# Auditor's Report on Laboratorios Farmacéuticos Rovi, S.A.

(Together with the annual accounts and directors' report of Laboratorios Farmacéuticos Rovi, S.A. for the year ended 31 December 2022)

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

# Independent Auditor's Reporton the Annual Accounts

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

To the Shareholders of Laboratorios Farmacéuticos Rovi, S.A.

## REPORT ON THE ANNUAL ACCOUNTS

### Opinion

We have audited the annual accounts of Laboratorios Farmacéuticos Rovi, S.A. (the "Company"), which comprise the balance sheet at 31 December 2022, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

### Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual accounts of the current period. These matters were addressed in the context of our 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.

| **Recognition of revenue from sales (Euros 566,587 thousand)**<br>See notes 3.14 and 22.a to the annual accounts | |
|---|---|
| *Key audit matter* | *How the matter was addressed in our audit* |
| Sales revenue is obtained from a number of customers and products and through a large volume of transactions carried out during the year. The very low value of the transactions at unit level means that errors on an individual basis are insignificant. However, as they are difficult to detect and there is a large volume of transactions, they could ultimately give rise to material misstatements in the annual accounts.<br><br>Due to the significance of the amount of sales revenue, the possibility of revenue being recognised in an incorrect period and the inherent risk of material misstatement, this has been considered a key audit matter. | Our audit procedures included the following:<br>- We evaluated the design and implementation of the key controls associated with the process of recognising revenue from sales.<br>- We performed a test using computer-assisted audit techniques enabling us to assess the existence and accuracy of a large volume of sales transactions during the year, individually matching the revenue to the orders and delivery notes.<br>- We obtained external confirmation for a sample of outstanding invoices pending to collect and balance confirmation with Group companies, performing alternative procedures, where applicable, based on delivery notes or evidence of subsequent collection.<br>- We also assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company. |

## Other Information: Directors' Report

Other information solely comprises the 2022 directors' report, the preparation of which is the responsibility of the Company's Directors, and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts. Also, assess and report on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2022, and that the content and presentation of the report are in accordance with applicable legislation.

## Directors' and Audit Committee's Responsibility for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Directors are 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the preparation and presentation of the annual accounts.

## Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives 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 an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain 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.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit.

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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 entity's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

– Conclude on the appropriateness of the 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 auditor's report 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 auditor's report. 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 a true and fair view.

We communicate with the audit committee of Laboratorios Farmacéuticos Rovi, S.A. 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 the entity's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the entity, we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

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## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### European Single Electronic Format

We have examined the digital file of Laboratorios Farmacéuticos Rovi, S.A. for 2022 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual accounts for the aforementioned year, which will form part of the annual financial report.

The Directors of Laboratorios Farmacéuticos Rovi, S.A. are responsible for the presentation of the 2022 annual financial report in accordance with the format requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the directors' report.

Our responsibility consists of examining the digital file prepared by the Company's Directors, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the annual accounts included in the aforementioned digital file fully corresponds to the annual accounts we have audited, and whether the annual accounts have been formatted, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital file examined fully corresponds to the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

### Additional Report to the Audit Committee

The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 20 February 2023.

### Contract Period

We were appointed as auditor by the shareholders at the ordinary general meeting on 14 June 2022 for a period of one year, from the year ended 31 December 2022.

Previously, we had been appointed for a period of one year, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2017.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

*(Signed on original in Spanish)*

*This report corresponds to stamp number 01/22/00186 issued by the Spanish Institute of Registered Auditors (ICJCE)*

Begoña Pradera Goiri

On the Spanish Official Register of Auditors ("ROAC") with No. 22614

# LABORATORIOS FARMACÉUTICOS ROVI, S.A.

Annual Accounts and Management Report
for the annual period ended 31 December, 2022

Free translation of the Annual Accounts originally issued in Spanish and prepared in accordance with "Plan General de Contabilidad" approved by Royal Decree 1514/2007 of 16th November. In the event of discrepancy, the Spanish version prevails.

**CONTENTS OF THE ANNUAL REPORT OF LABORATORIOS FARMACÉUTICOS ROVI, S.A.**

# ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A.

Statement of Financial Position at 31 December, 2022 and 2021
(Thousand euros)

| | | 31 December | |
|---|---|---|---|
| | Note | 2022 | 2021 |
| **NON-CURRENT ASSETS** | | **144,541** | **131,457** |
| **Intangible assets** | 5 | **30,371** | **33,816** |
| **Property, plant & equipment** | 6 | **48,285** | **52,396** |
| **Non-current assets in group and associated companies** | 8 & 9 | **63,230** | **41,418** |
| Equity instruments | | 24,879 | 15,455 |
| Credits to group companies | 7 & 31 | 38,351 | 25,963 |
| **Non-current financial investments** | | **1,416** | **1,485** |
| Equity instruments | 7 & 11 | 5 | 64 |
| Other financial assets | 7 & 10 | 1,411 | 1,421 |
| **Deferred tax assets** | 21 | **1,239** | **2,342** |
| **CURRENT ASSETS** | | **341,100** | **346,642** |
| **Inventories** | 12 | **125,377** | **105,784** |
| **Trade and other receivables** | | **147,248** | **202,206** |
| Trade receivables, sales of goods and services | 7 & 10 | 55,078 | 49,666 |
| Trade receivables, group and associated companies | 7 & 10 | 82,745 | 136,079 |
| Sundry debtors | 7 & 10 | 26 | 26 |
| Current tax assets | 23 | 3,917 | 9,889 |
| Other credits with public authorities | 23 | 5,482 | 6,546 |
| **Current investments in group & associated companies** | 7 & 10 | **1** | **312** |
| Credits to group companies | | 1 | 312 |
| **Current accruals and prepayments** | | **1,261** | **376** |
| **Cash and cash equivalents** | 7 & 13 | **67,213** | **37,964** |
| **TOTAL ASSETS** | | **485,641** | **478,099** |

Notes 1 to 35 attached hereto are an integral part of these Annual Accounts.

# ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A.

Statement of Financial Position at 31 December, 2022 and 2021
(Thousand euros)

| | | 31 December | |
|---|---|---|---|
| | **Note** | **2022** | **2021** |
| **EQUITY** | | **228,092** | **339,631** |
| **Equity** | | **226,386** | **337,522** |
| Capital | 14 | 3,241 | 3,364 |
| Share premium | 14 | 87,636 | 87,636 |
| Reserves | 15 | 7,032 | 7,032 |
| (Treasury shares) | 15 | (27,561) | (66,121) |
| Retained earnings | 15 | 116,922 | 240,468 |
| Profit for the year | 16 | 39,116 | 65,143 |
| **Adjustments for changes in value** | | **12** | **(2)** |
| Financial assets at fair value through equity | | (2) | (2) |
| Foreign exchange differences | | 14 | — |
| **Grants, donations and legacies received** | 17 | **1,694** | **2,111** |
| **NON-CURRENT LIABILITIES** | | **131,945** | **58,036** |
| **Non-current debt** | | **45,893** | **52,298** |
| Bank borrowings | 7 & 18 | 37,679 | 44,107 |
| Other financial liabilities | 7 & 18 | 8,214 | 8,191 |
| **Non-current debt with group and associated companies** | 7 & 18 | **80,000** | **—** |
| **Deferred tax liabilities** | 21 | **4,507** | **4,278** |
| **Non-current accruals** | 19 | **1,545** | **1,460** |
| **CURRENT LIABILITIES** | | **125,604** | **80,432** |
| **Current provisions** | 20 | **5,148** | **9,430** |
| **Current debt** | | **8,180** | **2,890** |
| Bank borrowings | 7 & 18 | 6,428 | 714 |
| Financial derivatives | 7 & 18 | 28 | 17 |
| Other financial liabilities | 7 & 18 | 1,724 | 2,159 |
| **Current debt with group and associated companies** | 7 & 18 | **385** | **290** |
| **Trade and other payables** | | **111,597** | **67,036** |
| Trade payables | 7 & 18 | 55,915 | 48,620 |
| Trade payables, group and associated companies | 7 & 18 | 46,792 | 8,546 |
| Sundry creditors | 7 & 18 | 1,947 | 3,713 |
| Employees (outstanding remuneration) | 7 & 18 | 5,288 | 4,717 |
| Other debt with the public authorities | 23 | 1,655 | 1,440 |
| **Current accruals** | 19 | **294** | **786** |
| **TOTAL EQUITY AND LIABILITIES** | | **485,641** | **478,099** |

Notes 1 to 35 attached hereto are an integral part of these Annual Accounts.

## ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A.

Income Statement for the annual periods ended 31 December, 2022 and 2021
(Thousand euros)

| | Note | Year ended 31 December | |
|---|---|---|---|
| | | 2022 | 2021 |
| **CONTINUING OPERATIONS** | | | |
| **Net sales** | 22 a) | **591,117** | **509,920** |
| Sales of goods | | 566,587 | 490,229 |
| Sales of services | | 24,530 | 19,691 |
| **Change in inventories of finished products and work in progress** | 12 | **454** | **19,298** |
| **Procurements** | | **(430,958)** | **(384,450)** |
| Raw materials and consumables used | 22 b) | (430,961) | (381,336) |
| Inventory write-down | 12 | 3 | (3,114) |
| **Other operating income** | | **9,809** | **6,948** |
| Ancillary and current management income | 22 c) | 8,484 | 6,363 |
| Operating grants recognised in profit and loss | 22 d) | 1,325 | 585 |
| **Employee benefit expenses** | 22 e) | **(44,818)** | **(40,562)** |
| Wages, salaries and similar remuneration | | (36,702) | (33,764) |
| Welfare charges | | (8,116) | (6,798) |
| **Other operating expenses** | | **(73,727)** | **(69,470)** |
| External services | 22 f) | (69,399) | (64,128) |
| Taxes | | (4,280) | (5,484) |
| Losses, impairment and changes in trade provisions | 22 g) | (48) | 142 |
| **Amortisation and depreciation charges** | 5 & 6 | **(10,725)** | **(10,303)** |
| **Allocation of grants for non-financial assets and other** | 17 | **784** | **741** |
| **Impairment and gains/(losses) on disposal of intangible assets and property, plant & equipment** | 6 | **15** | **(120)** |
| Impairment and losses | 5 | (2) | (95) |
| Gains (losses) on sales and other | | 17 | (25) |
| **PROFIT/(LOSS) FROM OPERATING ACTIVITIES** | | **41,951** | **32,002** |
| Finance income | | 2,375 | 25,589 |
| Finance expenses | | (893) | (655) |
| Change in fair value of financial instruments | | (11) | 908 |
| Exchange rate differences | | (570) | (111) |
| Impairment and gains/(losses) on disposal of financial instruments | | 1,828 | 1,161 |
| **FINANCE COSTS – NET** | 24 | **2,729** | **26,892** |
| **PROFIT BEFORE TAX** | | **44,680** | **58,894** |
| **Income tax** | 23 | (5,564) | 6,249 |
| **PROFIT FOR THE YEAR** | 16 | **39,116** | **65,143** |

Notes 1 to 35 attached hereto are an integral part of these Annual Accounts.

# ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A.

Statement of Changes in Equity for the annual periods ended 31 December, 2022 and 2021
(Thousand euros)

### A) STATEMENT OF RECOGNISED INCOME AND EXPENSES (thousand euros)

| | | Year ended 31 December | |
|---|---|---|---|
| | **Note** | **2022** | **2021** |
| **RESULTADO DE LA CUENTA DE PÉRDIDAS Y GANANCIAS** | 16 | **39,116** | **65,143** |
| **Income and expenses credited or charged directly to equity** | | **1,175** | **700** |
| Foreign exchange differences | | 10 | — |
| Financial assets at fair value through equity | 11 | — | 1 |
| Grants, donations and legacies received | 17 | 1,553 | 933 |
| Tax effect | 21 | (388) | (234) |
| **Transfers to profit and loss** | | **(1,582)** | **(994)** |
| Grants, donations and legacies received | 17 | (2,109) | (1,326) |
| Tax effect | 21 | 527 | 332 |
| **TOTAL RECOGNISED INCOME AND EXPENSES** | | **38,709** | **64,849** |

Notes 1 to 35 attached hereto are an integral part of these Annual Accounts.

## ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A.

Statement of Changes in Equity for the annual periods ended 31 December, 2022 and 2021
(Thousand euros)

**B) STATEMENT OF TOTAL CHANGES IN EQUITY (thousand euros)**

| | Share capital (Note 14) | Share premium (Note 14) | Reserves (Note 15) | Treasury shares (Note 15) | Retained earnings (Note 15) | Profit for the year (Note 16) | Adjusted for changes in value | Grants, donations & legacies received (Note 17) | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| **BALANCE AT END OF 2019** | **3,364** | **87,636** | **7,032** | **(20,185)** | **179,299** | **71,137** | **(3)** | **2,406** | **330,686** |
| **ADJUSTED BALANCE BEGINNING OF 2021** | **3,364** | **87,636** | **7,032** | **(20,185)** | **179,299** | **71,137** | **(3)** | **2,406** | **330,686** |
| Total recognised income and expenses | — | — | — | — | — | 65,143 | 1 | (295) | 64,849 |
| - Application of profit for 2020 | — | — | — | — | 50,005 | (50,005) | — | — | — |
| - Distribution of dividends | — | — | — | — | — | (21,132) | — | — | (21,132) |
| - Transactions with treasury shares (net) | — | — | — | (47,339) | 10,882 | — | — | — | (36,457) |
| - Other transactions with shareholders or owners | — | — | — | 1,403 | — | — | — | — | 1,403 |
| - Other movements | — | — | — | — | 282 | — | — | — | 282 |
| **BALANCE AT END OF 2021** | **3,364** | **87,636** | **7,032** | **(66,121)** | **240,468** | **65,143** | **(2)** | **2,111** | **339,631** |
| **ADJUSTED BALANCE BEGINNING OF 2022** | **3,364** | **87,636** | **7,032** | **(66,121)** | **240,468** | **65,143** | **(2)** | **2,111** | **339,631** |
| Total recognised income and expenses | — | — | — | — | — | 39,116 | 10 | (417) | 38,709 |
| - Application of profit for 2021 | — | — | — | — | 14,136 | (14,136) | — | — | — |
| - Distribution of dividends | — | — | — | — | — | (51,007) | — | — | (51,007) |
| - Transactions with treasury shares (net) | — | — | — | (96,448) | (2,794) | — | — | — | (99,242) |
| - Other transactions with shareholders or owners | (123) | — | — | 135,008 | (134,885) | — | — | — | — |
| - Other movements | — | — | — | — | (3) | — | 4 | — | 1 |
| **BALANCE AT END OF 2022** | **3,241** | **87,636** | **7,032** | **(27,561)** | **116,922** | **39,116** | **12** | **1,694** | **228,092** |

Notes 1 to 35 attached hereto are an integral part of these Annual Accounts.

## ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A.

Statement of Cash Flows for the annual periods ended 31 December, 2022 and 2021
(Thousand euros)

| | Note | Year ended 31 December | |
|---|---|---|---|
| | | **2022** | **2021** |
| Profit before income tax | | 44,680 | 58,894 |
| Adjustments to profit | | 858 | 61 |
| Changes in working capital | | 128,321 | 27,901 |
| Other cash flows from operating activities | | (42,715) | (22,176) |
| **Cash flows generated (used) in operating activities** | 25 | **131,144** | **64,680** |
| Payments of investments | | (13,669) | (8,809) |
| Proceeds from disinvestments | | 3,579 | 555 |
| **Cash flows generated (used) in investing activities** | 26 | **(10,090)** | **(8,254)** |
| Proceeds from and payments of financial liability instruments | | 58,444 | 4,983 |
| Dividend payments and remuneration of other equity instruments | | (51,007) | (21,132) |
| Transactions with treasury shares | | (99,242) | (36,457) |
| **Cash flows generated (used) in financing activities** | 27 | **(91,805)** | **(52,606)** |
| **NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS** | | **29,249** | **3,820** |
| Cash and cash equivalents at beginning of the year | 13 | 37,964 | 34,144 |
| Cash and cash equivalents at end of the year | 13 | 67,213 | 37,964 |

Notes 1 to 35 attached hereto are an integral part of these Annual Accounts.

## 1. General information

Laboratorios Farmacéuticos Rovi, S.A. (hereinafter, “ROVI” or “the Company”) was incorporated in Madrid on 21 December, 1946 with the corporate purpose of the production and sale of pharmaceutical products in national territory. Its registered office and tax address are at Calle Julián Camarillo, 35, Madrid.

The Company’s principal activity is the research and sale of its own pharmaceutical products and the distribution of other products for which it holds licences granted by other laboratories for specific periods, in accordance with the terms and conditions contained in the agreements entered into with said laboratories, and the provision of manufacturing services to third parties.

The annual accounts for 2022 include the financial statements of the permanent establishment of Laboratorios Farmacéuticos Rovi, S.A. in Portugal, created in 1998, the permanent establishment created for value-added tax purposes in Germany in 2017, and the permanent establishment in Poland, which was set up in 2018.

Laboratorios Farmacéuticos Rovi, S.A. is the parent of a consolidated group, the consolidated annual accounts of which for 2022 will be presented under International Financial Reporting Standards (IFRS-EU). In accordance with the provisions of Royal Decree 1159/2010 of 17 September, the Company prepares consolidated annual accounts for its group. On 20 February, 2023, the consolidated annual accounts of Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries at 31 December, 2022 were approved, showing a profit of 199,665 thousand euros and equity, including the net profit for the year, of 521,379 thousand euros (153,077 thousand euros and 470.976 thousand euros, respectively, at 31 December, 2021).

As of 31 December, 2022, the company Norbel Inversiones, S.L. held 55.19% of the shares of Laboratorios Farmacéuticos Rovi, S.A. (Note 15). As of 31 December, 2021, the company Norbel Inversiones, S.L. held 60.17% of the shares of Laboratorios Farmacéuticos Rovi, S.A.  Norbel Inversiones, S.L., with registered office at Calle Julián Camarillo, 35, Madrid, files consolidated annual accounts with the Madrid Companies Registry.

The Company’s shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are included in the Spanish Stock Exchange Interconnection System (Continuous Market).

These annual accounts were approved by the Board of Directors on 20 February, 2023 and are pending approval by the forthcoming General Shareholders’ Meeting. Notwithstanding, the directors of the Company expect the annual accounts to be approved without any changes.

## 2. Bases of presentation

a) True and fair view

The annual accounts have been prepared using the Company’s accounting records and are presented in accordance with current mercantile legislation and the policies established in the “Plan General de Contabilidad” (“General Chart of Accounts”), approved by Royal Decree 1514/2007, and the amendments and interpretations issued after its entry into force, to present fairly the equity, the financial position and the results of the Company, as well as the accuracy of the cash flows included in the statement of cash flows. When preparing them, the format and markup requirements of Delegated Regulation EU 2019/815 of the European Commission and Delegated Regulation EU 2022/352 of the European Commission were also followed.

b) Critical accounting estimates and judgements

The preparation of the annual accounts requires the Company to use certain estimates and judgements in relation to the future that are continuously assessed and are based on historical experience and other factors, including expectations of future events deemed reasonable under the circumstances.

The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are outlined below.

*b.1) Revenue recognition*

b.1.1) *Sales of goods*

The Company has recognised the total sales of goods marketed in 2022 as revenue and, where applicable, has claimed late-payment interest from the public authorities. The buyer has the right to return the goods sold. Although the Company believes that, based on previous experience, the level of returns will not be very meaningful, ROVI has recognised ordinary revenue for its sales together with the related provision against ordinary revenue for estimated returns. If the estimate changes by 1%, changes in revenue will not be significant.

b.1.2) *Sales of services*

The Company’s principal sales of services are the provision of manufacturing services to third parties. In these services, control is deemed to be transferred to the customer and the service obligations are considered to have been fulfilled on the base of the percentage of completion of the work performed, in accordance with the defined milestones. Additionally In the event that the percentage of completion includes a determined acquisition of assets, the margin is not recognised until they are finally installed.

Occasionally, before providing the manufacturing service, ROVI carries out work to adapt, fit out and validate the facilities and machinery –which may be either its own or acquired or subcontracted from third parties– without which it would not be possible to provide the service under the conditions required by the customers. Revenue is calculated on the basis of the percentage of completion of the work performed. Additionally, if the percentage of completion includes a determined acquisition of assets, the margin is not recognised until they are finally installed.

Determining the percentage of completion of the service provision takes account of Management’s best estimate regarding meeting the defined milestones and the costs incurred and yet to be incurred in relation to the work to be performed. Likewise, the Company must make a technical evaluation of whether the work to adapt, fit out and validate the facilities and machinery has been performed when determining the time at which they are ready for production.

*b.2) Capitalisation of development expenses*

ROVI considers that its development project for a low-molecular-weight heparin, an enoxaparin biosimilar, has met all the requirements since the last quarter of 2014, when the application to obtain marketing authorisation for this biosimilar in Europe was filed with the European health authorities. Therefore, from that time until the beginning of the effective marketing of this biosimilar in Europe, all the expenses incurred in this project were capitalised. The commencement of the amortisation of this asset was determined by the completion, with a favourable result, of the decentralised procedure used by the Company to apply for marketing authorisation in twenty-six European Union countries in the first quarter of 2017. These assets have a useful life of 20 years, which is consistent with the term of pharmaceutical product patents. ROVI considers that it will obtain a positive return on the aforementioned development over said period.

ROVI considers that the rest of the Research and Development projects that it is undertaking, the requirements established in the rules on capitalisation of the associated development expenses have not yet been met.

*b.3) Provisions for discounts, returns, commercial transactions, contributions to the public health system and others subject to a high degree of uncertainty*

The provisions for returns, discounts, contributions to the public health system and other commercial transactions are recognised under “current provisions” (Note 20). The provision is Management’s best estimate based on both the Company’s historical information related to product obsolescence, regulatory framework and product cycles, and an assessment of the potential risks inherent to the activity.

c) Grouping of items

In order to facilitate an understanding of the statement of financial position, income statement, statement of changes in equity and statement of cash flows, the items on these statements are presented in groups and the required breakdowns are included in the relevant Notes to the Annual Accounts.

## 3. Accounting policies

### 3.1 Intangible assets

a) Research and development expenses

Research expenditure is recognised as an expense when incurred, while the development costs incurred in a project are recognised as intangible assets when the following requirements are met:

– The project is viable from a technical and commercial point of view,
– Sufficient technical and financial resources are available to complete it,
– The cost incurred can be reliably determined, and
– Profits are likely to be generated.

The Company considers that, in the case of the development of pharmaceutical products, for new products developed under patent, the aforementioned requirements are met when the drugs have been approved for marketing by the health authorities and, for biosimilars or generics, when the application for marketing authorisation is filed.

When the carrying amount of an asset is higher than its recoverable amount, its value is immediately written down to the recoverable amount.

In the event that the favourable circumstances of the project that have allowed the development expenses to be capitalised were to change, the portion that has not yet been amortised is taken to profit and loss in the reporting period in which the change in circumstances took place.

b) Licences and trademarks

Product licences and trademarks are shown at acquisition cost. Those that have a finite useful life are carried at cost less accumulated amortisation and recognised impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives, which are between 10 and 15 years. Amortisable assets are tested for impairment whenever any event or change in circumstances indicates that their carrying amount may not be recoverable.

c) Computer software

Licences for computer software acquired from third parties are capitalised on the basis of the cost incurred in acquiring them and preparing them to use the specific programme. These costs are amortised over their estimated useful lives (from 4 to 10 years).

Expenses related to software maintenance are recognised as an expense when incurred.

### 3.2 Property, plant and equipment

Items included in property, plant and equipment are measured at purchase price or production cost less accumulated depreciation less recognised impairment losses, adjusted in accordance with Law 9/1983 of 13 July, promulgated by the Administration. In addition, the Company applied the balance sheet restatement at 31 December, 1996, in accordance with Royal Decree Law 7/1996 of 7 June.

The costs of expansion, modernisation or improvement of items included in property, plant and equipment are included in the asset as an increase in its value only when they represent an increase in its capacity, productivity or useful life and provided it is possible to know or estimate the carrying amounts of the elements that have been derecognised in the inventory because they have been replaced.

Major repair costs are capitalised and are depreciated over their useful lives, while recurring maintenance expenses are recognised in profit and loss in the period in which they are incurred.

Depreciation of property, plant and equipment, except for land, which is not depreciated, is calculated systematically using the straight-line method in accordance with the estimated useful lives, taking into account the actual impairment suffered as a result of the use and enjoyment of the items. The estimated useful lives are:

Buildings - 40 years
Technical facilities and machinery – between 4 and 14 years
Other facilities, fittings and equipment and furniture – between 5 and 10 years
Other property, plant and equipment – between 4 and 5 years

The assets' residual values and useful lives are reviewed and, if appropriate, adjusted at each reporting date.

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.

Losses and gains on disposals are determined by comparing proceeds with the carrying amount and are recognised in profit and loss.

**3.3 Impairment losses on non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Assets subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered impairment are reviewed at the end of each reporting period to see whether the impairment has been reversed.

**3.4 Financial assets**

a) Classification of financial assets

The Company classifies its financial assets into the following categories:

1) Financial assets at amortised cost: financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are included in current assets, except for maturities at more than 12 months after the reporting date, which are classified as non-current assets. Financial assets held at amortised cost are included in "Credits to companies" and "Trade and other receivables" in the statement of financial position.

   Bank deposits maturing at more than 90 days and less than 12 months are included in this category.

   Securities representing debt with fixed or determinable payments and fixed maturities that are traded on an active market and that company management has the positive intention and ability to hold to maturity are also recognised in this category. If the Company were to sell other than an insignificant amount of these financial assets, the assets would be reclassified as financial assets at fair value through equity. These financial assets are included in non-current assets, except for those with maturities at less than 12 months after the reporting date, which are classified as current assets.

   These financial assets are recognised initially at fair value, including transaction costs directly attributable to them, and subsequently measured at amortised cost, recognising the interest accrued in accordance with the effective interest rate, defined as the discount rate that equals the carrying amount of the instrument to the totality of its estimated cash flows until maturity. Notwithstanding the foregoing, credits for trading operations maturing at more than one year are measured, both upon initial recognition and subsequently, at their face value, provided that the effect of not discounting the flows is not significant.

   At least at the end of the reporting period, the measurement adjustments required due to impairment will be made if there is objective evidence that not all the amounts outstanding will be received.

   The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate upon initial recognition. Impairment losses and, if applicable, the reversal thereof are recognised in profit and loss.

2) Financial assets at cost: this category includes investments in the equity of group and associated companies and investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument or cannot be reliably estimated. They are measured at cost less, if applicable, the cumulative amount of any impairment losses. Notwithstanding, when an investment exists prior to the classification as a group, multi-group or associated company, the carrying amount before being thus classified is deemed to be an investment cost. Previous value adjustments recorded directly in the equity remain there until they are derecognised.

    If there is objective evidence that the carrying amount is not recoverable, the applicable value adjustments will be made for the difference between the carrying amount and the recoverable amount, defined as the higher of the fair value less cost to sell and the present value of the cash flows derived from the investment. Unless there is other evidence of the recoverable amount, when estimating the impairment of these investments, the equity of the investee adjusted by any tacit capital gains that may exist at the measurement date, will be used. The value adjustment and, if applicable, the reversal thereof, will be recognised in profit and loss in the period in which it takes place.

3) Financial assets at fair value through equity: This category includes securities representing debt and equity instruments not classified in any of the preceding categories. They are included in non-current assets unless Management intends to dispose of the investment within the 12 months after the end of the reporting period.

    They are measured at fair value, recognising any changes that take place directly in the equity until the asset is disposed of or impaired, when the losses and gains accumulated in the equity are taken to profit and loss, provided it is possible to determine the aforementioned fair value. Otherwise, they are recognised at cost less impairment losses.

    For financial assets at fair value through equity, value adjustments are made if there is objective evidence that they have been impaired as the result of a reduction or delay in the estimated future cash flows in the case of debt instruments acquired, or the non-recoverability of the carrying amount of the asset in the case of investments in equity instruments. The value adjustment is the difference between the cost or amortised cost less, if applicable, any value adjustment previously recognised in profit and loss, and the fair value at the time the measurement is made. In the case of equity instruments measured at cost because it is not possible to determine their fair value, the value adjustment is determined in the same way as for investments in the equity of group, multi-group and associated companies.

    If there is objective evidence of impairment, the Company recognises the accumulated losses from a decrease in the fair value which were previously recognised in equity in profit and loss. Impairment losses on equity instruments recognised in profit and loss are not reversed through profit and loss.

    The fair values of listed investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company fixes a fair value using measurement techniques that include the use of recent transactions between interested and duly-informed parties, references to other instruments that are substantially the same, methods employing the discount of estimated future cash flows and option price-fixing methods, making maximum use of data observable in the market and placing as little confidence as possible in the Company's subjective considerations.

    Financial assets are derecognised in the statement of financial position when all the risks and rewards of ownership of the asset are substantially transferred. In the specific case of receivables, this is deemed to take place, in general, when the risks of default and delinquency are transferred.

4) Financial assets at fair value through profit and loss: these are assets with which the Company will operate in the short term. Basically, they include derivatives not designated as hedges. These assets are recognised, both initially and in subsequent measurements, at fair value, the resulting gains and losses being recognised in profit and loss.

b) Derecognition of financial assets

The Company applies the criteria of derecognising financial assets to part of a financial asset or to part of group of similar financial assets or to a financial asset or to a group of similar financial assets.

Financial assets are derecognised in the accounts when the rights to receive cash flows related to them have expired or been transferred and the Company has substantially transferred the risks and rewards of ownership. Likewise, financial assets are derecognised in circumstances where the Company retains the contractual rights to receive the cash flows from them only when contractual obligations that determine payment of said flows to one or more recipients have been assumed and the following requirements are met:

– Payment of the cash flows depends on their having been received previously;
– The Company cannot sell or pledge the financial asset; and
– The cash flows received on behalf of the final recipients are remitted without significant delay and the Company is not able to reinvest the cash flows. An exception is made for investments in cash or cash equivalents made by the Company during the settlement period, running from the date on which the cash flows are received and the remittance date agreed with the final recipients, provided that any interest accrued is attributed to the final recipients.

Derecognition of a financial asset in full implies the recognition of a gain or loss for the difference between its carrying amount and the total consideration received, net of transaction costs, including any assets acquired or liabilities assumed and any loss or gain deferred in equity.

### 3.5 Financial derivatives and hedge accounting

Financial derivatives are measured, both initially and in subsequent measurements, at their fair value. The method for recognising any resulting losses or gains depends on whether the derivative has been designated as a hedge and, where applicable, the type of hedge.

Fair value hedges

The changes in the fair values of the derivatives that are designated and eligible as fair value hedges are recognised in profit and loss, together with any change in the fair value of the hedged asset or liability that is attributable to the risk hedged.

### 3.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### 3.7 Inventories

Inventories are measured at the lower of cost or net realisable value. When the net realisable value of the inventories is lower than their cost, the applicable value adjustments will be made, recognising them as an expense in profit and loss. If the circumstances that cause the value adjustment cease to exist, the amount of the adjustment is reversed and recognised as income in profit and loss.

Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises design, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs and, in the case of raw materials and work in progress, the costs estimated necessary to complete their production.

### 3.8 Equity

Share capital is represented by ordinary shares.

The costs of issuing new shares or options are shown directly in equity as a reduction in reserves.

When treasury shares are purchased, the consideration paid, including any directly attributable incremental cost is deducted from the equity until the shares are cancelled, reissued or resold. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity.

The Company classifies a financial instrument acquired as a financial liability, in full or in part, when its real economic nature represents a direct or indirect contract obligation for the Company to deliver cash or another financial asset or to exchange financial assets or liabilities with another entity under potentially unfavourable conditions.

Contracts that impose an obligation on the Company to acquire its own equity instruments, in cash or by delivering a financial asset, are recognised in reserves as a financial liability at the present value of the amount to be paid. Transaction costs are likewise recognised as a decrease in reserves.

**3.9 Financial liabilities**

a) Financial liabilities at amortised cost

The Company classifies all liabilities in this category except when they must be measured at fair value through profit and loss. The category includes trade and non-trade debits. These debits are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date.

These debits are recognised initially at fair value, net of transaction costs directly incurred, and are subsequently stated at amortised cost applying the effective interest rate method. The effective interest rate is the discount rate that makes the carrying amount of the instrument equal to the expected flow of future payments forecast until maturity of the liability.

Notwithstanding the foregoing, trade debits maturing at no more than one year that do not have a contract interest rate are measured, both initially and subsequently, at their face value when the effect of not discounting the cash flows is not significant.

b) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss are those held for trading that the Company has irrevocably designated in this category and certain hybrid financial liabilities.

These financial liabilities are measured, both initially and in subsequent measurements, at their fair value, recognising any changes in profit and loss for the period.

Transaction costs directly allocable to issuance are recognised in profit and loss in the period in which they arise.

**3.10 Grants received.**

Reimbursable grants are recognised as liabilities until they meet the conditions not to be considered non-reimbursable, while non-reimbursable grants are recognised as income directly in equity on a systematic and rational basis in correlation with the expenses derived from the grant.

In this respect, a grant is considered non-reimbursable when there is an individual decision to award the grant, all the conditions fixed for awarding it have been met and there is no reasonable doubt that it will be received.

Monetary grants are recognised at the fair value of the amount awarded and non-monetary grants at the fair value of the item received. In both cases, the values refer to the time of recognition.

Non-reimbursable grants related to the acquisition of intangible assets, property, plant and equipment and real estate investments are allocated as income for the period in proportion to the amortisation or depreciation of the related assets or, if applicable, when the assets are disposed of, there is a value adjustment for impairment or they are derecognised in the statement of financial position. Non-reimbursable grants related to specific expenses are recognised in profit and loss in the same period as the related expenses are accrued, while those awarded to offset an operating deficit are recognised in the period in which they are granted, except when they are intended to offset operating deficits in future periods, in which case they will be allocated to the period in question.

**3.11 Current and deferred taxes**

The income tax charged (credited) is the amount accrued in the year for this item comprising both current and deferred income tax charged (credited).

Both the current and deferred income tax charged (credited) is recognised in profit and loss. Notwithstanding, the tax effect related to items recognised directly in the equity is recognised in equity.

Current income tax assets and liabilities will be measured at the amounts it is expected to pay to or recover from the tax authorities in accordance with current legislation or legislation that has been approved but not yet published at the reporting date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor tax profit or loss. Deferred income tax is determined using the rules and tax rates that have been approved or are on the point of approval at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be offset.

In 2022, the Company participated in four Economic Interest Groupings (EIGs) whose activity was research and development in the health sector. The Company allocated the negative tax bases and R&D&I tax credits generated by these EIGs against its interests in them, together with the related financial income for the difference with the debt recognised with the Public Treasury (Note 23).

**3.12 Employee benefits**

a) <u>Pension commitments</u>

The Company holds a defined-contribution plan exclusively on behalf of certain employees.

A defined-contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal, contractual or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all the commitments assumed.

For defined-contribution plans, the Company pays contributions to privately- or publicly-managed pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Company is not obliged to make any further payments. The contributions are recognised as employee benefits when accrued. Contributions paid in advance are recognised as an asset to the extent to which a cash refund or reduction in future payments is available.

The Company recognises a liability for contributions to be made when, at the end of the reporting period, contributions have accrued but not been settled.

b) <u>Termination benefits</u>

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as the result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted back to present value.

c) <u>Bonus obligations</u>

The Company recognises a liability and an expense for bonuses based on the estimates of meeting certain corporate targets established for employees.

d) <u>Share-based payments</u>

The Company recognises the goods or services received or acquired in a transaction with share-based payments at the time the goods are obtained or the services received. If the goods or services are received in a transaction with share-based payments settled with equity instruments, an increase in equity is recognised, while if they are settled in cash, a liability is recognised, with its balancing item in profit or loss or in the assets of the statement of financial position.

The Company recognises transactions in share-based payments settled through Company equity instruments, including capital increases with non-monetary payments, as well as the increase in equity related thereto, at the fair value of the goods or services received, unless said fair value cannot be reliably estimated, in which case the value will be measured in accordance with the fair value of the equity instruments handed over.

Equity instruments handed over in consideration for services provided by Company employees or third parties who provide similar services will be measured in accordance with the fair value of the equity instruments handed over.

Share-based payments to employees settled by issuing equity instruments.

Payments to employees settled by issuing equity instruments are recognized by applying the following criteria:

– If the equity instruments awarded vest immediately at the time they are awarded, the services received are charged to profit and loss with the resulting increase in equity;

– If the equity instruments awarded vest when the employees complete a certain period of service, the services received are recognized over the vesting period and credited to equity accounts.

The Company determines the fair value of the instruments awarded to employees at the date they are awarded.

Market and other conditions that do not determine vesting are considered when measuring the fair value of the instrument. The rest of the vesting conditions are taken into account by adjusting the number of equity instruments included when determining the amount of the transaction, in such a way that, finally, the amount recognised for the services received is based on the number of equity instruments that are likely to vest. Consequently, the Company recognises the amount for the services received over the vesting period, based on the best estimate of the number of instruments that will vest and this estimate is revised in accordance with the rights that are expected to vest.

Once the services received and the related increase in equity are recognised, no additional adjustments will be made to the equity after the vesting date, although the relevant reclassifications in equity will be made.

If the Company retains equity instruments in order to pay the employee’s income tax into the Public Treasury, the entire plan will be treated as having been settled in equity instruments, except for the portion of the instruments retained that exceeds the fair value of the tax obligation.

### 3.13 Provisions and contingent liabilities

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. No provisions are recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost as accrued.

Provisions maturing at one year or less with an insignificant financial effect are not discounted.

When part of the expenditure necessary to settle the provision is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset, provided it is almost certain to be received.

Contingent liabilities are the possible obligations arising from past events the materialisation of which depends on whether one or more future events take place irrespective of the Company’s wishes. These contingent liabilities are not recognised but details are set forth in the Notes (Note 28).

### 3.14 Business combinations

Transactions of merger, spin-off or non-monetary contribution of a business between group companies are recorded applying the rules for transactions with related parties (Note 3.18).

Other merger, spin-off or non-monetary contribution transactions and business combinations arising from the acquisition of all the assets and liabilities of a company or a part of a company that comprises one or more businesses are recognised applying the acquisition method.

For business combinations resulting from the acquisition of shares in the capital of a company, the Company recognises the investment in accordance with the rules for investments in the equity of group, multi-group and associated companies (Note 3.4.c).

### 3.15 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, rendering of services and other revenue received in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates, discounts and value-added tax.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

a) Sales of goods

The Company sells pharmaceutical products for which it holds a manufacturing and sale licence in the wholesale market and also to retailers. It also acquires and sells pharmaceutical products of other entities.

Sales of goods are recognised when the Company has delivered products to the customer and there is no unfulfilled obligation which could affect the acceptance of the products by the customer. The sale does not take place until the products and the obsolescence and loss risks have been transferred to the customer, the customer has accepted the products in accordance with the sale contract and the acceptance period has finished, or the Company has objective evidence that the necessary criteria have been met for customer acceptance.

The products are sold with volume discounts and customers are entitled to return damaged products or those that have expired. Sales are recognised at the price fixed in the sale contract, net of volume discounts and returns estimated at the date of sale. Volume discounts are measured based on estimated annual purchases. Returns are not significant and they are measured based on the Company's historical experience (Note 2). Invoices are due within a maximum period of 90 days. The Company's practice is generally to claim late-payment interest –calculated on the basis of the actual collection period– from government entities from which receivables are not collected in the short term.

b) Sales of services

The services provided by the Company consist of promoting third-party pharmaceutical products and providing manufacturing services.

In relation to the manufacturing services, the Company holds service agreements related to the performance of certain phases of the production process of pharmaceutical products for other entities. Revenue is recognised as the milestones stipulated in the contract accrue.

Occasionally, before providing the manufacturing service, ROVI, in accordance with certain defined milestones, carries out work to adapt, fit out and validate the facilities and machinery –which may be either its own or acquired or subcontracted from third parties– without which it would not be possible to provide the service under the conditions required by the customer. If the final cost of this work is paid by the customer, ROVI recognises the revenue from the service provided on the basis of the percentage of completion of the work performed, in accordance with the defined milestones. If the percentage of completion includes a determined acquisition of assets, the margin is not recognised until they are finally installed.

c) Interest income

Interest income is recognised in accordance with the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, discounting the estimated future cash flows at the original effective interest rate of the instrument, and continues unwinding the discount as less interest income. Interest income on impaired loans is recognised using the effective interest rate method.

d) Dividend income

Dividend income is recognised in profit and loss when the right to receive payment is established. Notwithstanding the foregoing, if the dividends distributed come from profits generated before the acquisition date, they are not recognised as income and are shown as a decrease in the carrying amount of the investment.

e) Other revenues: granting of exclusive distribution licences

The revenue received from the granting of exclusive distribution licenses for ROVI products to other companies is recognised on an accruals basis in accordance with the substance of the corresponding contracts.

To date, the Company has granted several exclusive licences to third parties to sell its products in specific territories. Under these agreements, ROVI has received a single amount for transfer of licence, with no refund obligation or the possibility of refund under very restrictive terms, when the product has been authorised for distribution in a given territory.

In addition, the Company undertakes, for the term of the contract, to sell the products under contract to the distributor at the prices agreed in the contract. The amount received on the transfer of the licence is recorded as "net sales" on a straight-line basis over the term of the contract. The non-accrued portion is recorded as a non-current liability if it is to be recognised in revenues after a period longer than a year.

### 3.16 Leases

When the Company is the lessee – Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit and loss in the period in which they accrue on a straight-line basis over the lease term.

### 3.17 Foreign currency transactions

a) Functional and presentation currency

The Company's annual accounts are presented in thousands of euros. The euro is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting-date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, except when deferred in equity as eligible cash flow hedges and eligible net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency and classified as financial assets at fair value through equity are analysed considering the translation differences resulting from changes in the amortised cost of the security and other changes in its carrying amount. Translation differences relating to variations in the amortised cost are recognised in profit and loss and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit and loss, are presented as part of the gain or loss in the fair value. Translation differences on non-monetary items such as equity instruments classified as financial assets at fair value through equity are included in equity.

### 3.18 Related-party transactions

In general, transactions between group companies are initially recognised at fair value. When applicable, if the agreed price differs from the fair value, the difference is recorded in accordance with the actual economic value of the transaction. Subsequent recognition is in accordance with the provisions set forth in the applicable rules.

Notwithstanding the foregoing, in transactions of merger, spin-off or non-monetary contribution of a business, the elements that form the business acquired are measured at the amount that corresponds to them, once the transaction has been performed, in the consolidated annual accounts of the group or subgroup.

When the parent company of the group or subgroup and its subsidiary is not involved, the annual accounts to be considered in this respect will be those of the largest group or subgroup of which the assets and liabilities form part the parent company of which is Spanish.

In these cases, any difference that may arise between the net value of the assets and liabilities of the company acquired, adjusted by the balance of the groups of grants, donations and legacies received and adjustments for changes in value, and any amount of capital and/or share premium, if applicable, is recorded in reserves by the absorbing company.

