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Formycon AG
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Annual General Meeting on 12 June 2024

**Report of the Management Board to the Annual General Meeting
on the utilization of the 2023 Authorized Capital
with the exclusion of shareholders' subscription rights**

The Management Board of Formycon AG submits the following report on the utilization of the 2023 Authorized Capital with the exclusion of shareholders' subscription rights. This report is available from the date of convening the Annual General Meeting on the Company's website at

<https://www.formycon.com/en/investor-relations/annual-general-meeting-2024/>.

The report will also be available for inspection by shareholders at the Annual General Meeting.

On 25 July 2023, the Annual General Meeting authorized the Management Board under agenda item 7 to increase the Company's share capital, with the consent of the Supervisory Board, by a total of up to EUR 8,019,387.00 ("**2023 Authorized Capital**") by issuing new no-par value bearer shares against contributions in cash and/or in kind in full or in partial amounts, once or multiple times in the period up to 24 July 2028.

The Management Board partially utilized the 2023 Authorized Capital, with the approval of the Supervisory Board, as part of the capital increase carried out in January/February 2024 with the exclusion of shareholders' subscription rights. Based on the resolution passed by the Management Board on 29 January 2024 and the resolution passed by the Supervisory Board on the same day, the Company's share capital was increased by EUR 1,603,877.00 from EUR 16,053,025.00 to EUR 17,656,902.00 against cash contributions by issuing 1,603,877 new no-par value bearer shares with a pro rata amount of the share capital of EUR 1.00 per share. The shareholders' statutory subscription rights were excluded. The increase in share capital became effective upon entry of the capital increase in the commercial register of the Munich Local Court on 8 February 2024. The 2023 Authorized Capital was reduced accordingly from EUR 8,019,387.00 by EUR 1,603,877.00 to EUR 6,415,510.00. The 2023 Authorized Capital is governed by Article 4(3) of the Company's Articles of Association.

The volume of the capital increase from the 2023 Authorized Capital with the exclusion of shareholders' subscription rights corresponds to a pro rata amount of the Company's share capital of just under 10% in relation to both the share capital existing at the time the 2023 Authorized Capital became effective on 3 August 2023 and the share capital existing

at the time the 2023 Authorized Capital was partially utilized on 29 January 2024. The volume limit provided for in the 2023 Authorized Capital for shares issued against cash contributions with the exclusion of subscription rights was therefore complied with. The Company had not previously taken any other measures to be counted towards this volume limit.

The new shares were subscribed by Gedeon Richter Plc., a Hungary based major multinational specialty pharmaceutical company with core competences in research and manufacturing, in a private placement under exclusion of the shareholders' subscription rights. Following the capital increase, Gedeon Richter Plc. holds about 9.08% of the Company's share capital and is subject to a customary lock-up obligation of 180 days.

When setting the price, the requirements of the 2023 Authorized Capital were observed in that the issue price of the new shares was not significantly lower than the stock market price of the existing shares at the time the issue price was finally determined. The placement price per share was EUR 51.65 per new share and corresponded to the mean average value between the XETRA closing price on 29 January 2024 and the volume-weighted average price of the shares during the last thirty trading days prior to 29 January 2024. The gross issue proceeds from the capital increase amounted to around EUR 82.84 million.

By excluding shareholders' subscription rights, the Company has made use of a statutory option provided for in Sections 203(1) and 186(3) sentence 4 of the German Stock Corporation Act (AktG) to exclude subscription rights in the event of cash capital increases. Such an exclusion of subscription rights was necessary in this case in order to take advantage of the favorable market situation for such a capital measure at the time of the partial utilization of the 2023 Authorized Capital from the perspective of the Management Board and the Supervisory Board at short notice and flexibly and to be able to achieve the highest possible issue proceeds by setting a price close to the market. In contrast, the subscription period of at least two weeks required when granting a subscription right (Section 186(1) sentence 2 AktG) would not have allowed a short-term reaction to the current market conditions.

In addition, if subscription rights are granted, the final subscription price must be announced no later than three days before the end of the subscription period (Section 186(2) sentence 2 AktG). Due to the longer period between the price being set and the capital increase being executed and the volatility of the stock markets, there is therefore a higher market risk and, in particular, a higher price change risk than in the case of an allocation without subscription rights. A successful placement as part of a capital increase with subscription rights would therefore have required a corresponding safety discount on the current share price when setting the price and would therefore probably have led to conditions that were not close to the market. For the above reasons, the exclusion of subscription rights was in the interests of the Company.

Finally, the exclusion of subscription rights was necessary in order to gain a strategic investor in Gedeon Richter Plc. The participation of Gedeon Richter Plc. opens up opportunities to jointly utilize long-term strategic opportunities in the areas of development, production and commercial value creation.

By setting the price at the mean average value between of the current stock market price and the volume-weighted average price of the shares and limiting the volume of new shares issued with the exclusion of subscription rights to just under 10% of the share capital, the interests of the shareholders were also adequately safeguarded. This is

because, in view of the liquid stock exchange trading, shareholders have the opportunity to maintain their relative shareholding in the Company by purchasing additional shares on the stock exchange at comparable conditions. By issuing the new shares at the above-mentioned mean average value, it was also ensured that the capital increase was not associated with any significant economic dilution of the shareholders' shareholdings.

Based on the above considerations, the exclusion of subscription rights carried out in compliance with the provisions of the 2023 Authorized Capital was objectively justified overall.

Based on the authorization resolution of the Annual General Meeting on 25 July 2023, the Management Board is authorized until 24 July 2028 in accordance with Section 4(3) of the Articles of Association to increase the Company's share capital with the approval of the Supervisory Board by up to a total of EUR 6,415,510.00 by issuing new no-par value bearer shares against cash and/or non-cash contributions, in full or in partial amounts, on one or more occasions.

Under agenda item 9 of the Annual General Meeting on 12 June 2024, the 2023 Authorized Capital is to be cancelled and replaced by a new 2024/I Authorized Capital.

Martinsried/Planegg, May 2024

Formycon AG
The Management Board