

**REPORT OF THE BOARD OF DIRECTORS OF FAES FARMA, S.A. CONCERNING THE PROPOSED AUTHORISATION OF THE TRANSACTION SUBMITTED FOR APPROVAL BY THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY FOR THE PURPOSES OF ARTICLE 160 f) OF THE CAPITAL COMPANIES LAW**

**I. Purpose of the report**

The Board of Directors of Faes Farma, S.A. (hereinafter "**Faes Farma**" or the "**Company**") prepares this report (the "**Report**") for the purpose of providing the Company's shareholders with the necessary information to enable them to make an informed judgement regarding the acquisition, directly or indirectly, of the shares r e p r e s e n t i n g one hundred percent of the share capital of the entity called Sifi S.p.A. ("**SIFI**" and the "**Acquisition**") as well as the subscription of the financing required for its acquisition, whether initially planned or that which may replace it in the future insofar as it entails or may entail the provision of security interests over assets of the Company or personal assets of other companies of its group (the "**Financing**", and together with the Acquisition, the "**Transaction**"), which is submitted to the approval of the Extraordinary General Meeting of Shareholders of the Company in accordance with the provisions of article 160.f) of the Capital Companies Act, under the sole item on its agenda, due to the characteristics of the Transaction described below.

Prior to the Board of Directors' decision on the Transaction, it was examined by the Company's Audit and Compliance Committee within the framework of its powers.

For this purpose, the Report describes: (i) the essential terms and conditions of the Transaction; (ii) the track record of SIFI and its current circumstances; and (iii) the rationale for the Transaction.

The Report will be available to the Company's shareholders from the date of the call of the Extraordinary General Meeting of Shareholders to which the proposal to approve the Transaction is submitted.

A more detailed description of the Transaction is set out below.

**II. Report**

**1. Background**

On 10 June 2025, Faes Farma notified the Spanish Securities and Exchange Commission (CNMV) as inside information of the execution of a sale and purchase agreement, subject to suspensive conditions, for the acquisition of one hundred per cent of the share capital of SIFI, an Italian pharmaceutical company specialising in ophthalmology, for 211 million euros (the "**Sale and Purchase Agreement**").

## 2. Description of the Transaction

Pursuant to the Transaction, and subject to the terms and conditions of the Transaction set out under the Sale and Purchase Agreement, Faes Farma will acquire one hundred per cent. of the share capital of SIFI by (i) acquiring the shares of SIFI currently held by Nocciolina Srl, Finrico Srl, Domotia Holding Srl, Astra Srl, La Fenice Srl and MNA Holding Srl, representing in aggregate 50.1% of its share capital; and (ii) the acquisition of all the shares representing 100% of the share capital of Capitolosedici S.p.A., which in turn holds 49.9% of SIFI's shares.

For the transaction, Faes Farma has relied on JP Morgan as financial advisor, AT Kearney, EY and EY Parthenon for the analysis of SIFI's business plans and verification activities (*due diligence* process) and Cuatrecasas and Chiomenti as legal advisors.

Specifically, the base price of the Transaction to be paid at closing has been set at EUR 211 million, resulting from certain debt and equity reclassification adjustments made to the total *Equity Value* of SIFI, set at EUR 270 million. In addition, under the Purchase and Sale Agreement, several contingent *earn-outs* are provided for in connection with certain commercial milestones for Akantior, an innovative therapy for the treatment of Acanthamoeba keratitis, as described below. These *earn-outs* will only be triggered if, by 31 December 2041, certain levels of Akantior sales in Europe are achieved in excess of forecasts. The maximum total amount of the *earn-outs* would be EUR 50.5 million spread over six milestones/payments over the period. To this is added a possible payment of EUR 30 million conditional on the commercial launch of Akantior in the US and additional payments calculated as a low single-digit to low double-digit percentage of Akantior's net sales in the US for each year until 31 December 2040 or earlier in the event of loss of exclusivity as set out in the Purchase and Sale Agreement. The Purchase and Sale Agreement includes the corresponding liabilities for leakages and representations and warranties provided by Faes Farma, as purchaser, and by the sellers, which have been insured on arm's length terms.

The aforementioned consideration has the financing secured by a loan granted by JP Morgan with a security interest in the asset to be acquired on terms that the Board of Directors considers to be market terms in view of the characteristics of the Transaction, which is expected to be replaced by syndicated financing with the real or personal guarantees inherent to such financing, to which the authorisation requested from the General Shareholders' Meeting is also extended.

