6,629,759	11,181,405
Invoices for management of financing activities recharged to affiliated undertakings	241,927	193,779
Others	349	164
Total	8,177,951	12,616,138

19. Interest payable and similar expenses

	As at 31/12/2025	As at 31/12/2024
Interest cost	31,091,378	38,864,248
Cost of IRS ⁽¹⁾	6,629,759	11,181,405
Reciprocal Credit Agreement	10,891	–
Amortisation cost	1,305,916	1,240,790
Other expenses	104,341	96,059
Total	39,142,285	51,382,502

⁽¹⁾ The cost was recharged by Befesa Medio Ambiente, S.L.U (Note 18).

20. Taxation

The Company is subject to the general tax regulation applicable in Luxembourg.

In terms of Pillar Two legislation, Befesa, S.A. is the Ultimate Parent Entity of the Group. The Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group operates. The legislation is effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Group does not expect a material exposure to Pillar Two income taxes in any jurisdiction.

Befesa, S.A. maintains tax credits coming from tax loss carry-forwards not reflected in balance in amount of EUR 9,101,361 as at 31 December 2025 (2024 EUR 8,907,672).

21. Off balance sheet commitments and transactions

On 19 October 2017, the Company entered into a facility agreement (Note 9). In this context, the Company pledged the shares of Befesa Medio Ambiente, S.L.U.

22. Related party transactions

There were no direct nor indirect transactions with main shareholders and members of its administrative, management and supervisory bodies that would be material and not concluded under normal market conditions unless previously disclosed.

23. Advances and loans granted to the members of the managing and supervisory bodies

There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial year (2024: nil).

24. Subsequent events

There are no events between the balance sheet date (31 December 2025) and the date of the presentation of the accounts (29 April 2026) that would materially affect the Company's assets or the Company's financial and/or earnings position.



Responsibility statement

Statutory financial statements

We, Asier Zarraonandia Ayo and Rafael Pérez Gómez, respectively Chief Executive Officer and Chief Financial Officer, confirm, to the best of our knowledge, that:

- the 2025 statutory annual accounts of Befesa S.A. presented in this Annual Report, which have been prepared in accordance with Luxembourg legal and regulatory requirements, give a true and fair view of the assets, liabilities, financial position and profit or loss of Befesa, S.A.; and
- the management report on the annual accounts included in this Annual Report, which has been combined with the management report on the consolidated financial statements included in this Annual Report, gives a fair review of the development and performance of the business and the position of Befesa, S.A., or Befesa, S.A. and its consolidated subsidiaries, taken as a whole, as applicable, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 29 April 2026

Asier Zarraonandia
Chief Executive Officer

Rafael Pérez
Chief Financial Officer

Independent auditor's report



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Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Befesa S.A. (the "Company"), which comprise the balance sheet as at 31 December 2025, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2025, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

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Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

Our responsibility is to assess whether the annual accounts have been prepared in all material respects with the requirements laid down in the ESEF Regulation.



As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the the Shareholders on 19 June 2025 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.



The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the annual accounts of the Company as at 31 December 2025 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to:

- annual accounts prepared in a valid XHTML format;

In our opinion, the annual accounts of Befesa S.A. as at 31 December 2025, identified as 222100VXGA8L6J4ZWG61-2025-12-31-1-en.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the annual accounts of Befesa S.A. as at 31 December 2025, identified as 222100VXGA8L6J4ZWG61-2025-12-31-1-en.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 29 April 2026

KPMG Audit S.à r.l.
Cabinet de révision agréé

Stephan Lego-Deiber



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Glossary

Name	Description
Aluminium alloy	A mixture of two or more elements in which aluminium is the predominant metal
Aluminium concentrate	Secondary aluminium residue generated during the recycling process of salt slags and SPL, which can be either landfilled or sold to various industries as an input material for further production cycles
Aluminium scrap	Material from various goods that have reached the completion of their useful lives, which mainly contain aluminium and can be recycled
Blast oxygen furnace (BOF)	A type of metallurgical furnace that uses iron ore as its base raw material to produce steel
Coke	An input material used in the processes to recycle steel residues
Electric arc furnace (EAF)	A furnace used by mini-mills to melt scrap steel, using electric arc technology
EAF steel dust	Hazardous waste resulting from the production of crude steel by mini-mills
Galvanised steel	Steel with a protective coating containing zinc, which protects against corrosion
Leaching	A hydrometallurgical process that increases the zinc content of Waelz oxide (WOX) by removing impurities like fluorides and chlorines
Lime	An input material used in the steel dust recycling process
Mini-mill	A steel production facility for the production of steel; this is done by melting recycled scrap steel in EAF, as opposed to directly from iron ore (which is the primary iron resource used in traditional BOF steel factories)
Rotary furnace	A tube-shaped furnace that rotates around a central axis as materials are being treated
Salt slags	A hazardous waste generated by the production of secondary aluminium
Scrap steel	Recycled steel that serves as an input material for steel manufacturers, using mini-mill facilities
Special high-grade (SHG) zinc	High-purity zinc ingots produced solely from recycled sources (WOX) using an electrowinning and solvent extraction
Spent pot linings (SPL)	Spent pot linings of aluminium electrolysis cells are hazardous waste materials generated in the production process of primary aluminium

Name	Description
Stainless steel residue	A hazardous residue resulting from the stainless steel produced from scrap stainless steel
Steel residue	EAF steel dust and stainless steel residue
Tolling fee	In the Steel Dust segment, this refers to the fee charged to stainless steel manufacturers to collect and treat stainless steel residue, returning to them metals (mainly nickel, chromium and molybdenum) recovered in the process. In the Secondary Aluminium subsegment of Aluminium Salt Slags Recycling Services, it refers to the service fee charged for collecting and treating aluminium residues and returning the recovered aluminium to customers
Valorisation	The recovery of valuable materials from waste
Waelz kiln	A kiln used for processing crude steel dust by mixing crude steel dust, coke and lime in a kiln containing a rotating furnace, which primarily vaporises the zinc and lead components contained in the crude steel dust, producing Waelz oxide (WOX)
Waelz oxide (WOX)	A product with a high concentration of zinc that is generated in the crude steel dust recycling process and which is used in the production of zinc
Zinc smelter	A type of industrial plant or establishment that engages in zinc smelting, i.e. the conversion of zinc ore concentrates and WOX into zinc metal



Financial calendar

Q1 2026 Statement & Conference Call

Thursday, 30 April 2026

Annual General Meeting

Tuesday, 16 June 2026

H1 2026 Interim Report & Conference Call

Wednesday, 29 July 2026

Q3 2026 Statement & Conference Call

Thursday, 29 October 2026

Note: Befesa cannot rule out changes to dates and recommends checking them in the Investor relations/ Investor's agenda section of Befesa's website (www.befesa.com).

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Disclaimer

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Published: 30 April 2026



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