

TO THE NATIONAL SECURITIES MARKET COMMISSION

Faes Farma, S.A. (the "**Company**") in compliance with the Securities Market Law, announces the following:

OTHER RELEVANT INFORMATION

1.- The Company informs that the Board of Directors of Faes Farma, S.A. has agreed today to carry out the execution of the bonus share capital increase through which the scrip dividend approved by the General Shareholders' Meeting held on 22 June 2022, under point 4 of the agenda, will be implemented.

The informative document containing the main terms and conditions of the capital increase charged to reserves, which has been approved by the Board of Directors of Faes Farma, S.A. on the aforementioned date and is attached as an annex, is made available to the public.

2.- In addition, it is reported that the Board of Directors has also agreed that, once the bonus share issue has been executed through which the payment of the flexible dividend is instrumented, the Company will carry out a share buyback programme that may reach up to fifty per cent of the shares that may be issued in execution of the bonus share issue. The definition of the terms and conditions of the buy-back programme will be decided at a forthcoming Board meeting and will be made public and communicated to the market in compliance with the applicable regulations.

27 March 2023

annex

INFORMATION DOCUMENT

CAPITAL INCREASE CHARGED TO RESERVES

FROM RETAINED EARNINGS

FAES FARMA, S.A.

27 March 2023

1. OBJECT

The General meeting of shareholders of Faes Farma, S.a. ("**Faes**" or "**The Company**") held on 22 June 2022 resolved, under point 4 of the agenda, to increase the share capital of Faes with a charge to voluntary reserves from retained Earnings by an amount to be determined in accordance with the terms set out in the resolution (the "**Increase**"), delegating the implementation of the Increase to the Board of Directors of Faes, pursuant to article 297.1.a) of Royal Legislative Decree 1/2010, of 2 July, approving the revised text of the Capital Companies Act (the "**Capital Companies Act**").

Pursuant to the resolution of the General Meeting of Shareholders, the amount of the Increase has been set at EUR 1,195,318.50 by resolution of the Board of Directors of the Company dated 27 March 2023, the market value of the Increase ("Alternative Option Amount") being EUR 37,904,242.

Furthermore, also in accordance with the provisions of article 1.5 (g) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and of articles 26.1.e) and 41.1.d) of Royal Decree 1310/2005, of 4 November, it will not be necessary to prepare and publish a prospectus in relation to the issue and admission to trading of the shares to be issued in execution of the increase "*provided that a document containing information on the number and nature of the shares and the reasons for and details of the offer is available*".

The purpose of this information document is to provide information on the resolution to implement the Increase adopted by the Board of Directors of the Company on 27 March 2023.

2. REASONS FOR THE INCREASE

The Increase serves as an instrument of a scrip dividend programme, which offers shareholders the choice between receiving newly issued shares of the Company or the cash equivalent of the dividend. This scrip dividend programme is similar to other programmes run by other listed companies. Under this programme, the Company's shareholders benefit from greater flexibility, as they can tailor their remuneration to

their preferences and circumstances, as well as benefiting from an advantageous tax treatment in case they choose to receive new shares.

The operation of the scrip dividend programme is described below.

Each shareholder will receive one free-of-charge allocation right for each Company share held. These rights will be negotiable and may be transferred on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges during a period of 15 calendar days, at the end of which the rights will be automatically converted into newly issued shares of the Company. Each shareholder may choose between the following options:

- (i) Receive new shares in the Company. In this case, the shareholder will be allotted free of charge the new shares corresponding to the number of rights held, i.e. one new share for every 26 free allotment rights. The allocation of shares is not subject to withholding.
- (ii) To receive cash equivalent to the dividend. For this purpose, the Company has undertaken an irrevocable commitment to purchase the free-of-charge allocation rights received free of charge by the shareholders at a price of 0.118 euro per free-of-charge allocation right. It will not be possible to transfer those rights that have been acquired on the secondary market. This option will be taxed in the same way as a dividend and, therefore, the amount to be paid to shareholders will be subject to the official withholding tax at the time.
- (iii) Sell their rights on the market. As the rights are negotiable, shareholders may decide to sell them on the market during the trading period indicated in section 3.2 below at the price at which they are listed at any given time and not at the guaranteed price offered by Faes Farma. The amount of the sale of the rights on the market will be subject to the legislation in force.

Shareholders may also combine the above options according to their needs.

Shareholders who do not notify their decision will receive the number of new shares to which they are entitled according to the number of their free-of-charge allocation rights.