The closing of the Transaction is subject to (i) the approval of the Transaction by the General Shareholders' Meeting of Faes Farma - with an expected break-up fee of two million euros in the event that the Transaction is not approved; (ii) the receipt of all necessary regulatory approvals from the relevant authorities (foreign investment control in Italy, France and Romania; and competition control in Turkey); (iii) the formal approval of the individual and consolidated financial statements of SIFI and the individual financial statements of Capitolosedici XVI S.p.A. for the fiscal year 2024 by the relevant shareholders' meetings, with an unqualified and undeviating audit report with respect to the reference accounts of the Transaction; and (iv) the absence of any material adverse change until the closing date of the Transaction. If closing does not take place before 1 October the price is increased by the amount of the agreed interest.

### 3. Description of SIFI

SIFI is an Italian pharmaceutical company founded in 1935 specialised in the development, production and marketing of pharmaceutical products and medical devices mainly focused on the ophthalmological area. Its product portfolio is innovative, broad and diversified, with an exclusive focus on ophthalmology, encompassing more than 60 eye care solutions, including approximately 44 pharmaceuticals and 22 surgical products.

The company has a consolidated international presence, generating 57% of its revenues outside Italy, with key markets in Mexico, Romania, Turkey, France and Spain, and operates in more than 60 countries through direct subsidiaries and distributors. In addition, SIFI has two state-of-the-art manufacturing plants dedicated to both drug production and intraocular lens manufacturing, allowing it to operate a specialised CMO (*Contract Manufacturing Organisation*) business unit.

In financial terms, SIFI presents consolidated revenues of approximately €100 million and EBITDA of around €20 million in 2024, with solid compound annual growth of 12% in revenues between 2021 and 2024, driven mainly by the internationalisation process that has been developed. These figures do not include revenues to be derived from the recently signed CMO contracts, nor the commercialisation of the drug Akantior (currently being launched in Europe).

### 4. Justification of the Transaction

The Board of Directors of the Company considers that the Transaction is fully aligned with Faes Farma's strategy as (i) it consolidates its positioning in a key therapeutic area such as ophthalmology following the recent acquisition of Edol in Portugal; (ii) it strengthens its international presence by providing access to countries in which it does not currently have a presence and enables access to the US through the opportunity represented by Akantior; and (iii) it enables the pooling of R&D&I capabilities to accelerate innovation. It thus constitutes a unique platform for future growth and value creation.

The transaction gives Faes Farma access to SIFI's three businesses:

(i) Consolidated Ophthalmic Pharmaceuticals business.

SIFI brings a product portfolio with more than 60 ophthalmic solutions with low overlap with the EDOL portfolio (an ophthalmology company recently acquired by Faes Farma), plus an innovative intraocular lens business in Europe and Asia. Revenue generation in 2024 from this part of the business was approximately 100 million euro, with EBITDA of approximately 20 million.

(ii) Third Party Manufacturing Unit (CMO)

SIFI has two state-of-the-art plants in Italy, specialised in the production of ophthalmic medicines and intraocular lenses, thanks to which it has recently signed several long-term agreements that guarantee additional recurring revenues of approximately more than €20 million.

(iii) Akantior: Innovative Therapy Product for Ultra Rare Diseases

SIFI has developed Akantior, an innovative drug for the treatment of Acanthamoeba keratitis, an ultra-rare eye disease. Akantior has recently been

approved by the European Medicines Agency (EMA) with a patent until 2040. The first launch of the product took place in Germany in October 2024, with other key markets in Europe expected to follow in the near term. The product is also in the pre-registration phase in the US, where the FDA has granted the product orphan drug designation.

Therefore, the integration of SIFI is expected to allow Faes Farma to consolidate one of the most complete ophthalmology offerings in the sector, with a complementary geographic presence and in line with the inorganic growth strategy, reinforcing its regional presence in Europe and optimising its industrial capabilities through SIFI's plants.

#### **5. Proposed resolution submitted to the Extraordinary General Meeting for approval**

On the basis of the above, the proposed resolution to be submitted to the Extraordinary General Meeting for approval is as follows:

*"Pursuant to the provisions of article 160 f) of the Capital Companies Act, it is resolved to authorise, under the terms and conditions set forth in the Report formulated by the Board of Directors, the acquisition, directly or indirectly, of the shares representing one hundred per cent of the share capital of the entity named Sifi S.p.A. (the "**Acquisition**") as well as the subscription of the financing required for its acquisition, whether initially planned or that which may replace it in the future insofar as it entails or may entail the provision of security interests over assets of the Company or personal assets of other companies of its group (the "**Financing**", and together with the Acquisition, the "**Transaction**"), as well as all such ancillary or related legal transactions as may be necessary for the successful completion of the Transaction, including, without limitation, the extension, novation, modification or substitution of the Financing. For these purposes, the Board of Directors of the Company is delegated, as broadly as legally necessary, with powers of substitution or in favour of any of its members, all such powers as may be necessary or convenient to execute and give full effect to the Transaction".*

June 2025