### 3.19 Contributions to the public health system

As the result of the 2005 General State Budget Act (Law 2/2004 of 27 December), Additional Provision 48, a health tax, levied by Ministry of Health, came into force on 1 January, 2005. This tax applies to individuals and legal entities in Spain engaging in the manufacture and importation of medicines that are prescribed in Spanish territory on official National Health Service prescriptions. The amounts payable to the Ministry of Health and Consumer Affairs are calculated on a scale fixed by the aforementioned Additional Provision 48 and subsequently amended by Additional Provision 6 of Law 29/2006 of 29 July, on Guarantees and Rational Use of Drugs and Healthcare Products. The Company records the accrued health tax as a sales discount at the time the sale is made. There is a provision at the end of the period for the estimated amount accrued but unpaid and the possible adjustment of the tax to the actual sales for the period.

In 2010, the government approved two packages of measures to reduce pharmaceutical spending. The first one focused on generic products, which are those out of patent, for which it established an average reduction of 25% in the selling price to laboratories. The second package addressed pharmaceutical products under patent. Since that time, a 7.5% discount has been applied to the selling price to the public. The Company recognises the amounts relating to these measures as a decrease in sales.

Since 2017, the Spanish government and the members of Farmaindustria, to which ROVI belongs, have signed different agreements whereby the members assumed the commitment to make certain contributions to the national health system. The Group recognises the amounts accrued for these commitments as a decrease in sales. After the last agreement concluded in 2019, no further agreements have been signed.

## 4. Financial risk management

### 4.1 Financial risk factors

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company’s global risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Company’s financial performance.

Risk management is carried out by the Company’s Treasury Department, which, following policies approved by the Board of Directors, identifies, assesses and hedges financial risks. This Department identifies, assesses and hedges the financial risks in close co-operation with the Company’s operating units. The Audit Committee analyses policies for global risk management, as well as for specific areas, such as interest rate risk, liquidity risk and the investment of excess liquidity.

**a) Market risk**

(i) Exchange rate risk

Foreign exchange risk is low as (i) virtually all the Company’s assets and liabilities are in euros; (ii) the majority of the transactions with foreign parties are carried out in euros; and (iii) transactions for a significant amount in currencies other than the euro are hedged with financial instruments that minimise the impact of exchange-rate risk. At 31 December, 2022, the Company held instruments of this kind for a value of 3,000 thousand dollars (5,000 thousand dollars in 2021), the measurement of which led to recognition of a loss of 28 thousand euros at the 2022 reporting date (at 31 December, 2021, the loss originating from measurement of these assets was 17 thousand euros). If, at 31 December, 2022, the exchange rate had been 10% higher, ROVI would have incurred a loss of 318 thousand euros and, if the exchange rate had been 10% lower, ROVI would have recorded a profit of 251 thousand euros from the measurement of these assets (at 31 December, 2021, the effect would have been a loss of 502 thousand euros and a profit of 392 thousand euros, respectively).

At 31 December, 2022, the Company held assets for an amount of 831 thousand zlotys (1,094 thousand zlotys at 31 December, 2021). If the interest rate at the reporting date had been 10% higher, the value in euros of these assets denominated in zlotys would have decreased by 16 thousand euros (24 thousand euros in 2021) and if the exchange rate had been 10% lower, their value would have increased by 20 thousand euros (24 thousand euros in 2021).

(ii) Price risk

The Company is exposed to price risk on equity securities because of investments held by the Company and classified on the statement of financial position as held at fair value through equity or held at fair value through profit and loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio in accordance with the limits set. The Company does not use derivatives to hedge price risk.

At 31 December, 2022 and 2021, a change in the quoted price of equity securities would have had no effect on the Company's statement of financial position.

(iii) Cash flow and fair value interest rate risk

The Company is subject to interest rate risk in respect of cash flows on long-term borrowing transactions at variable rates. The Company's policy is to endeavour to obtain a large part of its financial debt from government entities through reimbursable advances, on which there is no interest rate risk. In the case of bank borrowings, it tries to obtain the cash flows not only at variable rates, but also at fixed rates, thus keeping interest rate risk to a minimum.

Had interest rates on financial debt at variable rates been 1% higher or lower at 31 December, 2022, with all other variables remaining constant, the gain/loss after taxes for the year would have decreased or increased by 46 thousand euros, respectively, owing to the difference in interest expense on loans at variable rates (51 thousand euros at 31 December, 2021).

**b) Credit risk**

Credit risk is managed in groups. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, receivables classified as available for sale and trade receivables.

The banks and financial institutions with which the Company works generally have independent ratings. If customers have been independently rated, such ratings are used. If this is not the case, then the Company assesses the risk on the basis of the customer's financial position, historical experience and a series of other factors. In those cases in which there is no doubt as to the customer's financial solvency, the Company elects not to set credit limits.

At 31 December, 2022, the greatest investment in financial assets, including cash and cash equivalents but not including trade receivables, was related to BNP Paribas, 40,262 thousand euros (15,835 thousand euros with Banco Santander at 31 December, 2021). A significant proportion of trade and other receivables relates to accounts receivable from government entities, on which, in view of their nature, with the information currently available, Management considers that there is no credit risk.

In the reporting periods for which information is presented, credit limits were not exceeded and Management does not expect losses due to default by any of the aforementioned counterparties.

(Thousand euros)

**c) Liquidity risk**

Management regularly monitors the liquidity estimates of the Company in accordance with the expected cash flows, so that there is always enough cash and marketable securities to cover liquidity needs.

The following table analyses the Company's financial liabilities grouped by maturity date, based on the periods outstanding at the end of the reporting period through to the maturity dates stipulated in the contracts, including the corresponding interest. The amounts shown in the table relate to cash flows stipulated in the contracts, which have not been discounted. Given that these amounts have not been discounted and that they include future interest accruals, they cannot be matched with figures on the statement of financial position for borrowings, derivatives and trade and other payables.

| | | | | Thousand euros |
|---|---|---|---|---|
| | Less than | Between | Between | Over |
| **At 31 December, 2022** | **1 year** | **1 & 2 years** | **2 & 5 years** | **5 years** |
| Bank borrowings | 6,686 | 13,256 | 19,414 | 5,739 |
| Debt with government entities | 1,724 | 3,173 | 4,052 | 1,690 |
| Debt with group companies and associates | 1,368 | 2,736 | 4,104 | 85,472 |
| Trade and other payables | 110,327 | - | - | - |
| | 120,105 | 19,165 | 27,570 | 92,901 |

| | | | | Thousand euros |
|---|---|---|---|---|
| | Less than | Between | Between | Over |
| **At 31 December, 2021** | **1 year** | **1 & 2 years** | **2 & 5 years** | **5 years** |
| Bank borrowings | 993 | 13,334 | 19,709 | 12,052 |
| Debt with government entities | 2,159 | 3,081 | 4,193 | 1,767 |
| Trade and other payables | 65,886 | - | - | - |
| | 69,038 | 16,415 | 23,902 | 13,819 |

**4.2 Fair value estimation**

The fair value of financial instruments traded in active markets (securities held at fair value through equity or profit and loss) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price.

The fair value of the reimbursable advances without a rate of interest or with a subsidised rate of interest is determined by applying the interest rate curve in force at the date of receipt of the advance to the reimbursements to be made, adding the spread normally applied in loans to the Company. For financial reporting purposes, fair value is calculated at the end of each reporting period by applying the interest rate curve then in force to the outstanding payments and adding the corresponding spread. For loans at variable rates of interest, fair value has been regarded as coinciding with the amount for which they are recognised.

(Thousand euros)

## 5. Intangible assets

Details of the items included in Intangible assets and the movement on these items are as follows:

| | Development | Patents, licences and trademark | Computer software | Total |
|---|---|---|---|---|
| **Balance at 01.01.21** | | | | |
| Cost | 9,094 | 44,075 | 7,190 | 60,359 |
| Accumulated impairment | — | (397) | — | (397) |
| Accumulated amortization | (1,670) | (14,578) | (6,227) | (22,475) |
| **Carrying amount 01.01.21** | **7,424** | **29,100** | **963** | **37,487** |
| Additions | — | — | 319 | 319 |
| Impairment | — | (95) | — | (95) |
| Amortisation charge | (455) | (2,925) | (515) | (3,895) |
| **Balance at 31.12.21** | | | | |
| Cost | 9,094 | 44,075 | 7,509 | 60,678 |
| Accumulated impairment | — | (492) | — | (492) |
| Accumulated amortisation | (2,125) | (17,503) | (6,742) | (26,370) |
| **Carrying amount 31.12.21** | **6,969** | **26,080** | **767** | **33,816** |
| Additions | — | — | 447 | 447 |
| Impairment | — | (2) | — | (2) |
| Amortisation charge | (455) | (2,950) | (485) | (3,890) |
| **Balance at 31.12.22** | | | | |
| Cost | 9,094 | 44,075 | 7,956 | 61,125 |
| Accumulated impairment | — | (494) | — | (494) |
| Accumulated amortisation | (2,580) | (20,453) | (7,227) | (30,260) |
| **Carrying amount 31.12.22** | **6,514** | **23,128** | **729** | **30,371** |

a) Patents, licences and trademarks

Because the recoverable value of the asset related to acquisition of the distribution rights of the product Hirobriz® (belonging to the “Marketing” segment) had dropped below its net carrying amount, at 31 December, 2022, the pertinent impairment loss was recognised. The loss recognised in 2022, which was 2 thousand euros (95 thousand euros at 31 December, 2021), was recognised under the caption “Impairment losses on non-current assets” in the income statement. The recoverable value of this asset was obtained by projecting the cash flows expected until the end of the contract in December 2023 and applying a discount rate of 8.1% (7.2% in 2021). The margins used in the cash flow projection were those forecast in accordance with ROVI’s historical knowledge of the revenue and costs generated by this asset. A change of 10% in the discount rate applied on the cash flows used as a basis would not have led to any significant change in the amount of the impairment.

b) Development

At 31 December, 2022 and 2021, the assets included under the “Development” caption correspond to assets related to the development of a low-molecular-weight heparin, biosimilar to enoxaparin, sales of which commenced in 2017. Amortisation of this asset commenced during the first quarter of 2017, determined by the successful completion of the decentralised process used by the Company to apply for marketing authorisation in twenty-six European Union countries. The useful life of this asset is 20 years, and no indications of impairment were noted in 2022 or 2021.

Total research and development expenses incurred in 2022 were 23,869 thousand euros (27,445 thousand euros in 2021) and were mainly concentrated in the Glycomics and ISM® platforms, the latter of which is a proprietary drug release system belonging to ROVI, the objective of which is to improve patient treatment adherence. Of the total research and development expenses incurred in 2022, 9,242 thousand euros was recognised under the “Employee benefit expenses” caption (Note 22.e) (8,384 thousand euros at 31 December, 2021) and 14,627 thousand euros under “External services ” (Note 22.f) (19,061 thousand euros in 2021).

(Thousand euros)

c) Fully-amortised intangible assets

At 31 December, 2022, there were fully-amortised intangible assets that were still in use with a carrying cost of 8,302 thousand euros (7,135 thousand euros at 31 December, 2021).

d) Assets affected by guarantees and ownership restrictions

At 31 December, 2022 and 2021, there were no significant intangible assets subject to ownership restrictions or pledged to guarantee liabilities.

e) Insurance

The Company holds several insurance policies to cover the risks the intangible assets are exposed to. The insurance cover is considered sufficient.

## 6. Property, plant and equipment

Details of and movement on the items included in property, plant and equipment are as follows:

| | Land and buildings | Technical facilities & other property, plant & equipment | Total |
|---|---|---|---|
| **Balance at 01.01.21** | | | |
| Cost | 7,284 | 92,306 | 99,590 |
| Accumulated depreciation | (1,552) | (45,908) | (47,460) |
| **Net carrying amount 01.01.21** | **5,732** | **46,398** | **52,130** |
| Additions | 7 | 6,708 | 6,715 |
| Retirements | — | (165) | (165) |
| Elimination from depreciation | — | 124 | 124 |
| Depreciation charge | (136) | (6,272) | (6,408) |
| **Balance at 31.12.21** | | | |
| Cost | 7,291 | 98,849 | 106,140 |
| Accumulated depreciation | (1,688) | (52,056) | (53,744) |
| **Net carrying amount 31.12.21** | **5,603** | **46,793** | **52,396** |
| Additions | — | 5,925 | 5,925 |
| Retirements | (7) | (3,334) | (3,341) |
| Elimination from depreciation | — | 140 | 140 |
| Depreciation charge | (136) | (6,699) | (6,835) |
| **Balance at 31.12.22** | | | |
| Cost | 7,284 | 101,440 | 108,724 |
| Accumulated depreciation | (1,824) | (58,615) | (60,439) |
| **Net carrying amount 31.12.22** | **5,460** | **42,825** | **48,285** |

At 31 December, 2022 and 2021, the additions to property, plant and equipment were mainly related to investments in the Company’s Granada plant and the pilot plants for development of ISM® technology.

31 December, 2022, there were derecognitions with the company Rovi Escúzar, S.L.U. for a cost of 3,068 thousand euros and accumulated depreciation of 130 thousand euros.

a) Impairment losses

In the periods 2022 and 2021, no significant impairment losses were either recognised or reversed in relation to any individual item of property, plant and equipment.

(Thousand euros)

b) Fixed-asset acquisition commitments

At 31 December, 2022 and 2021, the Company held commitments to acquire property, plant and equipment related to the normal course of business for 158 and 1.058 thousand euros, respectively.

c) Fully-depreciated assets

The following assets were fully depreciated but still in use at the end of the reporting period:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Technical installations | 3,160 | 3,071 |
| Machinery | 2,072 | 1,680 |
| Tools | 279 | 277 |
| Furniture | 343 | 325 |
| Computer equipment | 1,445 | 1,391 |
| Transport fleet | 24 | 24 |
| Other property, plant and equipment | 9,538 | 8,934 |
| | **16,861** | **15,702** |

d) Operating leases

The income statement includes operating lease expenses relating to rental of vehicles and buildings for an amount of 2,753 thousand euros (2,813 thousand euros at 31 December, 2021).

e) Grants received

The construction of the Granada plant was partly financed by a grant awarded by the Innovation and Development Agency of Andalusia (Innovation, Science and Enterprise Department of the Autonomous Government) for an amount of 5,431 thousand euros (Note 17). This grant was collected in November 2008 and the part that has not yet been allocated to the income statement is recognised under the heading “Grants, donations and legacies received”. This grant began to be allocated to the income statement in the second half of 2009, when depreciation of the assets for which it was granted commenced.

f) Insurance

The Company holds several insurance policies to cover the risks the property, plant and equipment is exposed to. The insurance cover is considered sufficient.

## 7. Analysis of financial instruments

### 7.1 Analysis by category

The carrying amounts of each one of the financial instrument categories established in the "Financial instruments" recognition and measurement rules, except investments in the equity of group, multi-group and associated companies (Note 8), were as follows:

a) Financial assets

| | Equity instruments | | Credits and other financial assets (Thousand euros) | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Financial assets at fair value through equity (Note 11) | 5 | 64 | — | — |
| Financial assets at amortised cost (Nota 10) | — | — | 39,762 | 27,384 |
| **Non-current** | **5** | **64** | **39,762** | **27,384** |
| Financial assets at amortised cost (Note 10) | — | — | 137,850 | 186,083 |
| Cash and cash equivalents (Note 11) | — | — | 67,213 | 37,964 |
| **Current** | **—** | **—** | **205,063** | **224,047** |
| **TOTAL** | **5** | **64** | **244,825** | **251,431** |

b) Financial liabilities

| | Bank borrowings | | Financial liabilities (Thousand euros) | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Financial liabilities at amortised cost (Note 18) | 37,679 | 44,107 | 88,214 | 8,191 |
| **Non-current** | **37,679** | **44,107** | **88,214** | **8,191** |
| Financial liabilities at amortised cost (Note 18) | 6,428 | 714 | 112,051 | 68,045 |
| Financial liabilities at fair value through P&L (Note 18) | — | — | 28 | 17 |
| **Current** | **6,428** | **714** | **112,079** | **68,062** |
| **TOTAL** | **44,107** | **44,821** | **200,293** | **76,253** |

(Thousand euros)

### 7.2 Credit rating of financial assets

The credit rating of financial assets which have not yet matured and which have suffered no impairment loss can be assessed based on the credit rating assigned by external organisations or by their historical delinquency rates:

| | | Thousand euros | |
|---|---|---|---|
| **Cash and cash equivalents** | **Rating** | **2022** | **2021** |
| | A+ | 46,340 | 14,552 |
| | A | 15,426 | 18,385 |
| | A- | 249 | 94 |
| | BBB+ | — | 4,930 |
| | No rating | 5,198 | 3 |
| | **Total cash and cash equivalents (Nota 13)** | **67,213** | **37,964** |

| | | Thousand euros | |
|---|---|---|---|
| **Other non-current financial assets** | **Rating** | **2022** | **2021** |
| | A | 1,393 | 1,392 |
| | Other | 18 | 29 |
| | **Total other non-curr. finan. assets (Nota 10)** | **1,411** | **1,421** |

At 31 December, 2022, the Company held a cash and cash equivalents balance of 5,193 thousand euros with Bestinver that was not rated (it held no balances with Bestinver at 31 December, 2021). None of the assets classified as held at fair value through equity has received a financial rating. Note 10 "Financial assets at amortised cost" gives details of the credit quality of the balances receivable from public authorities.

## 8. Interests in group companies

In January, 2022, the company Glicopepton Biotech, S.L. was incorporated, with registered office at Calle Julián Camarillo 35, Madrid (Spain). This company is 51% held by Laboratorios Farmacéuticos Rovi, S.A.

With this most recent change, the companies in which Laboratorios Farmacéuticos Rovi, S.A. held a significant shareholding at 31 December, 2022 were:

| | | | Shareholding | | Voting rights | |
|---|---|---|---|---|---|---|
| Corporate name | Address | Activity | % Direct | % Indirect | % Direct | % Indirect |
| Pan Química Farmacéutica, S.A. | Madrid, C/ Rufino González, 50 | (1) | 100% | - | 100% | - |
| Gineladius, S.L. | Madrid, C/ Rufino González, 50 | (2) | 100% | - | 100% | - |
| Rovi Pharma Industrial Services, S.A.U. | Alcalá de Henares, Avenida Complutense, 140 (Madrid) | (1) | 100% | - | 100% | - |
| Bertex Pharma GmbH | Inselstr.17. 14129 Berlin (Germany) | (3) | 100% | - | 100% | - |
| Rovi Escúzar, S.L | Madrid, C/ Julián Camarillo, 35 | (1) | 100% | - | 100% | - |
| Glicopepton Biotech, S.L. | C/ Julián Camarillo 35, Madrid (Spain) | (4) | 51% | - | 51% | - |
| Rovi Biotech GmbH | Bahnhofstrasse 10, 6300 Zug, (Switzerland) | (1) | 100% | - | 100% | - |
| Rovi Biotech Limited | 10-18 Union Street, London (United Kingdom) | (1) | 100% | - | 100% | - |
| Rovi Biotech, S.r.l | Via Monte Rosa 91, Milan (Italia) | (1) | 100% | - | 100% | - |
| Rovi, GmbH | Ruhlandstr. 5, Bad Tölz (Germany) | (1) | 100% | - | 100% | - |
| Rovi, S.A.S. | 24 Rue du Drac, Seyssins (France) | (1) | 100% | - | 100% | - |
| Rovi Biotech sp.z.o.o. | ul. Wincentego Rzymowskiego, 53, Warsaw (Poland) | (1) | 100% | - | 100% | - |

(1) Production, marketing and sale of pharmaceutical, healthcare and medicine products.
(2) Import, export, purchase, sale, distribution and marketing of articles related to integral female healthcare.

(Thousand euros)

(3) Development, distribution and marketing of pharmaceutical products related to micro-particle technologies.
(4) Manufacture and marketing of raw heparin and products with a high nutritional value for animal feed and fertilisers.

Unless otherwise stated, the end of the reporting period for the latest annual accounts was 31 December, 2021.

At 31 December, 2022 and 2021, none of the group companies in which the Company held at interest was listed on the stock exchange.

The amounts of the capital, reserves, profit or loss for the period and other relevant information, as shown in the individual annual accounts of the companies at 31 December, 2022, were as follows:

| | % direct interest | Carrying amount of interest | Capital | Reserves | Profit or loss for period | Total equity |
|---|---|---|---|---|---|---|
| Pan Química Farmacéutica, S.A. | 100 % | 1,771 | 601 | 1,342 | 385 | 2,328 |
| Gineladius, S.L. | 100 % | 293 | 30 | 367 | (8) | 389 |
| Bertex Pharma GmbH (Nota 29.b) | 100 % | 1,236 | 25 | 51 | (1) | 75 |
| Rovi Pharma Industrial Services, S.A.U. | 100 % | 7,370 | 7,816 | 142,660 | 161,981 | 312,457 |
| Rovi Biotech, Limited | 100 % | 7 | 6 | (37) | (110) | (141) |
| Rovi Biotech, S.r.l. | 100 % | 340 | 10 | 998 | 432 | 1,440 |
| Rovi, GmbH | 100 % | 1,575 | 25 | 1,915 | 774 | 2,714 |
| Rovi S.A.S. | 100 % | 1,510 | 5 | 27 | 114 | 146 |
| Rovi Biotech sp.z.o.o. | 100 % | 487 | 21 | 279 | (108) | 192 |
| Glicopepton Biotech, S.L. | 51 % | 1,427 | 10 | 2,789 | (9) | 2,790 |
| Rovi Escúzar, S.L. | 100 % | 8,590 | 30 | 8,196 | (519) | 7,707 |
| Rovi Biotech, GmbH | 100 % | 270 | 18 | 236 | (75) | 179 |
| | | **24,876** | | | | |

In 2022, the Company paid a capital contribution, share premium and shareholder contribution into Glicopepton Biotech, S.L. for an amount of 1,427 thousand euros. Additionally, a shareholder contribution was made to Rovi Escúzar, S.L. during the year by converting credits of 8,000 euros.

At 31 December, 2021, the figures were as follows:

| | % direct interest | Carrying amount of interest | Capital | Reserves | Profit or loss for period | Total equity |
|---|---|---|---|---|---|---|
| Pan Química Farmacéutica, S.A. | 100 % | 1,771 | 601 | 1,274 | 68 | 1,943 |
| Gineladius, S.L. | 100 % | 293 | 30 | 393 | (26) | 397 |
| Bertex Pharma GmbH (Nota 29.b) | 100 % | 1,236 | 25 | 66 | (15) | 76 |
| Rovi Pharma Industrial Services, S.A.U. | 100 % | 7,370 | 7,816 | 31,216 | 111,444 | 150,476 |
| Rovi Biotech, Limited | 100 % | 7 | 6 | (133) | 91 | (36) |
| Rovi Biotech, S.r.l. | 100 % | 340 | 10 | 562 | 436 | 1,008 |
| Rovi Biotech, GmbH | 100 % | 1,575 | 25 | 1,363 | 552 | 1,940 |
| Rovi S.A.S. | 100 % | 1,510 | 5 | — | 27 | 32 |
| Rovi Biotech sp.z.o.o. | 100 % | 487 | 21 | 413 | (159) | 275 |
| Rovi Escúzar, S.L. | 100 % | 590 | 30 | 490 | (294) | 226 |
| Rovi Biotech GmbH | 100 % | 270 | 18 | 258 | (16) | 260 |
| | | **15,449** | | | | |

In 2021, the Company made a capital contribution of 270 thousand euros to Rovi Biotech GmbH. Additionally, credits of 1,505 thousand euros were converted into equity instruments in ROVI S.A.S.

(Thousand euros)

There are no companies in which, with a holding of less than 20%, a significant influence is deemed to exist, or in which, with a holding of more than 20%, it is deemed that no significant influence exists.

Group companies with negative equity at 31 December, 2022 and 2021 reflect an equity situation in line with the recent start-up of their activity and the Company’s holding in said companies cannot be deemed to have been impaired at said reporting dates. It is forecast that these companies will generate profits in upcoming years and, therefore, the Company does not consider there to be any investments in Group companies where an impairment loss should be recognised.

## 9. Interests in joint ventures

In 2022, Alentia was dissolved and, therefore, interests in joint ventures totalled 3 thousand euros at the reporting date (in 2021, interests in joint ventures totalled 6 thousand euros).

The nature of the investment in joint ventures at 31 December, 2022 and 2021 was as follows:

| Name | Country of incorporation | % interest | Nature of relationship | Measurement method |
|---|---|---|---|---|
| Alentia Biotech, S.L. (1) | Spain | 50 % | a) | Equity |
| Enervit Nutrition, S.L. | Spain | 50 % | b) | Equity |

(1) Company dissolved in 2022.

a) Alentia Biotech, S.L.

In 2010, the company Alentia Biotech, S.L. (Alentia) was created, 100% held by ROVI. In February 2012, the effective sale of 50% of the shares in Alentia Biotech, S.L. by Laboratorios Farmacéuticos Rovi, S.A. to Grupo Ferrer Internacional, S.A. took place and Alentia became a joint venture held by these two companies at 50% each. The carrying amount of this interest at 31 December, 2021 was 3 thousand euros. In March 2022, this company was dissolved and the Group did not recognise any gain or loss on the transaction. At said date, ROVI held an interest in equity instruments of 3 thousand euros, a credit of 1,048 thousand euros, impaired in its entirety, and a trade receivable of 1 thousand euros in relation to Alentia.

b) Enervit Nutrition, S.L.

In the first half of 2016, ROVI contributed assets consisting of the distribution rights of the EnerZona products in Spain and the know-how related to the promotion, distribution and sale of these products to a newly-created subsidiary (Enervit Nutrition, S.L.), which was the vehicle responsible for promoting these products. Said company was incorporated in January 2016 with an initial share capital of 3 thousand euros, 100%-held by Laboratorios Farmacéuticos Rovi, S.A. It was incorporated with the intention of marketing the EnerZona products, for which ROVI held exclusive marketing rights in Spain, and exploring and, if applicable, developing, new market possibilities for dietetic and food supplements.

ROVI and Enervit S.p.A. agreed to create a joint venture between them to carry the project out. To do this, under certain agreements, ROVI lost control of its subsidiary Enervit Nutrition, S.L, which, instead of being 100%-owned by ROVI, became a joint venture under joint control with Enervit, S.p.A. The agreements were signed on 16 March, 2016.

In July 2018, Enervit S.p.A. exercised a call option it held on 1% of the shares of Enervit Nutrition, S.L. With this sale, ROVI’s percentage interest in Enervit Nutrition, S.L. dropped from 51% to 50%.

The carrying amount of this interest remained at 3 thousand euros at 31 December, 2022 and 2021.

The Company has no commitments or contingent liabilities in relation to its joint ventures.

(Thousand euros)

Condensed financial information on joint ventures

The condensed financial information on Alentia Biotech, S.L. and Enervit Nutrition, S.L. as of 31 December, 2022 and 2021 is as follows:

| | 31 December, 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| **Condensed statement of financial position** | **Alentia Biotech, S.L.** | **Enervit Nutrition, S.L.** | **Alentia Biotech, S.L.** | **Enervit Nutrition, S.L.** |
| **Current** | | | | |
| Cash and cash equivalents | — | 85 | 2 | 22 |
| Other current assets (excluding cash) | — | 2,517 | — | 2,311 |
| **Total current assets** | **—** | **2,602** | **108** | **2,333** |
| Financial liabilities (excluding trade payables) | — | — | — | (48) |
| Other current liabilities (including trade payables) | — | (1,080) | — | (1,299) |
| **Total current liabilities** | **—** | **(1,080)** | **—** | **(1,347)** |
| **Non-current** | | | | |
| Property, plant and equipment | — | 1 | — | 2 |
| Intangible assets | — | 2,648 | — | 2,849 |
| Other financial assets | — | — | — | — |
| Deferred tax assets | — | 215 | — | 151 |
| **Total non-current assets** | **—** | **2,864** | **—** | **3,002** |
| Financial liabilities | — | — | (2,100) | — |
| Other liabilities | — | — | — | — |
| **Total non-current liabilities** | **—** | **—** | **(2,200)** | **—** |
| **NET ASSETS** | **—** | **4,386** | **(2,092)** | **3,988** |

| | 31 December, 2022 | | 31 December, 2021 | |
|---|---|---|---|---|
| **Condensed statement of recognised income and expenses** | **Alentia Biotech, S.L.** | **Enervit Nutrition, S.L.** | **Alentia Biotech, S.L.** | **Enervit Nutrition, S.L.** |
| Revenue | — | 7,377 | — | 7,442 |
| Cost of sales | — | (6,027) | — | (5,929) |
| Employee benefit expenses | — | (401) | — | (375) |
| Other operating income | — | (542) | (4) | (565) |
| Amortisation and depreciation | — | (201) | — | (209) |
| **Operating profit / (loss)** | **—** | **206** | **—** | **364** |
| Finance costs – net | — | — | — | — |
| Corporate income tax | — | 192 | — | — |
| **Profit / (loss) for period** | **—** | **398** | **—** | **364** |
| **Other comprehensive income** | **—** | **—** | **—** | **—** |
| **TOTAL RECOGNISED INCOME AND EXPENSES** | **—** | **398** | **—** | **364** |
| Dividends received from joint ventures | — | — | — | — |

(Thousand euros)

## 10. Financial assets at amortised cost

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Non-current loans and receivables:** | | |
| - Deposits (a) | 1,327 | 1,327 |
| - Bank receivables (b) | 65 | 65 |
| - Credits to group companies | 38,351 | 25,963 |
| - Guarantee deposits | 19 | 29 |
| | 39,762 | 27,384 |
| **Current loans and receivables:** | | |
| - Trade receivables (c) | 55,078 | 49,664 |
| - Receivables from related parties (Note 31.i) | 82,746 | 136,393 |
| - Sundry debtors | 26 | 26 |
| | 137,850 | 186,083 |
| | **177,612** | **213,467** |

a) Deposits

At 31 December, 2022 and 2021, "Deposits" included deposits at interest rates ranging from 2% to 3% pledged in favour of Banco Santander. The Company considers the credit risk associated to these deposits to be low and, therefore, no expected losses associated thereto were recognised.

b) Non-current bank receivables

The amount included in "Non-current bank receivables" relates to the payments made to Banco Santander under a debt assumption agreement whereby this bank assumed the payment of a reimbursable advance granted to the Company by government entities (Note 18.b).

c) Trade receivables

Management considers that the fair value of financial assets at amortised cost does not differ significantly from their current value, since they comprise principally balances receivable at less than one year and are subject to possible interest charges if they are not paid within said period.

At 31 December, 2022, the balance receivable from the Social Security authorities and government entities was 9,897 thousand euros (6,513 thousand euros at 31 December, 2021), geographically distributed as follows:

| | **Rating 2022** | **Balance 2022** | **Rating 2021** | **Balance 2021** |
|---|---|---|---|---|
| Portugal | BBB+ | 1,225 | BBB | 1,978 |
| Catalonia | BB | 952 | BB | 938 |
| Valencia | BB | 1,902 | BB- | 729 |
| Madrid | A- | 1,731 | BBB | 722 |
| Aragon | BBB+ | 866 | BBB | 452 |
| Basque Country | AA- | 282 | A | 389 |
| Andalusia | BBB+ | 944 | BBB- | 311 |
| Canary Islands | A | 212 | BBB | 99 |
| Cantabria | BBB | 556 | BBB | 139 |
| Castilla La Mancha | BBB- | 90 | BBB- | 93 |
| Other | | 1,137 | | 663 |
| | | **9,897** | | **6,513** |

At 31 December, 2022, there were matured receivables amounting to 13,923 thousand euros (12,640 thousand euros at 31 December, 2021), although they had suffered no impairment. Of both the 2022 and 2021 amounts, almost the entire debt aged over six months related to Social Security authorities or government entities.

(Thousand euros)

The ageing analysis of matured balances is as follows:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Up to 3 months | 14,221 | 12,803 |
| 3 to 6 months | (602) | (288) |
| 6 months to 1 year | 211 | 123 |
| Over 1 year | 93 | 2 |
| | **13,923** | **12,640** |

The total of the matured debt due from Social Security authorities and government entities at 31 December, 2022 was 2,895 thousand euros, in comparison with the 1,869 thousand euros that was outstanding at 31 December, 2021. This amount was geographically distributed as follows:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Spain | 2,361 | 920 |
| Portugal | 534 | 949 |
| | **2,895** | **1,869** |

Matured receivables that had been impaired at 31 December, 2022 were 417 thousand euros (83 thousand euros at 31 December, 2021). The ageing of impaired receivables was as follows:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| 6 to 9 months | 207 | 53 |
| Over 9 months | 210 | 30 |
| | **417** | **83** |

Movement on the provision for impairment of trade receivables was as follows:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Balance at beginning of period** | **83** | **170** |
| Net remeasurement of loss allowance | 48 | (142) |
| Derecognition due to non-recoverability | 286 | 55 |
| **Balance at end of period** | **417** | **83** |

Recognition and reversal of adjustments to the carrying amounts of trade receivables due to impairment are included in "Losses, impairment and change in trade provisions" in the income statement. Usually, the amounts charged to the impairment account are derecognised when further recovery of cash is not expected.

The maximum exposure to credit risk at the reporting date is the fair value of each of the previously mentioned accounts receivable categories. The Company does not hold any guarantee as insurance.

(Thousand euros)

## 11. Financial assets at fair value through equity

Financial assets held at fair value through equity include:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Listed securities:** | | |
| - Investment funds and equity securities | 5 | 5 |
| **Non-listed securities** | | |
| - Equity securities – Euro zone | — | 59 |
| | **5** | **64** |

Movement on financial assets held at fair value through equity in 2022 and 2021 was as follows:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Balance at beginning of period** | **64** | **63** |
| Net gains / (losses) in equity | — | 1 |
| Derecognitions | (59) | — |
| **Balance at end of period** | **5** | **64** |
| Less: non-current portion | 5 | 64 |
| Current portion | — | — |

The maximum credit risk exposure at the reporting date was the fair value of the debt securities classified as financial assets at fair value through equity.

## 12. Inventories

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Trade inventories | 45,546 | 44,348 |
| Raw materials and other consumables | 47,279 | 29,338 |
| Finished goods | 16,528 | 21,726 |
| Work in progress | 16,024 | 10,372 |
| | **125,377** | **105,784** |

In 2022, inventory write-downs dropped by 3 thousand euros (increase of 3,114 thousand euros in 2021), the total amount of these adjustments being 7,665 thousand euros at 31 December, 2022 (7,668 thousand euros at 31 December, 2021).

Inventory purchase/sale commitments at the end of the reporting period were as normal in the course of business and Management considers that meeting these commitments will not generate losses for the Company.

The Company holds several insurance policies to cover the risks the inventories are exposed to. The insurance cover is considered sufficient.

## 13. Cash and cash equivalents

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Cash at bank and on hand | 22,788 | 37,964 |
| Cash equivalents | 44,425 | — |
| | 67,213 | 37,964 |

## 14. Capital and share premium

a) Share capital

In 2022 and 2021, the number of shares, their face value and the share capital were as follows:

| | No. shares | Face value (euros) | Total share capital (thousand euros) |
|---|---|---|---|
| Balance at 1 January, 2021 | 56,068,965 | 0.06 | 3,364 |
| Balance at 31 December, 2021 | 56,068,965 | 0.06 | 3,364 |
| Balance at 31 December, 2022 | 54,016,157 | 0.06 | 3,241 |

All the shares issued are fully paid up.

In July 2022, Laboratorios Farmacéuticos Rovi, S.A. reduced its capital by cancelling treasury shares (Note 15), in accordance with the buy-back programmes approved by the Company in 2021 and 2022.The capital reduction totalled 123,168.48 euros (2,052,808 shares with a face value of 0.06 euros each).

Shareholders owning direct or indirect significant interests of more than 3% in the share capital of Laboratorios Farmacéuticos Rovi, S.A. of which the Company is aware, according to the information in the official records of the National Securities Market Commission at 31 December, 2022, were the following:

| Shareholder | % direct | % indirect | TOTAL |
|---|---|---|---|
| Norbel Inversiones, S.L. | 55.191 | - | 60.170 |
| Indumenta Pueri, S.L. | - | 5.057 | 5.057 |

These figures were as follows at 31 December, 2021

| Shareholder | % direct | % indirect | TOTAL |
|---|---|---|---|
| Norbel Inversiones, S.L. | 60.170 | - | 60.170 |
| Indumenta Pueri, S.L. | - | 5.057 | 5.057 |
| T. Rowe Price Associates Inc. | - | 3.005 | 3.005 |

Norbel Inversiones, S.L. performed several share sale transactions with the Company's share capital in 2022. As a result Norbel Inversiones, S.L. held 55.19% of the shares of Laboratorios Farmacéuticos Rovi, S.A. at 31 December, 2022, in comparison with the 60.17% it held at 31 December, 2021. At 31 December, 2022, Norbel Inversiones, S.L. was owned by Messrs Juan, Iván and Javier López-Belmonte Encina (33% each). Therefore, at 31 December, 2022, the interest in the Company held by Messrs Juan, Iván and Javier López-Belmonte Encina was 18.40% each. At 31 December, 2021, Norbel Inversiones, S.L. was owned by Ms Mercedes Encina Vega (9.62%) and Messrs Juan, Iván and Javier López-Belmonte Encina (30.12% each). Consequently, at 31 December, 2021, Ms Mercedes Encina Vega held an interest of 5.79% in the Company's share capital and Messrs Juan, Iván and Javier López-Belmonte Encina each held an interest of 18.12%.

(Thousand euros)

b) Share premium

In October 2018, the Group carried out a capital increase charged to cash contributions with exclusion of preferential subscription rights ("the Capital Increase"). The final terms of this increase were as follows:

– The Capital Increase was carried out for a nominal amount of 364,137.90 euros through the issue of 6,068,965 newly-issued ordinary shares in the Company with a par value of 0.06 euros each, belonging to the same class and series as the existing shares that were already in issue (the "New Shares").

– The price of issue of the new shares was fixed at 14.50 per shares, 0.06 euros of which related to the nominal value, while 14.44 euros was the share premium (the "Issue Price").

– As a consequence of the foregoing, the effective total amount of the Capital Increase was 87,999,992.50 euros, 364,137.90 euros of which related to the nominal value and 87,635,854.60 to the share premium.

## 15. Reserves and retained earnings

### a) Reserves

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Legal reserves and reserves required by the Bylaws** | | |
| - Legal reserve | 673 | 673 |
| | 673 | 673 |
| **Other reserves:** | | |
| - Non-distributable special reserve | 5,036 | 5,036 |
| - Voluntary reserves | 472 | 472 |
| - Revaluation reserve Royal Decree-Law 7/96 | 851 | 851 |
| | 6,359 | 6,359 |
| | 7,032 | 7,032 |

Legal reserve

The legal reserve has been created in accordance with Article 274 of the Spanish Capital Companies Act ("Ley de Sociedades de Capital"), which states that 10% of the profit for the period must be allocated to the legal reserve until at least 20% of the share capital is covered.

The legal reserve is not available for distribution. Should the legal reserve be used to offset losses in the event of no other reserves being available for this purpose, it must be replenished with future profits.

Non-distributable special reserve

On 6 July, 1994, the universal Extraordinary General Meeting of Shareholders resolved to reduce the share capital by 5,036 thousand euros by the write-off of 837,853 shares. Shareholders' contributions were not refunded in this reduction and, consequently, a special reserve for the same amount was created. This reserve, which will receive the same treatment as the legal reserve, may only be used to offset losses when no other reserves are available for this purpose.

Revaluation reserve Royal Decree-Law 7/1996 of 7 June

The balance of the "Revaluation reserve" comes from the balance sheet restatement regulated in article 5 of Royal Decree-Law 7/1996 of 7 June. The balance of this account is available and property, plant and equipment items related to this reserve had been fully depreciated at 31 December, 2022 and 2021.

Dividends that reduce the balance of available reserves to an amount lower than the total research and development expense balances that have not yet been amortised may not be distributed (Note 5).

(Thousand euros)

### b) Retained earnings

During 2022, retained earnings were increased and/or reduced as follows:

– On 14 June, 2022, the General Shareholders’ Meeting of Laboratorios Rovi, S.A. resolved to approve the proposal for distribution of the profit for 2021 (65,143 thousand euros), allocating 53,580 thousand euros to dividends and the remainder to retained earnings. The dividend on the treasury shares held by ROVI at the time of the distribution was 2,573 thousand euros.

– The sale of treasury shares in 2022 led to a loss of 2,794 thousand euros, which was recognised in the retained earnings account (Note 16.b).

– The share capital reduction (Note 14) through the cancellation of treasury shares (Note 15.c) had a negative impact of 134,885 thousand euros.

During 2021, retained earnings were increased and/or reduced as follows:

– On 17 June, 2021, the General Shareholders’ Meeting of Laboratorios Farmacéuticos Rovi, S.A. resolved to approve the proposal for distribution of the profit for 2020 (71,137 thousand euros), allocating 21,373 thousand euros to dividends and the remainder to retained earnings. The dividend on the treasury shares held by ROVI at the time of the distribution was 241 thousand euros.

– The sale of treasury shares in 2021 led to a profit of 10,882 thousand euros, which was recognised in the retained earnings account (Note 16.b).

### c) Treasury shares

At 31 December, 2022, the number of treasury shares was 1,644,144 (1,218,776 at 31 December, 2021). The following movements took place during 2022 and 2021:

| | **2022** | **2021** |
|---|---|---|
| **Balance at beginning of period** | **1,218,776** | **673,654** |
| Shares acquired under liquidity contract (c.1) | 1,609,715 | 826,381 |
| Shares sold under liquidity contract (c.1) | (1,598,794) | (831,586) |
| Shares acquired in buy-back programme (c.2) | 1,467,225 | 585,583 |
| Shares for capital reduction in buy-back programme | (2,052,808) | — |
| Extraordinary bonus through award of shares (c.3) | — | (35,256) |
| **Balance at end of period** | **644,114** | **1,218,776** |

c.1) Liquidity contract

Under the liquidity contract signed by ROVI, 1,609,715 shares were acquired (826,381 in 2021), for which a total sum of 78,561 thousand euros was disbursed (42,224 thousand euros in 2021). Likewise, a total of 1,598,794 shares were resold (831,586 in 2021) for a sum of 77,766 thousand euros (42,328 thousand euros in 2021). Said shares had been acquired at a weighted average cost of 80,560 thousand euros (31,446 thousand euros in 2021), giving rise to a loss of 2,794 thousand euros on the sale (profit of 10,882 thousand euros in 2021), which was recognised in reserves.

c.2) Share buy-back programme

ROVI commenced a buy-back programme for company shares effective 3 November, 2021, the main features of which were the following:

– Purpose and scope: the cancellation of treasury shares of ROVI (capital reduction) while, at the same time, increasing ROVI’s shareholder remuneration by increasing the earnings per share.

– Term: 12 months as of 3 November, 2021, the date on which the buy-back programme was published, or as of the date that either of the following two conditions was met. Additionally, ROVI reserved the right to conclude the programme before its term ended.

– Maximum monetary amount: up to 125,000,000 euros.

– Maximum number of shares to be acquired: 1,682,000 shares in the Company, representing approximately 3% of ROVI's share capital at the buy-back programme publication date.

Under this resolution, in 2022, 906,525 share were acquired, for which ROVI paid a total amount of 59,873 thousand euros. The programme ended on 22 February, 2022, a total of 1,492,108 shares having been acquired between 2021 and 2022 for a total sum of 96,434 thousand euros.

Effective 23 February, 2022, ROVI commenced another share buy-back programme with the following main features:

– Purpose and scope: the cancellation of ROVI shares (capital reduction) and, at the same time, an increase in the remuneration of ROVI shareholders through an increase in the earnings per share.