As indicated above, shareholders will receive one free allotment right for each Faes share they hold. The number of rights required to receive one new share is 26 and the guaranteed price at which Faes will undertake to purchase the rights from whoever chooses to receive cash is 0.118 euros, calculated on the basis of the listed price of

the Faes share in the 5 days prior to the resolution of the Board of Directors to carry out the Increase and determining the terms and conditions thereof, in application of the formulas set out in the Increase resolution approved by the General Meeting (available at www.cnmv.es and at www.faesfarma.com), and which are set out below.

Thus, the value of each free allotment right is 0.118 euros. This will also be the price at which Faes will buy each right from shareholders who request it.

In order to ensure that all free allotment rights are effectively exercisable and that the number of new shares to be issued is a whole number, it is hereby stated that the Company itself has waived the free allotment rights to which it should have been entitled in respect of 15 of its own treasury shares.

Specifically, the number of rights required to receive one new share and the price of the rights purchase commitment have been calculated using the following formulas, as defined by the resolution of the General Meeting of Shareholders of 22 June 2022:

No. rights = $\text{NTAcc} / (\text{Alternative Option Amount} / \text{PreCot})$, rounded down to the next lower whole number, the ordinary trading of the new shares on the Spanish stock exchanges rights.

where,

"Number of rights" means the number of free allotment rights required to receive one share.

"NTAcc" is the number of shares outstanding on the date of the resolution of the Board of Directors to implement the Increase.

"Amount of the Alternative Option" is the market value of the Increase set by the Board of Directors, based on the number of outstanding shares, at its meeting held on 27 March 2023, i.e. 37,904,242 euros.

"PreCot" is the arithmetic mean of the weighted average prices of the Faes share on the Spanish Stock Exchanges in the 5 trading sessions prior to the agreement to implement the Increase, rounded to the nearest thousandth of a euro and, in the case of half a thousandth of a euro, to the nearest thousandth of a euro, i.e. 3.174 euros. The weighted average prices of Faes shares used to calculate the "PreCot" for the purposes of applying this formula were those of 20, 21, 22, 22, 23 and 24 March 2023

Fixed price of the rights purchase commitment = $\text{PreCot} / (\text{No. rights} + 1)$, rounded to the nearest thousandth of a euro and in case of half a thousandth of a euro, to the nearest thousandth of a euro, i.e. 0.118 euro.

where "PreCot" and "No. rights" have the meaning given above.

3. DETAILS OF THE OFFER

3.1 Calendar

The timetable foreseen for the implementation of the Increase is:

- (i) 11 April 2023. Publication of the announcement of the Increase in the BORME.
- (ii) 11 April 2023. Last day on which eligible shares are traded (**last trading date**).
- (iii) 12 April 2023. Start of the trading period for the free allotment rights (**ex date**).
- (iv) 13 April 2023. Date on which Iberclear will determine the positions for the allocation of free-of-charge allocation rights (**record date**).
- (v) 14 April 2023. Start of the deadline for applying for cash remuneration.
- (vi) 19 April 2023. End of the deadline for requesting cash remuneration under the rights purchase commitment assumed by Faes.
- (vii) 26 April 2023. End of the trading period for free-of-charge allocation rights. Acquisition by Faes of the free-of-charge allocation rights from shareholders who

have received them free of charge and have opted for cash by virtue of the rights purchase commitment assumed by Faes.

- (viii) 26 April 2023. Waiver by Faes of the rights acquired. Closing of the increase.
 - (ix) 28 April 2023. Cash payment to the shareholders who have opted to receive cash under the rights purchase commitment assumed by Faes.
 - (x) 20 May 2023. Formalities for registration of the Increase and admission to trading of the new shares on the Spanish stock exchanges.
 - (xi) 26 May 2023. Expected date for the start of ordinary trading of the new shares on the Spanish stock exchanges.
- > Ordinary trading of the new shares on the Spanish stock exchanges is subject to obtaining the appropriate authorisations. In this regard, it is possible that, once the trading period for the free-of-charge allocation rights has ended, the number of rights held by a given holder may be such that, taking into account the calculation formulas referred to in this document, it does not entitle the holder to receive a whole number of shares. In this case, the entity with which the holder of the free-of-charge allocation rights has them deposited may sell the resulting number of rights for a fraction of a new share, so that the holder receives the proceeds of the sale in cash and does not lose the intrinsic value of those rights. Notwithstanding the foregoing, this possibility is subject to the terms and conditions of the securities depository and administration contract entered into with the depository in question or to the instructions given to it by the holder of the rights.

