

Report of the Board of Directors of Faes Farma, S.A. in relation to item five on the agenda of the ordinary general meeting of the Company for the financial year 2024

In compliance with the provisions of articles 286, 296.1, 297.1 of the Spanish Companies Act, the Board of Directors of Faes Farma S.A. (the "**Company**" or "**Faes Farma**") prepares this report to justify the proposal submitted to the general meeting under item five of the agenda.

1. Possibility to increase capital

The purpose of the proposal is to provide the board with an instrument provided for by current corporate legislation. Pursuant to article 297.1.b) of the Capital Companies Act, the general meeting, subject to the requirements established for the amendment of the Bylaws, may delegate on the board of directors the power to resolve on one or more occasions to increase the share capital, by means of cash contributions, up to a specific amount, at the time and in the amount it decides, without prior consultation of the general meeting. The Capital Companies Act stipulates that such capital increases may in no case exceed half of the company's capital at the time of authorisation and must be carried out within a maximum period of five years from the date of the resolution of the general meeting. In order for commercial companies and, above all, those with similar characteristics to Faes Farma, to be able to act with the speed and agility they require, it is important that their governing and administrative bodies have at all times the most appropriate instruments to respond to the needs that may arise depending on market circumstances. These needs may include providing the Company with new resources, which will normally take the form of new capital injections. In general, it is not possible to anticipate what the Company's capital needs will be. Moreover, recourse to the general meeting to increase the share capital entails delay and increased costs and may affect the speed and efficiency with which the Company must respond to the needs of the market. The delegation provided for in Article 297.1.b) of the Capital Companies Act makes it possible to circumvent these difficulties and allows the board of directors flexibility to meet the needs of the Company, which has been taken into account in particular in the present case.

2. Time limit for the authorisation.

The proposal provides that the Board of Directors may use the delegated powers to increase the share capital during the five years following the date of the meeting in accordance with the statutory provision.

3. Ineffectiveness of prior authorisation.

The authorisation granted by virtue of the resolution adopted under point 6 by the ordinary general shareholders' meeting of 19 June 2019 will expire due to expiry of its term before the date scheduled for the ordinary general shareholders' meeting of this financial year, and therefore need not be rescinded as the board cannot hold two authorisations to increase capital at the same time.

4. Proposed agreement

It is proposed:

To empower the Board of Directors, as broadly as is legally necessary, so that in accordance with the provisions of article 297.1.b) of the Capital Companies Act, it may:

- (i) Increase the share capital once or several times and at any time within five years from the date of this meeting and up to half of the share capital at the time of this authorisation.

The capital increase or increases may be carried out either by increasing the nominal value of existing shares, in accordance with the requirements of the Law, or by issuing new ordinary or preference shares, with or without a share premium, with or without voting or redeemable shares, or by several of the above methods at the same time.

The consideration for the new shares, or the increase in the nominal value of existing shares, may take the form of cash contributions, including the conversion of unrestricted reserves, or the simultaneous use of both forms of consideration, insofar as this is permissible under the legal provisions in force.

- (ii) Set the terms and conditions of the capital increase and the characteristics of the shares, as well as to freely offer the new shares not subscribed within the preferential subscription period(s), and to establish that, in the event of incomplete subscription, the capital will be increased only by the amount of the subscriptions made.
- (iii) Redraft the article of the Bylaws relating to share capital.
- (iv) Apply for admission to trading on the official stock exchanges of the new shares to be issued.

The Board of Directors is expressly authorised so that it, in turn, may delegate (with the power of substitution where appropriate) to the Chairman or the Secretary of the Board, pursuant to the provisions of article 249 bis. I) of the Capital Companies Act, all the delegable powers referred to in this resolution, all without prejudice to the powers of attorney that exist or may be conferred in relation to the content of this resolution.