– Term: 6 months as of 23 February, 2022, the date on which the buy-back programme was published, or as of the date that either of the following two conditions was met. Additionally, ROVI reserved the right to conclude the programme before its term ended.

– Maximum monetary amount: up to 46,000,000 euros.

– Maximum number of shares to be acquired: 560,700 shares, representing approximately 1% of ROVI's share capital at the buy-back programme publication date.

Under this resolution, in 2022, 560,700 share were acquired, for which ROVI paid a total amount of 38,574 thousand euros. The programme ended on 29 March, 2022.

On 29 July, 2022, the share capital reduction was entered in the Companies Register (Note 14) for an amount of 123 thousand euros through the cancellation of 2,052,808 treasury shares. On the same date, the shares were removed from trading on the Securities Market Interconnection System and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The average weighted cost of the treasury shares cancelled was 135,008 thousand euros and the difference was allocated to retained earnings and voluntary reserves (Note 15 b) for an amount of 134,885 thousand euros.

c.3) Extraordinary bonus through award of treasury shares

On 17 June, 2021, the Ordinary General Shareholders' Meeting of Laboratorios Farmacéuticos Rovi, S.A. approved an extraordinary bonus for the Company's executive directors through the award of treasury shares. The maximum number of shares to be awarded was determined by dividing 985 thousand euros by the average quoted price of the company shares in the 30 trading days immediately prior to approval of the bonus (54.48 euros). A total of 54,240 treasury shares were awarded to the executive directors (Note 31). The amount recognised for this bonus under "Employee benefit expenses" was 2,520 thousand euros.

**d) Dividends**

On 14 June, 2022, the General Shareholders' Meeting approved the distribution of the 2021 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 53,580 thousand euros (0.9556 euros gross per share). This dividend was paid out in July 2022.

On 17 June, 2021, the General Shareholders' Meeting approved the distribution of the 2020 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 21,373 thousand euros (0.3812 euros gross per share). This dividend was paid out in July 2021.

(Thousand euros)

## 16. Profit for the period

The proposed application of profit to be submitted to the General Shareholders' Meeting is as follows:

| | Euros | |
|---|---|---|
| | **2022** | **2021** |
| **Basis of application** | | |
| Profit for the year | 39,116,103 | 65,143,322 |
| Retained earnings | 30,770,001 | — |
| | 69,886,104 | 65,143,322 |
| **Distribution** | | |
| Retained earnings | — | 11,563,819 |
| Dividends | 69,886,104 | 53,579,503 |
| | 69,886,104 | 65,143,322 |

## 17. Grants, donations and legacies received

Movement on this caption was as follows:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Beginning of the year (net of tax)** | **2,111** | **2,406** |
| Increases/Decreases (net of tax) | 1,165 | 699 |
| Allocation to profit and loss (net of tax) | (1,582) | (994) |
| **End of the year (net of tax)** | **1,694** | **2,111** |

Details of non-reimbursable capital grants shown on the statement of financial position under the caption "Grants, donations and legacies received", not including the tax effect, are as follows:

| **Awarding entity** | **Thousand euros** | **Purpose** | **Date awarded** |
|---|---|---|---|
| (1) Andalusian Autonomous Govt. | 1,449 | Construction of Granada plant (Note 6.d) | 2008 |
| (2) Andalusian Autonomous Govt. | 530 | Construction bemparin lines in Granada | 2012 & 2014 |
| Miscellaneous govt. entities | 280 | Miscellaneous projects | 2001 onward |
| | 2,259 | | |

(1) Non-reimbursable grant granted by the Andalusian Innovation and Development Agency (Innovation, Science and Enterprise Department) for 5,431 thousand euros. This grant was received in November 2008 and recognition in profit and loss commenced in 2009, when the assets for which it was granted began to be depreciated. The amount recognised for this grant under the caption "Grants, donations and legacies received" at 31 December, 2022 was 1,449 thousand euros (1,744 thousand euros at 31 December, 2021).

(2) Relates to two non-reimbursable grants granted by the Andalusian Innovation and Development Agency in the years 2012 and 2014 for construction of two new bemiparin lines at the Granada plant. The first of them, for 585 thousand euros, began to be recognised in profit and loss in 2013 and the amount recognised under the "Grants, donations and legacies received" caption at 31 December, 2022 was taken to profit and loss in full (32 thousand euros at 31 December, 2021). The second of the grants, for a total amount of 1,171 thousand euros, began to be recognised in profit and loss in May 2015 and, at the 2022 reporting date, showed a balance of 530 thousand euros under the "Grants, donations and legacies received" caption (613 thousand euros at 31 December, 2021).

## 18. Financial liabilities

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Non-current financial liabilities at amortised cost** | | |
| - Bank borrowings (a) | 37,679 | 44,107 |
| - Debt with government entities (b) | 8,214 | 8,191 |
| - Non-current debt with group and associated companies (Note 31 i) | 80,000 | — |
| | 125,893 | 52,298 |
| **Current financial liabilities at amortised cost** | | |
| - Bank borrowings (a) | 6,428 | 714 |
| - Debt with government entities (b) | 1,724 | 2,159 |
| - Current debt with group and associated companies (Note 31 i) | 385 | 290 |
| - Trade payables | 55,824 | 48,454 |
| - Trade payables, related parties (Note 31 i) | 48,795 | 10,596 |
| - Sundry creditors | 1,947 | 3,713 |
| - Employees | 3,376 | 2,833 |
| | 118,479 | 68,759 |
| **Current financial liabilities at amortised cost** | | |
| - Financial derivatives | 28 | 17 |
| | 28 | 17 |
| | 118,507 | 68,776 |
| | **244,400** | **121,074** |

Delay in payment to suppliers

Details of payments for trading transactions performed during the reporting period and outstanding at the reporting date in relation to the maximum legal periods provided for in Law 15/2010, amended by Law 11/2013 and Law 18/2022, are as follows:

| | **2022** | **2021** |
|---|---|---|
| | **Days** | **Days** |
| Average payment period to suppliers | 50 | 52 |
| Ratio of transactions paid | 52 | 54 |
| Ratio of transaction outstanding | 40 | 41 |

| | **2022** | **2021** |
|---|---|---|
| Total payments made (thousand euros) | 315,251 | 247,886 |
| Total payments outstanding (thousand euros) | 46,777 | 36,691 |

| | **2022** |
|---|---|
| Invoices paid in less than 60 days (thousand euros) | 216,909 |
| No. of invoices paid in less than 60 days | 10,559 |
| % No. invoices paid in less than 60 days/Total No. invoices paid | 58 % |
| % Amount of invoices paid in less than 60 days/Total amount of invoices paid | 69 % |

(Thousand euros)

Sundry creditors

This caption also includes amounts billed to manufacturing service customers for activities to adapt, fit out and validate the facilities and machinery –which may belong to ROVI or be acquired or subcontracted from third parties– that, at the reporting date, had not yet been taken to profit and loss as revenue from services provided, since they had not yet accrued in accordance with the percentage of completion. The total amount was 1,183 thousand euros (2,638 thousand euros at 31 December, 2021).

Fair value of non-current debt

The carrying amounts and fair values of non-current debt were as follows:

| | | | | **Thousand euros** |
|---|---|---|---|---|
| | **Carrying amount** | | | **Fair value** |
| | **2022** | **2021** | **2022** | **2021** |
| Bank borrowings | 37,679 | 44,107 | 36,667 | 43,359 |
| Debt with government entities | 8,214 | 8,191 | 7,561 | 8,520 |
| Debt with group companies and associates | 80,000 | - | 74,587 | - |
| | 125,893 | 52,298 | 118,825 | 51,879 |

The fair values of current financial debt are equal to their corresponding nominal amounts since the effect of discounting is not significant. The fair values are based on cash flows discounted at a market rate based on the borrowing rate.

To calculate the fair value of fixed-rate non-current bank borrowings and the debt with group companies and associates at the 2022 and 2021 reporting dates, the interest rate on the latest variable-rate loan received by the Company was taken as a reference: Euribor at 3 months plus a 0.844% spread.

The carrying amount of the Company’s debt is in euros.

a) Bank borrowings

Bank borrowings at 31 December, 2022 comprised the following bank loans:

**2022**

| | **a)** | **b)** | **TOTAL** |
|---|---|---|---|
| **Entity** | **BEI** | **BEI** | |
| **Face value** | **5,000** | **40,000** | |
| **Interest rate** | **Eur3+0.844%** | **0.681% Fixed** | |
| 2023 | 714 | 5,714 | 6,428 |
| 2024 | 714 | 5,714 | 6,428 |
| 2025 | 714 | 5,714 | 6,428 |
| 2026 | 714 | 5,714 | 6,428 |
| 2027 | 714 | 5,714 | 6,428 |
| 2028 onward | 537 | 11,430 | 11,967 |
| | 4,107 | 40,000 | 44,107 |
| Non-current | 3,393 | 34,286 | 37,679 |
| Current | 714 | 5,714 | 6,428 |

(Thousand euros)

At 31 December, 2021, bank loans matured as follows:

**2021**

| | **a)** | **b)** | **TOTAL** |
|---|---|---|---|
| **Entity** | **BBVA** | **BEI** | |
| **Face value** | **20,000** | **5,000** | |
| **Interest rate** | **0.65% Fixed** | **Eur3+0.844%** | |
| 2022 | 714 | — | 714 |
| 2023 | 714 | 5,714 | 6,428 |
| 2024 | 714 | 5,714 | 6,428 |
| 2025 | 714 | 5,714 | 6,428 |
| 2026 | 714 | 5,714 | 6,428 |
| 2027 onward | 1,251 | 17,144 | 18,395 |
| | 4,821 | 40,000 | 44,821 |
| Non-current | 4,107 | 40,000 | 44,107 |
| Current | 714 | — | 714 |

In December 2017, the European Investment Bank (EIB) granted ROVI a credit line to support its investments in Research, Development and Innovation (R&D&I). The credit line was for 45,000 thousand euros. ROVI could draw down this amount over a term of 24 months as from signature of the agreement and the credit matures in 2029. The credit line provides for a three-year grace period and financial conditions (i.e. applicable interest rates, repayment period, etc.) that are favourable to ROVI. As of 31 December, 2019, ROVI had drawn down the entirety of this credit line in

a) A draw-down of 5,000 thousand euros in 2018 at an annual interest rate of Euribor at 3 months plus 0.844%.
b) A draw-down of 40,000 thousand euros in 2019 at a fixed annual interest rate of 0.681%.

In the first half of 2022 and 2021, compliance as of 31 December, 2021 and 2020, respectively, with the financial ratios fixed in this financing agreement was certified. At 31 December, 2022, ROVI met the ratios fixed, although this will not be certified until after these annual accounts have been approved.

Additionally, in July 2022, the BEI granted ROVI a credit for a total amount of 50 million euros to finance R&D&I activities related to new developments of the prolonged drug release technology ISM®. The credit will be available to ROVI for a term of 24 months as of signature of the contract and the loan will mature 10 years after the drawdown date. The loan provides for a three-year grace period and financial conditions (i.e. the applicable interest rates, repayment periods, etc.) favourable to ROVI. The Group had not drawn any of this loan at 31 December, 2022.

b) Debt with government entities

Since 2001, the Company has been receiving reimbursable grants from different ministries to finance a number of R&D projects. The amounts recognised as financial liabilities at amortised cost for this item at 31 December, 2022 was 8,214 thousand euros (8,191 thousand euros at 31 December, 2021). The transactions do not accrue interest and have been recognised at their initial fair values. The difference between the initial fair value and the face value accrues at market interest rates (Euribor and the interest rate on Spanish Treasury debt plus a spread in accordance with the Company's risk). This means that this debt accrues interest at effective interest rates ranging from 2.9% to 4.9%.

(Thousand euros)

b.1) Advances received in 2022:

In 2021, the Company received various reimbursable advances from different entities, details of which are shown below:

| | | | Thousand euros | | Years | |
|---|---|---|---|---|---|---|
| Company | Entity | Project | Face value | Initial fair value | Repayment period | Grace period |
| ROVI | Technological Corporation of Andalusia | (1) | 77 | 65 | 12 | 3 |
| ROVI | Technological Corporation of Andalusia | (1) | 361 | 319 | 12 | 3 |
| ROVI | Technological Corporation of Andalusia | (1) | 37 | 31 | 12 | 3 |
| ROVI | Technological Corporation of Andalusia | (1) | 47 | 40 | 12 | 3 |
| ROVI | Technological Corporation of Andalusia | (1) | 105 | 91 | 13 | 4 |
| ROVI | Technological Corporation of Andalusia | (1) | 43 | 36 | 15 | 6 |
| ROVI | Industrial Technological Development Centre | (1) | 182 | 154 | 14 | 3 |
| ROVI | Industrial Technological Development Centre | (1) | 300 | 271 | 12 | 4 |
| ROVI | Industrial Technological Development Centre | (1) | 219 | 197 | 11 | 4 |
| ROVI | Industrial Technological Development Centre | (2) | 28 | 24 | 12 | 4 |
| | | | 1,399 | 1,228 | | |

(1) Funds the projects to develop drugs with ISM technology.
(2) Funds the projects for development of a biosimilar.

b.2) Advances received in 2021:

In 2021, the Company received various reimbursable advances from different entities, details of which are shown below:

| | | | Thousand euros | | Years | |
|---|---|---|---|---|---|---|
| Company | Entity | Project | Face value | Initial fair value | Repayment period | Grace period |
| Lab. Farm. Rovi | Technological Corporation of Andalusia | (1) | 54 | 46 | 13 | 4 |
| Lab. Farm. Rovi | Technological Corporation of Andalusia | (1) | 28 | 24 | 12 | 3 |
| Lab. Farm. Rovi | Technological Corporation of Andalusia | (1) | 46 | 40 | 12 | 3 |
| Lab. Farm. Rovi | Technological Corporation of Andalusia | (1) | 12 | 10 | 13 | 4 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (1) | 148 | 122 | 7 | 1 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (1) | 200 | 179 | 11 | 4 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (2) | 106 | 92 | 16 | 4 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (2) | 94 | 80 | 16 | 3 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (1) | 279 | 248 | 10 | 3 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (1) | 373 | 310 | 7 | 1 |
| | | | 1,340 | 1,151 | | |

(1) Funds the projects to develop drugs with ISM technology.
(2) Funds the projects for development of a biosimilar.

(Thousand euros)

At 31 December, 2022 and 2021, debt with government entities matured as follows:

| | Thousand euros | |
|---|---|---|
| Year | **2022** | **2021** |
| 2022 | — | 2,159 |
| 2023 | 1,724 | 1,139 |
| 2024 | 1,326 | 1,400 |
| 2025 | 1,406 | 1,353 |
| 2026 | 1,498 | 1,385 |
| 2027 | 1,295 | 1,169 |
| 2028 onward | 2,689 | 1,745 |
| | 9,938 | 10,350 |
| Non-current | 8,214 | 8,191 |
| Current | 1,724 | 2,159 |

## 19. Current and non-current accruals

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Non-current | 1,545 | 1,460 |
| Current | 294 | 786 |
| | 1,839 | 2,246 |

The accruals caption, both non-current and current, records the amounts received for the assignment of the rights to market low-molecular-weight heparins in a number of countries. The Company defers the revenue over the terms of the contracts, which have a duration of between 10 and 15 years.

In 2022, new deferred revenues of 385 thousand euros (518 thousand euros in 2021) were recognised in relation to new distribution contracts. In 2022, ROVI recognised revenue from the granting of distribution licences for a total amount of 792 thousand euros (5,140 thousand euros in 2021).

## 20. Other provisions

Movement on the current provisions recognised in the statement of financial position was as follows:

| | **Returns** | **Contribution to public health system** | **Other** | **Total** |
|---|---|---|---|---|
| **At 1 January, 2021** | **1,438** | **14,096** | **207** | **15,741** |
| Additions | 2,338 | 615 | 8 | 2,961 |
| Applications | (1,438) | (7,627) | (207) | (9,272) |
| **At 31 December, 2021** | **2,338** | **7,084** | **8** | **9,430** |
| Additions/(Reversals) | 2,165 | (346) | 115 | 1,934 |
| Applications | (2,338) | (3,870) | (8) | (6,216) |
| **At 31 December, 2022** | **2,165** | **2,868** | **115** | **5,148** |

*Returns*

The Company estimates a provision for product returns considering the average return rate of recent years (Note 2.b.1).

*Contribution to the public health system*

As stated in Note 3.19, in Spain, in accordance with Law 29/2006, all companies that sell prescription pharmaceuticals or other healthcare products paid with public funds must make payments of between 1.5% and 2.0% of their sales (depending on the volume) into the National Health System every four months. This is a levy aimed to adjust the margin on a regulated activity through the price intervention established by the Law. The Company recognises the contribution to the public health system as a reduction in revenue when the sale is made. The sums accrued but not yet paid are recognised under the "Other provisions" caption.

(Thousand euros)

At 31 December, 2022, no amounts relating to the agreement between Farmaindustria and the Spanish government were recognised under contributions to the public health system, since there has been no agreement since the one that was in force for the years 2017 to 2019. At 31 December, 2021, the pharmaceutical industry had expressed a clear will to extend the Agreement and, therefore, ROVI made provision for the amounts estimated for said year (3,214 thousand euros). It has finally been reversed in 2022 as no agreement was formalized

Although these sums should not be considered as refunds or reimbursements to customers, they are recognised as a reduction in revenue, since the objective of the Law is to regulate the prices and margins obtained for these products.

The amounts of the provisions recognised in the statement of financial position are the reporting-date best estimate of the payments necessary to meet the present obligation, after consideration of the risks and uncertainties related to the provision and, when significant, the financial effect produced by the rebate, provided that the payments that will be made in each period can be reliably determined. The rebate rate is determined before tax, considering the time value of money and the specific risks that were not taken into account in the future flows related to the provision at each reporting date.

One-off obligations are measured in accordance with the most likely individual outcome. If the obligation involves a significant group of similar items, it will be measured by weighting the possible outcomes by the likelihood that they will occur. If there is a continuous range of possible outcomes and each point of the range has the same likelihood as the rest of the points, the obligation is measured at the average amount.

## 21. Deferred taxes

Details of deferred income tax are as follows:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Deferred income tax assets** | | |
| - Temporary differences | 1,239 | 2,342 |
| - Other tax carry forwards | — | — |
| | 1,239 | 2,342 |
| **Deferred tax liabilities** | | |
| - Temporary differences | (4,507) | (4,278) |
| | (4,507) | (4,278) |
| **Net deferred income tax** | **(3,268)** | **(1,936)** |

Deferred income tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets against current tax liabilities and intends to settle the net amounts or realise the asset and cancel the liability simultaneously. Deferred tax assets and liabilities were as follows:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Deferred tax assets** | | |
| - Deferred tax assets to be recovered at more than 12 months | 510 | 514 |
| - Deferred tax assets to be recovered at less than 12 months | 729 | 1,828 |
| | 1,239 | 2,342 |
| **Deferred tax liabilities** | | |
| - Deferred tax liabilities to be recovered at more than 12 months | (633) | (840) |
| - Deferred tax liabilities to be recovered at less than 12 months | (3,874) | (3,438) |
| | (4,507) | (4,278) |
| **Net deferred taxes** | **(3,268)** | **(1,936)** |

Movement on net deferred taxes was as follows:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Balance at beginning of the year** | **(1,936)** | **212** |
| (Charged) / credited to profit and loss | (1,471) | (2,246) |
| Tax charged directly to equity | 139 | 98 |
| **Balance at end of the year** | **(3,268)** | **(1,936)** |

(Thousand euros)

Movement on deferred tax assets and liabilities during the period without taking the offsetting of balances into account was as follows:

| **Deferred tax liabilities** | Grants, donations and legacies received | Freedom of amortisation / depreciation | Other | Total |
|---|---|---|---|---|
| **At 1 January, 2021** | **(797)** | **(383)** | **(3,520)** | **(4,700)** |
| (Charged) / credited to profit and loss | — | 75 | 249 | 324 |
| Tax charged to equity | 98 | — | — | 98 |
| **At 31 December, 2021** | **(699)** | **(308)** | **(3,271)** | **(4,278)** |
| (Charged) / credited to profit and loss | — | 58 | (426) | (368) |
| Tax charged to equity | 139 | — | — | 139 |
| **At 31 December, 2022** | **(560)** | **(250)** | **(3,697)** | **(4,507)** |

The "Other" column shows mainly deferred tax liabilities related to intragroup margins that were adjusted when settling the corporate income tax of the tax group headed by the Company.

Deferred tax liabilities credited to profit and loss in 2022 for 58 thousand euros (75 thousand euros charged to the 2021 profit) in the column "Freedom of amortisation/depreciation" relate principally to the application of the free amortisation/depreciation system to the assets attached to R&D activity and to maintaining jobs.

| **Deferred tax assets** | Tax credits pending application | Fin. assets at fair value through equity | Provisions | Other | Total |
|---|---|---|---|---|---|
| **At 1 January, 2020** | **3,619** | **(1)** | **376** | **918** | **4,912** |
| Charged / (credited) to profit and loss | (3,619) | — | 1,026 | 23 | (2,570) |
| **At 31 December, 2020** | **—** | **(1)** | **1,402** | **941** | **2,342** |
| Charged / (credited) to profit and loss | — | — | (847) | (256) | (1,103) |
| **At 31 December, 2021** | **—** | **(1)** | **555** | **685** | **1,239** |

The column "Other" shows, among other items, the deferred tax asset relating to the tax effect of 30% of the amortisation and depreciation expense for the period, which was not tax deductible in the periods 2013 and 2014 in accordance with Royal Decree-Law 16/2012 of 27 December, whereby various tax measures aimed to consolidate public finance and stimulate economic activity were adopted.

Deferred taxes charged to equity in the year were as follows:

| | **Thousand euros** | |
|---|---|---|
| | **2022** | **2021** |
| Grants, donations and legacies received | 139 | 98 |
| | **139** | **98** |

(Thousand euros)

## 22. Revenue and expenses

a) Net sales

The net amount of the sales from the Company’s ordinary activities was geographically distributed as follows:

| **Market** | **2022 %** | **2021 %** |
|---|---|---|
| Spain | 72 % | 70 % |
| Germany | 5 % | 7 % |
| Italy | 5 % | 5 % |
| France | 1 % | 2 % |
| Turkey | — % | 2 % |
| Portugal | 1 % | 1 % |
| Greece | 2 % | 1 % |
| Austria | — % | 4 % |
| Czech Republic | — % | 1 % |
| UK | 1 % | — % |
| Other | 13 % | 8 % |
| | 100 % | 100 % |

a.1) Sales

The breakdown of sales by product group was as follows:

| | **Thousand euros 2022** | **Thousand euros 2021** |
|---|---|---|
| Specialty pharmaceuticals | 355,963 | 342,732 |
| Contrast agents and other hospital products | 40,069 | 35,494 |
| Sales of bemiparin to other group companies (Note 31 a) | 169,403 | 106,809 |
| Other | 1,152 | 5,194 |
| | 566,587 | 490,229 |

The total amount of sales of goods was reduced by 11,006 thousand euros in 2022 (11,909 thousand euros in 2021) as a result of the rebates to the National Health System (Note 3.19). Of the total amount of rebates to the National Health System 3,214 thousand euros of income were related to the co-operation agreement signed between Farmaindustria and the Spanish government (2,564 thousand euros at 31 December, 2021 (Note 20).

a.2) Sales of services

At 31 December, 2022, “Sales of services” includes 22,920 thousand euros relating to the work to adapt, fit out and validate the facilities and machinery –which may either belong to ROVI or be acquired or subcontracted from third parties– for customers in order to subsequently provide manufacturing services and reserve the manufacturing capacity agreed with them (18,419 thousand euros at 31 December, 2021).

b) Goods, raw materials and other consumables used

| | **Thousand euros 2022** | **Thousand euros 2021** |
|---|---|---|
| Purchases | 450,100 | 393,145 |
| Change in inventories | (19,139) | (11,809) |
| | 430,961 | 381,336 |

c) Ancillary and other current management income

This caption includes principally revenue from administration services rendered and the assignment of the sales force to other group companies (Note 31.a).

d) Operating grants recognised in profit and loss

In 2022, the Company obtained and recognised as income official grants of 1,325 thousand euros (585 thousand euros in 2021) to cover principally expenses for the period in certain R&D projects.

e) Employees

| | Miles de euros | |
|---|---|---|
| | **2022** | **2021** |
| Wages, salaries and similar | 36,702 | 33,764 |
| Employee benefits | | |
| - Pension contributions and provisions (Nota 30 a) | 6 | 6 |
| - Other welfare charges | 8,110 | 6,792 |
| | 44,818 | 40,562 |

In 2022, the figure of wages, salaries and similar included termination payments of 338 thousand euros (521 thousand euros in 2021).

The average number of employees in the period was, by category, as follows:

| | **2022** | **2021** |
|---|---|---|
| Executive directors | 3 | 3 |
| Management | 18 | 17 |
| Research | 360 | 279 |
| Sales | 180 | 172 |
| Administration | 98 | 95 |
| | 659 | 566 |

Likewise, the distribution of the Company’s employees by gender at the end of the reporting period was as follows:

| | | | **2022** | | | **2021** |
|---|---|---|---|---|---|---|
| | **Men** | **Women** | **Total** | **Men** | **Women** | **Total** |
| Executive directors | 3 | 0.00 | 3 | 3 | 0.00 | 3 |
| Management | 9 | 9 | 18 | 9 | 8 | 17 |
| Research | 147 | 202 | 349 | 143 | 199 | 342 |
| Sales | 95 | 97 | 192 | 85 | 85 | 170 |
| Administration | 35 | 67 | 102 | 36 | 63 | 99 |
| | 289 | 375 | 664 | 276 | 355 | 631 |

At 31 December, 2022, there were 14 employees with a disability rating equal to or higher than 33% (12 at the 2021 reporting date).

(Thousand euros)

f) External services

The breakdown of the external services item was as follows:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Advertising costs | 15,364 | 10,910 |
| Services from third parties | 11,002 | 10,185 |
| Supplies | 6,406 | 4,517 |
| Transport and warehouse expenses | 3,232 | 2,663 |
| Repairs and maintenance | 3,433 | 2,519 |
| Operating leases | 2,753 | 2,813 |
| Other operating expenses | 27,209 | 30,521 |
| | 69,399 | 64,128 |

g) Research and development expenses

Total research and development expenses incurred in 2022 were 23,869 thousand euros (27,445 thousand euros in 2021), focused mainly on the Glycomics and ISM® platforms. The latter of these is a proprietary drug-release system belonging to ROVI, the objective of which is to improve patient treatment adherence. Of the total research and development expenses incurred in 2021, 9,242 thousand euros was recognised under the "Employee benefit expenses" heading (8,384 thousand euros at 31 December, 2021) and 14,627 thousand euros under "Other operating expenses" (19,061 thousand euros in 2021).

## 23. Income tax and tax situation

As of 31 December 2022 and 2021, the balances with public authorities were as follows:

| | Thousand euros | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | **Debit** | **Credit** | **Debit** | **Credit** |
| Public Treasury, VAT | 2,794 | — | 4,728 | — |
| Public Treasury, personal income tax | — | 845 | — | 743 |
| Withholdings | 1,351 | — | 908 | — |
| Corporate income tax | 3,917 | — | 9,889 | — |
| Social Security | — | 785 | — | 697 |
| Other balances with public authorities | 1,337 | 25 | 910 | — |
| | 9,399 | 1,655 | 16,435 | 1,440 |

The heading "Other balances with public authorities" includes accounts receivable from government entities for the following items:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Late payment interest receivable | — | — |
| Grants awarded but not received | 1,337 | 910 |
| | 1,337 | 910 |

On 1 August, 2007, the Company became the parent of tax group 362/07. Applying the consolidated tax regime provided for in the corporate income tax legislation, ROVI, the parent company of the tax group, included in its statement of financial position debt with Group companies resulting from a tax effect (Note 31.i) of 385 thousand euros (290 thousand euros in 2021), together with credits with group companies resulting from a tax effect of 53,089 thousand euros (18,362 thousand euros in 2021).

(Thousand euros)

At 31 December, 2022, the reconciliation between the net income and expenses for the period and the tax profit was as follows:

| | | | | | | Thousand euros |
|---|---|---|---|---|---|---|
| | | | **Income statement** | | | **Income and expenses credited / (charged) directly in equity** |
| **Balance income & expenses** | | | **39,116** | | | **(407)** |
| | Increases | Decreases | Total | Increases | Decreases | Total |
| Corporate income tax | | | 5.564 | | | (139) |
| Permanent differences | | | | | | |
| - Individual | 634 | (13,384) | (12,750) | — | — | — |
| - Due to tax consolidation | — | — | — | — | — | — |
| Temporary differences: | | | | | | |
| - Individual | | | | | | |
| - originating in the period | 2,435 | — | 2,435 | — | — | — |
| - originating in previous periods | 239 | (6,879) | (6,640) | — | — | — |
| - Due to tax consolidation | | | | | | |
| - originating in the period | — | (14,317) | (14,317) | — | — | — |
| - originating in previous periods | 12,401 | — | 12,401 | — | — | — |
| Taxable income | | | 25,809 | | | (546) |

At 31 December, 2021, the reconciliation between the net income and expenses for the period and the tax profit was as follows:

| | | | | | | Thousand euros |
|---|---|---|---|---|---|---|
| | | | **Income statement** | | | **Income and expenses credited / (charged) directly in equity** |
| **Balance income & expenses** | | | **65,143** | | | **(294)** |
| | Increases | Decreases | Total | Increases | Decreases | Total |
| Corporate income tax | | | (6,249) | | | (98) |
| Permanent differences | | | | | | |
| - Individual | 847 | — | 847 | — | — | — |
| - Due to tax consolidation | — | (23,715) | (23,715) | — | — | — |
| Temporary differences: | | | | | | |
| - Individual | | | | | | |
| - originating in the period | 5,916 | — | 5,916 | — | — | — |
| - originating in previous | 235 | (7,747) | (7,512) | — | — | — |
| - Due to tax consolidation | | | | | | |
| - originating in the period | — | (11,522) | (11,522) | — | — | — |
| - originating in previous | 13,228 | — | 13,228 | — | — | — |
| Taxable income | | | 36,136 | | | (392) |

Individual permanent differences relate to non-tax deductible expenses and the transfer of intangible assets.

Permanent differences due to consolidation relate solely to eliminations resulting from the distribution of dividends among companies belonging to the tax group.

Individual temporary differences relate to application of freedom of amortisation/depreciation associated to the assets attached to the R&D activity, expenses recognised in the accounts but temporarily non-deductible, and the free amortisation/depreciation associated to maintaining jobs.

Temporary differences due to consolidation relate to eliminations and additions resulting from transactions between companies belonging to the tax group.

(Thousand euros)

Corporate income tax expense comprises:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Current corporate income tax | (6,549) | (8,943) |
| Tax credits | 10,366 | 18,233 |
| Deferred taxes | (1,471) | (2,246) |
| Adjustment income tax previous years | 585 | (795) |
| Withholdings borne in other countries | (861) | — |
| Neg.tax bases & tax benefits in EIGs with no effect on tax expense | (7,634) | — |
| | (5,564) | 6,249 |

Current corporate income tax is the result of applying a tax rate of 25% to the taxable income.

The Company generated tax credits of 5,678 thousand euros in 2022 (3,673 thousand euros in 2021), likewise being entitled to offset tax credits of 450 thousand euros from previous years (14,560 thousand euros at 31 December, 2021). In 2022, tax credits of 6,078 thousand euros (18,233 thousand euros in 2021) were applied and, therefore, there are no further tax credits pending application in future years (neither were there any tax credits pending application at 31 December, 2021).

In 2022, ROVI made investments of 5,870 thousand euros in equity instruments of four economic interest groupings (EIGs). Given the special features in the taxation of EIGs, at the 2022 reporting date, tax benefit of 7,634 thousand euros was generated (4,288 thousand euros in R&D tax credits and negative tax bases of 3,346 thousand euros, considered, in the latter case, as individual permanent differences for corporate tax purposes). The investments were derecognised during the year. At 31 December, 2022, the Group had used all its tax benefits.

The amount settled by the Company as payments on account of the corporate income tax of companies belonging to the tax group was 52,915 thousand euros in 2022 (30,463 thousand euros in 2021). The consolidated current tax for 2022, after deduction of the payments on account and withholdings for the period, generated a current tax receivable of 3,847 thousand euros (9,805 thousand euros in 2021).

At 31 December, 2022, the following taxes were open to inspection by the tax authorities for the periods stated:

| | **Years** |
|---|---|
| Corporate income tax | 2018-21 |
| Value-added tax | 2019-22 |
| Transfer tax | 2019-22 |
| Personal income tax | 2019-22 |

As a result of, among other things, possible different interpretations of current tax legislation, additional liabilities could arise as the result of an inspection. At any event, the Directors consider that any such liabilities would not have a significant effect on the annual accounts.

(Thousand euros)

## 24. Finance income and costs

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Finance income:** | | |
| Gains and losses on equity instruments | | |
| - In Group and associated companies (Nota 31 f) | — | 24,964 |
| Gains and losses on marketable securities and other financial instruments | | |
| - In Group and associated companies (Nota 31 f) | 610 | 558 |
| - Of third parties | 1,765 | 67 |
| | 2,375 | 25,589 |
| **Finance costs:** | | |
| Debt with third parties | (893) | (655) |
| | (893) | (655) |
| **Change in fair value of financial instruments:** | | |
| Derivatives | (11) | 908 |
| | (11) | 908 |
| **Exchange rate differences** | | |
| Exchange rate differences | (570) | (111) |
| | (570) | (111) |
| **Impairment and gain or loss on disposal of financial instruments** | | |
| Gains and losses on disposals and other | 1,828 | 1,161 |
| | 1,828 | 1,161 |
| **Finance income and costs** | **2,729** | **26,892** |

At December 31, 2021, ROVI held financial derivatives to minimise the impact of exchange rate risk for a value of 5,000 thousand US dollars, the fair-value measurement of which represented a loss of 17 thousand euros at the December 2021 reporting date. During 2022, these instruments, as well as others acquired during 2022, were liquidated and a profit of 1,828 thousand euros was obtained from these liquidations (profit of 1,161 thousand euros in 2021). At 31 December, 2022, there were live contracts of this nature for a value of 3,000 thousand dollars, the measurement of which at the 2022 reporting date represented a loss of 28 thousand euros.

Finance income received from group and associated companies relates to dividends received from companies belonging to the ROVI Group, of which the Company is the parent. At 31 December, 2022, no income had been received for this item (at 31 December, 2021, the amount was 24,964 thousand euros)

Regarding gains and losses on marketable securities and other financial instruments of third parties, at 31 December, 2022, the Company had recognised finance income of 1,764 thousand euros related to the derecognition of the equity investments of 5,870 thousand euros that it held in four economic interest groupings (EIGs), since the requirements to allocate 7,634 thousand euros of tax benefit from said entities had been met (see Note 23).

(Thousand euros)

## 25. Cash flows from operating activities

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Pre-tax profit for the year** | 44,680 | 58,894 |
| **Adjustment to the profit:** | | |
| - Amortization/depreciation of intangible assets and PPE (Notes 5 & 6) | 10,725 | 10,303 |
| - Finance income (Note 24) | (2,375) | (514) |
| - Finance costs (Note 24) | 893 | 655 |
| - Exchange rate differences (Nota 24) | 570 | — |
| - Adjustments for change in value of financial instruments | 11 | (908) |
| - Gain or loss on derecognition or disposal of financial instruments | (1,828) | (1,161) |
| - Net change in provisions | (4,282) | (6,311) |
| - Grant for non-financial assets and distribution licence revenue | (2,903) | (6,473) |
| - Share-based payments | — | 1,403 |
| - Other revenue and expenses | 47 | 3,067 |
| | 45,538 | 58,955 |
| **Changes in working capital:** | | |
| - Inventories | (19,590) | (34,221) |
| - Debtors and other receivables | 40,206 | 13,547 |
| - Creditors and other payables | 107,705 | 48,575 |
| | 128,321 | 27,901 |
| **Other cash flows from operating activities** | | |
| - Income tax received (paid) | (43,100) | (22,694) |
| - Other amounts received (paid) (Note19) | 385 | 518 |
| | (42,715) | (22,176) |
| **Cash flows generated (used) in operating activities** | **131,144** | **64,680** |

## 26. Cash flows from investing activities

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Payments for investments:** | | — |
| **- Group and associated companies (Note 8)** | (1,427) | (1,775) |
| - Other financial assets | (5,870) | — |
| - Intangible assets (Note 5) | (447) | (319) |
| - Property, plant and equipment (Note 6) | (5,925) | (6,715) |
| | (13,669) | (8,809) |
| **Amounts received for disinvestments:** | | |
| - Other financial assets | 30 | — |
| - Property, plant and equipment (Note 6) | 2,938 | 41 |
| - Other assets (Note 24) | 611 | 514 |
| | 3,579 | 555 |
| **Cash flows generated (used) in investing activities** | **(10,090)** | **(8,254)** |

(Thousand euros)

## 27. Cash flows from financing activities

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| **Amounts received from and paid for financial liability instruments** | | |
| a) Issue | | |
| - Debt with group and associated companies (Note 31 g) | 80,000 | — |
| - Other debt (Note 18) | 1,399 | 1,340 |
| | 81,399 | 1,340 |
| b) Reimbursement and repayment | | |
| - Bank borrowings | (714) | (179) |
| - Debt with Group and associated companies (Note 31 g) | (20,388) | 5,841 |
| - Other debt | (1,562) | (1,731) |
| - Interest payments | (291) | (288) |
| | (22,955) | 3,643 |
| **Dividend payments and remuneration of other equity instruments** | | |
| - Dividends (Note 15 b) and d) | (51,007) | (21,132) |
| - Transactions with treasury shares (Note 15 c) | (99,242) | (36,457) |
| | (150,249) | (57,589) |
| **Cash flows generated (used) in financing activities** | **(91,805)** | **(52,606)** |

## 28. Contingencies

At 31 December, 2022, the Company held bank guarantees amounting to 2,432 thousand euros (2,592 thousand euros in 2021). These guarantees were granted principally to enable group companies to participate in public tenders and to receive grants and reimbursable advances.

## 29. Commitments

a) Operating lease commitments

The minimum future payments under non-cancellable operating leases at 31 December, 2022 were 1,061 thousand euros (2,015 thousand euros at 31 December, 2021), 1,061 thousand euros of which related to payments due at less than one year (1,008 thousand euros at less than one year at 31 December, 2021).

The operating lease expense recognised in profit and loss in 2022 was 2,753 thousand euros (2,813 thousand euros in, 2021).

b) Acquisition of Bertex Pharma GmbH

Future payment commitments derive from the agreement for the purchase of the company Bertex Pharma GmbH in 2007. The purchase agreement fixes a variable component that will depend upon the successful completion of clinical trials for the development of products and the subsequent marketing. The commitments related to this transaction are:

b.1) If the development and commercialisation is performed internally:

– 350 thousand euros after successfully finishing the development of clinical trials of phase 1. Part of this amount, 100 thousand euros, was settled in 2011 and 250 thousand euros was settled in 2014;
– A payment of 200 thousand euros after successfully finishing the development of clinical trials of phase 2. This payment was made in 2016;
– A payment of 300 thousand euros after successfully finishing the development of clinical trials of phase 3 . This payment was made in 2020;
– A payment of 200 thousand euros at the beginning of the marketing of any pharmaceutical product. This payment was made in 2022.

(Thousand euros)

– A payment of 200 thousand euros at the beginning of the marketing of any pharmaceutical product in any of the main markets (USA, Japan, Germany, France, Italy or UK). This payment was made in 2022.

b.2) If the development or marketing is performed by third parties:

– 5% of the revenues obtained by Rovi from the development and marketing of the products by third parties (net of direct or indirect production costs and administration expenses).

Payments for the internal development or marketing detailed in section b.1) exclude those performed under section b.2) and vice versa. However, if Rovi completes clinical development phases 1 and 2 and entrusts the subsequent phases to a third party or performs them for a third party, this clause will apply, but the payments made for phases 1 and 2 under section b.1) will be deducted.

The work and clinical trials for development of the products mentioned in point a) above are progressing as planned.

## 30. Remuneration of the Board of Directors and Senior Management

At 31 December, 2022, the Board of Directors was composed of the following members:

| | |
|---|---|
| Mr Juan López-Belmonte Encina | Chairman and Chief Executive Officer |
| Mr Javier López-Belmonte Encina | First Deputy Chairman |
| Mr Iván López-Belmonte Encina | Second Deputy Chairman |
| Mr Marcos Peña Pinto | Coordinating Director |
| Ms Marina del Corral Téllez | Director |
| Ms Teresa Corzo Santamaría | Director |
| Ms Fátima Báñez García | Director |

The non-director Secretary is Mr. Gabriel Núñez Fernández.

a) In compliance with the provisions of Article 28 of the Regulations of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A., the following information is provided with respect to the members of the Board of Directors at 31 December, 2022:

1. An individual breakdown of the remuneration of each director, including, where applicable:

a. Per diem expenses or other fixed compensation received as director and additional remuneration received as chairman or member of any Board committee. The amounts for 2022 and 2021 were as follows:
b.

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Mr Juan López-Belmonte López | — | 96 |
| Mr Juan López-Belmonte Encina | 180 | 80 |
| Mr Javier López-Belmonte Encina | 80 | 80 |
| Mr Iván López-Belmonte Encina | 80 | 80 |
| Ms Marina del Corral Téllez | 51 | — |
| Ms Teresa Corzo Santamaría | 3 | — |
| Mr Fernando de Almansa Moreno-Barreda | 77 | 80 |
| Mr Marcos Peña Pinto | 80 | 80 |
| Ms Fátima Báñez García | 80 | 80 |
| | 631 | 576 |

b. None of the directors has received remuneration corresponding to shares in profits or bonuses.

(Thousand euros)

c. Contributions made to defined contribution pension plans in the director's favour (Note 3.12.a); or increases in the vested rights of the director in the case of contributions to defined-benefit plans (no defined-benefit plans exist):

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Mr Juan López-Belmonte Encina | 2 | 2 |
| Mr Javier López-Belmonte Encina | 2 | 2 |
| Mr Iván López-Belmonte Encina | 2 | 2 |
| | 6 | 6 |

d. Any severance payments agreed or paid in the event of termination of mandate: not applicable.

e. Remuneration received as a director of other Group companies: not applicable.

f. Remuneration for the performance of senior management functions received by executive directors. The remuneration of this kind for 2022 and 2021 was as follows:

| | Thousand euros | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | **Fixed** | **Variable** | **Fixed** | **Variable** |
| Mr Juan López-Belmonte Encina | 728 | 416 | 327 | 1,406 |
| Mr Javier López-Belmonte Encina | 244 | 220 | 239 | 1,271 |
| Mr Iván López-Belmonte Encina | 241 | 219 | 237 | 1,268 |
| | 1,213 | 855 | 803 | 3,945 |

The variable remuneration of the executive directors included the amounts accrued for their annual variable item and those accrued under the Long-Term Incentive Plan. (At 31 December, 2021, it included the same items plus the amount recognised for the extraordinary bonus settled by awarding shares).

g. Any item of compensation other than the above, irrespective of its nature or the group company that paid it, especially when classified as a related transaction or when its omission would distort the true and fair view of the total compensation received by the director: not applicable.