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3.2 Allotment of rights and procedure for opting for cash or new shares

The last day of trading of the shares with rights will be 11 April, therefore, the determination of the positions for the allocation of the rights will be on 13 April. The free allotment rights will be tradable on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges through the Stock Exchange Interconnection System (Continuous Market) between 12 and 26 April 2023, both inclusive.

During the rights trading period, shareholders may opt for cash or new shares on the terms indicated above, as well as acquire on the market sufficient free -of-charge allocation rights and in the proportion necessary to subscribe for new shares. However, shareholders wishing to accept Faes' rights purchase commitment and receive cash at the guaranteed fixed price must communicate their decision no later

than 19 April 2023. In order to decide between the options offered by the Faes scrip dividend programme, shareholders should contact the entities where their Faes shares and the corresponding free-of-charge allocation rights are deposited. In particular, if they wish to receive cash at the fixed price of the Faes rights purchase commitment, they must notify this no later than 19 April 2023. In the absence of express notification, shareholders will receive newly issued Faes shares. The depositories of the shares may charge shareholders commissions or expenses for the allocation of shares or sale of free-of-charge allocation rights, in accordance with current legislation. The absence of express notification will imply that the shareholder will receive the number of new fully paid-up shares in the proportion corresponding to them according to the number of free-of-charge allocation rights they hold.

The capital increase is carried out free of expenses and commissions for the subscribers with regard to the allocation of the new shares issued, with Faes assuming the costs of issue, subscription, flotation, admission to trading and other related expenses.

4. NUMBER AND NATURE OF SHARES TO BE ISSUED

4.1 Number of shares to be issued

The number of shares to be issued as a result of the implementation of the Increase ("NAN") is 11,953,185 resulting from the application of the formula approved by the General Meeting of Faes shareholders as indicated below, rounded down to the next lower whole number.

$$\mathbf{NAN} = \text{NTAcc} / \text{No.}$$

where "NTAcc" and "No. duties" have the meaning given above.

Notwithstanding the foregoing, the number of shares actually issued will depend on the number of shareholders requesting to receive their remuneration in cash at the fixed price of the rights purchase commitment. Faes will waive the free-of-charge allocation rights acquired under the rights purchase commitment for shareholders who request to receive cash, and therefore only the shares corresponding to the free-of-charge allocation rights not acquired by Faes in execution of the aforementioned commitment will be issued. In any event, the final number of shares to be issued in

the context of the Increase will be made available to the public in due course by means of a significant event communication relating to the closing of this execution.

4.2 Par value, type of issue and share representation

The new shares to be issued in the Increase will be ordinary shares with a par value of €0.10 each, of the same class and series as those currently outstanding. The new shares will be issued at an issue price of €0.10, i.e. without share premium, and will be represented by book entries, the accounting records of which will be attributed to Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) and its participating entities.

4.3 Reserve against which the shares are issued and balance sheet on which the operation is based

The Increase is unrestricted and, as such, does not entail any payment by shareholders. The payment will be made entirely with a charge to the unrestricted reserve called "Voluntary Reserves", from retained earnings, the amount of which at 31 December 2021 was 364,837 thousand euros.

The balance sheet on which the Increase is based is the balance sheet corresponding to 31 December 2021, which was audited by PricewaterhouseCoopers Auditores, S.L. on 24 February 2022 and approved by the General Shareholders' Meeting of Faes Farma, S.A. on 22 June 2022.

4.4 Depositary Shares

- At the end of the trading period of the free-of-charge allocation right, the new shares that could not be allocated for reasons not attributable to Faes will be kept in deposit at the disposal of those who can prove legitimate ownership of the corresponding free-of-charge allocation rights. Three years after the end of the trading period for the free allotment rights, the shares still pending allotment may be sold in accordance with the provisions of article 117 of Capital Companies Act, at the risk and expense of the

interested parties. The net proceeds of such sale shall be deposited with the Bank of Spain or with the Caja General de Depósitos at the disposal of the interested parties.



4.5 Rights of the new shares

The new shares will confer on their holders the same voting and dividend rights as Faes ordinary shares currently outstanding as from the date on which the increase is declared subscribed and paid up, which is expected to be 26 May 2023.

4.6 Admission to trading

Faes will apply for admission to trading of the new shares of the Increase on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market). Subject to obtaining the appropriate authorisations, ordinary trading of the new shares on the Spanish stock exchanges is expected to commence no later than 26 May 2023.

5. PUBLICLY AVAILABLE INFORMATION

This document and, where appropriate, any supplements thereto that may be published will be available on the Faes website (www.faesfarma.com) and on the CNMV website (www.cnmv.es) from the date of publication.

27 March 2023

The Board of Directors of Faes Farma, S.A.