2. At 31 December, 2022 and 2021, there were no awards of shares, options or any other equity instrument tied to the value of the share that were pending accrual. On 17 June, 2021, the Ordinary General Shareholders' Meeting of Laboratorios Farmacéuticos Rovi, S.A. approved an extraordinary bonus for the Company's executive directors by awarding treasury shares. The maximum number of shares to be awarded was determined by dividing 985 thousand euros by the average quoted price of the company share in the 30 trading days immediately prior to approval of the bonus (54.48 euros). A total number of 54,240 treasury shares were awarded to the executive directors. The amount recognised for this bonus under the caption "Employee benefit expenses" was 2,520 thousand euros.

Information on the relationship, in the last year, between compensation received by executive directors and results or other measurements of the Company's performance:

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| Remuneration of executive directors | 2,068 | 4.748 |
| Profit attributed to parent company | 39,116 | 65.143 |
| Remuneration of executive directors / Profit attributable to parent company | 5.29 % | 7.29 % |

(Thousand euros)

b) Remuneration of and loans to senior management

The total remuneration paid to members of senior management in 2022, excluding the remuneration received by the executive directors described in points a)1.c) and a)1.f above, was 1,614 thousand euros (1,478 thousand euros in 2021).

No loans were granted to members of senior management in the last two years.

The Company holds a liability insurance policy for directors and senior management. A premium of 180 thousand euros accrued for this policy in 2022 (181 thousand euros in 2021).

c) Conflicts of interest on the part of the directors

In compliance with their duty to avoid situations where conflict with the Company's interests exists, the directors who held office on the Board of Directors during the year met the obligations set forth in article 228 of the revised text of the Capital Companies Act. Likewise, both they and the persons related to them refrained from entering into the situations of conflict of interests provided for in article 229 of said Act.

## 31. Other related-party transactions

Transactions with group and other related companies are conducted under normal market terms and conditions, in accordance with the agreements in place between the parties.

a) Sales of goods and other services

| | **Thousand euros** | |
|---|---|---|
| | **2022** | **2021** |
| **Sales of goods:** | | |
| - Subsidiaries (Note 22 a) | 230,079 | 165,489 |
| | 230,079 | 165,489 |
| **Ancillary and other current management income:** | | |
| - Subsidiaries (Note 22 c) | 8,414 | 6,060 |
| | 8,414 | 6,060 |
| | **238,493** | **171,549** |

The services that ROVI provides to its subsidiaries are principally administration and management services.

b) Goods and services purchased

| | **Thousand euros** | |
|---|---|---|
| | **2022** | **2021** |
| **Purchase of goods:** | | |
| - Subsidiaries | 214,859 | 206,689 |
| | 214,859 | 206,689 |
| **Purchase of services:** | | |
| - Subsidiaries | 9,871 | 11,796 |
| - Directors | 25 | 25 |
| - Entities in which the López-Belmonte-Encina family holds an ownership interest. | 1,197 | 1,109 |
| | 11,093 | 12,930 |
| | **225,952** | **219,619** |

Purchases of services from companies in which the López-Belmonte-Encina family holds an interest related to operating lease payments to the companies Norba Inversiones, S.L. and Lobelvia Inversiones, S.L. In 2022, mergers took place between Inversiones Borbollón, S.L. (absorbed company) and Norba Inversiones, S.L. (absorbing company), and Lobel and Losa Development, S.L. (absorbed company) and Lobelvia Inversiones, S.L. (absorbing company).

(Thousand euros)

c) Sales of property, plant and equipment

In 2022, ROVI sold property plant and equipment to its subsidiary Rovi Escúzar, S.L. for an amount of 2,938 thousand euros (8 thousand euros to Rovi Pharma Industrial Services, S.A. in 2021).

d) Purchases of property, plant and equipment

In 2021, the Company bought property, plant and equipment from its subsidiary Rovi Pharma Industrial Services, S.A. for an amount of 32 thousand euros.

e) Dividends paid

Dividends paid to the company Norbel Inversiones, S.L. in 2022 were 28,488 thousand euros (12,847 thousand euros in 2021). Additionally, in 2022 dividends of 3,123 thousand euros were paid to other significant shareholders (1,197 thousand euros in 2021).

f) Dividends received

In 2022 and 2021, the Company received the following dividends from group companies (Note 24):

| | Thousand euros | |
|---|---|---|
| | **2022** | **2021** |
| - Rovi Pharma Industrial Services, S.A. | — | 24,674 |
| - Pan Química Farmacéutica, S.A. | — | 290 |
| | — | 24,964 |

g) Capital contributions

In 2022, the Company increased its interest in Rovi Escúzar, S.L by offsetting credits of 8,000 euros that it held. It also made a capital contribution and paid a share premium and shareholder contribution to Glicopepton Biotech, S.L. for a sum of 1,427 thousand euros.

In 2021, the Company increased its interest in Rovi S.A.S. by offsetting loans it held with said company for an amount of 1,505 thousand euros. Additionally, it made a capital contribution of 270 thousand euros to Rovi Biotech GmbH.

h) Other transactions

In 2022, loans increased by 12,588 thousand euros (decrease of 5,481 thousand euros in 2021). Financial interest accrued on these loans was 609 thousand euros in 2022 (558 thousand euros in 2021). The only loan at 31 December, 2022 is with Rovi Escuzar. The loan mature in 2029 and the agreed interest rates is 1.71%. The shareholder contribution to Rovi Escúzar, explained in point g) of this note and in Note 8 above, was made through a non-monetary contribution and the offsetting of loan balances that ROVI held with its subsidiary at the time of the transaction (at 31 December, 2021, the same situation existed with Rovi, S.A.S.).

In 2022, the Company received a loan of 80,000 euros from its subsidiary Rovi Pharma Industrial Services, S.A. This loan accrued interest of 299 thousand euros. The loan matures in 2032 and the interest rate is 1.71%

In 2013, Laboratorios Farmacéuticos Rovi, S.A. granted a loan of 1,050 thousand euros to Alentia Biotech, S.L. (Note 9) at an annual interest rate of 2.00%. Interest accrued on this loan was 22 thousand euros in 2021.

In 2022, financial assets of 20 thousand euros were disposed of to shareholders and members of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A.

(Thousand euros)

i) Balances at the reporting date derived from sales and purchases of goods and services

| | Thousand euros | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Debit balance | Credit balance | Debit balance | Credit balance |
| Purchases/sales of goods or services | | | | |
| - Subsidiaries | 29,655 | 46,794 | 92,755 | 8,546 |
| - Entities in which the López-Belmonte Encina fam.holds an interest | — | 89 | — | 166 |
| | 29,655 | 46,883 | 92,755 | 8,712 |
| Income tax charge | | | | |
| - Subsidiaries (Note 23) | 53,090 | 385 | 18,362 | 210 |
| - Joint ventures | — | — | — | 80 |
| | 53,090 | 385 | 18,362 | 290 |
| Loans granted at fair value | | | | |
| - Subsidiaries | 38,351 | 80,000 | 25,963 | — |
| - Joint ventures (*) | — | — | 2 | — |
| | 38,351 | 80,000 | 25,965 | — |
| Interest | | | | |
| - Subsidiaries | 1 | — | 312 | — |
| | 1 | — | 312 | — |
| Dividends | | | | |
| - Subsidiaries | — | — | 24,962 | — |
| | — | — | 24,962 | — |
| Other items | | | | |
| - Directors | — | 1,677 | — | 1,664 |
| - Key management | — | 235 | — | 220 |
| | — | 1,912 | — | 1,884 |
| **TOTAL** | **121,097** | **129,180** | **162,356** | **10,886** |

In both years, ROVI offset debit and credit balances with group company. The balances receivable by the Company for dividends, credit balances and trade debtors were affected by this offsetting, as well as corporate income tax debit balances.

(*) This caption shows the balances receivable from joint ventures for services provided, as well as those relating to loans granted, at fair value.

## 32. Environmental information

Any operation the main purpose of which is to minimise the environmental impact and protect and improve the environment is considered an environmental activity.

The Company has not made any investments in systems, equipment or facilities for environmental activities in the last two reporting periods.

In 2022, in order to contribute to the protection and improvement of the environment, the Company incurred expenses of 939 thousand euros for waste elimination (546 thousand euros in 2021).

At the reporting date, the Company was not aware of any possible environmental contingencies that might be significant.

## 33. Events after the reporting date

ROVI informed (by publication of the relevant information number 20446 dated 16th of February 2023) on the evaluation process to obtain marketing authorisation for Risvan® (Risperidone ISM®) in the United States and reported that it has now filed the final responses to the Complete Response Letter received from the United States Food and Drug Administration (FDA) in the third quarter of 2022. These responses likewise included the answers of one of ROVI's suppliers to outstanding questions.

The FDA has notified ROVI that the user fee goal date is 27 July 2023.

Likewise, ROVI has now filed the final report on correction of the deficiencies noted when the FDA inspected its facilities in June 2022.

Furthermore, in January 2023, the FDA carried out a pending inspection of a ROVI supplier. As a result of the inspection, the FDA issued a series of observations to said supplier, which the latter is working to answer. The time frame for the supplier's response will depend on how the FDA evaluates the observations issued.

## 34. Fees of account auditors

The fees accrued by KPMG Auditores, S.L. for audit services and other related-services (consisting of a limited-scope review of the interim financial statements as of 30 June, 2022, a review of the internal control over financial reporting system and a review of compliance with the ratios for financing contracts) provided to Laboratorios Farmacéuticos Rovi, S.A. in 2022 were 125 thousand euros and 47 thousand euros, respectively (116 thousand euros and 45 thousand euros, respectively in 2021).

Additionally, the firm to which KPMG Auditores, S.L. belongs provided review services for the statement of non-financial information for 45 thousand euros in 2022 (32 thousand euros in 2021).

## 35. Other significant information

ROVI announced (by publication of the inside information number 1299 dated 16th of February of 2022) a long-term collaboration with Moderna to increase capacities for the compounding, aseptic filling, inspection, labelling, and packaging of ROVI's facilities located in Madrid, San Sebastián de los Reyes and Alcalá de Henares.

This new agreement, which has a term of ten years, includes a series of investments expected to allow the manufacturing capacity to increase across ROVI's facilities in Madrid, Spain. In addition to producing Moderna's COVID-19 vaccine, ROVI's platform could also be utilized to service future Moderna mRNA vaccine candidates.

ROVI announced (by publication of the relevant information number 14055 dated 15th of February of 2022) that the European Commission had authorised the marketing of Okedi® (Risperidone ISM®) for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone.

The commercialization of Okedi® (Risperidone ISM®) has been carried out throughout 2022, launching the product in Germany in April, in the United Kingdom in July and in Spain in September 2022.

# LABORATORIOS FARMACÉUTICOS ROVI, S.A.

## 2022 Management Report

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The Board of Directors of Laboratorios Farmacéuticos Rovi, S.A. (ROVI or "the Company") issues the following management report in accordance with Article 262, 148 d) and 526 of the Spanish Capital Company Act ("Ley de Sociedades de Capital"), 61 bis of the Securities Market Law.

### 1. Corporate profile

The Company is the parent company of a fully-integrated specialized Spanish pharmaceutical group (ROVI or "the Group") engaged in the research and development, contract manufacturing and the marketing of small molecules and biological specialties. The Group has three main growth pillars:

- Pharmaceutical specialties, split in two areas:
  - Prescription products: With two divisions: Low-molecular-weight heparin division (LMWH) and own and licensed product division.
  - Diagnostic imaging contrast agents and other hospital products.
- Contract manufacturing: Specialists in solutions for prefilled syringes, solid oral forms and vials.
- R&D, split in three areas:
  - Innovative drug release technology, ISM®.
  - Glycomics area.
  - Multilayer technology for urethral catheters.

As a result of a combination of factors, among which the Group's stability, due to the growth of its recurring business and its strong financial position, sound strategy and clear pillars of growth may be highlighted, the Company's reactive profile has been reinforced. This has allowed operating revenue to rise year after year, materialising in growth of 26% in 2022.

In addition, ROVI has a sound, low-risk R&D policy, where the patented ISM® platform (internally-developed and patented innovative drug-release technology which allows the prolonged release of the compounds administered by injection) opens up new channels of growth. The Company allocates a large part of its resources to research, in order to remain in the vanguard in both the product area and the manufacturing and development systems area.

ROVI enjoys a series of competitive advantages that have allowed it to position itself as one of the principal leaders in its market niche, in a sector which, moreover, has high entry barriers:

- Unique knowledge of low-molecular-weight heparins (LMWH).
- Infrastructure with operating advantages.
- Diversified portfolio
- Low-risk innovation

In all its business lines, ROVI as a group is aware that its activity does not consist only of the health improvements provided by its products but that, additionally, it wishes to respond to the social and environmental demands related to the impact of its activity. To achieve this, ROVI's economic development must be compatible with its conduct in respect of ethical, social, labour and environmental issues, and respect for human rights.

For more information, please see Integrated Report or visit: www.rovi.es

### 2. Business evolution

Operating revenue increased by 16% to 591.1 million euros in 2022 driven by the strength of the specialty pharmaceutical business.

Sales of LMWH increased by 3% to 244.9 million euros in 2022. LMWH (enoxaparin biosimilar and bemiparin) sales represented 41% of operating revenue in 2022 compared to 47% in 2021.

ROVI's low-molecular-weight heparin (LMWH), Bemiparin, shown a reduction in 2022 of 6% to 103.4 million euros. Sales of Bemiparin in Spain (Hibor®) shown a reduction of 3% to 68.3 million euros in 2022. Enoxaparin biosimilar increased by 11% to 142.0 million euros.

Sales of Neparvis®, a specialty product from Novartis, launched in Spain in December 2016, indicated for the treatment of adult patients with symptomatic chronic heart failure and reduced ejection fraction, increased 2% year on year to 39.1 million euros in 2022, compared to 38.5 million euros in 2021.

Sales of Volutsa®, a specialty product from Astellas Pharma indicated for the treatment of moderate to severe storage symptoms and voiding symptoms associated with benign prostatic hyperplasia, launched in Spain in February 2015, increased by 9% to 17.8 million euros in 2022.

Sales of Vytorin®, Orvatez® and Absorcol®, specialty products from Merck Sharp & Dohme ("MSD") indicated as adjunctive therapy to diet in patients with hypercholesterolemia, increased 13% to 32.1 million euros in 2022. ROVI ceased to distribute Absorcol® as of 31 December 2022 and Vytorin® as of 31 January 2023. Sales of Absorcol® and Vytorin® represented 24% of total hypercholesterolemia product sales in 2022.

Sales of contrast imaging agents and other hospital products increased by 13% to 40.1 million euros in 2022. This increase shows the strong recovery of the Spanish and Portuguese hospital activity during this period after the effects of lockdowns during the pandemic.

CMO sales increased by 25% to 24.5 million euros.

## 3. Liquidity and capital resources

### 3.1 Liquidity

As of 31 December 2022, ROVI had gross cash position of 65.8 million euros, compared to 39.4 million euros as of 31 December 2021, and net debt (available-for-sale financial assets plus deposits plus financial derivatives plus cash and cash equivalents minus short term and long term financial debt minus debt with group companies) of 65.8 million euros, compared to a net debt of 16.0 million euros as of 31 December 2021.

### 3.2 Capital resources

As of 31 December 2022, ROVI had total debt of 134.4 million euros (55.5 million euros as of 31 December 2021). Debt with public administration, which is 0% interest rate debt, represented 7% of total debt (19% in December 2021).

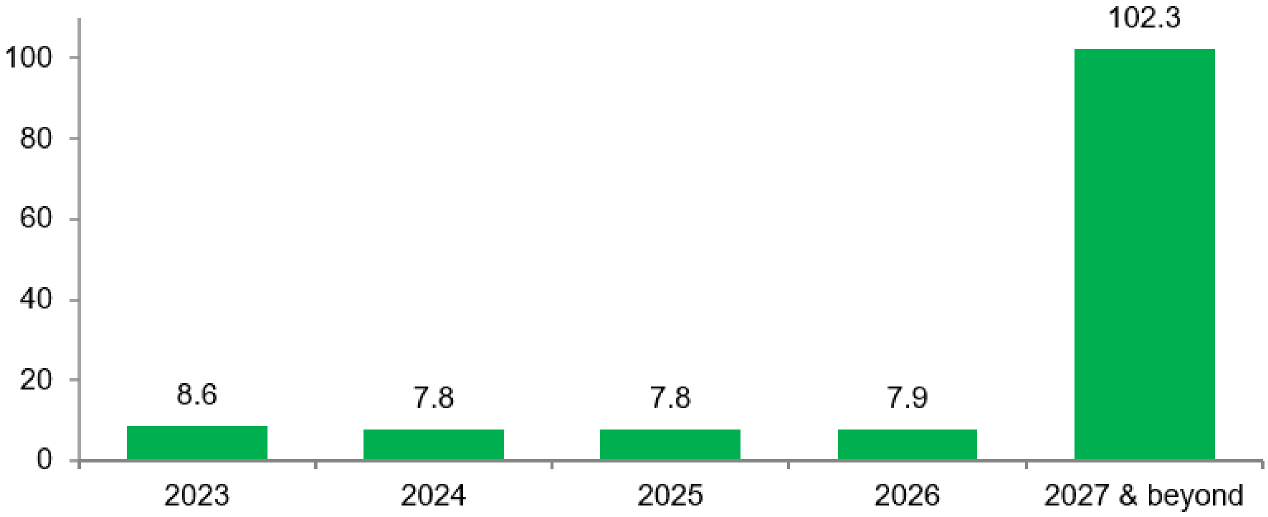
| *In thousand euros* | 2022 | 2021 |
|---|---|---|
| Bank borrowings | 44,107 | 44,821 |
| Debt with public administration | 9,938 | 10,350 |
| Debt with group and associates companies | 80,385 | 290 |
| Derivatives | 28 | 17 |
| **Total** | **134,430** | **55,478** |

As of 31 December 2022, bank borrowings remained almost stable. In December 2017, ROVI announced the European Investment Bank (EIB) had granted it a loan to support its investments in Research, Development and Innovation. The loan was for 45 million euros. As of 31 December 2021, ROVI had drawn 45 million euros against this credit line; 5 million euros at a variable interest rate of Euribor at 3 months + 0.844% (the latest interest rate paid was 0.297% in January 2022) and 40 million euros at a fixed interest of 0.681%. Repayment of the variable interest loan started in October 2021 (quarterly repayments) and its current outstanding balance is 4.1 million euros. The credit matures in 2029 and includes a grace period of 3 years.

Additionally, in July 2022, the BEI granted ROVI a credit for a total amount of 50 million euros to finance R&D&I activities related to new developments of the prolonged drug release technology ISM®. The credit will be available to ROVI for a term of 24 months as of signature of the contract and the loan will mature 10 years after the drawdown date. The loan provides for a three-year grace period and financial conditions (i.e. the applicable interest rates, repayment periods, etc.) favourable to ROVI. The Group had not drawn any of this loan at 31 December, 2022.

During 2022, Rovi Pharma Servicios Industriales, S.A.U. has granted a loan to the Company for 80,000 miles of euros. The loan matures in 2032 and has an interest rate of 1.71%.

Debt maturities at 31 December, 2022 are shown in the following graph (millions of euros):




3.3. Analysis of contractual obligations and items off the statement of financial position

In the ordinary course of activities, in order to manage its own transactions and financing, the Company has carried out certain transactions that are not included on the statement of financial position, such as operating leases. The Company's objective is to optimize the financing costs that are involved in determined financial transactions and, therefore, on certain occasions, has chosen operating leases rather than the acquisition of assets. The minimum future payments to be made for non-cancellable operating leases at 31 December, 2022 were 1,061 thousand euros (2,015 thousand euros at 31 December, 2021), of which 1,061 thousand euros are related to maturities at less than one year (1,088 thousand euros at less than one year at 31 December, 2021).

## 4. Key operating and financial events

4.1 ROVI informs on the evaluation process to obtain marketing authorisation for Risvan® in the United States.

ROVI informed (by publication of the relevant information number 20446 dated 16th of February 2023) on the evaluation process to obtain marketing authorisation for Risvan® (Risperidone ISM®) in the United States and reported that it has now filed the final responses to the Complete Response Letter received from the United States Food and Drug Administration (FDA) in the third quarter of 2022. These responses likewise included the answers of one of ROVI's suppliers to outstanding questions.

The FDA has notified ROVI that the user fee goal date is 27 July 2023.

Likewise, ROVI has now filed the final report on correction of the deficiencies noted when the FDA inspected its facilities in June 2022. The evaluation of these corrections, as well as the notification as to whether the FDA will need to reinspect the ROVI facilities, is expected within the period ending on the user fee goal date.

Furthermore, in January 2023, the FDA carried out a pending inspection of a ROVI supplier. As a result of the inspection, the FDA issued a series of observations to said supplier, which the latter is working to answer. The time frame for the supplier's response will depend on how the FDA evaluates the observations issued.

Thus, ROVI is continuing with the roadmap that it notified in the presentation of the update of its strategy at its 2022 Capital Markets Day and will continue to report on the milestones deemed relevant in the process to obtain authorisation of Risvan® from the FDA as the timeline for registration in the United States advances.

4.2 Glicopepton Biotech founded to produce compounds of high technological value

ROVI announced (by publication of the relevant information number 18544 dated 4th of October 2022) that it presented with Càrniques Celrà, S.L. and Grupo Empresarial Costa, S.L., Glycopepton Biotech, S.L., a joint venture that involves the creation of one of the first national structures for self-sufficiency in heparins and products of high nutritional value to be used in the composition of animal feed and fertilisers. The goals of this project focus on transforming the present livestock production process into a high-value-added technological process based on a circular economy model.

The project involves the construction of a facility at the Industrial Logistics Platform of Fraga (Huesca), which will produce compounds of high biological value that derive from the intestinal mucosa of pigs. It will involve a joint investment of approximately 40 million euros over the next four years and is expected to create around 30 direct skilled jobs. The project will be subject to obtaining the applicable administrative and regulatory permits and authorisations.

Glicopepton Biotech combines ROVI's experience as a leading company in the research into low-molecular-weight heparins (LMWH) with the track records of Càrniques Celrà and Grupo Empresarial Costa, two major companies in the livestock and meat industry in Spain. LMWHs are anticoagulant drugs used to prevent and treat venous thromboembolic disease. They are a biological product whose raw material is obtained from the intestinal mucosa of pigs. This project seeks both the creation of economic and technological value, transforming pig mucosa into a high-value-added product like heparin, and the development of new animal food supplements and fertilisers.

ROVI has in-house production capacity to transform raw heparin into sodium heparin and intends to expand this capacity through the construction of a new sodium heparin production line (already underway), in order to be present in all the manufacturing phases of low-molecular-weight heparins.

Juan López-Belmonte Encina, ROVI's chairman and chief executive officer, highlighted "the strategic importance for Spain of a project with these characteristics, since it provides the country with the capacity to be self-sufficient in obtaining a raw material that is indispensable for the production of an essential medicine like low-molecular-weight heparins. At ROVI, we are very excited about this project since, as a company specialised in these medicines, it will enable us to take a further step in the vertical integration of our LMWH manufacturing."

4.3 ROVI Share Buy-back Programme

ROVI announced (by publication of the inside information number 1308 dated 22 February 2022) the end of the share buy-back programme, effective as of 3 November 2021, and the launching of a new share buy-back programme, effective as of 23 February 2022.

End of the share buy-back programme

ROVI informed that, on 22 February 2022, the Board of Directors resolved to finalize the share buy-back programme launched by the Company as of 3 November 2021, having acquired 1,492,108 own shares, this is, 89% of the maximum number of shares to be acquired under the buy-back programme.

Launching of a new share buy-back programme

ROVI further informed that the Company launched, effective as of 23 February 2022, a new share buy-back program (the "Buy-back Program"), in accordance with the following terms:

1.- **Purpose and scope:** the Buy-back Program's purpose is to redeem own shares of ROVI (share capital reduction) and, at the same time, to contribute to ROVI's shareholders remuneration by increasing earnings per share.

2.- **Term:** from 23 February 2022 and for a period of 6 months.

3.- **Maximum monetary amount:** up to 46,000,000 euros.

4.- **Maximum number of shares to be acquired:** 560,700 shares of the Company, representing approximately 1% of the Company's share capital as of the launch date of the programme.

5.- **Trading volume to be considered as reference:** the trading volume to be taken as a reference for the purposes of the provisions of article 3.3 of Delegated Regulation 2016/1052 for the entire duration of the Buyback Program shall be 25% of the average daily volume of ROVI's shares on the Continuous Market of the Spanish Stock Exchanges during the twenty trading days prior to the date of the purchase.

On 29 March 2022, ROVI informed of the finalization of this second buy-back programme. The Company had acquired 560,700 treasury shares, this is, 100% of the maximum number of shares foreseen under the buy-back programme.

The purpose of the two buy-back programmes was to cancel treasury shares held by ROVI (by reducing the capital). The reduction of the capital through cancellation of 2,052,808 shares repurchased within the framework of the aforementioned buy-back programmes was approved at the General Shareholders' Meeting of 14 June, 2022 and executed by entering the pertinent deed of capital reduction into public record. The deed has inscribed at the Madrid Companies Registry and the new amount of the share capital, after the shares mentioned have been cancelled and excluded from trading, has appeared in the registers of the National Securities Market Commission and Iberclear.

4.4 Moderna and ROVI expand long-term collaboration for the manufacture of mRNA medicines over the next ten years

ROVI announced (by publication of the inside information number 1299 dated 16th of February of 2022) a long-term collaboration with Moderna to increase capacities for the compounding, aseptic filling, inspection, labelling, and packaging of ROVI's facilities located in Madrid, San Sebastián de los Reyes and Alcalá de Henares.

This new agreement, which has a term of ten years, includes a series of investments expected to allow the manufacturing capacity to increase across ROVI's facilities in Madrid, Spain. In addition to producing Moderna's COVID-19 vaccine, ROVI's platform could also be utilized to service future Moderna mRNA vaccine candidates.

"ROVI has been a pivotal partner in supporting the manufacturing of our COVID-19 mRNA vaccine for countries outside of the U.S., and this long-term agreement expands our partnership and allows for further scale-up for future mRNA medicines," said Juan Andres, Moderna's Chief Technical Operations and Quality Officer.

Mr. Juan López-Belmonte Encina, ROVI's Chairman and Chief Executive Officer, said: "We are delighted to expand our collaboration with Moderna and become a long-term manufacturing partner. At ROVI we are working to contribute all our experience as a high-technological-value contract manufacturer of injectables to the solution of this pandemic and we are confident of our ability to take part in the manufacturing of new mRNA candidates in the future."

4.5 ROVI receives the European Commission's approval of Okedi® as a treatment for schizophrenia

ROVI announced (by publication of the relevant information number 14055 dated 15th of February of 2022) that the European Commission had authorised the marketing of Okedi® (Risperidone ISM®) for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone.

Risperidone ISM® is a prolonged-release injectable antipsychotic developed and patented by ROVI for the treatment of schizophrenia[1] schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone, since, as of the first injection, it provides immediate and sustained plasmatic drug levels and does not require loading doses or supplementation with oral risperidone.

This approval is based on the positive results of the pivotal PRISMA-3 study on the efficacy and safety of Risperidone ISM® in schizophrenia pacients. The results obtained in this study show that the two different doses (75 mg and 100 mg once a month) have achieved the prespecified primary and secondary efficacy endpoints for treatment of patients with acute exacerbation of schizophrenia. The primary efficacy endpoint, the PANSS total score (mean difference, CI: 95%), improved significantly with Risperidone ISM® 75 mg and 100 mg from the beginning until day 85, with adjusted differences of -13.0 (17.3 to -8-8; p <0.0001) and -13.3 (-17.6 to -8.9; p<0.0001), respectively. Significantly improved mean changes for the secondary endpoint, the CGI-S score, were also obtained for Risperidone ISM® in comparison with the placebo, -0.7 (-1.0 to -0.5; p<0.0001), for both doses. The significant statistical improvement for both efficacy results was observed as early as 8 days after the first injection. The most frequently reported treatment-emergent adverse events were increased blood prolactin (7.8%), headaches (7.3%), hyperprolactinemia (5%) and weight increase (4.8%). No important new or unexpected safety information was reported. Likewise, patients who successfully completed the double-blind period were offered the opportunity to continue in a long-term, open-label 12-month extension phase with once every four weeks injections of Risperidone ISM® (75 mg or 100 mg). New, clinically stable patients ("de novo" patients) were also able to enter this open phase of the study. Long-term treatment was observed to be effective, safe and well tolerated in adult patients with schizophrenia, regardless the initial severity of the disease or whether they had been treated previously with Risperidone ISM® during an acute exacerbation or switched from stable doses of oral[2] risperidone.

"We are very excited about the European Commission's approval of Risperidone ISM® because we think our medicine will be able to contribute to the clinical management of schizophrenia patients. Likewise, we have launched the product in Germany, United Kingdom and Spain", commented Juan López-Belmonte Encina, ROVI's Chairman and Chief Executive Officer.

[1] Correll, C.U., Litman, R.E., Filts, Y. et al. Efficacy and safety of once-monthly Risperidone ISM® in schizophrenic patients with an acute exacerbation. npj Schizophr 6, 37 (2020). *https://doi.org/10.1038/s41537-020-00127-y*

[2] *Filts Y, Litman RE, Martínez J, Anta L, Naber D, Correll CU. Long-term efficacy and safety of once-monthly Risperidone ISM® in the treatment of schizophrenia: Results from a 12-month open-label extension study. Schizophr Res. 2021 Nov 27;239:83-91.*

## 5. Research and development

**ISM® technology platform**

Okedi® (Risperidone ISM®) is the first ROVI product based in its leading-edge drug delivery technology, ISM®. It is a novel investigational antipsychotic for the treatment of schizophrenia with once-monthly (every 28 days) injections which has been developed and patented by Laboratorios Farmacéuticos ROVI S.A. and which, as of the first injection, provides immediate and sustained plasmatic drug levels and does not require loading doses or supplementation with oral risperidone.

In January 2020, ROVI announced the commencement of the centralised procedure for registration of Okedi® with the European Medicines Agency (EMA). On 16 December 2021, the CHMP adopted a positive opinion, recommending the granting of a marketing authorisation for the medicinal product Okedi®. Finally, on 15 February 2022, the European Commission authorised the marketing of Okedi® (Risperidone ISM®) for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone, and it was launched in Germany in April 2022, in the UK in July 2022 and in Spain in September 2022.

Likewise, at its Capital Markets Day held on 24 November 2020, ROVI announced the filing of an NDA (New Drug Application), i.e. a registration dossier to obtain marketing authorisation in the USA, with the FDA (Food and Drug Administration). ROVI was informed of the delay in a decision on granting marketing authorisation for Risvan® (Risperidone ISM®) by the U.S. Food and Drug Administration ("FDA"). Furthermore, on 24 September 2021, ROVI received a Complete Response Letter from the FDA with outstanding questions on the Risvan® dossier, which were answered in January 2022. In the third quarter of 2022, the FDA issued a second Complete Response Letter, with some outstanding questions for ROVI and also with questions for one of its manufacturers. Both ROVI and the manufacturer provided answers to the FDA. The FDA has notified ROVI that the user fee goal date is 27 July 2023.

The grant of the marketing authorisation for Risvan® by the FDA is also subject to the closure of the observations issued by the FDA after the pre-approval inspection (PAI) of the plant where the product is manufactured (located in Madrid, Spain) that was conducted on the second half of June 2022. Responses to these observations were provided to the FDA and ROVI is awaiting the FDA's review of these responses and notification from the FDA as to whether or not a second inspection to ROVI's manufacturing plant is required to close the pending observations.

In addition, in January 2023 the FDA conducted the pending inspection of a supplier to close deficiencies found by the FDA in a process not related to Risperidone ISM®. As a result of this inspection, the FDA has issued new observations and the manufacturer is currently estimating a time frame to provide the responses.

In addition, the company is continuing with the clinical development of Letrozole ISM®, which represents the second candidate using ROVI's ISM® technology platform. This new investigational medicine is, to the best of ROVI's knowledge, the first long-acting injectable aromatase inhibitor intended for the treatment of hormone-dependent breast cancer. ROVI has obtained positive results in phase I that confirm that this ISM® formulation provides a prolonged release of letrozole which produces a sustained suppression of oestrogenic hormones. These outstanding results allow ROVI to predict a superior oestrogen suppression compared to daily doses of oral Femara® (daily 2.5 mg doses) when Letrozole ISM® treatment starts with 100 mg doses at day 1 and week 8, followed by maintenance doses of 100 mg of Letrozole ISM® every 52 weeks. After several official interactions with the FDA, the company has been requested to perform a phase II clinical study in adult patients with HR+/HER- locally advanced or metastatic breast cancer, comparing Letrozole ISM® versus Femara®.

Lastly, ROVI's R&D team is progressing in the development of a new formulation of Risperidone for a 3-monthly injection, which would complement the current 4-weekly formulation of Risperidone ISM® for the maintenance treatment of patients with clinically stable schizophrenia. The regulatory toxicity studies needed to start the clinical development in humans have already been completed. The company is currently initiating all arrangements to conduct a phase I clinical trial to evaluate the safety, tolerability, and pharmacokinetics of various candidate formulations at different dose strengths and injection sites; this study is planned to begin in the first half of 2023.

## 6. Dividends

On 14 June, 2022, the General Meeting of Shareholders approved the distribution of the 2021 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 53,580 thousand euros (0.9556 euros gross per share). This dividend was paid out in July 2022.

On 17 June, 2021, the General Meeting of Shareholders approved the distribution of the 2020 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 21,373 thousand euros (0.3812 euros gross per share). This dividend was paid out in July 2022.

## 7. Capital expenditure

ROVI invested 6.4 million euros in 2021, compared to 7.0 million euros in 2020.

At 31 December, 2022 and 2021, the additions to property, plant and equipment were mainly related to investments in the Company's Granada plant and the pilot plants for development of ISM® technology.

## 8. Treasury shares transactions

At 31 December, 2022, the number of treasury shares was 1,644,144 (1,218,776 at 31 December, 2021). The following movements took place during 2022 and 2021:

| | 2022 | 2021 |
|---|---|---|
| **Balance at beginning of period** | **1,218,776** | **673,654** |
| Shares acquired under liquidity contract (c.1) | 1,609,715 | 826,381 |
| Shares sold under liquidity contract (c.1) | (1,598,794) | (831,586) |
| Shares acquired in buy-back programme (c.2) | 1,467,225 | 585,583 |
| Shares for capital reduction in buy-back programme | (2,052,808) | — |
| Extraordinary bonus through award of shares (c.3) | — | (35,256) |
| **Balance at end of period** | **644,114** | **1,218,776** |

1) Liquidity contract

Under the liquidity contract signed by ROVI, 1,609,715 shares were acquired (826,381 in 2021), for which a total sum of 78,561 thousand euros was disbursed (42,224 thousand euros in 2021). Likewise, a total of 1,598,794 shares were resold (831,586 in 2021) for a sum of 77,766 thousand euros (42,328 thousand euros in 2021). Said shares had been acquired at a weighted average cost of 80,560 thousand euros (31,446 thousand euros in 2021), giving rise to a loss of 2,794 thousand euros on the sale (profit of 10,882 thousand euros in 2021), which was recognised in reserves.

2) Share buy-back programme

ROVI commenced a buy-back programme for company shares effective 3 November, 2021, the main features of which were the following:

- Purpose and scope: the cancellation of treasury shares of ROVI (capital reduction) while, at the same time, increasing ROVI's shareholder remuneration by increasing the earnings per share.
- Term: 12 months as of 3 November, 2021, the date on which the buy-back programme was published, or as of the date that either of the following two conditions was met. Additionally, ROVI reserved the right to conclude the programme before its term ended.
- Maximum monetary amount: up to 125,000,000 euros.
- Maximum number of shares to be acquired: 1,682,000 shares in the Company, representing approximately 3% of ROVI's share capital at the buy-back programme publication date.

Under this resolution, in 2022, 906,525 share were acquired, for which ROVI paid a total amount of 59,873 thousand euros. The programme ended on 22 February, 2022, a total of 1,492,108 shares having been acquired between 2021 and 2022 for a total sum of 96,434 thousand euros.

Effective 23 February, 2022, ROVI commenced another share buy-back programme with the following main features:

- Purpose and scope: the cancellation of ROVI shares (capital reduction) and, at the same time, an increase in the remuneration of ROVI shareholders through an increase in the earnings per share.
- Term: 6 months as of 23 February, 2022, the date on which the buy-back programme was published, or as of the date that either of the following two conditions was met. Additionally, ROVI reserved the right to conclude the programme before its term ended.
- Maximum monetary amount: up to 46,000,000 euros.
- Maximum number of shares to be acquired: 560,700 shares, representing approximately 1% of ROVI's share capital at the buy-back programme publication date.
-

Under this resolution, in 2022, 560,700 share were acquired, for which ROVI paid a total amount of 38,574 thousand euros. The programme ended on 29 March, 2022.

On 29 July, 2022, the share capital reduction was entered in the Companies Register (Note 14) for an amount of 123 thousand euros through the cancellation of 2,052,808 treasury shares. On the same date, the shares were removed from trading on the Securities Market Interconnection System and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The average weighted cost of the treasury shares cancelled was 135,008 thousand euros and the difference was allocated to retained earnings and voluntary reserves (Note 15 b) for an amount of 134,885 thousand euros.

3) Extraordinary bonus through award of treasury shares

On 17 June, 2021, the Ordinary General Shareholders' Meeting of Laboratorios Farmacéuticos Rovi, S.A. approved an extraordinary bonus for the Company's executive directors through the award of treasury shares. The maximum number of shares to be awarded was determined by dividing 985 thousand euros by the average quoted price of the company shares in the 30 trading days immediately prior to approval of the bonus (54.48 euros). A total of 54,240 treasury shares were awarded to the executive directors (Note 31). The amount recognised for this bonus under "Employee benefit expenses" was 2,520 thousand euros.

## 9. Headcount

The average number of employees during 2021 has been 659 (566 in 2020).

## 10. Outlook for Rovi Group in 2023

For 2023, ROVI Group expects its operating revenue to show low-double-digit negative growth on 2022, although a positive growth of between 5% and 10% is expected in comparison with the 2021 figure.

For 2023, ROVI Group is assuming a new post-pandemic scenario in which COVID-19 would foreseeably be a seasonal disease and, in principle, the vaccine would be administered once a year. For this reason, ROVI Group expects a stronger second half of the year compared to the first half regarding the CMO business. The first quarter of 2023 is expected to include revenues linked to the production of vaccines in the fourth quarter of 2022 but the second quarter of 2023 is expected to be the lowest quarter in terms of CMO sales.

Nevertheless, the uncertainty related to the evolution of the disease is very high. It is not, therefore, possible to make a precise assessment of the impact that this new scenario could have on its CMO business. Likewise, under the terms of the agreement signed with Moderna in February 2022, ROVI Group is still investing in increasing the compounding, aseptic filling, inspection, labelling and packaging capacities at its facilities and expects them to be fully installed at the end of 2024. Taking account of the aforementioned guidance on a decrease in operating revenue in 2023, as well as the fact that ROVI Group will continue with its investment policy as stated, it is reasonable to expect that the Company's profits may also see a downward adjustment in 2023.

## 11. Risk management

### 11.1 Operating risks

The main risk factors to which the Group considers itself to be exposed in respect of meeting its business goals are the following:

- Incidents related to the quality of the products sold by ROVI and incidents in the clinical trials of medicines, side effects of the products sold by ROVI or incorrect management of the notifications in this respect.
- Concentration of operations in specific customers and/or specific production plants.
- Risk of cyberattacks.
- Changes in the prescription criteria or market regulations intended to contain pharmaceutical spending.
- Failure to conclude successfully – or as expected – the Research & Development projects that ROVI is conducting.
- Changes in the supply conditions of the necessary manufacturing materials or the products that ROVI markets.
- Impact of the current geopolitical, socio-political and macroeconomic threats.
- Difficulty in attracting, motivating or retaining personnel.

– Actions by the competition that could have an adverse effect on ROVI.
– Risk derived from adapting to climate change (increased costs, reputational risk, etc.).
– Failure to comply with the regulations applicable to the industry and/or ROVI's activities.
– Tax risk inherent to the activity of companies of the Group's size and complexity.

ROVI monitors and remains permanently alert to any risks that may adversely affect its business activities, applying the appropriate policies and measures to manage them and constantly developing contingency plans that can reduce or offset their impact. Among these, special attention should be drawn to the fact that the Group (i) continues to improve its processes and controls, including those related to the manufacturing processes and those arising from internationalisation; (ii) is working intensively to maintain broad and diversified portfolios of both products and customers; (iii) continues to pursue its goal of constantly opening up new markets as a result of its international expansion project; (iv) is intensifying its efforts to mitigate the risk of cyberattack by raising awareness among its employees and conducting cybersecurity reviews; (v) is continuing with the diversification of its suppliers of raw materials and other packaging materials necessary to manufacture its products; (vi) continues striving to improve its personnel policies; (vii) has started to quantify the risk derived from climate change; and (viii) continues to monitor regulatory compliance, including compliance with the regulations applicable in the different geographical areas where it operates.

11.2 <u>Financial risks</u>

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The main detected and managed risks of the Company's are detailed below:

- *Market risk*

Market risk is divided in:

a) Foreign exchange risk: this risk is low because (i) virtually all the Company's assets and liabilities are in euros; (ii) a majority of the transactions with foreign parties are carried out in euros; and (iii) transactions for a significant amount in currencies other than the euro are hedged with financial instruments that minimise the impact of exchange-rate risk. At 31 December, 2022, the Company held instruments of this kind for a value of 3,000 thousand euros (5,000 thousand euros in 2021), the measurement of which led to recognition of a loss of 28 thousand euros at the 2022 reporting date (at the 2021 reporting date the loss was 17 thousand euros).

b) Price risk: the Company is exposed to price risk for equity securities because of investments held by the Company and classified as available for sale on the consolidated statement of financial position. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. The portfolio is diversified in accordance with the limits set by the Company. The Company does not use derivatives to hedge price risk.

c) Interest rate risk: the Company is subject to interest rate risk in respect of cash flows on non-current financial debt transactions at variable rates. Company policy is to try to keep most of its financial debt in the form of debt with government entities by obtaining reimbursable advances on which there is no interest-rate risk and, in the case of bank debt, to obtain cash flows not only at variable rates, but also at fixed rates, thus keeping the impact of interest-rate risk to a minimum.

d) Raw material price risk: the Company is exposed to changes in the conditions under which raw materials and other packaging materials needed to manufacture its products are supplied. To minimise this risk, the Company mantains a diversified portfolio of suppliers and manages its stock levels efficiently.

- *Credit risk*

Credit risk is managed by groups. The credit risk arises from cash and cash equivalents, long-term financial investments, deposits held at call in banks and financial institutions and other receivables available for sale, as well as from wholesalers and retailers, including accounts receivables and committed transactions. The Company monitors the solvency of these assets by reviewing external credit ratings and qualifying internally assets which are not externally rated.

It should be mentioned here that despite this management work, the Regional Government continue to be extremely slow in making payments for pharmaceutical supplies, to the detriment of companies operating in this sector. Despite this, the Company's financial position is sound and its liquidity unaffected.

- *Liquidity risk*

Management periodically monitors the liquidity estimates of the Company in accordance with the expected cash flows. ROVI maintains sufficient cash and marketable securities to meet its liquidity requirements. In 2017, ROVI signed a financing agreement with the European Investment Bank, which it could draw down over the two years following signature of the agreement for a total amount of 45 million euros. As of 31 December, 2019, ROVI had drawn the full amount of this loan.

Additionally, in July 2022, the BEI granted ROVI a credit for a total amount of 50 million euros to finance R&D&I activities related to new developments of the prolonged drug release technology ISM®. The credit will be available to ROVI for a term of 24 months as of signature of the contract and the loan will mature 10 years after the drawdown date. The loan provides for a three-year grace period and financial conditions (i.e. the applicable interest rates, repayment periods, etc.) favourable to ROVI. The Group had not drawn any of this loan at 31 December, 2022.

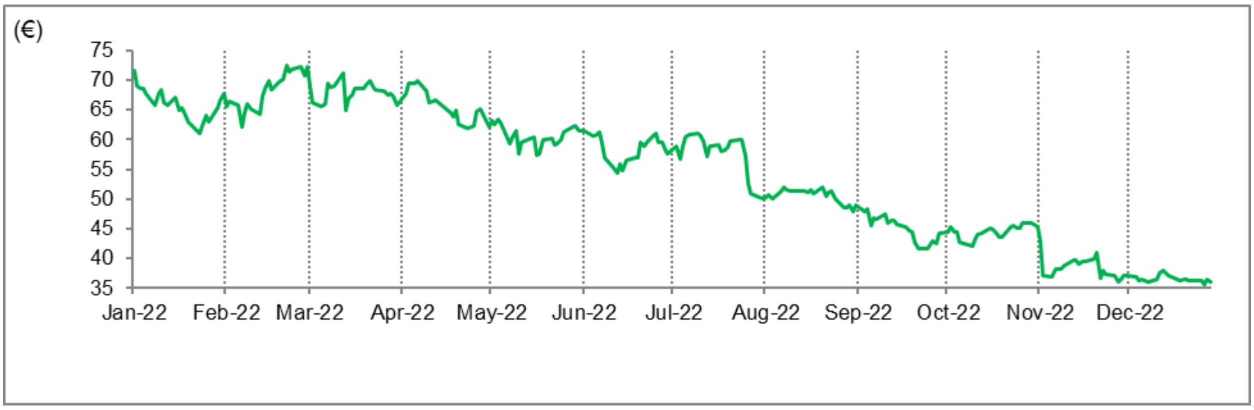
## 12. Stock market capitalization

On the December 5th 2007, ROVI carried out an Initial Public Offering (IPO) of shares initially intended for qualified investors in Spain and to qualified institutional investors abroad. The face value of the operation, without including the shares corresponding to the green shoe purchase option, was 17,389,350 shares already issued and in circulation with a nominal value of 0.06 euros per share, giving a total nominal amount of 1,043,361 euros. The offering price for the operation was 9.60 euros per share.

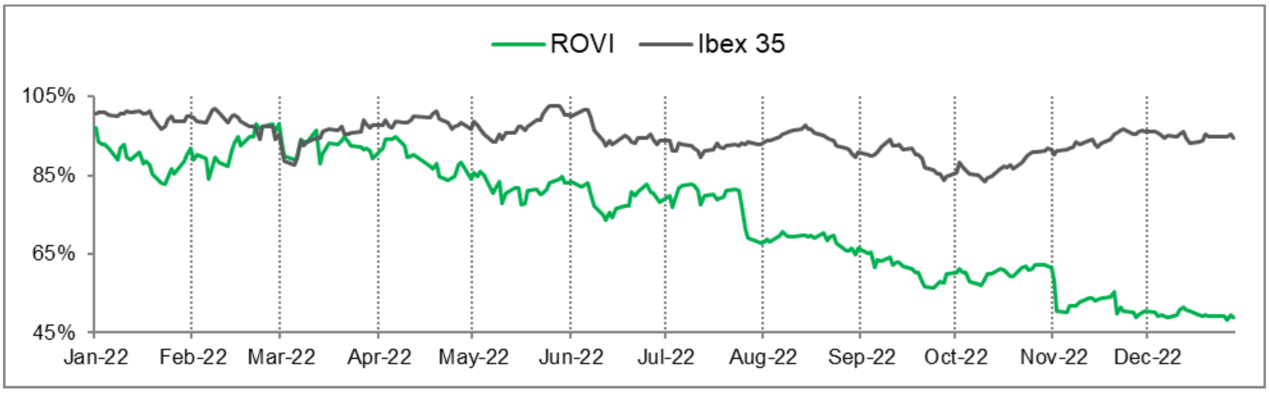
Additionally, in 2018, a capital increase was carried out through the issue of 6,068,965 newly-issued ordinary shares in the Company with a par value of 0.06 euros each, belonging to the same class and series as the existing shares that were already in issue.

In July 2022, Laboratorios Farmacéuticos Rovi, S.A. reduced its capital by cancelling treasury shares (Note 16) as planned in the Buy-back Programmes approved by the Company in 2021 and 2022. The total amount of the capital reduction was 123,168.48 euros (2,052,808 shares with a par value of 0.06 euros each).

The following graph shows the fluctuations of the share price in the stock market in 2022:



The following chart shows the performance of the share price of ROVI compared with the IBEX 35 index in 2022:




## 13. Average payment period

Details of payments for trading transactions performed during the reporting period and outstanding at the reporting date in relation to the maximum legal periods provided for in Law 15/2010, amended by Law 11/2013 and Law 18/2022, are as follows:

| | 2022 | 2021 |
|---|---|---|
| | Days | Days |
| Average payment period to suppliers | 50 | 52 |
| Ratio of transactions paid | 52 | 54 |
| Ratio of transaction outstanding | 40 | 41 |

| | 2022 | 2021 |
|---|---|---|
| Total payments made (thousand euros) | 315,251 | 247,886 |
| Total payments outstanding (thousand euros) | 46,777 | 36,691 |

| | 2022 |
|---|---|
| Invoices paid in less than 60 days (thousand euros) | 216,909 |
| No. of invoices paid in less than 60 days | 10,559 |
| % No. invoices paid in less than 60 days/Total No. invoices paid | 58 % |
| % Amount of invoices paid in less than 60 days/Total amount of invoices paid | 69 % |

## 14. Research and development

Total research and development expenses incurred in 2022 were 23,869 thousand euros (27,445 thousand euros in 2021) and were mainly concentrated on the Glycomics and ISM® platforms, the latter of which is a proprietary drug release system, belonging to ROVI, the objective of which is to improve patient treatment adherence. Of the total research and development expenses incurred in 2022, 9,242 thousand euros was recognised under the "Employee benefit expenses" heading (8,384 thousand euros at 31 December, 2021) and 14,627 thousand euros under "Other operating expenses" (19.061 thousand euros in 2021).

## 15. Corporate government annual report

The Annual Corporate Governance Report prepared by Laboratorios Farmacéuticos Rovi, S.A. for the year 2022 is an integral part of this Management Report, although it is presented as a separate document.

The document will be available on 21 February, 2023 at http://www.cnmv.es/Portal/consultas/EE/InformacionGobCorp.aspx?nif=A-28041283.

## 16. Annual Report on director's remuneration

The Annual Report on Directors' Remunerations prepared by Laboratorios Farmacéuticos Rovi, S.A. for the year 2021 is an integral part of this Management Report, although it is presented as a separate document.

The document will be available on 21 February, 2023 at https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A-28041283.

## 17. Events after balance sheet date

ROVI informed (by publication of the relevant information number 20446 dated 16th of February 2023) on the evaluation process to obtain marketing authorisation for Risvan® (Risperidone ISM®) in the United States and reported that it has now filed the final responses to the Complete Response Letter received from the United States Food and Drug Administration (FDA) in the third quarter of 2022. These responses likewise included the answers of one of ROVI's suppliers to outstanding questions.

The FDA has notified ROVI that the user fee goal date is 27 July 2023.

Likewise, ROVI has now filed the final report on correction of the deficiencies noted when the FDA inspected its facilities in June 2022.

Furthermore, in January 2023, the FDA carried out a pending inspection of a ROVI supplier. As a result of the inspection, the FDA issued a series of observations to said supplier, which the latter is working to answer. The time frame for the supplier's response will depend on how the FDA evaluates the observations issued.

## 18. Other non-financial information (Integrated Report)

ROVI's Integrated Report for the year 2022, which includes all the information requirements of the Non-Financial Information Statement, in compliance with the information duties provided for in Law 11/2018, of December 28, which modifies the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding information non-financial and diversity, forms an integral part of this Management Report.

It will be available as a document released on 21 February, 2023 at https://cnmv.es/portal/Otra-Informacion-Relevante/Resultado-OIR.aspx?nif=A-28041283.

The Individual Annual Accounts of Laboratorios Farmacéuticos Rovi, S.A. ("**Rovi**" or the "**Company**") (which comprise the balance sheet, the income statement, the statement of changes in shareholders' equity, the statement of cash flows and notes), as well as the individual management report of the Company (which comprise the Annual Corporate Governance Report and the Annual Directors' Remuneration Statement) for the fiscal year ended on 31 December 2022 and which precede this document, have been issued by the Board of Directors at its meeting of 20 February 2023 following the formatting requirements set out in Commission Delegated Regulations (EU) 2019/815 of 17 December 2018 (European Single Electronic Format - ESEF) and Commission Delegated Regulations (EU) 2022/352 of 29 November 2021, whose members sign below in accordance with Article 253 of the Royal Legislative Decree 1/2010, of 2 July, approving the restated text of the Spanish Companies Law (*Ley de Sociedades de Capital*), and Article 37 of the Spanish Commercial Code:

Madrid, 20 February 2023

Mr. Juan López-Belmonte Encina
Chairman and Chief Executive Officer (*Consejero Delegado*)

Mr. Javier López-Belmonte Encina
Vice Chairman 1º

Mr. Iván López-Belmonte Encina
Vice Chairman 2º

Mr. Marcos Peña Pinto
Lead Independent Director

Ms. Fátima Báñez García
Director

Ms. Marina del Corral Téllez
Director

Ms. María Teresa Corzo Santamaría
Director

# Auditor's Report on Laboratorios Farmacéuticos Rovi, S.A. and Subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries for the year ended 31 December 2022)

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

# Independent Auditor's Report on the Consolidated Annual Accounts

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

To the Shareholders of Laboratorios Farmacéuticos Rovi, S.A.

## REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

### Opinion

We have audited the consolidated annual accounts of Laboratorios Farmacéuticos Rovi, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2022, 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 consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

### Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Recognition of revenue from services rendered to third parties (Euros 403,546 thousand)**
See notes 2.21, 4.2, 20.b and 22.b to the consolidated annual accounts

| *Key audit matter* | *How the matter was addressed in our audit* |
|---|---|
| The Group provides, inter alia, manufacturing and packaging services to third parties. In certain cases, the Group undertakes to reserve production capacity at its plants in exchange for financial consideration and, in addition, prior to the provision of this manufacturing service, and in accordance with certain defined milestones, the Group carries out adjustment, overhaul and validation work on its facilities and machinery assumed by the customer. The provision of these different types of services requires the application of judgement, among other aspects, to determine the performance obligation, the allocation of the price and the time at which the obligation is satisfied, and revenue is recognised.<br><br>Due to the high level of judgement applied in identifying the different types of performance obligations, allocating transaction prices and making the estimates used in applying the percentage of completion for contracts that are recognised over time, and taking into account the significance of the revenue recognised in the income statement and the contractual liabilities still to be recognised in the income statement at year end, this has been considered a key audit matter. | Our audit procedures included the following:<br>- We evaluated the design and implementation of key controls associated with the processes of recognising manufacturing and packaging services revenue, revenue using the percentage of completion method, and revenue from production capacity reservations.<br>- We obtained and analysed the framework agreements for the provision of services and assessed the appropriate identification of distinct performance obligations, the allocation of the transaction price to each of them and the reasonableness of the revenue recognition criteria applicable to each of the obligations identified.<br>- We obtained and evaluated contracts for the reservation of production capacity at the facilities in exchange for financial consideration and analysed the appropriate recognition thereof as revenue based on the terms of the contracts and, where necessary, the recognition of contractual liabilities that defer revenue recognition until milestones are met.<br>- Where revenue for the provision of services is recognised over time, we have checked that the percentage of completion method applied is appropriate in accordance with applicable accounting standards. To this end, we selected a sample of all contracts in force, partially based on quantitative and qualitative criteria, partially randomly selected to assess the reasonableness of the estimates of the percentage of completion and applied in revenue recognition, checking the costs incurred against supporting documentation and assessing the reasonableness of any judgements made by the Group.<br>- With regard to manufacturing and packaging revenue, we performed a test using computer- |

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

| **Recognition of revenue from services rendered to third parties (Euros 403,546 thousand)**<br>See notes 2.21, 4.2, 20.b and 22.b to the consolidated annual accounts | |
|---|---|
| *Key audit matter* | *How the matter was addressed in our audit* |
| | assisted audit techniques enabling us to assess the existence and accuracy of a large volume of service transactions during the year, individually matching the revenue to the orders and delivery notes. In addition, using statistical sampling techniques, we selected a sample of transactions and evaluated their existence and accuracy by means of a bank statement.<br>- We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group. |

## Other Information: Consolidated Directors' Report

Other information solely comprises the 2022 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors, and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2022, and that the content and presentation of the report are in accordance with applicable legislation.

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

## Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are 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 Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

## Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain 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 annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

- Conclude on the appropriateness of the Parent's 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 auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent 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 the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### European Single Electronic Format

We have examined the digital files of Laboratorios Farmacéuticos Rovi, S.A. and its subsidiaries for 2022 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Company, which will form part of the annual financial report.

The Directors of Laboratorios Farmacéuticos Rovi, S.A. are responsible for the presentation of the 2022 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

## Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 20 February 2023.

## Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 14 June 2022 for a period of one year, from the year ended 31 December 2022.

Previously, we had been appointed for a period of one year, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2017.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

*(Signed on original in Spanish)*

*This report corresponds to stamp number 01/22/00184 issued by the Spanish Institute of Registered Auditors (ICJCE)*

Begoña Pradera Goiri

On the Spanish Official Register of Auditors ("ROAC") with No. 22614

# LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts and
Consolidated Management Report
at 31 December, 2022

# CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2022

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## (Thousand euros)

| | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current assets | | | |
| Property, plant and equipment | **6** | 215,541 | 181,775 |
| Intangible assets | **7** | 35,744 | 38,558 |
| Investment in a joint venture | **10** | 2,193 | 1,994 |
| Deferred income tax assets | **19** | 2,078 | 3,850 |
| Equity securities | **9 & 11** | 9 | 72 |
| Financial receivables | **9 & 13** | 65 | 65 |
| | | **255,630** | **226,314** |
| **Current assets** | | | |
| Inventories | **12** | 311,944 | 245,473 |
| Trade and other receivables | **9 & 13** | 180,011 | 150,172 |
| Current income tax assets | **27** | 4,148 | 9,891 |
| Prepaid expenses | | 2,025 | 1,791 |
| Cash and cash equivalents | **9 & 14** | 124,945 | 99,035 |
| | | **623,073** | **506,362** |
| **Total assets** | | **878,703** | **732,676** |

Notes 1 to 35 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

# CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2022

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## (Thousand euros)

| | | 31 December | |
|---|---|---|---|
| | Nota | 2022 | 2021 |
| **EQUITY** | | | |
| **Equity attributed to the Company** | | **520,012** | **470,976** |
| Share capital | 15 | 3,241 | 3,364 |
| Share premium | 15 | 87,636 | 87,636 |
| Legal reserve | 16 | 673 | 673 |
| Treasury shares | 16 | (27,561) | (66,121) |
| Retained earnings and voluntary reserve | 16 | 256,362 | 292,349 |
| Profit for the year | 16 | 199,669 | 153,077 |
| Accumulated other comprehensive income | 16 | (8) | (2) |
| **Non-controlling interests** | 16 | **1,367** | **—** |
| **Total equity** | | **521,379** | **470,976** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial debt | 18 | 59,441 | 66,745 |
| Deferred income tax liabilities | 19 | 677 | 776 |
| Contract liabilities | 20 | 1,545 | 1,460 |
| Deferred income | 21 | 1,774 | 2,331 |
| | | **63,437** | **71,312** |
| **Current liabilities** | | | |
| Financial debt | 18 | 12,725 | 6,417 |
| Trade and other payables | 17 | 165,776 | 125,173 |
| Current tax liabilities | 27 | — | 681 |
| Contract liabilities | 20 | 114,901 | 57,632 |
| Deferred income | 21 | 485 | 485 |
| | | **293,887** | **190,388** |
| **Total liabilities** | | **357,324** | **261,700** |
| **Total equity and liabilities** | | **878,703** | **732,676** |

Notes 1 to 35 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

# CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2022

## CONSOLIDATED INCOME STATEMENT
## (Thousand euros)

| | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| Revenue | 5 & 22 | 817,698 | 648,677 |
| Change in inventories of finished goods and work in progress | | 38,883 | 782 |
| Raw materials and consumables used | | (339,824) | (264,637) |
| Work carried out by the Group on non-current assets | 8 | 2,856 | — |
| Employee benefit expenses | 23 | (106,522) | (89,803) |
| Other operating expenses | 24 | (136,482) | (93,502) |
| Amortisation and depreciation | 6 & 7 | (22,871) | (21,364) |
| Impairment of non-current assets | 7 | (2) | (95) |
| Recognition of govt grants on non-financial non-current assets & other | | 2,112 | 1,334 |
| **OPERATING PROFIT** | | **255,848** | **181,392** |
| Finance income | | 1,770 | 68 |
| Finance costs | | (849) | (905) |
| Impairment and gain or loss on measurement of financial instruments | | 1,820 | 2,069 |
| Exchange difference | | (821) | (178) |
| **FINANCE COSTS - NET** | **26** | **1,920** | **1,054** |
| Share of profit of joint venture | 10 | **199** | **182** |
| **PROFIT BEFORE INCOME TAX** | | **257,967** | **182,628** |
| Income tax | 27 | (58,302) | (29,551) |
| **PROFIT FOR THE YEAR** | | **199,665** | **153,077** |
| **Attributable to:** | | | |
| - The Company | | 199,669 | 153,077 |
| - Non-controlling interests | | (4) | — |
| **Earnings per share (basic and diluted) attributable to the shareholders of the Company** | | | |
| - Basic | 28 | 3.73 | 2.76 |
| - Diluted | 28 | 3.73 | 2.76 |

Notes 1 to 35 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

## CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2022

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
### (Thousand euros)

| | | 31 December | |
|---|---|---|---|
| | **Note** | **2022** | **2021** |
| **Profit for the year** | | **199,665** | **153,077** |
| **Items that may subsequently be reclassified to profit and loss** | | **19** | **1** |
| Changes in value of equity securities | **11** | (4) | 1 |
| Exchange differences | | 22 | — |
| Tax effect | | 1 | — |
| **Other comprehensive income (net of taxes)** | | **19** | **1** |
| **Total comprehensive income for the year** | | **199,684** | **153,078** |
| Attributable to: | | | |
| - Shareholders of the Company | | 199,688 | 153,078 |
| - Non-controlling interests | | (4) | — |

Notes 1 to 35 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

# CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2022

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## (Thousand euros)

| | Share capital (Note 15) | Share premium (Note 15) | Legal reserve ( Note 16) | Treasury shares (Note 16) | Retained earnings and voluntary reserve (Note 16) | Profit for the year (Note 16) | Accumulated other comprehensive income (Note 16) | Non-controlling interests (Note 16) | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January, 2021** | **3,364** | **87,636** | **673** | **(20,185)** | **241,158** | **61,057** | **(3)** | **—** | **373,700** |
| Total comprehensive income | — | — | — | — | — | 153,077 | 1 | — | **153,078** |
| Transfer of 2020 profit | — | — | — | — | 39,925 | (39,925) | — | — | **—** |
| Dividends 2020 (Note 16 c) | — | — | — | — | — | (21,132) | — | — | **(21,132)** |
| Acquisition of treasury shares (Note 16 d) | — | — | — | (78,785) | — | — | — | — | **(78,785)** |
| Reissue of treasury shares (Note 16 d) | — | — | — | 31,446 | 10,882 | — | — | — | **42,328** |
| Other transactions with shareholders & owners | — | — | — | 1,403 | — | — | — | — | **1,403** |
| Other movements | — | — | — | — | 384 | — | — | — | **384** |
| **Balance at 31 December, 2021** | **3,364** | **87,636** | **673** | **(66,121)** | **292,349** | **153,077** | **(2)** | **—** | **470,976** |
| Total comprehensive income | — | — | — | — | — | 199,669 | 19 | (4) | **199,684** |
| Transfer of 2021 profit | — | — | — | — | 102,070 | (102,070) | — | — | **—** |
| Dividends 2021 (Note 16 c) | — | — | — | — | — | (51,007) | — | — | **(51,007)** |
| Acquisition of treasury shares (Note 16 d) | — | — | — | (177,008) | — | — | — | — | **(177,008)** |
| Reissue of treasury shares (Note 16 d) | — | — | — | 80,560 | (2,794) | — | — | — | **77,766** |
| Capital reduction (Note 15) | (123) | — | — | 135,008 | (134,885) | — | — | — | **—** |
| Non-controlling interests | | | | | | | | 1,371 | **1,371** |
| Other movements | — | — | — | — | (378) | — | (25) | — | **(403)** |
| **Balance at 31 December, 2021** | **3,241** | **87,636** | **673** | **(27,561)** | **256,362** | **199,669** | **(8)** | **1,367** | **521,379** |

Notes 1 to 35 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

# CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2022

## CONSOLIDATED STATEMENT OF CASH FLOWS
## (Thousand euros)

| | | 31 December | |
|---|---|---|---|
| | **Note** | **2022** | **2021** |
| **Cash flows from operating activities** | | | |
| Profit before income tax | | 257,967 | 182,628 |
| **Adjustments for non-monetary transactions** | | | |
| Amortisation and depreciation | **6 & 7** | 22,871 | 21,364 |
| Finance income | **26** | (1,770) | (68) |
| Valuation allowance | **12 & 13** | 5,160 | 4,885 |
| Adjustments for changes in value of derivatives | | 11 | (908) |
| Gain or loss on derecognitions of financial assets and liabilities | | (1,831) | (1,161) |
| Exchange differences | **26** | 821 | — |
| Finance expenses | **26** | 849 | 905 |
| Grants, distribution licences and other deferred income | | (2,904) | (6,473) |
| Share of profit in joint ventures | **10** | (199) | (182) |
| Share-based payments | | — | 1,403 |
| **Changes in working capital:** | | | |
| Trade and other receivables | | (26,820) | (74,187) |
| Inventories | | (71,591) | (23,427) |
| Other current assets (prepaid expenses) | | (234) | (1,778) |
| Trade and other payables | | 41,672 | 35,358 |
| **Other collections and payments** | | | |
| Proceeds from contract manufacturing services | **20** | 57,104 | 34,429 |
| Proceeds from distribution licences | **20** | 385 | 518 |
| Interest paid | | — | (4) |
| Income tax cash flow | | (43,889) | (23,861) |
| **Net cash generated (used) in operating activities** | | **237,602** | **149,441** |
| **Cash flows from investing activities** | | | |
| Purchases of intangible assets | **7** | (669) | (722) |
| Purchases of property, plant and equipment | **6** | (50,719) | (40,218) |
| Proceeds from sale of property, plant and equipment | **6** | 78 | 33 |
| Purchases of other financial assets | | (5,870) | — |
| Proceeds from sale of other financial assets | | 20 | — |
| Interest received | | 6 | 68 |
| **Net cash flows generated (used) in investing activities** | | **(57,154)** | **(40,839)** |
| **Cash flows from financing activities** | | | |
| Repayments of financial debt | | (6,768) | (6,192) |
| Proceeds from financial debt | **18** | 1,399 | 1,340 |
| Interest paid | | (291) | (288) |
| Purchase of treasury shares | **16 d)** | (177,008) | (78,785) |
| Reissue of treasury shares | **16 d)** | 77,766 | 42,328 |
| Dividends paid | **16 c)** | (51,007) | (21,132) |
| Capital contribution to subsidiaries | | 1,371 | — |
| **Net cash generated (used) in financing activities** | | **(154,538)** | **(62,729)** |
| **Net (decrease)/increase in cash and cash equivalents** | | **25,910** | **45,873** |
| **Cash and cash equivalents at beginning of the year** | **9 & 14** | **99,035** | **53,162** |
| **Cash and cash equivalents at end of the year** | **9 & 14** | **124,945** | **99,035** |

Notes 1 to 35 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

## LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for the annual period ended 31 December, 2022
(Thousand euros)

### 1. General information

Laboratorios Farmacéuticos Rovi, S.A. (the “parent company" or "the Company") was incorporated as a public limited company (“sociedad anónima”) in Madrid on 21 December, 1946. It is entered in the Companies Register of Madrid, sheet 1,179, folio 197 of volume 713 of Companies Book 283. Its registered office and the tax address are at Julián Camarillo, 35, Madrid (Spain)

The Company’s principal activity is the sale of its own pharmaceutical products and the distribution of other products for which it holds licences granted by other laboratories for specific periods, in accordance with the terms and conditions contained in the agreements entered into with said laboratories, as well as proving manufacturing services to third parties.

Laboratorios Farmacéuticos Rovi, S.A. is the parent of a pharmaceutical business group (hereinafter, “ROVI” or “Rovi Group” or “Group”) engaged in the production and sale of pharmaceutical products. Low-molecular-weight heparins, which are marketed in various countries, are the Group’s main products.

The Company’s shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and included in the Spanish Stock Exchange Interconnection System (Continuous Market).

As of 31 December, 2022, the company Norbel Inversiones, S.L. held 55.19% of the shares of Laboratorios Farmacéuticos Rovi, S.A. (Note 15). As of 31 December, 2021, the company Norbel Inversiones, S.L. held 60.17% of the shares of Laboratorios Farmacéuticos Rovi, S.A. Norbel Inversiones, S.L., with registered office at Calle Julián Camarillo, 35, Madrid, files consolidated annual accounts with the Madrid Companies Registry.

These consolidated annual accounts were approved by the Board of Directors on 20 February, 2023 and are pending approval by the General Meeting of Shareholders. Nevertheless the Directors of the Company expect the annual accounts to be approved without any changes.

Changes in the consolidated group

The main changes during 2022 have been:

- In January 2022, the company Glicopepton Biotech, S.L. was incorporated, with registered office at Calle Julián Camarillo 35, Madrid (Spain). This company is 51% held by Laboratorios Farmacéuticos Rovi, S.A. and is fully consolidated, which has led to new breakdowns in the Group’s financial statements where non-controlling interests are described. At 31 December, 2022, the company showed a pre-tax loss of 9 thousand euros and held assets of 2,790 thousand euros.
- In March 2022, the company Alentia Biotech, S.L., with registered office at Avenida de la Ilustración 10, Granada (Spain, was dissolved. Until then, it had been 50% held by Laboratorios Farmacéuticos Rovi, S.A. (see Note 10). This transaction did not give rise to any profit or loss for the Group.

In relation to 2021, in August, the company Rovi Biotech GmbH, with registered office is at Bahnhofstrasse 10, 6300 Zug (Switzerland) was incorporated,100% owned by Laboratorios Farmacéuticos Rovi, S.A. The pre-tax loss of this company 31 December, 2021 at was 16 thousand euros and its assets at the same date were 269 thousand euros.

## 2. Summary of key accounting policies

The principal accounting policies applied in the preparation of these consolidated annual accounts are set out below. These policies have been consistently applied to all the reporting periods presented in these consolidated annual accounts.

### 2.1 Bases of presentation

These consolidated annual accounts for 2022 (and those for 2021 presented for comparative purposes) have been prepared under the International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union pursuant to the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July, 2002 and, likewise, in accordance with the format and markup requirements of Delegated Regulation EU 2019/815 of the European Commission and Delegated Regulation EU 2022/352 of the European Commission, according to which all companies governed by the Law of a Member State of the European Union whose shares are listed on a regulated market of any of the Member States must present their consolidated annual accounts for the reporting periods starting on or after 1 January, 2005 in accordance with the IFRS endorsed by the European Union.

The consolidated annual accounts have been prepared, in general, under the historical cost convention, except for equity securities and financial derivatives.

The preparation of consolidated annual accounts in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated annual accounts are disclosed in Note 4.

### 2.2 New standards and amendments and interpretations of existing ones

**a) Standards, amendments and interpretations mandatory for all annual periods starting on or after 1 January, 2022**

In 2022, the following standards and amendments to existing standards were endorsed by the European Union and came into force on 1 January, 2022. They have either been applied by ROVI or may affect the Group in the future:

- IFRS 3 (Amendment) "Business combinations". This amendment clarifies the definition of business in order to facilitate the application of the standard.

- IAS 16 (Amendment) "Property, Plant and Equipment". Through this Amendment, further details are given on measurement upon recognition of the asset and the information to disclose.

- IAS 37 (Amendment) "Provisions, Contingent Liabilities and Contingent Assets". This Amendment gives details of the costs of fulfilling a contract.

- Annual Improvements to IFRSs. Cycle 2018 – 2020. The amendments affect IFRS 1, IFRS 9 and IFRS 16 The main changes that may apply to the Group refer to:

    - IFRS 1 "First-time Adoption of IFRSs". The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
    - IFRS 9 "Financial Instruments". The amendment clarifies which fees an entity includes when it applies the "10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.
    - IFRS 16, "Leases". The amendment to Illustrative Example 13 accompanying IFRS 16.

The entry into force of the above standards has not had a significant impact on ROVI.

**b) Standards, amendments and interpretations that have not yet come into force but have been endorsed by the European Union**

At the signature date of these consolidated annual accounts, the IASB and the IFRS Interpretations Committee had published the following standards, amendments and interpretations application of which is mandatory from 2023 onwards. ROVI considers that the following could be applicable to the Group, although they have not been adopted early:

- IFRS 17 “Insurance Contracts”, replacing IFRS 4 “Insurance Contracts”. The new IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17. Moreover, it removes current inconsistencies and weaknesses through a new framework based on a single principle to account for all insurance contracts, including reinsurance contracts. The IASB proposes that this Standard should come into force on 1 January, 2023. No significant impacts on ROVI are expected.

- IFRS 17 (Amendment) “Insurance Contracts” and IFRS 9 (Amendment) 9 “Financial Instruments”. These amendments clarify the comparative information to be disclosed by companies that adopt these two Standards for the first time. No significant impacts on ROVI are expected.

- IAS 12 (Amendment) “Income Taxes” and IFRS 1 (Amendment) “First-time Adoption of International Financial Reporting Standards”. These amendments establish principles on how companies should account for deferred taxes on transactions such as leases and decommissioning obligations and are intended to reduce the diversity of the information reported. The IASB proposes that this Amendment should come into force on 1 January, 2023. No significant impacts on ROVI are expected.

- IAS 1 (Amendment) “Presentation of Financial Statements) and IAS 8 (Amendment) “Accounting policies, changes in accounting estimates and errors”. These amendments seek to clarify the distinction between accounting policies and accounting estimates to ensure greater consistency in applying the accounting policies and the comparability of the financial statements. The IASB proposes that these Amendments should come into force on 1 January, 2023. No significant impacts on ROVI are expected.

**c) Standards, amendments and interpretations of existing standards that have not been endorsed by the European Union.**

At the date of signature of these consolidated annual accounts, the International Accounting Standards Board (IASB) and the International Financial Standards Interpretations Committee (IFRIC) had published the standards, amendments and interpretations described below which have not yet been endorsed by the European Union. ROVI considers that the following could be applicable to the Group:

- IAS 1 (Amendment) “Presentation of Financial Statements”. This will mean a change in the classification of liabilities. This Amendment arises with the intention of promoting uniform application and clarifying the requirements to determine whether a liability is current or non-current. The IASB proposes that this Amendment should come into force on 1 January, 2024. ROVI will analyse the potential impact of this Amendment, but no significant effects are expected.

- IFRS 16 (Amendment) “Leases”. The Amendment specifies the requirements that a lessor must use to measure the lease liability in a sale and leaseback transaction. The IASB proposes that this Amendment should come into force on 1 January, 2024. ROVI will analyse the potential impact of this Amendment, but no significant effects are expected.

**2.3 Consolidation principles**

**a) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group holds control. The Group controls an entity when it is exposed to or entitled to obtain variable yields from its involvement in the entity and is able to use its power over said entity to influence these yields. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

The Group uses the purchase method to account for business combinations. The consideration transferred for acquisition of a subsidiary corresponds to the fair value of the assets transferred, liabilities incurred with the previous owners of the acquiree and equity instruments issued by the Group. The consideration transferred includes the fair value of any asset or liability coming from a contingent consideration agreement. Identifiable assets acquired and identifiable liabilities and contingencies assumed in a business combination are measured initially at their acquisition-date fair value. For each business combination, the Group may elect to recognise any non-controlling interest in the acquired entity at fair value or for the non-controlling entity's proportional part in the amounts recognised for the acquiree's identifiable net assets.

Acquisition-related costs are recognised as expenses in the period in which they are incurred.

If the business combination takes place in stages, the acquisition-date carrying amount of the acquirer's previously-held interest in the equity of the acquiree is remeasured at acquisition-date fair value. Any loss or gain arising from this remeasurement is recognised in profit and loss.

Any contingent consideration to be transferred by the Group is recognised at acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration that are considered an asset or liability are recognised in accordance with IAS 39 in profit and loss. Contingent considerations classified as equity are not remeasured and their subsequent settlement is recognised in equity.

The financial statements of companies with a functional currency other than the euro are translated as follows:

- Asset and liabilities are translated at the exchange rate on the reporting date.
- Revenue and expenses are translated at the average exchange rate for the period if there have been no significant changes in the exchange rate during the period.
- Translation differences resulting from applying the above criteria are recognised as exchange differences in equity.

Inter-company transactions and balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated. When necessary, the amounts shown for subsidiaries have been adjusted to adapt them to Group accounting policies.

Exhibit 1 to these Notes lists the identification data of the fully-consolidated subsidiaries. All subsidiaries and associates have the same annual period as the parent company.

**b) Joint arrangements**

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, joint arrangements are classified into either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and has determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method, interests in joint ventures are initially recognised at cost and are then adjusted to recognise the Group's share in post-acquisition profits and losses and movements in other comprehensive income. When the Group's share in the losses of a joint venture equals or exceeds its interests in joint ventures (including any long-term interest that, substantially, forms part of the Group's net investment in joint ventures), the Group does not recognise additional losses unless it has acquired obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence that the assets transferred have suffered an impairment loss. The accounting policies for joint ventures have been modified where necessary to ensure consistency with the policies adopted by the Group.

**2.4 Segment reporting**

Operating segment reporting is presented consistently with the internal information presented to the chief decision-making authority. The chief decision-making authority, which is responsible for allocating resources to the operating segments and assessing the performance of said segments, has been identified as the Management Committee, which makes the strategic decisions.

**2.5 Foreign currency transactions**

**a) Functional and presentation currency**

Items included in the annual accounts of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated annual accounts are presented in euros, which is the Group's functional and presentation currency.

**b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates in force at the transaction dates or, if the items have been remeasured, the measurement dates. Foreign currency losses and gains that result from the settlement of these transactions and the translation of the monetary assets and liabilities denominated in foreign currencies at the rates in force at the end of the reporting period are recognised in profit and loss, except if deferred in other comprehensive income, as is the case with eligible cash flow hedges and eligible net investment hedges. Foreign currency losses and gains relating to loans and cash and cash equivalents are presented as "Finance costs – net" in the income statement. Other foreign currency losses and gains are presented as "Other net gains / (losses)".

Changes in the fair value of monetary securities denominated in foreign currency and classified as equity securities are analysed considering the translation differences resulting from changes in the amortised cost of the security and other changes in its carrying amount. Translation differences relating to variations in the amortised cost are recognised in profit and loss and the other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit and loss, are recognised in profit and loss as part of the fair value gain or loss. Translation differences on non-monetary items measured at fair value, such as equity instruments classified as equity securities, are included in other comprehensive income.

**2.6 Property, plant and equipment**

Items included in property plant and equipment are recognised at cost less depreciation and, when appropriate, less accumulated impairment losses, except in the case of land, which is presented net of impairment losses, if these exist.

Historical cost includes expenditure that is directly attributable to the acquisition of the items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to gradually reduce their acquisition costs to their residual values over their estimated useful lives:

Buildings - 40 years
Technical facilities and machinery – between 4 and 14 years
Other facilities, fittings and equipment and furniture – between 5 and 10 years
Other property, plant and equipment – between 4 and 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Property, plant and equipment in progress includes elements under adaptation, construction or assembly. Property, plant and equipment in progress is recognised at its acquisition cost and is not depreciated.

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 2.9).

Gains and losses on disposals are measured by comparing proceeds with carrying amount and are recognised in profit and loss.

Rights of use

For leases that meet the requirements of IFRS 16, the Group recognises an asset for the right of use of the underlying asset, which it measures by taking the amount of the associated liability as a reference and adding the initial direct costs incurred.

These assets are depreciated on a straight-line basis over the estimated useful life of each one of them.

### 2.7 Intangible assets

#### a) Patents and industrial property. Trademarks and licences

Patents and industrial property and trademarks and licences bought from third parties are shown at historical cost. In general, they have a finite useful life and are carried at cost less accumulated amortisation. The amortisation of those with finite useful lives is calculated using the straight-line method to allocate the cost of these assets over their useful lives, which are estimated at between 10 and 15 years. Amortisable assets are tested for impairment whenever any event or change in circumstances indicates that their carrying amount may not be recoverable.

There are trademarks and licences with indefinite useful lives, which are tested for impairment annually. An impairment loss is recognised when the asset's carrying amount exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less costs to sell and its value in use. In order to assess impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash inflows that are largely independent (cash-generating units). Previous impairment losses on non-financial assets (other than goodwill) are reviewed at each reporting date to see whether they can be reversed.

Intangible assets in progress are shown at cost less impairment provision, if applicable.

#### b) Computer software

Computer software maintenance costs are recognised as expenses when incurred. Development expenses directly attributable to designing and testing computer programmes that are identifiable and unique and may be controlled by the Group are recognised as intangible assets when the following conditions are met:

- It is technically possible to complete the production of the intangible asset so it can be available for use or sale;
- Management intends to complete the intangible asset to be used or sold;
- The entity has the capacity to use or sell the intangible asset;
- It is possible to show evidence of how the intangible asset will generate probable economic benefits in the future;
- There are the proper technical, financial or other resources available to complete the development and to use or sell the intangible asset; and
- It is possible to measure reliably the expenditure attributable to the intangible asset during development.

Directly attributable costs that are capitalised as part of the computer software include the costs of the employees developing said programmes and an appropriate percentage of overheads.

Expenses that do not meet these criteria are recognised as expenses when incurred. Expenditure on an intangible asset initially recognised in profit and loss will not subsequently be recognised as intangible assets. Computer software has a useful life from 4 to 10 years.

### c) Research and development expenses

Research expenditure is recognised as an expense when incurred. Costs incurred in development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following requirements are met:

- It is technically possible to complete the production of the intangible asset so it can be available for use or sale;
- Management intends to complete the intangible asset to be used or sold;
- There is the capacity to use or sell the intangible asset;
- It is possible to measure reliably the expenditure attributable to the intangible asset during development.
- There are the proper technical, financial or other resources available to complete the development and to use or sell the intangible asset; and
- It is possible to measure reliably the expenditure attributable to the intangible asset during development.

The Group considers that, in the case of the development of pharmaceutical products, the aforementioned requirements are met when the drugs have been approved for marketing by the health authorities in the case of new products developed under patent, or, in the case of biosimilars or generics, when the application for marketing authorisation is filed.

The cost of assets generated internally by the Group is measured following the same principles as established for determining the production cost of inventories. Production costs are capitalised by crediting the costs attributable to the asset to accounts under the heading “Work performed by the Group on non-current assets” in the consolidated income statement (consolidated statement of comprehensive income).

These assets have a useful life of 20 years, consistent with the term of pharmaceutical product patents. ROVI expects to obtain a positive return on the development during said period.

### 2.8 Borrowing costs

General and specific interest costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are those that necessarily require a substantial time period before they are ready for their planned use or to be sold, are added, if applicable, to the cost of these assets until the time when said assets are substantially ready for their intended use or to be sold.

Finance income obtained from the temporary investment of specific loans while they are waiting to be used on the qualifying assets is deducted from capitalisable interest costs.

The rest of the interest costs are expensed in the annual period in which they are incurred.

### 2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life and those that are not in a usable condition are not amortised and are tested annually for impairment. Amortisable assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent (cash-generating units). Previous impairment losses on non-financial assets (other than goodwill) are reviewed at each reporting date to see whether then can be reversed.

### 2.10 Financial instruments

Financial instruments are classified upon initial recognition as financial assets or financial liabilities, in accordance with the economic nature of the contract and the definitions of financial asset and financial liability set out in IAS 32 “Financial Instruments: Presentation”.

Financial instruments are recognised when the Group becomes an obliged party under a contract or legal transaction in accordance with the provisions thereof. The Group recognises financial instrument purchase or sale transactions through conventional contracts, defined as those in which the reciprocal obligations of the parties must be performed within a time frame established by regulations or market conventions and which cannot be offset against each other, depending on the type of asset at the contract or settlement date.

For measurement purposes, the Group classifies financial instruments in the categories of financial assets and liabilities carried at fair value through profit and loss. The Group designates a financial asset or liability as fair value through profit and loss upon initial recognition if, by so doing, it eliminates or significantly reduces an inconsistency in the measurement or recognition that would arise otherwise, i.e. if the assets or liabilities or the recognition of the gain or loss thereon were measured on different bases.

The Group holds forward contracts for the purchase or sale of foreign currency. Some of these insurance contracts are considered derivative financial instruments that meet the conditions to be considered hedging instruments. Hedges that cover foreign currency risk on the fair value of monetary financial assets and liabilities in foreign currency, including both changes in the market value of the financial instruments designated as hedges and changes in the market value of the hedged item caused by the hedged risk, are charged or credited to profit and loss, as appropriate.

Acquisition of its own equity instruments

The Group classifies a financial instrument acquired as a financial liability, in full or in part, when its real economic nature represents a direct or indirect contract obligation for the Group to deliver cash or another financial asset or to exchange financial assets or liabilities with another entity under potentially unfavourable conditions.

Contracts that impose an obligation on the Group to acquire its own equity instruments, in cash or by delivering a financial asset, are recognised in reserves as a financial liability at the present value of the amount to be paid. Transaction costs are likewise recognised as a decrease in reserves.

### 2.11 Financial assets

#### a) Classification of financial assets

The Group classifies its financial assets in the following categories: financial assets at amortised cost and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*(i) Financial assets at amortised cost*

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities longer than 12 months after the end of the reporting period, which are classified as non-current assets. Financial assets at amortised cost are classified as “trade and other receivables” and “financial receivables”.

Deposits in financial institutions maturing at more than 90 days and less than 12 months are included in this category as current assets.

Trade receivables are measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Impairment of financial assets at amortised cost

Significant financial difficulties of the debtor, the probability that the debtor will become insolvent or require financial reorganisation and default or delinquency in payments are considered indicators that a trade receivable is impaired. Impairment of financial assets, including loans and receivables, is measured using the expected credit loss model.

The Group measures provisions for losses at a sum equivalent to the expected losses over the life of the asset.

Provisions for losses on financial assets measured at amortised cost are presented separately as a reduction in the gross carrying amount of the asset.

In relation to trade receivables, risk exposures in each group are segmented on the basis of the customer type (government or non-government) and the age of the debt:

– The balance receivable from public authority customers relates to receivables from government entities, regarding which, based on their nature and the information currently available, ROVI considers the credit risk to be low and, therefore, does not recognise any expected losses in relation thereto. The Group is entitled to claim late-payment interest originating from delay in collecting these balances from government entities.

– The balance with non-government entities includes mainly wholesalers, contract manufacturing customers, other pharmaceutical companies and private centres. The provision for impairment of balances with non-government customers is measured in accordance with the age of the debt.

Additionally, the provision for impairment includes all those customer balances for which there are indications of impairment, even if six months have not yet elapsed since their due date.

Impairment losses are recognised in the income statement as “other operating expenses”. When a receivable becomes unrecoverable, it is written off against the amount of the impairment. Subsequent recovery of amounts previously written off is recognised as a credit item in “other operating expenses”.

*(ii) Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income are non-derivatives that are either designated in this category or not classified in any of the other possible categories. They are included in non-current assets under the name of “equity securities” unless Management intends to dispose of the investment within 12 months of the end of the reporting period.

Purchases and sales of investments are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets at fair value through other comprehensive income are subsequently carried at fair value through other comprehensive income. Investments are derecognised when the rights to receive cash flows from the investments have expired or been transferred and the Group has substantially transferred all risks and rewards of ownership.

Dividends from equity instruments classified as financial assets at fair value through other comprehensive income are recognised in profit and loss as “Finance costs-net” when the Group’s right to receive payment is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value on the basis of an analysis of discounted cash flows.

At each reporting date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as financial assets at fair value through other comprehensive income, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for financial assets at fair value through other comprehensive income, the cumulative loss –measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss– is removed from equity and recognised in profit and loss. Impairment losses on equity instruments recognised in profit and loss are not reversed through profit and loss. The expected credit loss is recognised in other reserves and does not reduce the fair value of the assets.

**b) Derecognition of financial assets**

The Group applies the criteria for derecognising financial assets to part of a financial asset or to part of a group of similar financial assets or to a financial asset or to a group of similar financial assets.

Financial assets are derecognised in the accounts when the rights to receive cash flows related to them have expired or been transferred and the Group has substantially transferred the risks and rewards of ownership. Likewise, if the Group retains the contractual rights to receive the cash flows from the financial assets, these financial assets are derecognised only when contractual obligations that determine payment of said flows to one or more recipients have been assumed and the following requirements are met:

- Payment of the cash flows depends on their having been received previously;
- The Group cannot sell or pledge the financial asset; and

- The cash flows received on behalf of the final recipients are remitted without significant delay and the Company is not able to reinvest the cash flows. An exception is made for investments in cash or cash equivalents made by the Group during the settlement period, running from the date on which the cash flows are received and the remittance date agreed with the final recipients, provided that any interest accrued is attributed to the final recipients.

Derecognition of a financial asset in full implies the recognition of a gain or loss for the difference between its carrying amount and the total consideration received, net of transaction costs, including any assets acquired or liabilities assumed and any loss or gain deferred in other comprehensive income.

**2.12 Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**2.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**2.14 Share capital**

The subscribed share capital is represented by ordinary shares.

Incremental costs directly attributable to the issue of new shares, face value reductions or the write-off of existing shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases shares in the Company (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's shareholders until the shares are cancelled, reissued or resold. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect, is included in equity attributable to the Company's shareholders.

**2.15 Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants relating to reimbursable advances are recognised when these advances are granted to the Group.

Government grants relating to costs are deferred and recognised in profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit and loss on a straight-line basis over the expected lives of the related assets.

Reimbursable advances at zero interest rate or those with a subsidised interest rate are recognised at fair value at the time they are received, subsequently being recognised at amortised cost. The difference between the fair value and the face value is registered as "Recognition of government grants on non-financial assets and others" if the loans are financing incurred expenses or are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the useful life of the assets which have been funded with said loans.

### 2.16 Trade payables

Trade payables are payment obligations for goods or services acquired from suppliers in the ordinary course of business. The payables are classified as current liabilities if they mature at one year or less (or if they mature within a normal operating cycle, if longer). Otherwise, they are shown as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

### 2.17 Financial debt

Liabilities recognised as financial debt are broken down as follows:

**a) Financial liabilities at amortised cost**

Financial liabilities at amortised cost are recognised initially at fair value less transaction costs incurred. Subsequently, financial debt is measured at amortised cost, any difference between the funds obtained (less the costs necessary to obtain them) and the repayment value being recognised in profit and loss over the period of the borrowings in accordance with the effective interest rate method.

Financial liabilities at amortised cost are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Commissions paid for obtaining a credit line are recognised as debt transaction costs, provided that it is likely that part or all of the line will be drawn down. In this case, the commissions are deferred until the line is drawn down. To the extent that it is unlikely that all or part of the credit line will be drawn down, the commission will be capitalised as an advance payment for liquidity services and amortised over the period for which the credit is available.

**b) Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit and loss are recognised initially at fair value. Transaction costs directly attributable to purchase or issue are subsequently recognised as an expense when incurred. The initial value of a financial instrument is usually the transaction price, unless said price contains items other than the instrument, in which case the Group determines the fair value.

After initial recognition, they are recognised at fair value through profit and loss. Changes in the fair value include the interest component and dividends. The fair value is not reduced by any transaction costs that may be incurred if the instrument is sold or otherwise disposed of.

The Group classifies derivatives not designated as hedges as financial liabilities at fair value through profit and loss.

### 2.18 Current and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax expense is calculated on the basis of the laws enacted or substantively enacted at the end of the reporting period in the countries in which the Group operates and in which taxable income is generated. Management regularly assesses the positions adopted in the tax returns in relation to situations where the applicable tax regulations are subject to interpretation and, if necessary, sets up provisions in accordance with the amounts it is expected to pay to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are offset when, and only when, there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same entity or taxpayer or on different entities or taxpayers which intend to settle current tax assets and liabilities for their net amount.

Regarding the interests in Economic Interest Groupings (EIGs), the Group allocates the negative tax bases and R&D&I tax credits generated by the EIGs against its interests in them, together with the related financial income for the difference with the debt recognised with the Public Treasury.

### 2.19 Employee benefits

#### a) Pension obligations

The Group holds an individual defined-contribution plan exclusively on behalf of certain Group employees. A defined-contribution plan is a pension plan under which the Group pays fixed contributions into an external fund and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For the defined-contribution plans, the Group pays contributions into pension insurance plans managed publicly or privately on a mandatory, contract or voluntary basis. Once the contributions have been paid, the Group holds no further payment obligations. The contributions are recognised as employee benefits when accrued. Benefits paid in advance are recognised as an asset to the extent that cash is refunded or future payments are reduced.

#### b) Termination payments

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these benefits on the earlier of the following dates: (a) when the Group can no longer withdraw the offer of said benefits; or (b) when the entity recognises restructuring costs within the scope of IAS 37 and this means termination benefits must be paid. When an offer is made in order to encourage voluntary redundancies on the part of the employees, the termination benefits are measured in accordance with the number of employees who are expected to accept the offer. The benefits that will not be paid within the twelve months following the end of the reporting period are discounted back to their present value.

#### c) Bonus obligations

The Group recognises a liability and an expense for bonuses based on the estimates of fulfilment of certain corporate targets established for employees.

#### d) Share-based payments

The Group recognises the goods or services received or acquired in a transaction with share-based payments at the time the goods are obtained or the services received. If the goods or services are received in a transaction with share-based payments settled with equity instruments, an increase in equity is recognised, while if they are settled in cash, a liability is recognised, with its balancing item in profit or loss or in the assets of the consolidated statement of financial position.

The Group recognises transactions in share-based payments settled through Group equity instruments, including capital increases with non-monetary payments, as well as the increase in equity related thereto, at the fair value of the goods or services received, unless said fair value cannot be reliably estimated, in which case the value will be measured in accordance with the fair value of the equity instruments handed over.

Equity instruments handed over in consideration for services provided by Group employees or third parties who provide similar services will be measured in accordance with the fair value of the equity instruments handed over.

Share-based payments to employees settled by issuing equity instruments.

Payments to employees settled by issuing equity instruments are recognized by applying the following criteria:

- If the equity instruments awarded vest immediately at the time they are awarded, the services received are charged to profit and loss with the resulting increase in equity;

- If the equity instruments awarded vest when the employees complete a certain period of service, the services received are recognized over the vesting period and credited to equity accounts.

The Group determines the fair value of the instruments awarded to employees at the date they are awarded.

Market and other conditions that do not determine vesting are considered when measuring the fair value of the instrument. The rest of the vesting conditions are taken into account by adjusting the number of equity instruments included when determining the amount of the transaction, in such a way that, finally, the amount recognised for the services received is based on the number of equity instruments that are likely to vest. Consequently, the Group recognizes the amount for the services received over the vesting period, based on the best estimate of the number of instruments that will vest. This estimate is revised in accordance with the rights that are expected to vest.

Once the services received and the related increase in equity are recognised, no additional adjustments will be made to the equity after the vesting date, although the relevant reclassifications in equity will be made.

If the Group retains equity instruments in order to pay the employee's income tax into the Public Treasury, the entire plan will be treated as having been settled in equity instruments, except for the portion of the instruments retained that exceeds the fair value of the tax obligation.

**2.20 Provisions**

The Group recognises provision liabilities when:

- It has a legal or constructive obligation as a result of past events;

- It is more likely than not that an outflow of resources will be required to settle the obligation; and

- The amount can be reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is low.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**2.21 Revenue recognition**

The Group recognises revenue for the amount of the transaction price corresponding to the considerations the Group expects to be entitled to receive for the transfer of goods or provision of services to a customer and other revenue obtained in the ordinary course of the Group's activities promised to a customer. These may be fixed or variable amounts or a combination of the two. Revenue is presented net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when it satisfies an obligation by transferring goods or services to the customer and the latter obtains control of said asset. At the beginning of the contract, the Group determines whether it will settle the obligations over a period of time or at a point in time, depending on the specific conditions for each one of the Group's activities, as described below.

In accordance with IFRS 15, the Group follows the five-step model to determine when and how much revenue should be recognised. The steps are as follows:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

In this respect, for each performance obligation identified, the Group determines whether it will satisfy the obligation over time or at a point in time.

**a) Sales of goods**

The Group's "Sales of goods" are derived from the sale of pharmaceutical products, contrast agents and other hospital products, and other non-prescription pharmaceutical products, where control transfers to the customers and the performance obligations are satisfied when the goods are made available to other pharmaceutical companies or, for the remaining customers, at the time of delivery. Invoices are usually due in a maximum period of 90 days.

IFRS states that that an entity that grants the right to return the product should recognise revenue for the amount of the consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer, as well as a refund liability and an asset for the right to recover the goods. ROVI recognises revenue net of the estimated returns at the date of sale, while also recognising a refund liability. The Group does not recognise an asset for the right to recover the goods because, in the light of its experience and the type of product sold, returned items can no longer form part of the Group's inventories.

The amount of revenue recognised is adjusted for expected returns, which are estimated considering the average returns rates of recent years.

Discounts granted to government customers are recorded as a deduction from revenue at the time the related revenues are recorded. Where appropriate, a liability is calculated on the basis of historical experience, which requires the use of judgement by the management.

Therefore, ROVI's revenue from sales of products is subject to variable consideration for rebates, refunds and returns. This variable consideration is only recognised if it is highly probable that there will be no significant reversal in the amount of the cumulative revenue recognised will occur when the uncertainty associated with the variable consideration subsequently disappears.

**b) Sales of services**

The main services provided by the Group consist of manufacturing and packaging services for third parties (contract manufacturing). In this service, control is deemed to be transferred to the customer and the performance obligations are deemed to have been completed when the manufactured and packaged goods are made available to the customer. Invoices are usually payable between 30 and 120 days.

Occasionally, before providing the manufacturing service, ROVI, in accordance with certain defined milestones, carries out work to adapt, fit out and validate the facilities and machinery –which may be either its own or acquired or subcontracted from third parties– without which it would not be possible to provide the service under the conditions required by the customers. Therefore, if the final cost of this work is paid by the customer, ROVI recognises the revenue from each one of the services provided on the basis of the percentage of completion of the work performed, in accordance with the milestones defined for each one of them. If the percentage of completion includes a determined acquisition of assets, the margin is not recognised until they are finally installed.

ROVI has entered into commitments with certain customers to reserve production capacity at its plants in exchange for a financial consideration. The conditions that govern these reservation commitments differ in accordance with the conditions established in each contract. In some cases, revenue accrual is linked to achieving a single milestone, fixed by contract, which may consist of being ready to produce or of reaching the end of the term agreed without the customer requesting the reserved production. Additionally, the reservation of capacity may be linked to the production carried out in determined time periods and may be refundable in accordance with the actual production completed. In these cases, the capacity reservation would act as a minimum payment for the production service.

**c) Interest income**

Interest income is recognised in accordance with the effective interest method.

**d) Dividend income**

Dividend income is recognised when the right to receive payment is established.

**e) Other revenue: granting of exclusive distribution licences**

Occasionally the Group grants licenses to other pharmaceutical companies to sell its products on an exclusive basis in a specific territory and also promises to manufacture the pharmaceutical product for the customer. For these agreements, the Group collects a single down-payment for the transfer of the license, which is either non-refundable or may be refunded to the customer under very strict terms if the product is finally not authorised for distribution in the agreed territory. In these contracts signed with third parties whereby Rovi grants the distribution licenses, the obligations arising from the granting of these licenses are always linked to the obligation to supply and manufacture the product, which no other entity can manufacture. As the customer cannot benefit from the licence without the manufacturing service, the licence and the manufacturing service cannot be separated and, therefore, the Group recognises the licence and the manufacturing service as a single performance obligation.

Additionally, in these types of contracts the Group has an enforceable right to payment for performance completed to date, as the entity would be entitled to an amount that at least compensated the Group for its performance completed to date in the event that the customer or another party were to terminate the contract for reasons other than the entity's failure to perform as promised. Consequently, the Group recognises the revenue over time and defers revenues from the granting of product distribution licenses over the number of units produced.

**2.22 Leases**

*When a Group company is the lessee – Operating lease*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight-line basis over the period of the lease.

**2.23 Dividend distribution**

Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s consolidated annual accounts in the period in which the dividends are approved by the Company’s shareholders.

**2.24 Contributions to the public health system**

As the result of the 2005 General State Budget Act (Law 2/2004 of 27 December), Additional Provision 48, a health tax, levied by the Ministry of Health, came into force on 1 January, 2005. This tax applies to individuals and legal entities in Spain engaging in the manufacture and importation of medicines that are officially prescribed in Spanish territory on official National Health Service prescriptions. The amounts payable to the Ministry of Health and Consumer Affairs are calculated on a scale fixed by the aforementioned Additional Provision 48, subsequently amended by Additional Provision 6 of Law 29/2006 of 29 July, on Guarantees and Rational Use of Drugs and Healthcare Products. The Group records the accrued health tax as a sales discount when the sale is made. There is a provision at the end of the period for the estimated amount accrued but unpaid and the possible adjustment of the tax to the actual sales for the period.

In 2010, the government approved two packages of measures to reduce pharmaceutical spending. The first one focused on generic products, which are those out of patent, for which it established an average reduction of 25% in the selling price to laboratories. The second package addressed pharmaceutical products under patent. Since that time, a 7.5% discount has been applied to the selling price to the public. The Group recognises the amounts relating to these measures as a decrease in sales.

As from 2017, the Spanish government and the members of Farmaindustria, to which ROVI belongs, signed different agreements whereby the members assumed a commitment to make certain contributions to the public health system. The Group recognised the amounts accrued for these commitments as a reduction in sales. No additional agreement has been signed since the last agreement ended in 2019.

## 3. Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group's risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the group Treasury Department following policies approved by the Board of Directors. Group Treasury identifies, assesses and hedges financial risks in close co-operation with the Group's operating units. The Audit Committee analyses policies for global risk management, as well as policies covering specific areas, such as, interest rate risk, liquidity risk and the investment of excess liquidity.

**a) Market risk**

*(i) Foreign exchange risk*

Foreign exchange risk is low because (i) most of the Group's assets and liabilities are in euros; (ii) a large part of the transactions with foreign parties are carried out in euros; and (iii) transactions for a significant amount in currencies other than the euro are hedged with financial instruments that minimise the impact of exchange-rate risk. At 31 December, 2022, the Group held instruments of this kind for a value of 3,000 thousand dollars (5,000 thousand dollars at 31 December, 2021), the measurement of which led to recognition of a loss of 28 thousand euros at the 2022 reporting date (at 31 December, 2021, the loss originating from measurement of these assets was 17 thousand euros). If, at 31 December, 2022, the exchange rate had been 10% higher, ROVI would have incurred a loss of 318 thousand euros and, if the exchange rate had been 10% lower, ROVI would have recorded a profit of 251 thousand euros from the measurement of these assets (at 31 December, 2021, the impact would have been a loss of 502 thousand euros or a profit of 392 thousand euros, respectively).

At 31 December, 2022, there were assets of 2,118 thousand pounds sterling, 1,772 thousand zlotys and 258 thousand Swiss francs on the balance sheet (3,187 thousand pounds sterling, 2,491 thousand zlotys and 278 Swiss francs at 31 December, 2021). If the exchange rate at the reporting date had been 10% higher, the value in euros of the assets denominated in pounts sterling, zlotys and Swiss francs would have decreased by 275 thousand euros thousand euros (419 thousand euros in 2021), and if the exchange rate had been 10% lower, their value would have increased by 337 thousand euros (512 thousand euros at 31 December, 2021).

At 31 December, 2023, there were liabilities of 2,242 thousand pounds sterling, 2,917 thousand zlotys and 65 thousand Swiss francs on the balance sheet (3,217 thousand pounds sterling, 2,456 thousand zlotys and 10 thousand Swiss francs at 31 December, 2021). If the exchange rate at the reporting date had been 10% higher or lower, these liabilities would have decreased or increased by 292 or 357 thousand euros, respectively (397 and 486 thousand euros at 31 December, 2021), with the corresponding effect on profit and loss.

*(ii) Price risk*

The Group is exposed to price risk for equity securities because of investments held by the Group and classified as equity securities on the consolidated statement of financial position. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The portfolio is diversified in accordance with the limits set by the Group. The Group does not use derivatives to hedge price risk.

(Thousand euros)

At 31 December, 2022 and 2021, a change in the listed price of equity securities would have had no significant effect of the Group's statement of financial position.

*(iii) Cash-flow interest-rate risk*

The Group is subject to interest rate risk in respect of cash flows on non-current financial debt transactions at variable rates. Group policy is to try to keep most of its financial debt in the form of debt with government entities by obtaining reimbursable advances on which there is no interest-rate risk and, in the case of bank debt, to obtain cash flows not only at variable rates, but also at fixed rates, thus keeping the impact of interest-rate risk to a minimum.

Had interest rates on financial debt at variable rates been 1% higher or lower at 31 December 2022, with all other variables remaining constant, the gain/loss after taxes for the period would have decreased or increased by 46 thousand euros, respectively, owing to the difference in interest expense on loans at variable rates (51 thousand euros at 31 December, 2021).

**b) Credit risk**

Credit risk is managed in groups. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, receivables classified as equity securities and trade receivables.

The banks and financial institutions with which the Group works generally have independent ratings. If customers have been independently rated, such ratings are used. If this is not the case, then the Group assesses the risk on the basis of the customer's financial position, historical experience and a series of other factors. In those cases in which there is no doubt as to the customer's financial solvency, the Group elects not to set credit limits.

At 31 December, 2022, the greatest investment in financial assets, including cash and cash equivalents and apart from trade receivables, was related to BBVA, 63,562 thousand euros (53,328 thousand euros with Banco Santander at 31 December, 2021). A significant proportion of trade and other receivables relates to accounts receivable from government entities, on which, in view of their nature, with the information currently available, Management considers there to be no credit risk (Note 13).

**c) Liquidity risk**

Management periodically monitors the liquidity estimates of the Group in accordance with the expected cash flows. The Group maintains sufficient cash and marketable securities to meet its liquidity requirements.

The following table analyses the Group's financial liabilities grouped by maturity dates based on the periods outstanding at the end of the reporting period through to the maturity date stipulated in the contract, including the corresponding interest. The amounts shown in the table relate to cash flows stipulated in the contract, which have not been discounted. Given that these amounts have not been discounted and that they include future interest accruals, they cannot be matched with figures on the statement of financial position for financial debt and trade and other payables.

| **At 31 December, 2022** | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Over 5 years** |
|---|---|---|---|---|
| Bank borrowing (Note 18) | 6,686 | 13,256 | 19,414 | 5,739 |
| Debt with government entities (Note 18) | 1,810 | 3,305 | 4,088 | 1,690 |
| Trade suppliers (Note 17) | 128,484 | — | — | — |
| Other payables (Note 17) | 37,292 | — | — | — |
| | 124,272 | 16,561 | 23,502 | 7,429 |

| **At 31 December, 2021** | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Over 5 years** |
|---|---|---|---|---|
| Bank borrowing (Note 18) | 993 | 13,334 | 19,709 | 12,052 |
| Debt with government entities (Note 18) | 2,245 | 3,253 | 4,275 | 1,719 |
| Trade suppliers (Note 17) | 97,407 | — | — | — |
| Other payables (Note 17) | 27,766 | — | — | — |
| | 128,411 | 16,587 | 23,984 | 13,771 |

(Thousand euros)

### 3.2 Capital risk management

The Group's objective in relation to the management of capital is to maintain a low level of gearing that will make it easier for the Group to obtain additional financial debt if required in order to make new investments. A part of the Group's financial debt takes the form of reimbursable advances from government entities. These do not generate interest payments since they are subsidised.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt/cash divided by net equity. Net debt/cash is calculated as total financial debt less cash and cash equivalents. Equity is as shown under the relevant caption in the statement of financial position in the consolidated annual accounts.

The leverage index or gearing ratio at 31 December, 2022 and 2021 was as follows:

| | **2022** | **2021** |
|---|---|---|
| Financial debt (Note 18) | 72,166 | 73,162 |
| Less: Cash and cash equivalents (Note 14) | (124,945) | (99,035) |
| Less: Equity securities (Note 11) | (9) | (72) |
| Less: Deposits (Notes 9 & 13) | (1,416) | (1,427) |
| **Net debt / (cash)** | **(54,204)** | **(27,372)** |
| Equity | 521,379 | 470,976 |
| **Leverage Index / Gearing ratio** | **-10.4 %** | **-5.8 %** |

### 3.3 Fair value estimate

Measurement of financial instruments at market price is classified into:

- Level 1. Quoted prices on active markets for identical instruments.
- Level 2. Observable inputs for the instrument, either directly observable (prices) or indirectly observable (price-based).
- Level 3. Inputs not based on observable market data.

Measurements at market prices of the Group's financial assets recorded at fair value, the totality of which are classified as financial assets at fair value through other comprehensive income, recognised on the statement of financial position as "equity securities" (Note 11), are classified at Level 1.

The fair value of financial instruments traded in active markets (such as equity securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of the reimbursable advances without a rate of interest or with a subsidised interest rate is determined by applying the interest rate curve in force at the date of receipt of the advance to the reimbursements to be made and adding the spread normally applied in loans to the Group. For financial reporting purposes, fair value is calculated at the end of each reporting period by applying the interest rate curve in force at the end of each reporting period to the payments outstanding and adding the corresponding spread. For loans at variable rates of interest, fair value has been regarded as coinciding with the amount for which they are recognised (Note 18). Measurement of reimbursable advances without an interest rate at market price is classified as Level 2.

## 4. Critical accounting estimates and judgements

Critical accounting estimates and judgements are continuously assessed and are based on historical experience and other factors, including expectations of future events deemed reasonable under the circumstances.

### 4.1 Significant estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are outlined below.

Regarding the impact of climate change-related matters, at 31 December. 2022, ROVI, in collaboration with external experts, had performed its first exercise to identify and quantify climate-related risks following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The result of this analysis allowed ROVI to assess the financial impact of acute physical risks on each one of the Group's production plants as not significant.

**a) Recoverability of intangible assets**

Under the caption "Trademarks and licences", assets with indefinite useful lives were recognised for an amount of 5,366 thousand euros at 31 December, 2022 and 2021. Management reviews these assets for indications of impairment on an annual basis, although there have been none to date. The recoverable value, which was higher than the carrying amount at the end of both reporting periods, has been obtained by projecting the forecast cash flows for the following five years.

**b) Capitalisation of development expenses**

The Group considers that its development project for a low-molecular-weight heparin, a biosimilar of enoxaparin, has met all the requirements mentioned in note 2.7.c) since last quarter of 2014, when an application was filed with the European health authorities to obtain authorisation for the marketing of this biosimilar in Europe. Therefore, from that time until the effective commercialisation in Europe of this biosimilar, all the expenses incurred in this project have been capitalised. Amortisation of this asset commenced during the first quarter of 2017, with the favourable result of the decentralised process used by the Group to apply for marketing authorisation in twenty-six European Union countries. These assets have a useful life of 20 years, which is consistent with the term of pharmaceutical product patents. ROVI considers that it will obtain a positive return on said development over that period.

For the rest of the Research and Development projects that ROVI is conducting, the Group considers that the requirements established in the rules on capitalisation of the associated development expenses have not yet been met.

**c) Provisions for discounts, returns, trading transactions and contributions to the public health system (Note 17)**

The "Other payables" caption includes the provisions for returns, discounts, contributions to the public health system and other trading transactions. The provision is Management's best estimate based on both the historical information available to the Company, related to product obsolescence, the regulatory framework and the product cycle, and an assessment of the potential risks inherent to the activity.

**4.2 Critical judgements in applying accounting policies**

***Revenue recognition***

The Group has recognised the revenue from the total sales of goods marketed in 2022 and 2021 at face value and has, when applicable, claimed late payment interest from the public authorities. The buyer has the right to return the goods sold. Although the Group believes that, based on previous experience, the level of returns will not be very meaningful, ROVI has recognised ordinary revenue from its sales together with the related provision against ordinary revenue for estimated returns. If the estimate changes by 1%, changes in revenue will be not significant.

Revenue recognised for the work to adapt, fit out and validate the facilities and machinery –which may be either owned by ROVI or acquired or subcontracted from a third party– prior to provision of a manufacturing service was calculated in accordance with the percentage of completion of the work to be carried out. Additionally, if the percentage of completion includes a determined acquisition of assets, the margin is not recognised until they are finally installed.

Furthermore, revenue from reservations of capacity is recognised when the circumstance agreed by contract occurs (Note 2.21.b).

Determining the percentage of completion of the service provision takes account of Management's best estimate regarding meeting the defined milestones and the costs incurred and yet to be incurred in relation to the work to be performed. Likewise, the Group must make a technical evaluation of whether the work to adapt, fit out and validate the facilities and machinery has been carried out when determining the time at which they are ready for production.

(Thousand euros)

**5. Segment reporting**

The Group's operating segments have been determined on the basis of the information used by the Management Committee for decision-making. This information is divided in accordance with whether it was generated by manufacturing or marketing activities, irrespective of the geographical area where the activities took place. Therefore, segment identification does not relate so much to the geographical distribution of the business but to a differentiated type of activity.

Thus, the segment called "manufacturing" obtains its income from service contracts that relate to the finalisation of the pharmaceutical product production process for external entities and the manufacture of products to be subsequently marketed by other group companies, while the "marketing" segment, which also includes the research and development activities carried on by the Group, has the principal activity of purchasing and subsequently selling pharmaceutical products.

The heading "Other" includes other service activities that are not significant for the Group.

The segment information used by the Management Committee for 2021 was as follows:

| | Manufacturing | Marketing | Other | Aggregated total | Inter-segment transactions | Consolidated total |
|---|---|---|---|---|---|---|
| Total segment revenues | 619,230 | 414,153 | — | **1,033,383** | (215,685) | **817,698** |
| Profit/(loss) | 190,167 | 10,580 | (9) | 200,738 | (1,073) | 199,665 |
| Income tax | 52,844 | 5,826 | (3) | 58,667 | (365) | 58,302 |
| Profit/(loss) before tax | 243,011 | 16,406 | (12) | 259,405 | (1,438) | 257,967 |
| Finance costs - net | 395 | (2,315) | — | (1,920) | — | (1,920) |
| Amortisation/depreciation | 14,169 | 8,724 | — | 22,893 | (22) | 22,871 |
| **EBITDA (*)** | **257,575** | **22,815** | **(12)** | **280,378** | **(1,460)** | **278,918** |
| Amortisation/depreciation | (14,169) | (8,724) | — | (22,893) | 22 | (22,871) |
| **EBIT (**)** | **243,406** | **14,091** | **(12)** | **257,485** | **(1,438)** | **256,047** |

The 2021 figures were as follows

| | Manufacturing | Marketing | Other | Aggregated total | Inter-segment transactions | Consolidated total |
|---|---|---|---|---|---|---|
| Total segment revenues | 471,788 | 383,975 | — | **855,763** | (207,086) | **648,677** |
| Profit/(loss) | 136,122 | 44,492 | (40) | 180,574 | (27,497) | 153,077 |
| Income tax | 35,433 | (4,924) | (9) | 30,500 | (949) | 29,551 |
| Profit/(loss) before tax | 171,555 | 39,568 | (49) | 211,074 | (28,446) | 182,628 |
| Finance costs - net | 616 | (26,344) | — | (25,728) | 24,674 | (1,054) |
| Amortisation/depreciation | 11,117 | 10,247 | — | 21,364 | — | 21,364 |
| **EBITDA (*)** | **183,288** | **23,471** | **(49)** | **206,710** | **(3,772)** | **202,938** |
| Amortisation/depreciation | (11,117) | (10,247) | — | (21,364) | — | (21,364) |
| **EBIT (**)** | **172,171** | **13,224** | **(49)** | **185,346** | **(3,772)** | **181,574** |

*(*) EBITDA is calculated as profit before tax, interest, depreciation and amortisation.*
*(**)EBIT is calculated as profit before tax and interest.*

(Thousand euros)

Inter-segment transactions included on the finance gain/(loss) lines are principally dividends paid between Group companies.

Each segment's sales to external customers in 2022 were as follows:

| | Manufacturing | Marketing | Other | TOTAL |
|---|---|---|---|---|
| Total segment revenues | 619,230 | 414,153 | — | 1,033,383 |
| Inter-segment revenues | (215,685) | — | — | (215,685) |
| Revenues from external customers | 403,545 | 414,153 | — | 817,698 |

In 2021, sales to external customers were as follows:

| | Manufacturing | Marketing | Other | TOTAL |
|---|---|---|---|---|
| Total segment revenues | 471,788 | 383,975 | — | 855,763 |
| Inter-segment revenues | (207,096) | 10 | — | (207,086) |
| Revenues from external customers | 264,692 | 383,985 | — | 648,677 |

At 31 December, 2022, the breakdown of assets and liabilities by segment was as follows:

| | Manufacturing | Marketing | Other | Aggregated total |
|---|---|---|---|---|
| **Total assets** | **635,501** | **490,357** | **474** | **1,126,332** |
| Of which: | | | | |
| Investments in group companies | - | 18,917 | - | 18,917 |
| Increases in non-current non-financial assets | 49,292 | 6,451 | - | 55,743 |
| **Total liabilities** | **(294,877)** | **(276,786)** | **(9)** | **(571,672)** |

The assets of the aggregated segments at 31 December, 2022 can be reconciled with the total consolidated assets as follows:

| | Manufacturing | Marketing | Other | Intercompany balances | Group investments | Consolidated TOTAL |
|---|---|---|---|---|---|---|
| Total assets | 635,501 | 490,357 | 474 | (228,712) | (18,917) | 878,703 |

At 31 December, 2021, the breakdown of assets and liabilities by segment was as follows:

| | Manufacturing | Marketing | Other | Aggregated total |
|---|---|---|---|---|
| **Total assets** | **396,164** | **468,900** | **483** | **865,547** |
| Of which: | | | | |
| Investments in group companies | — | 9,489 | — | 9,489 |
| Increases in non-current non financial assets | 35,190 | 9,827 | — | 45,017 |
| **Total liabilities** | (222,497) | (149,283) | (8) | (371,788) |

(Thousand euros)

The assets of the aggregated segments at 31 December, 2021 can be reconciled with the total consolidated assets as follows:

| | Manufacturing | Marketing | Other | Intercompany balances | Group investments | Consolidated TOTAL |
|---|---|---|---|---|---|---|
| Total assets | 396,164 | 468,900 | 483 | (123,382) | (9,489) | 732,676 |

The following tables show the revenue and total assets of the Group by geographical area:

| | 2022 | 2021 |
|---|---|---|
| Spain | 264,267 | 256,698 |
| European Union | 136,545 | 119,632 |
| OECD countries | 376,764 | 243,556 |
| Other countries | 40,122 | 28,791 |
| | **817,698** | **648,677** |

| **Total assets** | **2022** | **2021** |
|---|---|---|
| Spain | 816,048 | 650,075 |
| Portugal | 5,234 | 10,943 |
| Germany | 31,278 | 34,310 |
| Italy | 16,916 | 30,698 |
| UK | 2,388 | 3,798 |
| France | 6,199 | 2,041 |
| Switzerland | 262 | 269 |
| Poland | 378 | 542 |
| | **878,703** | **732,676** |

Virtually all the investment in property, plant and equipment and intangible assets in 2022 and 2021 was made in Spain.

(Thousand euros)

## 6. Property, plant and equipment

Movement on property, plant and equipment was as follows:

| | Land & buildings | Technical facilities, machinery & tools | Furniture, fittings & other | IT equipment and vehicles | Rights of use | In progress | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 01.01.21** | | | | | | | |
| Cost | 35,745 | 229,888 | 3,449 | 16,885 | 24,375 | 14,675 | 325,017 |
| Accumulated depreciation | (18,593) | (126,339) | (2,760) | (14,714) | (7,216) | — | (169,622) |
| **Net carrying am. 01.01.21** | **17,152** | **103,549** | **689** | **2,171** | **17,159** | **14,675** | **155,395** |
| Additions | 1,498 | 18,902 | 162 | 1,654 | 4,077 | 18,002 | 44,295 |
| Retirements | — | (33) | — | (78) | — | — | (111) |
| Eliminations from deprec. | — | — | — | 78 | — | — | 78 |
| Transfers | 7 | 4,616 | 13 | (14) | — | (4,622) | — |
| Depreciation charge | (292) | (12,562) | (87) | (1,046) | (3,895) | — | (17,882) |
| **Balance at 31.12.21** | | | | | | | |
| Cost | 37,250 | 253,373 | 3,624 | 18,447 | 28,452 | 28,055 | 369,201 |
| Accumulated depreciation | (18,885) | (138,901) | (2,847) | (15,682) | (11,111) | — | (187,426) |
| **Net carrying am. 31.12.21** | **18,365** | **114,472** | **777** | **2,765** | **17,341** | **28,055** | **181,775** |
| Additions | 8,061 | 29,322 | 252 | 965 | 4,355 | 12,119 | 55,074 |
| Retirements | (192) | (2,206) | — | — | — | — | (2,398) |
| Eliminations from deprec. | 3 | 477 | — | — | — | — | 480 |
| Depreciation charge | (317) | (13,551) | (96) | (1,181) | (4,245) | — | (19,390) |
| **Balance at 31.12.22** | | | | | | | |
| Cost | 45,119 | 280,489 | 3,876 | 19,412 | 32,807 | 40,174 | 421,877 |
| Accumulated depreciation | (19,199) | (151,975) | (2,943) | (16,863) | (15,356) | — | (206,336) |
| **Net carrying am. 31.12.22** | **25,920** | **128,514** | **933** | **2,549** | **17,451** | **40,174** | **215,541** |

A majority of the additions recognised in 2022 and 2021 related to investments in ROVI's manufacturing plants, principally:

- 2.1 million euros was invested in the Madrid injectables plant, compared to the 2.9 million euros invested in 2021.
- 3.0 million euros was invested in the San Sebastián de los Reyes injectables plant, compared to the 2.0 million euros invested in 2021.
- 0.7 million euros was invested in the Granada plant, compared to the 1.4 million euros invested in 2021.
- 3.4 million euros was invested in the Alcalá de Henares plant, compared to the 4.2 million euros invested in 2021.
- 6.7 million euros was invested in the ISM® industrialisation, compared to the 5.5 million euros invested in 2021.
- 13.8 was invested in the construction, currently in progress, of the new heparin plant in Escúzar (Granada), compared to the 18.8 million euros invested in 2021.
- 1.9 million euros was invested in the Glicopeptón Biotech, S.L. plant (company incorporated in 2022).
- 17.2 million euros was invested in the new vial filling line and the expansion of operations, compared to the 2.9 million euros invested in 2021.

Property, plant and equipment in progress includes the assets related to the construction of the active substance plant in Escúzar and others related to machinery and facilities at other production plants belonging to the Group.

At 31 December, 2022, the Group had generated internally additions of 2,856 thousand euros (no additions had been generated internally at 31 December, 2021).

Rights of use totalled 17,451 thousand euros at 31 December, 2022 (17,341 thousand euros in 2021). The principal item within rights of use relates to real property leases.

At 31 December, 2022, the Group held property, plant and equipment with a carrying amount of 457 thousand euros subject to retention of title (514 thousand euros at 31 December, 2021).

(Thousand euros)

At 31 December, 2022 and 2021 , the Group held acquisition commitments of 731 and 6,873 thousand euros, respectively, for property, plant and equipment related to the ordinary course of its business.

In 2022 and 2021, there was no impairment of property, plant and equipment.

The Group holds insurance policies to cover to risks to which the property, plant and equipment is exposed. This insurance cover is considered sufficient.

## 7. Intangible assets

Movement on the intangible assets was as follows:

| | Development | Trademarks & licences | Computer software | Total |
|---|---|---|---|---|
| **Balance at 01.01.21** | | | | |
| Cost | 8,886 | 44,929 | 12,413 | 66,228 |
| Accumulated impairment | — | (397) | — | (397) |
| Accumulated amortization | (1,399) | (11,748) | (11,271) | (24,418) |
| **Net carrying amount 01.01.21** | **7,487** | **32,784** | **1,142** | **41,413** |
| Additions | 13 | — | 709 | 722 |
| Impairment | — | (95) | — | (95) |
| Amortisation charge | (455) | (2,422) | (605) | (3,482) |
| **Balance at 31.12.21** | | | | |
| Cost | 8,899 | 44,929 | 13,122 | 66,950 |
| Accumulated impairment | — | (492) | — | (492) |
| Accumulated amortization | (1,854) | (14,170) | (11,876) | (27,900) |
| **Net carrying amount 31.12.21** | **7,045** | **30,267** | **1,246** | **38,558** |
| Additions | — | — | 669 | 669 |
| Impairment | — | (2) | — | (2) |
| Amortisation charge | (442) | (2,447) | (592) | (3,481) |
| **Balance at 31.12.22** | | | | |
| Cost | 8,899 | 44,929 | 13,791 | 67,619 |
| Accumulated impairment | — | (494) | — | (494) |
| Accumulated amortization | (2,296) | (16,617) | (12,468) | (31,381) |
| **Net carrying amount 31.12.22** | **6,603** | **27,818** | **1,323** | **35,744** |

At 31 December, 2022 and 2021, all the Group's intangible assets belonged to the marketing segment.

Development

At 31 December, 2022 and 2021, the assets included under the "Development" caption correspond to assets related to the development of a low-molecular-weight heparin, an enoxaparin biosimilar, sales of which commenced in 2017. Amortisation of this asset commenced during the first quarter of 2017, with the favourable result of the decentralised process used by the Group to apply for marketing authorisation in twenty-six European Union countries. The useful life of this asset is 20 years, and no indications of impairment were noted in 2022 or 2021.

Trademarks and licences

Under the caption "Trademarks and licences", assets with indefinite useful lives were recognised for an amount of 5,366 thousand euros at 31 December, 2022 and 2021. Management reviews these assets for indications of impairment on an annual basis, although there has been none to date. The recoverable value, which was higher than the carrying amount at the end of both reporting periods, was obtained by calculating the value in use by projecting the forecast cash flows for the following five years. In the cash flow projections as of 31 December, 2022, a discount rate of 8.1% was applied (7.2% at the end of 2021) and, for each year, the margins forecast on the basis of the characteristics of the manufacturing of the product in said year were used. A change of 10% in the discount rate applied or in the cash flows used as a basis would not have led to any impairment of the asset.

(Thousand euros)

Because the recoverable value of the asset related to acquisition of the distribution rights of the product Hirobriz® (belonging to the "Marketing" segment) had dropped below its net carrying amount, the pertinent impairment loss was recognised at 31 December, 2022. The loss recognised in 2022, which was 2 thousand euros (95 thousand euros at 31 December, 2021), was recognised under the caption "Impairment losses on non-current assets" in the income statement. The recoverable value of this asset was obtained by projecting the cash flows expected until the end of the contract in December 2023 and applying a discount rate of 8.1% (7.2% in 2021). The margins used in the cash flow projection were those forecast in accordance with ROVI's historical knowledge of the revenue and costs generated by this asset. A change of 10% in the discount rate applied on the cash flows used as a basis would not have led to any significant change in the amount of the impairment.

The Group holds several insurance policies to cover the risks the intangible assets are exposed to. The insurance cover is considered sufficient.

Total research and development expenses incurred in 2022 were 23,869 thousand euros (27,445 thousand euros in 2021) and were mainly concentrated on the Glycomics and ISM® platforms, the latter of which is a proprietary drug release system, belonging to ROVI, the objective of which is to improve patient treatment adherence. Of the total research and development expenses incurred in 2022, 9,242 thousand euros was recognised under the "Employee benefit expenses" heading (Note 23) (8,384 thousand euros at 31 December, 2021) and 14,627 thousand euros under "Other operating expenses" (Note 24) (19.061 thousand euros in 2021).

## 8. Financial instruments by category

| Financial instruments by category | 2022 | 2021 |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| **Non-current financial assets** | **74** | **137** |
| Financial receivables (Note 13) | 65 | 65 |
| Equity securities (Note 11) | 9 | 72 |
| **Current financial assets** | **286,659** | **230,386** |
| Trade and other receivables (Nota 13) | 161,714 | 131,351 |
| Cash and cash equivalents (Nota 14) | 124,945 | 99,035 |
| | | |
| **FINANCIAL LIABILITIES** | | |
| **Non-current financial liabilities** | **60,986** | **68,205** |
| Contract liabilities (Note 20) | 1,545 | 1,460 |
| Financial debt (Note 18) | 59,441 | 66,745 |
| **Current financial liabilities** | **287,262** | **183,683** |
| Contract liabilities (Note 20) | 114,901 | 57,632 |
| Financial debt (Note 18) | 12,725 | 6,417 |
| Trade and other payables (Note 17) | 159,636 | 119,634 |

At 31 December, 2022 and 2021, all the financial assets fell within the category of financial assets at amortised cost, except the equity securities, which were in the category of financial assets at fair value through other comprehensive income. In trade and other receivables, the balance receivable from the public authorities is excluded from the above table.

At 31 December 2022 and 2021, all the financial liabilities fell within the category of financial liabilities at amortised cost, except the financial derivatives, which were included in current financial debt and belong to the category of financial liabilities at fair value through profit and loss. In trade and other payables, the balance payable to the public authorities is excluded from the above table.

(Thousand euros)

## 9. Credit rating of financial assets

The credit quality of financial assets which have not yet matured and which have suffered no impairment loss can be assessed based on the credit rating assigned by organisations external to the Group or, in the case of unrated customers, by separating those corresponding to Social Security authorities and government entities which, due to their nature, are not subject to impairment:

| Cash and cash equivalents | Rating | 2022 | 2021 |
|---|---|---|---|
| | A+ | 52,383 | 53,221 |
| | A | 63,562 | 21,035 |
| | A- | 511 | 165 |
| | BBB+ | 132 | 5,014 |
| | BBB | 3,129 | 19,565 |
| | Not rated | 5,228 | 35 |
| | **Total cash and cash equivalents (Note 14)** | **124,945** | **99,035** |

| Financial receivables | Rating | 2022 | 2021 |
|---|---|---|---|
| | A | 65 | 65 |
| | **Total financial receivables (Note 13)** | **65** | **65** |

| Equity securities | Rating | 2022 | 2021 |
|---|---|---|---|
| | A | 9 | — |
| | A- | — | 13 |
| | Not rated | — | 59 |
| | **Total equity securities (Note 11)** | **9** | **72** |

| Trade receivables | Rating | 2022 | 2021 |
|---|---|---|---|
| | AA | 273 | (27) |
| | A1 | 1,272 | 1,357 |
| | Public centres and institutions (Note 13) | 14,652 | 9,026 |
| | Other (wholesalers, pharmacies, hospitals) | 144,565 | 119,502 |
| | **Total trade receivables (Note 13)** | **160,762** | **129,858** |

| Other deposits | Rating | 2022 | 2021 |
|---|---|---|---|
| | A+ | 1,327 | — |
| | A | — | 1,327 |
| | Not rated | 89 | 100 |
| | **Total other deposits (Note 13)** | **1,416** | **1,427** |

## 10. Interests in joint ventures

Movement on interests in joint ventures in the period was as follows:

| | 2022 | 2021 |
|---|---|---|
| **Balance at beginning of the year** | **1,994** | **1,812** |
| Share in profits | 199 | 182 |
| **Balance at end of the year** | **2,193** | **1,994** |

The nature of investment in joint ventures at 31 December, 2022 and 2021 was as follows:

| Name | Country of incorporation | % interest | Nature of relationship | Measurement method |
|---|---|---|---|---|
| Alentia Biotech, S.L. (1) | Spain | 50 % | a) | Equity |
| Enervit Nutrition, S.L. | Spain | 50 % | b) | Equity |

(1) Alentia Biotech, S.L. dissolved in 2022.

(Thousand euros)

a) Alentia Biotech, S.L.

In 2010, the company Alentia Biotech, S.L. (Alentia) was created, 100% held by ROVI. In February 2012, the effective sale of 50% of the shares in Alentia Biotech, S.L. by Laboratorios Farmacéuticos Rovi, S.A. to Grupo Ferrer Internacional, S.A. took place and Alentia became a joint venture held by these two companies at 50% each. In March 2022, this company was wound up. The Group did not recognise any gain or loss on this transaction. At said date, ROVI held an interest in equity instruments of 3 thousand euros in Alentia, as well as a credit of 1,048 thousand euros, which was fully impaired, and a trade receivable of 1 thousand euros. At said date, ROVI held an interest in equity instruments of 3 thousand euros in Alentia Biotech, S.L., as well as a credit of 1,048 thousand euros, which was fully impaired, and a trade receivable of 1 thousand euros.

b) Enervit Nutrition, S.L.

In the first half of 2016, ROVI contributed assets consisting of the distribution rights of the EnerZona products in Spain and the know-how related to the promotion, distribution and sale of these products to a newly-created subsidiary (Enervit Nutrition, S.L.), which was the vehicle responsible for promoting these products. Said company was incorporated in January 2016 with an initial share capital of 3 thousand euros, 100%-held by Laboratorios Farmacéuticos Rovi, S.A. It was incorporated with the intention of marketing the EnerZona products, for which ROVI held exclusive marketing rights in Spain, and exploring and, if applicable, developing, new market possibilities for dietetic and food supplements.

ROVI and Enervit S.p.A. agreed to create a joint venture between them to carry the project out. To do this, under certain agreements, Enervit Nutrition, S.L, instead of being 100%-owned by ROVI, became a joint venture under joint control with Enervit, S.p.A. The agreements were signed in March, 2016.

In July 2018, Enervit S.p.A. exercised a call option it held on 1% of the shares of Enervit Nutrition, S.L. With this sale, ROVI's percentage interest in Enervit Nutrition, S.L. dropped from 51% to 50%.

Condensed financial information on joint ventures

The condensed financial information on Alentia Biotech, S.L. and Enervit Nutrition, S.L. as of 31 December, 2022 and 2021 is as follows:

| | **31 December, 2022** | | **31 December, 2021** | |
|---|---|---|---|---|
| **Condensed balance sheet** | **Alentia Biotech, S.L.** | **Enervit Nutrition, S.L.** | **Alentia Biotech, S.L.** | **Enervit Nutrition, S.L.** |
| **Current** | | | | |
| Cash and cash equivalents | — | 85 | 2 | 22 |
| Other current assets (excluding cash) | — | 2,517 | — | 2,311 |
| **Total current assets** | **—** | **2,602** | **2** | **2,333** |
| Financial liabilities (excluding trade payables) | — | — | — | (48) |
| Oher current liabilities (including trade payables) | — | (1,080) | — | (1,299) |
| **Total current liabilities** | **—** | **(1,080)** | **—** | **(1,347)** |
| **Non-current** | | | | |
| Property, plant and equipment | — | 1 | — | 2 |
| Intangible assets | — | 2,648 | — | 2,849 |
| Other financial assets | — | — | — | — |
| Deferred tax assets | — | 215 | — | 151 |
| **Total non-current assets** | **—** | **2,864** | **—** | **3,002** |
| Financial liabilities | — | — | (2,100) | — |
| Other liabilities | — | — | — | — |
| **Total non-current liabilities** | **—** | **—** | **(2,100)** | **—** |
| **NET ASSETS** | **—** | **4,386** | **(2,098)** | **3,988** |

(Thousand euros)

| | 31 December, 2022 | | 31 December, 2021 | |
|---|---|---|---|---|
| **Condensed statement of comprehensive income** | **Alentia Biotech, S.L.** | **Enervit Nutrition, S.L.** | **Alentia Biotech, S.L.** | **Enervit Nutrition, S.L.** |
| Revenue | — | 7,377 | — | 7,442 |
| Cost of sales | — | (6,027) | — | (5,929) |
| Employee benefit expenses | — | (401) | — | (375) |
| Other operating expenses | — | (542) | (4) | (565) |
| Amortisation and depreciation | — | (201) | — | (209) |
| **Profit / (loss) before tax** | **—** | **206** | **(4)** | **364** |
| Finance costs - net | — | — | — | — |
| Income tax | — | 192 | — | — |
| **Profit / (loss) for the period** | **—** | **398** | **(4)** | **364** |
| **Other comprehensive income** | **—** | **—** | **—** | **—** |
| **TOTAL COMREHENSIVE INCOME** | **—** | **398** | **(4)** | **364** |
| Dividends received from joint ventures | — | — | — | — |

Reconciliation of the condensed financial information

Reconciliation of the condensed financial information presented with the carrying amount of the interests in the joint ventures at 31 December, 2022 and 2021:

| | 31 December, 2022 | | 31 December, 2021 | |
|---|---|---|---|---|
| **Condensed financial information** | **Alentia Biotech, S.L.** | **Enervit Nutrition, S.L.** | **Alentia Biotech, S.L.** | **Enervit Nutrition, S.L.** |
| **Net assets of joint ventures at the beginning of the year** | **—** | **3,988** | **(2,098)** | **3,624** |
| Profit/(loss) of joint ventures in the year | — | 398 | (4) | 364 |
| **Net assets of joint ventures at the end of the year** | **—** | **4,386** | **(2,102)** | **3,988** |
| Share in profit of joint venture | — | 2,193 | — | 1,994 |
| **Carrying amount** | **—** | **2,193** | **—** | **1,994** |

Enervit Nutrition, S.L. and Alentia Biotech, S.L. are private entities and, therefore, no quoted market price is available for their shares.

The Group has no commitments or contingent liabilities in relation to its joint ventures.

## 11. Equity securities

The breakdown of these financial assets, which are measured at fair value through other comprehensive income, is as follows:

| | 2022 | 2021 |
|---|---|---|
| **Beginning of the year** | **72** | **71** |
| Net gains / (losses) recorded in equity | (4) | 1 |
| **End of the year** | (59) | — |
| Less: non-current portion | **9** | **72** |
| Current portion | 9 | 72 |
| **Beginning of the year** | — | — |

The maximum credit risk exposure at the reporting date was the fair value of the debt securities classified as equity securities.

(Thousand euros)

| | 2022 | 2021 |
|---|---|---|
| Non-listed securities | | |
| – Variable-income securities (equity securities) | — | 59 |
| | — | 59 |

| | 2022 | 2021 |
|---|---|---|
| Listed securities | | |
| – Investment funds and equity securities | 9 | 13 |
| | 9 | 13 |

At 31 December, 2022 and 2021, these securities were denominated in euros.

## 12. Inventories

| | 2022 | 2021 |
|---|---|---|
| Raw materials and other consumables | 159,029 | 124,940 |
| Work in progress and semi-finished goods | 78,723 | 50,447 |
| Finished goods produced internally | 46,114 | 35,507 |
| Commercial inventories | 28,078 | 34,579 |
| | **311,944** | **245,473** |

In 2022, the Group reduced the value of its inventories by 5,120 thousand euros (5,153 thousand euros in 2021) due to obsolescence and expiration and the measurement of the products according to the profit expected from their sale. The reduction in value of inventories is recognised under the “Raw materials and consumables used” and “Change in stocks of finished goods and work in progress” captions of the income statement. As of December 31, 2022, the provision for the reduction in the value of the Group's inventories amounted to 22,400 thousand euros (17,286 thousand euros in 2021).

The inventories purchase/sale commitments for the Group at the end of the reporting period were as normal in its course of its business. Management estimates that meeting these commitments will not generate losses for the Group. The Group holds insurance policies to cover the risks the inventories are exposed to. The insurance cover is considered sufficient.

## 13. Trade and other receivables

The breakdown of trade and other receivables is as follows:

| | 2022 | 2021 |
|---|---|---|
| Trade receivables | 160,762 | 129,858 |
| Less: loss allowance | (536) | (57) |
| Trade receivables – Net (13.a) | 160,226 | 129,801 |
| Other receivables | 26 | 90 |
| Receivables from related parties (Note 31) | — | 2 |
| Deposits (13.b) | 1,416 | 1,427 |
| Employee advances | 111 | 96 |
| Public authorities (13.c) | 18,297 | 18,821 |
| Total | 180,076 | 150,237 |
| Less: Non-current portion: Financial receivables | 65 | 65 |
| Current portion | 180,011 | 150,172 |

(Thousand euros)

**a) Trade and other receivables**

Management considers that the fair value of trade and other receivables does not differ significantly from their recognised values, since they consist principally of balances receivable at less than one year and are subject to possible interest charges if they are not collected within said period.

The carrying amounts of receivables are denominated in euros, pounds sterling, zlotys and Swiss francs.

At 31 December, 2022, the balance receivable from the Social Security authorities and other government entities was 14,652 thousand euros (9,026 thousand euros at 31 December, 2021), geographically distributed as follows:

| | Rating 2022 | Balance 2022 | Rating 2021 | Balance 2021 |
|---|---|---|---|---|
| Portugal | BBB+ | 1,225 | BBB | 1,978 |
| Italy | BBB | 4,753 | BBB | 2,509 |
| Catalonia | BB | 953 | BB | 938 |
| Valencia | BB | 1,902 | BB- | 729 |
| Madrid | A- | 1,732 | BBB | 725 |
| Galicia | A | 390 | BBB | 232 |
| Aragón | BBB+ | 866 | BBB | 452 |
| Basque Country | AA- | 282 | A | 389 |
| Andalusia | BBB+ | 944 | BBB- | 312 |
| Canary Islands | A | 212 | BBB | 99 |
| Cantabria | BBB | 556 | BBB | 139 |
| Castilla la Mancha | BBB- | 90 | BBB- | 93 |
| Castilla y León | Baa1 | 107 | Baa2 | 47 |
| Other | | 640 | | 384 |
| | | **14,652** | | **9,026** |

At 31 December 2022, there were matured receivables amounting to 51,455 thousand euros (29,987 thousand euros at 31 December, 2021), although they had suffered no impairment. For both the 2022 and 2021 amounts, virtually all the debt aged over six months related to Social Security authorities and government entities.

The ageing analysis of trade receivables due for payment is as follows:

| | 2022 | 2021 |
|---|---|---|
| Up to 3 months | 51,274 | 30,398 |
| From 3 to 6 months | (7) | 579 |
| From 6 months to one year | 157 | (739) |
| Over one year | 31 | (251) |
| | 51,455 | 29,987 |

The total of the matured debt due from government entities at 31 December, 2022 was 3,789 thousand euros, in comparison with the 1,871 thousand euros that was outstanding at 31 December, 2021. This amount was geographically distributed as follows:

| | 2022 | 2021 |
|---|---|---|
| Spain | 2,361 | 920 |
| Portugal | 534 | 949 |
| United Kingdom | 18 | 2 |
| Italy | 876 | — |
| | 3,789 | 1,871 |

(Thousand euros)

Matured receivables that had been impaired at 31 December, 2022 were 536 thousand euros (57 thousand euros a 31 December, 2021). Movement on the provision for impairment of trade receivables was as follows:

| | 2022 | 2021 |
|---|---|---|
| **Beginning of the year** | **57** | **45** |
| Net remeasurement of loss allowance | 38 | (363) |
| Derecognition due to non-collectability | 441 | 375 |
| **End of the year** | **536** | **57** |

The ageing of these accounts was as follows:

| | 2022 | 2021 |
|---|---|---|
| From 6 to 9 months | 223 | 56 |
| Over 9 months | 313 | 1 |
| | 536 | 57 |

**b) Deposits**

At 31 December, 2022, the deposits caption included fixed-term deposits amounting to 1,416 thousand euros (1,427 thousand euros at 31 December, 2021) bearing interest at a rate ranging from 2% to 3%. At 31 December, 2022 and 2021, 1,327 thousand euros of these deposits was pledged to Banco Santander. The Group considers these deposits as low credit risk and, therefore, no expected losses have been recorded.

**c) Public authorities**

Balances included in this caption at 31 December 2022 and 2021 related to the following items:

| | 2022 | 2021 |
|---|---|---|
| Value-added tax | 15,609 | 17,003 |
| Withholding tax | 1,351 | 908 |
| Grants awarded but not yet received | 1,337 | 910 |
| | 18,297 | 18,821 |

Maximum credit exposure at the date this information is presented is the value recognised for each one of the categories of receivables mentioned above. The Group does not hold any guarantee as security.

## 14. Cash and cash equivalents

The breakdown of cash and cash equivalents at the end of the 2022 and 2021 reporting periods is as follows:

| | 2022 | 2021 |
|---|---|---|
| Cash at bank and in hand | 80,520 | 99,035 |
| Cash equivalents | 44,425 | — |
| | 124,945 | 99,035 |

## 15. Share capital and share premium

a) Share capital

The number of shares, their par value and the total share capital for the years 2022 and 2021 were as follows:

| | No. shares | Face value (euros) | Total share capital (thousands) |
|---|---|---|---|
| Balance at 1 January, 2021 | 56,068,965 | 0.06 | 3,364 |
| Balance at 31 December, 2021 | 56,068,965 | 0.06 | 3,364 |
| Balance at 31 December, 2022 | 54,016,157 | 0.06 | 3,241 |

All issued shares were fully paid up.

In July 2022, Laboratorios Farmacéuticos Rovi, S.A. reduced its capital by cancelling treasury shares (Note 16) as planned in the Buy-back Programmes approved by the Company in 2021 and 2022. The total amount of the capital reduction was 123,168.48 euros (2,052,808 shares with a par value of 0.06 euros each).

Shareholders owning significant direct or indirect interests of more than 3% in the share capital of Laboratorios Farmacéuticos Rovi, S.A. of which the Company is aware, according to the information in the official records of the National Securities Market Commission at 31 December, 2022, are the following:

| Shareholder | % direct | % indirect | TOTAL |
|---|---|---|---|
| Norbel Inversiones, S.L. | 55.191 | — | 55.191 |
| Indumenta Pueri, S.L. | — | 5.057 | 5.057 |

At 31 December, 2021 the information was as follows:

| Shareholder | % direct | % indirect | TOTAL |
|---|---|---|---|
| Norbel Inversiones, S.L. | 60.179 | — | 60.179 |
| Indumenta Pueri, S.L. | — | 5.057 | 5.057 |
| T. Rowe Price Associates Inc. | — | 3.005 | 3.005 |

Norbel Inversiones, S.L. performed share purchase and sale transactions with the Company's share capital in 2022. As a result, Norbel Inversiones, S.L. held 55.19% of the shares of Laboratorios Farmacéuticos Rovi, S.A. at 31 December, 2022, in comparison with the 60.17% held at 31 December, 2021. At 31 December, 2022, Norbel Inversiones, S.L. was owned by Messrs Juan, Iván and Javier López-Belmonte Encina (33.33% each). Therefore, at 31 December, 2022, the interest in the Company held by Messrs Juan, Iván and Javier López-Belmonte Encina was 18.40% each. At 31 December, 2021, Norbel Inversiones, S.L. was owned by Ms Mercedes Encina Vega (9.62%) and Messrs Juan, Iván and Javier López-Belmonte Encina (30.12% each). Therefore, at 31 December, 2021, Ms Mercedes Encina Vega held an interest of 5.79% of the Company's share capital and Messrs Juan, Iván and Javier López-Belmonte Encina each held an interest of 18.12%.

b) Share premium

In October 2018, the Company carried out a capital increase charged to cash contributions, with exclusion of preferential subscription rights ("the Capital Increase").The final terms of this increase were as follows:

- The Capital Increase was carried out for a nominal amount of 364,137.90 euros through the issue of 6,068,965 newly-issued ordinary shares in the Company with a par value of 0.06 euros each, belonging to the same class and series as the existing shares already in issue (the "New Shares").

- The price of issue of the New Shares was fixed at 14.50 per share, 0.06 euros of which related to the par value, while 14.44 euros was the share premium (the "Issue Price").

– As a consequence of the foregoing, the effective total amount of the Capital Increase was 87,999,992.50 euros, 367,137.90 euros of which related to the nominal and 87,635,854.60 to the share premium.

## 16. Other information on reserves and non-controlling interests

### a) Legal reserve

The legal reserve, which totalled 673 thousand euros at 31 December 2022 and 2021, was set up in accordance with Article 274 of the Capital Companies Act ("Ley de Sociedades de Capital"), which states that 10% of the profit for the period must be allocated to the legal reserve until at least 20% of the share capital is covered. The legal reserve is not available for distribution. Should the legal reserve be used to offset losses in the event of no other reserves being available for this purpose, it must be replenished with future profits.

### b) Other accumulated comprehensive income

These reserves include the accumulated changes in the values of equity securities (Note 11), net of the amounts taken to profit and loss due to impairment and exchange rate differences.

### c) Retained earnings and voluntary reserves

In 2022, retained earnings increased and/or decreased as follows:

– On 14 June, 2022, the General Meeting of Shareholders of Laboratorios Rovi, S.A. resolved to approve the proposal for distribution of the profit for 2021 (65,143 thousand euros), allocating 53,580 thousand euros to dividends and the remainder to retained earnings. The dividend on the treasury shares held by ROVI at the time of the distribution was 2,573 thousand euros.

– The sale of treasury shares in 2022 led to a loss of 2,794 thousand euros, which was recognised in the retained earnings account (Note 16.d).

– The share capital reduction (Note 15) executed by cancelling treasury shares (Note 16.d) led to a negative impact of 134,885 thousand euros.

During 2021, retained earnings were increased and/or reduced as follows:

– On 17 June, 2021, the General Meeting of Shareholders of Laboratorios Rovi, S.A. resolved to approve the proposal for distribution of the profit for 2021 (71,137 thousand euros), allocating 21,373 thousand euros to dividends and the remainder to retained earnings. The dividend on the treasury shares held by ROVI at the time of the distribution was 241 thousand euros.

– The sale of treasury shares in 2021 led to a profit of 10,882 thousand euros, which was recognised in the retained earnings account (Note 16.d).

Retained earnings at 31 December 2022 and 2021 included restricted reserves amounting to 1,704 thousand euros relating to legal reserves in group companies other than the Company itself. Also included was a special restricted reserve of 5,036 thousand euros at 31 December 2022 and 2021 set up by ROVI in 1994, when the share capital was reduced without contributions being refunded to shareholders. This reserve is treated in the same way as the legal reserve and may only be used to offset losses if there are no other reserves available for this purpose.

Dividends that reduce the balance of available reserves to an amount lower than the total development expense balances that have not yet been amortised may not be distributed (Note 7).

(Thousand euros)

### d) Treasury shares

At 31 December, 2022, the number of treasury shares was 644,114 (1,218,776 at 31 December, 2021). The following movements took place in 2022:

| | 2022 | 2021 |
|---|---|---|
| **Balance at beginning of year** | **1,218,776** | **673,654** |
| Shares acquired under liquidity contract (d.1) | 1,609,715 | 826,381 |
| Shares sold under liquidity contract (d.1) | (1,598,794) | (831,586) |
| Share acquired under buy-back programmes (d.2) | 1,467,225 | 585,583 |
| Shares for capital reduction under buy-back programmes (d.2) | (2,052,808) | — |
| Extraordinary bonus through award of shares (d.3) | — | (35,256) |
| **Balance at end of year** | **644,114** | **1,218,776** |

d.1) Liquidity contract

Under the liquidity contract that ROVI had signed, 1,609,715 shares were acquired (826,381 in 2021), for which a total sum of 78,561 thousand euros was disbursed (42,224 thousand euros in 2021). Likewise, a total of 1,598,794 shares were resold (831,586 in 2021) for a sum of 77,766 thousand euros (42,328 thousand euros in 2021). Said shares had been acquired at a weighted average cost of 80,560 thousand euros (31,446 thousand euros in 2021), giving rise to a loss of 2,794 thousand euros on the sale (profit of 10,882 thousand euros in 2021), which was recognised in reserves.

d.2) Share buy-back programme

ROVI commenced a buy-back programme for company shares effective 3 November, 2021 (the "Buy-Back Programme"). Its main features were the following:

- Purpose and scope: the purpose of the buy-back programme was to cancel ROVI shares (capital reduction) while, at the same time, increasing ROVI's shareholder remuneration by increasing the earnings per share.

- Term: 12 months as of 3 November, 2021, the date on which the buy-back programme was published, or as of the date that either of the following two conditions was met. Additionally, ROVI reserved the right to conclude the programme before its term ended.

- Maximum monetary amount: up to 125,000,000 euros.

- Maximum number of shares to be acquired: 1,682,000 shares in the Company, representing approximately 3% of ROVI's share capital at the buy-back programme publication date.

Under this resolution, in 2022, 906,525 share were acquired, for which ROVI paid a total amount of 59,873 thousand euros. The programme ended on 22 February, 2022, a total of 1,492,108 shares having been acquired between 2021 and 2022 for a total sum of 96,434 thousand euros.

Effective 23 February, 2022, ROVI commenced another share buy-back programme with the following main features:

- Purpose and scope: the cancellation of ROVI shares (capital reduction) and, at the same time, an increase in the remuneration of ROVI shareholders through an increase in the earnings per share.

- Term: 6 months as of 23 February, 2022, the date on which the buy-back programme was published, or as of the date that either of the following two conditions was met. Additionally, ROVI reserved the right to conclude the programme before its term ended.

- Maximum monetary amount: up to 46,000,000 euros.

- Maximum number of shares to be acquired: 560,700 shares in the Company, representing approximately 1% of ROVI's share capital at the buy-back programme publication date.

Under this resolution, in 2022, 560,700 share were acquired, for which ROVI paid a total amount of 38,574 thousand euros. The programme ended on 29 March, 2022.

(Thousand euros)

On 29 July, 2022, the share capital reduction was entered in the Companies Register (Note 15) for an amount of 123 thousand euros through the cancellation of 2,052,808 treasury shares. On the same date, the shares were removed from trading on the Securities Market Interconnection System and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The average weighted cost of the treasury shares cancelled was 135,008 thousand euros and the difference was allocated to retained earnings and voluntary reserves (Note 16 c) for an amount of 134,885 thousand euros.

d.3) Extraordinary bonus through award of treasury shares

On 17 June, 2021, the Ordinary General Shareholders' Meeting of Laboratorios Farmacéuticos Rovi, S.A. approved an extraordinary bonus for the Company's executive directors through the award of treasury shares. The maximum number of shares to be awarded was determined by dividing 985 thousand euros by the average quoted price of the company shares in the 30 trading days immediately prior to approval of the bonus (54.48 euros). A total of 54,240 treasury shares were awarded to the executive directors (Note 31). The amount recognised for this bonus under "Employee benefit expenses" was 2,520 thousand euros.

**e) Dividends**

On 14 June, 2021, the General Meeting of Shareholders approved the distribution of the 2021 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 53,580 thousand euros (0.9556 euros gross per share). This dividend was paid out in July 2022.

On 17 June, 2021, the General Meeting of Shareholders approved the distribution of the 2020 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 21,373 thousand euros (0.3812 euros gross per share). This dividend was paid out in July 2022.

**f) Application of profit**

The proposed application of the profit of the parent company for the period 2022 that will be submitted to the General Meeting of Shareholders, determined on the basis of generally- accepted accounting principles in Spain, together with the application approved for 2021 based on the profit of the parent company, is as follows:

| | **2022** | **2021** |
|---|---|---|
| **Basis of application** | | |
| Profit for the year | 39,116 | 65,143 |
| | 30,770 | — |
| | **69,886** | **65,143** |
| **Distribution** | | |
| Dividends | 69,886 | 53,580 |
| Retained earnings | — | 11,563 |
| | **69,886** | **65,143** |

**g) Non-controlling interests**

In 2022, the company Glicopepton Biotech, S.L. was incorporated, 51% held by Laboratorios Farmacéuticos Rovi, S.A. and fully consolidated (Note 1). This led to recognition of non-controlling interests which, at 31 December, 2022, totalled 1,367 thousand euros.

## 17. Trade and other payables

| | 2022 | 2021 |
|---|---|---|
| Trade payables | 128,484 | 97,407 |
| Payables to related parties (Note 31) | 2,256 | 2,336 |
| Outstanding remuneration | 6,478 | 5,466 |
| Public authorities | 6,140 | 5,539 |
| Other payables | 22,418 | 14,425 |
| | 165,776 | 125,173 |

At 31 December, 2022 and 2021, the “Other payables” caption included the following liabilities, among others:

| | 2022 | 2021 |
|---|---|---|
| Discounts, returns and other trading transactions | 18,577 | 6,249 |
| Contribution to public health system | 2,868 | 7,085 |
| | **21,445** | **13,334** |

Contribution to public health system

In Spain, in accordance with Law 29/2006, all companies that sell prescription pharmaceuticals or other health products paid with public funds must make, every four months, payments of between 1.5% and 2.0% of their sales (depending on the volume) into the National Health System. This is a levy aimed to adjust the margin on a regulated activity through the price intervention established by law. The Group recognises the contribution to the public health system as a reduction in revenue when the sale is made. The sums accrued but not yet paid are recognised under the “Other payables” caption.

In contributions to the public health system, at 31 December, 2022, no amounts had been recognised in relation to the collaboration agreement between Farmaindustria and the Spanish government (Note 2.24), since no agreement had been signed since the agreement in force for the years 2017 to 2019. At 31 December, 2021, the pharmaceutical industry had expressed its clear will to extend the Agreement and, therefore, ROVI made provision for the estimated amounts for said year (3,214 thousand euros).

Although these sums should not be considered as refunds or reimbursements to customers, they are recognised as a reduction in revenue, since the objective of the Law is to regulate the prices and margins obtained for these products.

Delay in payments to suppliers

Details of payments for trading transactions performed during the reporting period and outstanding at the reporting date in relation to the maximum legal periods provided for in Law 15/2010, amended by Law 11/2013 and Law 18/2022, are as follows:

| | 2022 | 2021 |
|---|---|---|
| | Days | Days |
| Average payment period to suppliers | 54 | 57 |
| Ratio of transactions paid | 57 | 61 |
| Ratio of transactions outstanding | 39 | 40 |

| | 2022 | 2021 |
|---|---|---|
| Total payments made (thousand euros) | 570,562 | 424,190 |
| Total payments outstanding (thousand euros) | 99,415 | 74,341 |

| | 2022 |
|---|---|
| Invoices paid in less than 60 days (thousand euros) | 336,738 |
| No. of invoices paid in less than 60 days | 18,991 |
| % No. invoices paid in less than 60 days/Total No. invoices paid | 46 % |
| % Amount of invoices paid in less than 60 days/Total amount of invoices paid | 59 % |

(Thousand euros)

## 18. Financial debt

| | 2022 | 2021 |
|---|---|---|
| **Non-current** | | |
| Bank borrowings | 37,679 | 44,107 |
| Debt with government entities | 8,365 | 8,416 |
| Financial liabilities for leases | 13,397 | 14,222 |
| | 59,441 | 66,745 |
| **Current** | | |
| Bank borrowings | 6,428 | 714 |
| Debt with government entities | 1,810 | 2,245 |
| Financial liabilities for leases | 4,459 | 3,441 |
| Financial derivatives | 28 | 17 |
| | 12,725 | 6,417 |
| | **72,166** | **73,162** |

### a) Bank borrowings

In December 2017, the European Investment Bank (EIB) granted ROVI a credit line to support its investments in Research, Development and Innovation (R&D&I). The credit line was for 45,000 thousand euros. ROVI could draw down this amount over a term of 24 months as from signature of the agreement and the credit matures in 2029. The credit line provides for a three-year grace period and financial conditions (i.e. applicable interest rates, repayment period, etc.) that are favourable to ROVI. As of 31 December, 2020, ROVI had drawn down the entirety of this credit line in:

a) A draw-down of 5,000 thousand euros in 2018 at an annual interest rate of Euribor at 3 months plus 0.844%.
b) A draw-down of 40,000 thousand euros in 2019 at a fixed annual interest rate of 0.681%.

At 31 December, 2022, this loan matured as follows:

| | a) | b) | TOTAL |
|---|---|---|---|
| **Entity** | **BEI** | **BEI** | |
| **Face value** | **5,000** | **40,000** | |
| **Interest rate** | **Eur3+0.844%** | **0.681% Fixed** | |
| 2023 | 714 | 5,714 | 6,428 |
| 2024 | 714 | 5,714 | 6,428 |
| 2025 | 714 | 5,714 | 6,428 |
| 2026 | 714 | 5,714 | 6,428 |
| 2027 | 714 | 5,714 | 6,428 |
| 2028 onward | 537 | 11,430 | 11,967 |
| | 4,107 | 40,000 | 44,107 |
| Non-current | 3,393 | 34,286 | 37,679 |
| Current | 714 | 5,714 | 6,428 |

(Thousand euros)

As of 31 December, 2021, this loan matured as follows:

**2021**

| | a) | b) | TOTAL |
|---|---|---|---|
| **Entity** | **BEI** | **BEI** | |
| **Face value** | **5,000** | **40,000** | |
| **Interest rate** | **Eur3+0.844%** | **0.681% Fixed** | |
| 2021 | 714 | — | 714 |
| 2022 | 714 | 5,714 | 6,428 |
| 2023 | 714 | 5,714 | 6,428 |
| 2024 | 714 | 5,714 | 6,428 |
| 2025 | 714 | 5,714 | 6,428 |
| 2026 onward | 1,251 | 17,144 | 18,395 |
| | 4,821 | 40,000 | 44,821 |
| Non-current | 4,107 | 40,000 | 44,107 |
| Current | 714 | — | 714 |

In the first half of 2022 and 2021, compliance as of 31 December, 2021 and 2020, respectively, with the financial ratios fixed in this financing agreement was certified. At 31 December, 2022, ROVI met the ratios fixed, although this will not be certified until after these annual accounts have been approved.

Additionally, in July 2022, the BEI granted ROVI a credit for a total amount of 50 million euros to finance R&D&I activities related to new developments of the prolonged drug release technology ISM®. The credit will be available to ROVI for a term of 24 months as of signature of the contract and the loan will mature 10 years after the drawdown date. The loan provides for a three-year grace period and financial conditions (i.e. the applicable interest rates, repayment periods, etc.) favourable to ROVI. The Group had not drawn any of this loan at 31 December, 2022.

**b) Debt with government entities**

b.1) Since 2001, the Company has been receiving reimbursable grants from different Ministries to finance a number of R&D projects. The amounts recorded as non-current financial debt for this item at 31 December, 2022 amounted to 8,365 thousand euros (8,416 thousand euros at 31 December, 2021). The transactions do not accrue interest and have been recognised at their initial fair values. The difference between the initial fair value and the face value accrues at market interest rates (Euribor and the interest rate on Spanish Treasury debt plus a spread in accordance with the Group's risk). This means that this debt accrues interest at effective interest rates ranging from 2.9% to 4.9%.

(Thousand euros)

b.2.2) Advances received in 2022:

In 2022, the different Group companies received various reimbursable advances from different entities, details of which are given below:

| | | | Thousand euros | | Years | |
|---|---|---|---|---|---|---|
| Company | Government entity | Project | Face value | Initial fair value | Repayment period | Grace period |
| ROVI | Corporación Tecnológica de Andalucía | (1) | 77 | 65 | 12 | 3 |
| ROVI | Corporación Tecnológica de Andalucía | (1) | 361 | 319 | 12 | 3 |
| ROVI | Corporación Tecnológica de Andalucía | (1) | 37 | 31 | 12 | 3 |
| ROVI | Corporación Tecnológica de Andalucía | (1) | 47 | 40 | 12 | 3 |
| ROVI | Corporación Tecnológica de Andalucía | (1) | 105 | 91 | 13 | 4 |
| ROVI | Corporación Tecnológica de Andalucía | (1) | 43 | 36 | 15 | 6 |
| ROVI | Centro para el Desarrollo Tecnológico Industrial | (1) | 182 | 154 | 14 | 3 |
| ROVI | Centro para el Desarrollo Tecnológico Industrial | (1) | 300 | 271 | 12 | 4 |
| ROVI | Centro para el Desarrollo Tecnológico Industrial | (1) | 219 | 197 | 11 | 4 |
| ROVI | Centro para el Desarrollo Tecnológico Industrial | (2) | 28 | 24 | 12 | 4 |
| | | | 1,399 | 1,228 | | |

(1) Funds the projects to develop drugs with ISM technology.
(2) Funds the projects to develop a biosimilar

b.2.3) Advances received in 2021:

In 2021, the different Group companies received various reimbursable advances from different entities, details of which are given below:

| | | | Thousand euros | | Years | |
|---|---|---|---|---|---|---|
| Company | Government entity | Project | Face value | Initial fair value | Repayment period | Grace period |
| Lab. Farm. Rovi | Technological Corporation of Andalusia | (1) | 54 | 46 | 13 | 4 |
| Lab. Farm. Rovi | Technological Corporation of Andalusia | (1) | 28 | 24 | 12 | 3 |
| Lab. Farm. Rovi | Technological Corporation of Andalusia | (1) | 46 | 40 | 12 | 3 |
| Lab. Farm. Rovi | Technological Corporation of Andalusia | (1) | 12 | 10 | 13 | 4 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (1) | 148 | 122 | 7 | 1 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (1) | 200 | 179 | 11 | 4 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (2) | 106 | 92 | 16 | 4 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (2) | 94 | 80 | 16 | 3 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (1) | 279 | 248 | 10 | 3 |
| Lab. Farm. Rovi | Industrial Technological Development Centre | (1) | 373 | 310 | 7 | 1 |
| | | | 1,340 | 1,151 | | |

(1) Funds the projects to develop drugs with ISM technology.
(2) Funds the projects to develop a biosimilar.

(Thousand euros)

At 31 December, 2022 and 2021, debt with government entities matured as follows:

| Year | **2022** | **2021** |
|---|---|---|
| 2022 | — | 2,245 |
| 2023 | 1,810 | 1,208 |
| 2024 | 1,400 | 1,479 |
| 2025 | 1,449 | 1,396 |
| 2026 | 1,524 | 1,410 |
| 2027 | 1,303 | 1,177 |
| 2028 onward | 2,689 | 1,746 |
| | 10,175 | 10,661 |
| Non-current | 8,365 | 8,416 |
| Current | 1,810 | 2,245 |

Fair value of the financial debt

The carrying amounts and fair values of non-current bank borrowings and debt with government entities at 31 December, 2022 and 2021 were as follows:

| | **Carrying amount** | | **Fair value** | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Bank borrowings | 37,679 | 44,107 | 36,677 | 43,359 |
| Debt with government entities | 8,365 | 8,416 | 7,714 | 8,766 |
| | 46,044 | 52,523 | 44,391 | 52,125 |

The fair values of current financial debt are equal to their corresponding nominal amounts since the effect of discounting is not significant. The fair values are based on cash flows discounted at a market rate.

To calculate the fair value of fixed rate non-current bank borrowings the 2022 and 2021 reporting dates, the interest rate on the last variable interest loan received by the Company was taken as a reference: Euribor at 3 months plus a 0.844% spread.

**c) Financial liabilities for leases**

As from 1 January, 2019, as a consequence of the entry into force of IFRS 16 Leases (Note 2.2.a), financial debt includes the lease liabilities.

The main liabilities recognised at 31 December, 2022 and 2021 under this caption are related to:

- Real estate leases: the Group holds leases on certain properties where it carries on its activities. The payment period of the liabilities generated by these leases has initially been fixed at 10 years.
- Vehicles: the Group holds a lease on vehicles for use in its activities. The payment period of this liability is 3 years.
- Computer equipment: the Group leases certain computer equipment for its activities. The payment period fixed for these liabilities is 3 years.

(Thousand euros)

At 31 December, 2022 and 2021, financial liabilities for leases matured as follows:

| Year | **2022** | **2021** |
|---|---|---|
| 2022 | — | 3.441 |
| 2023 | 4,459 | 3,422 |
| 2024 | 3,017 | 2,181 |
| 2025 | 2,714 | 2,112 |
| 2026 | 2,580 | 2,137 |
| 2027 | 2,551 | 2,169 |
| 2028 onward | 2,535 | 2,201 |
| | 17,856 | 17,663 |
| Non-current | 13,397 | 14,222 |
| Current | 4,459 | 3,441 |

**d) Derivative financial instruments**

At 31 December, 2022, derivative financial instruments were measured at 28 thousand euros (17 thousand euros in 2021). Financial derivatives are not classified as hedges and, therefore, fall within the category of financial liabilities at fair value through profit and loss.

## 19. Deferred taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority. A breakdown of the estimated periods for offsetting is as follows:

| | **2022** | **2021** |
|---|---|---|
| Deferred tax assets: | | |
| – Deferred tax assets to be recovered at more than 12 months | 202 | 104 |
| – Deferred tax assets to be recovered within 12 months | 1,876 | 3,746 |
| | 2,078 | 3,850 |
| | | |
| Deferred tax liabilities | | |
| – Deferred tax liabilities to be recovered at more than 12 months | 636 | 758 |
| – Deferred tax liabilities to be recovered within 12 months | 41 | 18 |
| | 677 | 776 |

Net movement on the deferred tax account was as follows:

| | Deferred tax assets | Deferred tax liabilities | Net deferred taxes |
|---|---|---|---|
| **At 1 January, 2021** | **11,105** | **(929)** | **10,176** |
| (Charged)/credited to profit and loss (Note 28) | (7,255) | 153 | (7,102) |
| **At 31 December, 2021** | **3,850** | **(776)** | **3,074** |
| (Charged)/credited to profit and loss (Note 28) | (1,372) | 99 | (1,273) |
| (Charged)/credited to equity | (400) | — | (400) |
| **At 31 December, 2022** | **2,078** | **(677)** | **1,401** |

(Thousand euros)

Movement on deferred tax assets was as follows:

| | Negative tax bases | Tax credits not yet applied | 30% amortisation 13 &14 | Provisions | Other | Total |
|---|---|---|---|---|---|---|
| **At 1 January, 2021** | **3,965** | **4,411** | **794** | **938** | **997** | **11,105** |
| (Charged)/credited to profit and loss | (3,965) | (4,411) | (151) | 2,044 | (772) | (7,255) |
| **At 31 December, 2021** | **—** | **—** | **643** | **2,982** | **225** | **3,850** |
| (Charged)/credited to profit and loss | — | 10 | (127) | (1,453) | 198 | (1,372) |
| (Charged)/credited to equity | — | — | — | — | (400) | (400) |
| **At 31 December, 2022** | **—** | **10** | **516** | **1,529** | **23** | **2,078** |

The amounts for deferred tax assets shown in the column "30% amortisation/depreciation 2013 & 2014" relate to the tax effect of the 30% of the amortisation/depreciation charge for the period, which was not tax deductible in the years 2013 and 2014, as established in Royal Decree-Law 16/2012 of 27 December, whereby various measures intended to consolidate public finance and stimulate economic activity were adopted. Additionally, the column "Provisions" shows the amounts related to booking non-tax deductible provisions in the years reported.

Movement on deferred tax liabilities was as follows:

| | Freedom of amortisation/ depreciation | Other | Total |
|---|---|---|---|
| **At 1 January, 2021** | **303** | **626** | **929** |
| (Charged)/credited to profit and loss | (153) | — | (153) |
| **At 31 December, 2021** | **150** | **626** | **776** |
| (Charged)/credited to profit and loss | (99) | — | (99) |
| **At 31 December, 2022** | **51** | **626** | **677** |

The deferred tax liabilities included as "freedom of amortisation/depreciation" refer to the application of the free amortisation/depreciation system associated to assets attached to R&D activity and maintaining jobs.

## 20. Contract liabilities

Movement on contract liabilities in 2022 and 2021 was as follows:

| | Distribution licences | Other contracts | Total |
|---|---|---|---|
| **At 1 January, 2021** | **6,868** | **23,925** | **30,793** |
| Additions | 518 | 98,435 | 98,953 |
| (Charged)/credited to profit and loss | (5,140) | (65,514) | (70,654) |
| **At 31 December, 2021** | **2,246** | **56,846** | **59,092** |
| Additions | 385 | 149,899 | 150,284 |
| (Charged)/credited to profit and loss | (792) | (92,138) | (92,930) |
| **At 31 December, 2022** | **1,839** | **114,607** | **116,446** |

### a) Distribution licences

In 2022, new contract liabilities of 385 thousand euros (518 thousand euros in 2021) were recognised in relation to agreements granting distribution licences.

In 2022, ROVI recognised revenue from distribution licences for a total amount of 792 thousand euros (5,140 thousand euros in 2021) (Note 22).

(Thousand euros)

At 31 December, 2022 and 2021, the contract liabilities related to distribution licences had the following estimated maturities:

| Year | 2022 | 2021 |
|---|---|---|
| 2022 | — | 786 |
| 2023 | 294 | 269 |
| 2024 | 273 | 248 |
| 2025 | 206 | 182 |
| 2026 | 99 | 74 |
| 2027 onward | 77 | 71 |
| | 949 | 1,630 |
| Non-current | 655 | 844 |
| Current | 294 | 786 |

At 31 December, 2022, there were contract liabilities related to distribution licences for an amount of 890 thousand euros for which the time at which they would be recognised in the income statement could not be determined, since they were subject to meeting certain milestones for which no dates had been fixed (616 thousand euros at 31 December, 2021).

**b) Other contracts**

This caption includes sums billed to customers for the adaptation, fitting-out and validation of the facilities and machinery – either owned by ROVI or acquired or subcontracted from third parties– that, at the year end, had not yet been taken to profit and loss as revenue from services provided, since these sums had not yet accrued in accordance with the percentage of completion. It totalled 85,443 thousand euros at 31 December, 20212 (38,575 thousand euros in 2021). Likewise, it includes 27,998 thousand euros in 2022 (8,784 thousand euros in 2021) for reserved capacity, which had not yet been taken to consolidated profit and loss at the reporting date. It will be allocated when and as the contract conditions that determine accrual of the revenue from services are satisfied (Note 2.21.b). These milestones are expected to be reached in the short term. Finally, this caption includes an amount billed and received for a purchase of materials for production that will take place in 2023, the costs of which are borne by the customer. Revenue recognition is linked to the use of said materials in the production process.

## 21. Deferred income

| | 2022 | 2021 |
|---|---|---|
| Non-current | 1,774 | 2,331 |
| | 1,774 | 2,331 |
| Current | 485 | 485 |
| | 485 | 485 |
| | **2,259** | **2,816** |

The deferred revenue caption recognises sums collected for grants received from government entities, which are classified into two broad blocks:

| | 2022 | 2021 |
|---|---|---|
| a) Deferred revenues from non-reimbursable capital grants | 2,128 | 2,564 |
| b) Deferred revenues from reimbursable capital grants | 131 | 252 |
| | 2,259 | 2,816 |

(Thousand euros)

**a) Deferred revenue from non-reimbursable capital grants**

These are taken to profit and loss in proportion to the amortisation charge in the period for the assets whose purchase is subsidised. The most significant non-reimbursable grants that have not yet been taken to profit and loss are related to construction of the Granada bemiparin plant, which came into operation in 2009. In said reporting period, the allocation of a non-reimbursable grant of 5,431 thousand euros, awarded by the Innovation and Development Agency of Andalusia (Innovation, Science and Business Department), to profit and loss commenced. This grant was received in November 2008. The amount recognised for this grant under the caption "Current and non-current deferred revenues from grants" at 31 December, 2022 was 1,449 thousand euros (1,744 thousand euros at 31 December, 2021).

**b) Deferred revenue from reimbursable grants**

These relate to grants with an implicit interest rate derived from recognising reimbursable grants awarded at a zero interest rate at fair value (Note 18.b). The most significant amounts recognised as deferred revenues in relation to reimbursable grants awarded by government entities relate mainly to a number of research and development projects. They are taken to profit and loss on the basis of accrual of the expenses for which the reimbursable grant was awarded.

## 22. Revenues

Revenues are broken down into the following items

| | 2022 | 2021 |
|---|---|---|
| Sales of goods | 413,361 | 378,845 |
| Sales of services | 403,545 | 264,692 |
| Revenue from distribution licences | 792 | 5,140 |
| | 817,698 | 648,677 |

**a) Sales of goods**

As of 31 December, 2022, the "Sales of goods" caption included 700 thousand euros related to services to promote third-party products (1,792 thousand euros at 31 December, 2021).

Additionally, at 31 December, 2022, the "Sales of good" caption included 11,700 thousand euros (8,928 thousand euros at the 2020 reporting date) related to royalties received on the basis of enoxaparin distribution agreements signed with third parties.

Total sales of goods fell by 11,006 thousand euros in 2022 (11,909 thousand euros in 2021) as a consequence of the rebates furnished to the National Health System (Note 2.24). Of the total amount of rebates to the National Health System 3,214 thousand euros of income were related to the co-operation agreement signed between Farmaindustria and the Spanish government (2,564 thousand euros at 31 December, 2021) (Note 17).

The breakdown of "Sales of goods" by product group was as follows:

| | 2022 | 2021 |
|---|---|---|
| Specialty pharmaceuticals | 371,829 | 342,237 |
| Contrast agents and other hospital products | 40,069 | 35,494 |
| Other | 1,463 | 1,114 |
| | 413,361 | 378,845 |

**b) Sales of services**

At 31 December, 2022, the "Sales of services" caption included 92,795 thousand euros (64,006 thousand euros at 31 December, 2021) relating to the work to adapt, fit out and validate ROVI's facilities and machinery, which may be either owned by ROVI or acquired or subcontracted from third parties, to subsequently provide manufacturing services to certain customers, as well as reserved manufacturing capacity as agreed with customers (Note 2.21.b).

(Thousand euros)

### c) Breakdown by geographical market and segment

The breakdown of revenue by geographical market and segment at 31 December, 2022 was as follows:

| | Manufacturing | Marketing | TOTAL |
|---|---|---|---|
| Spain | 5,501 | 258,766 | 264,267 |
| European Union | 37,413 | 99,132 | 136,545 |
| Other countries | 360,632 | 56,254 | 416,886 |
| | **403,546** | **414,152** | **817,698** |

At 31 December, 2021, the breakdown was as follows:

| | Manufacturing | Marketing | TOTAL |
|---|---|---|---|
| Spain | 7,000 | 249,698 | 256,698 |
| European Union | 34,678 | 84,954 | 119,632 |
| Other countries | 223,014 | 49,333 | 272,347 |
| | **264,692** | **383,985** | **648,677** |

Sales in the 2022 and 2021 reporting periods were made principally in euros.

## 23. Employee benefit expenses

Employee benefit expenses may be summarised as follows:

| | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 85,979 | 73,025 |
| Social security costs | 20,537 | 16,772 |
| Pension costs - defined-contribution pension plans | 6 | 6 |
| | 106,522 | 89,803 |

Total employee benefit expenses included expenses of 9,242 thousand euros at 31 December, 2022 (8,384 thousand euros at 31 December, 2021, Note 7) related to the R&D Department.

The “Wages and salaries” figure includes severance payments of 758 thousand euros in 2022 and 813 thousand euros in 2021.

The average number of employees was as follows:

| | 2022 | 2021 |
|---|---|---|
| Management | 40 | 34 |
| Administration | 237 | 171 |
| Sales force | 302 | 270 |
| Production and plant | 1,118 | 936 |
| R&D | 201 | 177 |
| | 1,898 | 1,588 |

At 31 December, 2022, the Group’s total headcount was 1,993 employees (1,751 at 31 December, 2022), 1,050 of whom were women (919 at 31 December, 2021). There were 16 women in managerial roles in 2022 (13 in 2021).

At 31 December, 2022, the Group’s total headcount included 37 people with a disability rating of 33% or more (14 at 31 December, 2021).

(Thousand euros)

## 24. Other operating expenses

| | 2022 | 2021 |
|---|---|---|
| Advertising costs | 19,993 | 12,713 |
| Services from third parties | 12,782 | 11,881 |
| Supplies | 40,151 | 24,192 |
| Transport and warehouse expenses | 10,527 | 7,764 |
| Repairs and maintenance | 7,184 | 4,987 |
| Operating leases | 3,470 | 839 |
| Other taxes | 5,296 | 5,707 |
| Other operating expenses | 37,079 | 25,419 |
| | 136,482 | 93,502 |

Total operating expenses at 31 December, 2022 included R&D-related expenses of 14,627 thousand euros (19,061 thousand euros at 31 December, 2021, Note 7), most of which are recognised under the “Other operating expenses” caption.

## 25. Operating leases

At 31 December 2022 and 2021, there were no minimum future payments on uncancellable operating leases.

## 26. Finance income/(costs)

| | 2022 | 2021 |
|---|---|---|
| Interest income | 6 | 68 |
| Other finance income | 1,764 | — |
| Total financial income | 1,770 | 68 |
| | | |
| Interest paid | (606) | (669) |
| Other finance costs | (243) | (236) |
| Total finance costs | (849) | (905) |
| | | |
| Proceeds on disposal of financial instruments | 1,831 | 1,161 |
| Change in fair value of financial instruments | (11) | 908 |
| Impairment and gain/(loss) on measurement of financial instruments | 1,820 | 2,069 |
| | | |
| Exchange rate differences | (821) | (178) |
| | (821) | (178) |
| | | |
| **Net finance income/(costs)** | **1,920** | **1,054** |

The caption “Other finance costs” shows the finance cost derived from application of IFRS 16 “Leases” (Note 2.2.a).

At 31 December, 2022, the Group had recognised finance income of 1,764 thousand euros in relation to the derecognition of 5,870 thousand euros of investments in equity instruments that it held in four economic interest groupings (EIGs), since the requirements to allocate tax relief of 7,634 thousand euros originating in said entities had been met (see Note 27).

At 31 December, 2022, the Group held financial derivatives of 5,000 thousands dollars to minimise the impact of exchange rate risk. The measurement of these financial derivatives at fair value had represented a loss of 17 thousand euros at the December 2021 reporting date. In 2022, these assets, as well as other acquired during 2022, were liquidated, obtaining a profit of 1,831 thousand euros (profit of 1,161 thousand euros in 2021). At 31 December, 2022, there were current contracts of this nature of 3,000 thousand dollars, the measurement of which at the 2022 reporting date represented a loss of 28 thousand euros.

(Thousand euros)

## 27. Income tax

In 2022 and 2021, the corporate income tax return was submitted jointly for the following group companies as a tax group, the company Laboratorios Farmacéuticos Rovi, S.A. being the tax group 362/07 parent:

– Rovi Pharma Industrial Services, S.A.U.
– Pan Química Farmacéutica, S.A.U
– Gineladius, S.L.U
– Rovi Escúzar, S.L.U

Income tax expense breaks down into the following items:

| | 2022 | 2021 |
|---|---|---|
| Current tax | (56,610) | (21,941) |
| Deferred tax (Note 19) | (1,273) | (7,102) |
| Adjustment corporate income tax prior years | 442 | (508) |
| Withholding taxes paid abroad | (861) | — |
| | (58,302) | (29,551) |

The tax on the Group's pre-tax profit differs from the notional amount that would have been calculated using the 25% tax rate applicable to the profits of the consolidated companies, as follows:

| | 2022 | 2021 |
|---|---|---|
| Profit before tax | 257,967 | 182,628 |
| Tax calculated at domestic tax rate of 25% | (64,492) | (45,657) |
| Share of profit of joint venture | 50 | 46 |
| Movement on capitalised negative tax bases | — | 592 |
| Adjustment corporate income tax prior years | 442 | (508) |
| Non-tax deductible expenses | 837 | 104 |
| Tax differences in results of subsidiaries | (267) | 74 |
| R&D tax credits used | 6,931 | 19,667 |
| Movement on capitalized R&D tax credits | (942) | (3,869) |
| International double taxation tax credit | (861) | — |
| Income tax expense | (58,302) | (29,551) |

The non-deductible expenses and non-taxable income captions include principally the permanent differences of the companies at individual level, mainly related to donations.

The current tax for Spain, Portugal, Germany and Italy in 2022, after deducting the amount of payments on account and withholdings during the year, generated a current tax receivable of 4,148 thousand euros.

*Tax credits*

The Group generated tax credits of 5,989 thousand euros in 2022 (3,945 thousand euros in 2021) and was likewise entitled to offset tax credits of 942 thousand euros from previous years (15,722 thousand euros at 31 December, 2021). In 2022, tax credits of 6,931 thousand euros were applied (19,667 thousand euros in 2021) and there were thus no further tax credits to be offset in future years .

In 2022, ROVI made investments of 5,870 thousand euros in equity instruments of four economic interest groupings (EIGs). Given the special features in the taxation of EIGs, at the 2022 reporting date, tax benefit of 7,634 thousand euros was generated (4,288 thousand euros in R&D tax credits and negative tax bases of 3,346 thousand euros). The investments were derecognised during the year. At 31 December, 2022, the Group had used all its tax benefits.

*Negative tax bases*

At 31 December, 2020, the Group had recognised all its negative tax bases that had not yet been offset, which it expected to recover in a period of three to five years. These negative tax bases were applied to the 2021 corporate income tax.

The following taxes are open to inspection for the periods mentioned:

| | **Years** |
|---|---|
| Corporate income tax | 2018-21 |
| Value-added tax | 2019-22 |
| Transfer tax | 2019-22 |
| Personal income tax (withholdings) | 2019-22 |

As a result of, among other things, possible different interpretations of current tax legislation, additional liabilities could arise as the result of an inspection. At any event, the directors consider that any such liabilities would not have a significant effect on the consolidated annual accounts.

## 28. Earnings per share

*Basic and diluted.*

The basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of ordinary shares in issue during the period.

In order to determine the number of shares in issue for 2022 and 2021, the weighted average number of shares was calculated without taking the treasury shares that existed at any given moment into account.

| | **2022** | **2021** |
|---|---|---|
| Profit attributable to the Company's shareholders | 199,669 | 153,077 |
| Weighted average number of ordinary shares in issue (thousands) | 53,466 | 55,404 |
| Basic and diluted earnings per share (euros per share) | 3.73 | 2.76 |

At 31 December, 2022 and 2021, there were no shares with potential diluting effects.

## 29. Contingencies

At 31 December, 2022, the Group held bank guarantees amounting to 2,848 thousand euros (2,606 thousand euros in 2021). These guarantees were granted principally to enable Group companies to participate in public tenders and to receive reimbursable grants and advances.

## 30. Commitments

*Acquisition of Bertex Pharma GmbH*

Future payment commitments derive from the agreement to purchase assets through the acquisition of the company Bertex Pharma GmbH that took place in 2007. The purchase agreement fixes a variable component that will depend upon the successful completion of clinical trials for the development of products and the subsequent marketing.

The commitments related to this transaction are:

a) If the development and marketing are performed internally:

– 350 thousand euros after successfully completing the development of phase 1 clinical trials. Part of this amount, 100 thousand euros, was settled in 2011, while 250 thousand euros were settled in 2014;
– A payment of 200 thousand euros after successfully completing the development of phase 2 clinical trials. This payment was made in 2016;
– A payment of 300 thousand euros after successfully completing the development of clinical trials of phase 3. This payment was made in 2020;

(Thousand euros)

- A payment of 200 thousand euros upon commencement of the marketing of any pharmaceutical product. This payment was made in 2022.
- A payment of 200 thousand euros upon commencement of the marketing of any pharmaceutical product in any of the main markets (United States, Japan, Germany, France, Italy or the United Kingdom). This payment was made in 2022.

b) If the development and marketing are performed by third parties:

- 5% of the revenues obtained by ROVI from the development and marketing of the products by third parties (net of direct or indirect production costs and administration expenses).

Payments for the internal development or marketing detailed in section a) exclude those performed under section b) and vice versa, but if ROVI completes clinical development phases 1 and 2 and entrusts the subsequent phases to a third party or performs them for a third party, this clause will apply, but the payments made for phases 1 and 2 under section a) will be deducted.

The work and clinical trials for development of the products mentioned in point a) above are progressing as planned.

## 31. Related-party transactions

The Group is controlled by Norbel Inversiones, S.L., which, at 31 December, 2022, held 55.19% of the shares of the parent company (60.17% at 31 December, 2021). At 31 December, 2022, Norbel Inversiones, S.A. belonged to Messrs Juan, Javier and Iván López-Belmonte Encina (at 31 December, 2021, it belonged Ms Mercedes Encina Vega and Messrs Juan, Javier and Iván López-Belmonte Encina).

### a) Purchases of goods and services

| | **2022** | **2021** |
|---|---|---|
| Purchases of services: | | |
| – Directors who are also shareholders | 25 | 25 |
| – Entities in which the López-Belmonte Encina family holds an interest | 2,160 | 2,030 |
| | 2,185 | 2,055 |

Purchases of services from companies in which the López-Belmonte-Encina family holds an interest related to operating lease payments to the companies Norba Inversiones, S.L. and Lobelvia Inversiones, S.L. In 2022, mergers took place between Inversiones Borbollón, S.L. (absorbed company) and Norba Inversiones, S.L. (absorbing company), and Lobel and Losa Development, S.L. (absorbed company) and Lobelvia Inversiones, S.L. (absorbing company).

### b) Director and senior management remuneration

*b.1) Director remuneration*

| | **2022** | **2021** |
|---|---|---|
| Wages, salaries and other current benefits | 2,699 | 5,324 |
| Contributions to defined-contribution pension plans (Notes 22 & 33.a)1.c) | 6 | 6 |
| | 2,705 | 5,330 |

The “Wages and salaries and other current benefits” caption includes the remuneration of the executive directors for performing senior management functions (Note 33.1.f) and the remuneration agreed for the directors as members of the Board of Directors (Note 33.1.a).

ROVI had a Long-Term Incentive Plan for the executive directors for the years 2019 to 2021. The purpose of this plan is to reward the long-term creation of value for the Group in the interests of the shareholders. The amounts accrued under this Plan were recognised under the “Employee benefit expenses” caption in the income statement and are included in the above “Director and senior management remuneration” table. At 31 December, 2022, the sums accrued under the Plan had been partially settled.

(Thousand euros)

At 31 December, 2022, ROVI had a Long-Term Incentive Plan for the executive directors for the period 2022 to 2024. The purpose of this plan is to reward the long-term creation of value for the Group in the interests of the shareholders. The amounts accrued under this Plan were recognised under the "Employee benefit expenses" caption in the income statement and are included in the above "Director and senior management remuneration" table.

On 17 June, 2021, the Ordinary General Shareholders' Meeting of Laboratorios Farmacéuticos Rovi, S.A. approved an extraordinary bonus for the executive directors by awarding them treasury shares (Note 16). The total number of shares to be awarded to each director was determined by the result of dividing 985 thousand euros by the average quoted price of the Company's share in the 30 trading days immediately preceding approval of the bonus (54.48 euros). The executive directors were awarded 54,240 treasury shares. The amount recognised in the income statement for this transaction was 2,520 thousand euros and it is included in the above "Director remuneration" table.

*b.2) Senior management remuneration*

Members of the Management Committee and the Internal Audit Direction are deemed to be senior management. The following table shows the annual remuneration of those who were members of the Management Committee but not of the Board of Directors at the end of each reporting period:

| | 2022 | 2021 |
|---|---|---|
| Wages, salaries and other short-term benefits | 1,877 | 1,706 |
| | 1,877 | 1,706 |

At 31 December, 2022 and 2021, the Management Committee was formed by 12 members, three of whom were also members of the Board of Directors.

### c) Dividends paid

Dividends paid to the company Norbel Inversiones, S.L. in 2022 were 28,488 thousand euros (12,847 thousand euros in 2021). Additionally, dividends of 3,123 thousand euros (1,197 thousand euros in 2021) were paid to other significant shareholders.

### d) Other transactions

In 2013, Laboratorios Farmacéuticos Rovi, S.A. granted a loan of 1,050 thousand euros to Alentia Biotech, S.L. (Note 10). The interest rate agreed was 2.00% p.a. The interest accrued on this loan is 22 thousand euros p.a. Alentia Biotech, S.L. was wound up in 2022.

In 2022, financial assets were sold for an amount of 20 thousand euros to shareholders and members of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A.

### e) Balances at the reporting date

| | 2022 | 2021 |
|---|---|---|
| Receivables from related parties (Note 13) | | |
| – Joint ventures (*) | — | 2 |
| | — | 2 |
| Payables to related parties (Note 17): | | |
| – Senior management | 285 | 260 |
| – Directors | 1,678 | 1,665 |
| – Joint ventures | — | 80 |
| – Entities in which the López-Belmonte Encina family holds an interest | 293 | 331 |
| | 2,256 | 2,336 |

(*) This caption includes the balances receivable from joint ventures for sales of services and those relating to loans granted at their fair value.

(Thousand euros)

## 32. Fees of account auditors and their group or related companies

The fees for the services provided by the audit firm KPMG Auditores, S.L. for the annual account audits of the Group and the other companies belonging to its group in the years ended 31 December were as follows (irrespective of when they were invoiced):

| | 2022 | 2021 |
|---|---|---|
| Audit services | 192 | 184 |
| Other review services | 50 | 48 |
| | 242 | 232 |

Other review services include services include services which are required to be provided by the account auditors under the applicable regulations and relate to a limited-scope review of the interim financial statements at 30 June, a review of compliance with financial ratios for financing contracts, a review of the internal control over financial reporting system and a review of the account evidencing the details of grants.

Additionally, other entities belonging to KPMG International provided professional services to the Group during the years ending 31 December, as follows:

| | 2022 | 2021 |
|---|---|---|
| Audit services | 70 | 60 |
| Other review services | 8 | 9 |
| Other review services | 45 | 32 |
| | 123 | 101 |

Other review services and other services relate to a review of the packaging declaration of one of the group companies and a review of the ROVI Group's Statement of Non-financial Information, respectively.

Lastly, the audit work carried out by companies independent of the firm KPMG totalled 14 thousand euros (14 thousand euros in 2021).

## 33. Director remuneration

At 31 December, 2021, the members of the Board of Directors were as follows:

| | |
|---|---|
| Mr Juan López-Belmonte Encina | Chairman & Chief Executive Officer |
| Mr Javier López-Belmonte Encina | First Deputy Chairman |
| Mr Iván López-Belmonte Encina | Second Deputy Chairman |
| Mr Marcos Peña Pinto | Coordinating Director |
| Ms Marina del Corral Téllez | Director |
| Ms Teresa Corzo Santamaría | Director |
| Ms Fátima Báñez García | Director |

The non-director Secretary was Mr. Gabriel Núñez Fernández.

(Thousand euros)

**a) In accordance with the provisions of Article 28 of the Board of Directors Regulations of Laboratorios Farmacéuticos Rovi, S.A., the following information is provided with respect to the members of the Board of Directors at 31 December 2022:**

1. Individual breakdown of the remuneration of each director, including, where applicable:

   a. Per diem expenses or other fixed remuneration received as director and additional remuneration received as chairman or member of any Board committee. The amounts for 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|---|---|
| Mr Juan López-Belmonte López | — | 96 |
| Mr Juan López-Belmonte Encina | 180 | 80 |
| Mr Javier López-Belmonte Encina | 80 | 80 |
| Mr Iván López-Belmonte Encina | 80 | 80 |
| Ms Marina del Corral Téllez | 51 | — |
| Ms Teresa Corzo Santamaría | 3 | — |
| Mr Fernando de Almansa Moreno-Barreda | 77 | 80 |
| Mr Marcos Peña Pinto | 80 | 80 |
| Ms Fátima Báñez García | 80 | 80 |
| | 631 | 576 |

   b. No director received remuneration from profit-sharing or premiums, and the reason why such amounts were awarded.

   c. Contributions made to defined contribution pension plans in the directors' favour (Note 2.19.a) or increases in the vested rights of the director in the case of contributions to defined-benefit plans (no defined-benefit plans exist):

| | 2022 | 2021 |
|---|---|---|
| Mr Juan López-Belmonte Encina | 2 | 2 |
| Mr Javier López-Belmonte Encina | 2 | 2 |
| Mr Iván López-Belmonte Encina | 2 | 2 |
| | 6 | 6 |

   d. No director received any severance payments agreed to or paid upon termination of his or her term of office.

   e. No director received any remuneration as a director of other group companies.

   f. Remuneration for the performance of senior management functions received by executive directors. The remuneration of this nature for 2022 and 2021 was as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Fixed | Variable | Fixed | Variable |
| Mr Juan López-Belmonte Encina | 728 | 416 | 327 | 1,406 |
| Mr Javier López-Belmonte Encina | 244 | 220 | 239 | 1,271 |
| Mr Iván López-Belmonte Encina | 241 | 219 | 237 | 1,268 |
| | 1,213 | 855 | 803 | 3,945 |

At 31 December, 2022, the variable remuneration of the executive directors includes the amounts accrued as variable remuneration, the sums accrued under the Long-Term Incentive Plan and the amount recognised in the income statement for the extraordinary bonus awarded in shares (Note 31.b.1). At 31 December, 2021, same concepts were included as well as extraordinary bonus for the executive directors by awarding them treasury shares.

(Thousand euros)

g. In 2022 and 2021, no item of remuneration existed other than the above, irrespective of its nature or the group company paying it, particularly including related-party transactions and any items the omission of which would distort the true and fair view of the total remuneration received by the director.

2. At 31 December, 2021 and 2022, there were no awards of shares, options or any other equity instrument tied to the value of the share that were pending accrual. On 17 June, 2021, the Ordinary General Shareholders' Meeting of Laboratorios Farmacéuticos Rovi, S.A. approved an extraordinary bonus for the Company's executive directors through the award of treasury shares. The maximum number of shares to be awarded to each director was determined by dividing 985 thousand euros by the average quoted price of the company shares in the 30 trading days immediately prior to approval of the bonus (54.48 euros). A total of 54,240 treasury shares were awarded to the executive directors (Note 31). The amount recognised for this bonus under "Employee benefit expenses" was 2,520 thousand euros, which is included in the variable remuneration in the table in point f) above.

3. Information on the relationship between remuneration received by executive directors and results or other measurements of the Company's performance:

| | **2022** | **2021** |
|---|---|---|
| Remuneration of executive directors | 2,068 | 4,748 |
| Profit of parent company | 39,116 | 65,143 |
| Remuneration of executive directors / Profit attributable to parent company | 5.29 % | 7.29 % |

The Company holds a liability insurance policy for directors and senior management. A premium of 181 thousand euros accrued for this policy in 2022 (61 thousand euros in 2021).

### b) Conflicts of interest on the part of the directors

In compliance with their duty to avoid situations where conflict with the Company's interests exists, the directors who held office on the Board of Directors during the period met the obligations set forth in article 228 of the Revised Text of the Capital Companies Act. Likewise, both they and the persons related to them refrained from entering into the situations of conflict of interests provided for in article 229 of said Act.

## 34. Events after the reporting date

ROVI informed (by publication of the relevant information number 20446 dated 16th of February 2023) on the evaluation process to obtain marketing authorisation for Risvan® (Risperidone ISM®) in the United States and reported that it has now filed the final responses to the Complete Response Letter received from the United States Food and Drug Administration (FDA) in the third quarter of 2022. These responses likewise included the answers of one of ROVI's suppliers to outstanding questions.

The FDA has notified ROVI that the user fee goal date is 27 July 2023.

Likewise, ROVI has now filed the final report on correction of the deficiencies noted when the FDA inspected its facilities in June 2022.

Furthermore, in January 2023, the FDA carried out a pending inspection of a ROVI supplier. As a result of the inspection, the FDA issued a series of observations to said supplier, which the latter is working to answer. The time frame for the supplier's response will depend on how the FDA evaluates the observations issued.

## 35. Other significant information

ROVI announced (by publication of the inside information number 1299 dated 16th of February of 2022) a long-term collaboration with Moderna to increase capacities for the compounding, aseptic filling, inspection, labelling, and packaging of ROVI’s facilities located in Madrid, San Sebastián de los Reyes and Alcalá de Henares.

This new agreement, which has a term of ten years, includes a series of investments expected to allow the manufacturing capacity to increase across ROVI’s facilities in Madrid, Spain. In addition to producing Moderna’s COVID-19 vaccine, ROVI’s platform could also be utilized to service future Moderna mRNA vaccine candidates.

ROVI announced (by publication of the relevant information number 14055 dated 15th of February of 2022) that the European Commission had authorised the marketing of Okedi® (Risperidone ISM®) for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone.

The commercialization of Okedi® (Risperidone ISM®) has been carried out throughout 2022, launching the product in Germany in April, in the United Kingdom in July and in Spain in September 2022.

(Thousand euros)

## APPENDIX 1

**Subsidiaries included in the consolidated group**

| | | Ownership interest | | | |
|---|---|---|---|---|---|
| Corporate name | Address | 2022 | 2021 | Activity | Auditor |
| Pan Química Farmacéutica, S.A. | C/ Rufino González 50, Madrid (Spain) | 100% | 100% | (1) | A |
| Gineladius, S.L. | C/ Rufino González 50, Madrid (Spain) | 100% | 100% | (2) | N/A |
| Rovi Pharma Industrial Services, S.A.U. | Avda. Complutense 140 , Alcalá de Henares (Spain) | 100% | 100% | (1) | A |
| Rovi Escúzar, S.L | C/ Julián Camarillo 35, Madrid (Spain) | 100% | 100% | (1) | N/A |
| Glicopepton Biotech, S.L. | C/ Julián Camarillo 35, Madrid (Spain) | 51% | - | (4) | N/A |
| Rovi Biotech GmbH | Bahnhofstrasse 10, Zug, (Switzerland) | 100% | 100% | (1) | N/A |
| Bertex Pharma GmbH | Rudolf-Diesel-Ring 6, Holzkirchen (Germany) | 100% | 100% | (3) | N/A |
| Rovi Biotech Limited | 10-18 Union Street, SE1 1SZ London, (United Kingdom) | 100% | 100% | (1) | B |
| Rovi Biotech, S.r.l | Viale Achille Papa 30, Milan (Italy) | 100% | 100% | (1) | E |
| Rovi, GmbH | Rudolf-Diesel-Ring 6, Holzkirchen (Germany) | 100% | 100% | (1) | C |
| Rovi, S.A.S. | Rue du Drac 24, Seyssins (France) | 100% | 100% | (1) | D |
| Rovi Biotech sp.z.o.o. | Ulica Domaniewska 44, Warsaw, Poland | 100% | 100% | (1) | N/A |

The percentage ownership interests have been rounded up or down to two decimal points.

Unless otherwise stated, the closing date of the latest annual accounts is 31 December.

Activity:

(1) Production, marketing and sale of pharmaceutical, healthcare and medicine products.
(2) Import-export, purchase, sale, distribution and marketing of articles related to integral female healthcare.
(3) Development, distribution and marketing of pharmaceutical products related to micro-particle technologies.
(4) Production and marketing of raw heparin and products with a high nutritional value for animal feed and fertilisers.

Auditor:

A Audited in 2022 and 2021 by KPMG Auditores, S.L.
B Audited in 2022 and 2021 by Dains, LLP.
C Audited in 2022 and 2021 by KPMG AG.
D Audited in 2022 and 2021 by KPMG, S.A.
E Audited in 2022 and 2021 by KPMG SpA.

# LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

## 2022 Consolidated Management Report

### 1.- CORPORATE PROFILE AND BUSINESS MODEL

The Company is the parent company of a fully-integrated specialized Spanish pharmaceutical group (ROVI or "the Group") engaged in the research and development, contract manufacturing and the marketing of small molecules and biological specialties. The Group has three main growth pillars:

- Pharmaceutical specialties, split in two areas:
  - Prescription products: With two divisions: Low-molecular-weight heparin division (LMWH) and own and licensed product division.
  - Diagnostic imaging contrast agents and other hospital products.
- Contract manufacturing: Specialists in solutions for prefilled syringes, solid oral forms and vials.
- R&D, split in three areas:
  - Innovative drug release technology, ISM®.
  - Glycomics area.
  - Multilayer technology for urethral catheters.

As a result of a combination of factors, among which the Group's stability, due to the growth of its recurring business and its strong financial position, sound strategy and clear pillars of growth may be highlighted, the Company's reactive profile has been reinforced. This has allowed operating revenue to rise year after year, materialising in growth of 26% in 2022.

In addition, ROVI has a sound, low-risk R&D policy, where the patented ISM® platform (internally-developed and patented innovative drug-release technology which allows the prolonged release of the compounds administered by injection) opens up new channels of growth. The Company allocates a large part of its resources to research, in order to remain in the vanguard in both the product area and the manufacturing and development systems area.

ROVI enjoys a series of competitive advantages that have allowed it to position itself as one of the principal leaders in its market niche, in a sector which, moreover, has high entry barriers:

- Unique knowledge of low-molecular-weight heparins (LMWH).
- Infrastructure with operating advantages.
- Diversified portfolio
- Low-risk innovation

In all its business lines, ROVI as a group is aware that its activity does not consist only of the health improvements provided by its products but that, additionally, it wishes to respond to the social and environmental demands related to the impact of its activity. To achieve this, ROVI's economic development must be compatible with its conduct in respect of ethical, social, labour and environmental issues, and respect for human rights.

For more information, please see Integrated Report or visit: www.rovi.es

## 2.- BUSINESS PERFORMANCE AND SIGNIFICANT MATTERS

### 2.1.- Business performance

| *€ Million* | 2022 | 2021 | Growth | % Growth |
|---|---|---|---|---|
| Operating revenues | 817.7 | 648.7 | 169.0 | 26% |
| Other income | 2.1 | 1.3 | 0.8 | 58% |
| **Total revenue** | **819.8** | **650.0** | **169.8** | **26%** |
| Cost of sales[1] | (300.9) | (263.9) | (37.1) | 14% |
| **Gross profit[1]** | **518.9** | **386.2** | **132.7** | **34 %** |
| *% margin* | *63.5%* | *59.5%* | | *3.9pp* |
| R&D Expenses | (23.9) | (27.4) | 3.6 | -13 % |
| SG&A | (216.3) | (156.0) | (60.3) | 39 % |
| Share of profit on Joint Venture | 0.2 | 0.2 | — | n.a. |
| **EBITDA[1]** | **278.9** | **202.9** | **76.0** | **37%** |
| *% margin* | *34.1%* | *31.3%* | | *2.8pp* |
| **EBIT[1]** | **256.0** | **181.6** | **74.5** | **41%** |
| *% margin* | *31.3%* | *28.0%* | | *3.3pp* |
| **Net profit** | **199.7** | **153.1** | **46.6** | **30%** |

[1] See Appendix 1 about Alternative Performance Measures

*Note: certain numerical figures included in this document have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.*

Operating revenue increased by 26% to 817.7 million euros in 2022, driven by the strength of the contract manufacturing organisation business, which grew by 52%, and by the specialty pharmaceutical business, where sales rose 8%. Total revenue increased by 26% to 819.8 million euros in 2022.

Sales outside Spain increased by 41% to 553.4 million euros in 2022, 82.6 million euros (or 15%) of which related to international subsidiaries, mainly due to (i) the increase in LMWH international sales and (ii) the increase in the contract manufacturing organisation business. Sales outside Spain represented 68% of operating revenue in 2022 compared to 60% in 2021.

Sales of prescription-based pharmaceutical products rose 7% to 372.6 million euros in 2022.

Sales of the heparin franchise (Low Molecular Weight Heparins and other heparins) increased by 9% to 264.0 million euros in 2022. Heparin sales represented 32% of operating revenue in 2022 compared to 37% in 2021.

Sales of Low Molecular Weight Heparins (LMWH) (Enoxaparin biosimilar and Bemiparin) increased by 9% to 256.6 million euros in 2022.

Sales of the Enoxaparin biosimilar increased 23% to 152.9 million euros in 2022 mainly because of (i) the launch of the product in five new countries during 2022 and (ii) the increase in the demand for the product in countries where we are already present. ROVI commenced the marketing of its Enoxaparin biosimilar in Germany in 2017; in UK, Italy, Spain, France, Austria, Latvia and Estonia in 2018; in Portugal, Poland, Costa Rica, Finland, and Sweden in 2019; in South Africa, Israel, Peru, Holland, Panama, and the Dominican Republic in 2020; in Canada, Belgium, Malaysia, Albania, North Macedonia, Guatemala, El Salvador, Honduras, Georgia, Bahamas, Jamaica, Gabon, Democratic Republic of Congo, and Trinidad and Tobago in 2021; and in Brazil, Luxembourg, Colombia, Bosnia and Herzegovina and Kosovo in 2022.

Bemiparin sales decreased 6% to 103.8 million euros in 2022. International sales of Bemiparin decreased by 11% to 36.9 million euros. This decrease was mainly linked to the decrease in sales in the Turkish and Russian markets. Sales of Bemiparin in Spain (Hibor®) decreased 4% to 66.9 million euros in 2022, mainly due to a lower penetration of the product in the prophylaxis segment.

On October 4, 2022, ROVI presented Glicopepton Biotech, S. L., a joint venture with Càrniques Celrà, S.L. and Grupo Empresarial Costa, S.L. that involves the creation of one of the first national structures for self-sufficiency in heparins and products of high nutritional value to be used in the composition of animal feed and fertilisers.

The project involves the construction of a facility at the Industrial Logistics Platform of Fraga (Huesca), which will produce compounds of high biological value that derive from the intestinal mucosa of pigs. It will involve a joint investment of approximately 40 million euros over the next four years and is expected to create around 30 direct skilled jobs. The project will be subject to obtaining the applicable administrative and regulatory permits and authorisations.

ROVI has in-house production capacity to transform raw heparin into sodium heparin and intends to expand this capacity through the construction of a new sodium heparin production line (already underway), in order to be present in all the manufacturing phases of low-molecular-weight heparins.

Sales of Neparvis®, a specialty product from Novartis, launched in Spain in December 2016, indicated for the treatment of adult patients with symptomatic chronic heart failure and reduced ejection fraction, increased 2% year on year to 39.1 million euros in 2022, compared to 38.5 million euros in 2021.

Sales of Volutsa®, a specialty product from Astellas Pharma indicated for the treatment of moderate to severe storage symptoms and voiding symptoms associated with benign prostatic hyperplasia, launched in Spain in February 2015, increased by 9% to 17.8 million euros in 2022.

Sales of Vytorin®, Orvatez® and Absorcol®, specialty products from Merck Sharp & Dohme (“MSD”) indicated as adjunctive therapy to diet in patients with hypercholesterolemia, increased 13% to 32.1 million euros in 2022. ROVI ceased to distribute Absorcol® as of 31 December 2022 and Vytorin® as of 31 January 2023. Sales of Absorcol® and Vytorin® represented 24% of total hypercholesterolemia product sales in 2022.

Sales of Okedi®, the first ROVI product based on its leading-edge drug delivery technology, ISM®, for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone, reached an amount of 2.0 million euros in 2022. It was launched in Germany in April, in UK in July and in Spain in September 2022.

In Germany, access to doctors is accelerated in the fourth quarter of 2022, where sales multiplied by 2.1 compared to the previous quarter of the same year, and the product was received very positively in the medical education activities ROVI carried out. In the United Kingdom, the product is in the introduction phase in the "trusts" (entities that manage the health areas). Subsequently, it will be introduced in the hospitals managed by each "trust" and it is expected that it will soon become available in most hospital pharmacies. In Spain, the introduction of the product in the regions and hospitals is progressing swiftly and, at the end of 2022, it was already available in the 100% of the autonomous communities.

According to IQVIA, Spanish innovative product market increased by 4% in 2022 compared to last year. Nevertheless, ROVI prescription-based pharmaceutical product sales increased 7% in 2022, outperforming the market by 3 percentage points.

In 2022, ROVI signed a new agreement with Merck Sharp and Dohme (MSD), to promote and distribute Xelevia® (sitagliptin) and Velmetia® (sitagliptin and metformin) in Spain. The marketing of both products began in January 2023 for a period of 3 years, renewable annually.

Sitagliptin is indicated as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes mellitus. The metformin and sitagliptin combination is used to treat high blood sugar levels caused by type 2 diabetes. Metformin reduces the absorption of sugar from the stomach, reduces the release of stored sugar from the liver, and helps your body use sugar better.

In 2022, ROVI signed a new agreement with Teva Pharma S.L.U. to promote and distribute Baceq® (paliperidone) in Spain, a monthly injectable generic medicine corresponding to Xeplion® of Janssen Pharmaceuticals and indicated for maintenance treatment of adult schizophrenia patients stabilised with paliperidone or risperidone. ROVI’s hospital line is responsible for promoting this product in the hospital segment. Marketing of this product commenced in January 2023 for a period of ten years.

Thus, ROVI is seeking a prominent position in the psychiatry area by including a once-monthly injectable generic alternative on its portfolio, thus contributing to the sustainability of the public health system.

According to IQVIA data, in the twelve months up to December 2022 (MAT December 2022), the injectable antipsychotic market in Spain totalled 283.8 million euros. In the same period, the medicine Xeplion® held a 30% share of the injectable antipsychotic market in Spain.

Sales of contrast imaging agents and other hospital products increased by 13% to 40.1 million euros in 2022. This increase shows the strong recovery of the Spanish and Portuguese hospital activity during this period after the effects of lockdowns during the pandemic.

CMO sales increased by 52% to 403.5 million euros in 2022 because of (i) the booking of the income related to the production of the COVID-19 vaccine, (ii) the booking of the income related to the activities to prepare the plant for the COVID-19 vaccine production under the agreement with Moderna, and (iii) the reorientation of our contract manufacturing activities strategy towards high-value-added products.

The growth achieved in 2022 surpassed by 12 percentage points the higher end of the range of between 30% and 40% published when the company released its 2021 results.

Other income (subsidies) increased by 58% to 2.1 million euros in 2022, compared to the year 2021.

Gross profit increased by 34% to 518.9 million euros in 2022. Gross margin showing an increase of 3.9 percentage points, from 59.5% in 2021 to 63.5% in 2022. This increase is mainly due to the increase in the CMO business that contributes higher margins to the Group sales. This positive impact on the gross margin offset the increase in the LMWH cost of goods sold in 2022 compared to the year 2021.

R&D expenses decreased 13% to 23.9 million euros in 2022. They were mainly related to (i) preparing the development of the phase II of Letrozole ISM® and (ii) the development of a new formulation of Risperidone ISM® for a 3-monthly injection.

SG&A expenses increased 39% to 216.3 million euros in 2022 mainly as a result of (i) an increase in expenses related to the manufacture of the Moderna vaccine; (ii) an increase of 5.4 million euros in the energy cost; and (iii) an increase in expenses due to the Okedi® launch in Europe.

Depreciation and amortisation expenses increased by 7% to 22.9 million euros in 2022, as a result of the new property, plant and equipment and intangible assets purchases made during the last twelve months.

Net financial income increased 82% to 1.9 million euros in 2022 mainly due to higher returns on financial investments. This income was partially offset by lower income related to exchange-rate derivative financial instruments and higher negative exchange differences.

The effective tax rate was 23% in 2022, compared to 16% in 2021, mainly due to the increase of the profit before income tax.

EBITDA increased to 278.9 million euros in 2022, a rise of 37% compared to the previous year. This positive result reflects a 2.8 percentage point increase in the EBITDA margin, which was up to 34.1% in 2022 from 31.3% in 2021.

EBIT increased by 41% to 256.0 million euros in 2022, reflecting a 3.3 percentage point rise in the EBIT margin, which was up to 31.3% in 2022 from 28.0% in 2021.

Net profit increased by 30%, from 153.1 million euros in 2021 to 199.7 million euros in 2022.

Non-controlling interests refer to ROVI's partners in Glicopepton Biotech, S. L.

EBITDA “Pre-R&D”, calculated excluding R&D expenses, increased by 31%, from 230.4 million euros in 2021 to 302.8 million euros in 2022, reflecting a 1.5 percentage point increase in the EBITDA margin to 37.0% in 2022 (see “Pre-R&D costs” columns of the table below). Likewise, recognising the same amount of R&D expenses in 2022 as in 2021, EBITDA would have increased by 36% to 275.3 million euros, reflecting a 2.4 percentage point increase in the EBITDA margin to 33.7% in 2022, up from 31.3% in the previous year (see “Flat R&D costs” columns of the table below).

EBIT “pre-R&D”, calculated excluding R&D expenses, increased by 34%, from 209.0 million euros in 2021 to 279.9 million euros in 2022, reflecting a 2.0 percentage point increase in the EBIT margin to 34.2% in 2022 (see “Pre-R&D costs” columns of the table below). Likewise, recognising the same amount of R&D expenses in 2022 as in 2021, EBIT would have increased by 39% to 252.5 million euros, reflecting a 2.9 percentage point rise in the EBIT margin to 30.9% in 2022, up from 28.0% in 2021 (see “Flat R&D costs” columns of the table below).

Net profit “pre-R&D”, calculated excluding R&D expenses, increased by 24%, from 176.1 million euros in 2021 to 218.1 million euros in 2022 (see “Pre-R&D costs” columns of the table below). Likewise, recognising the same amount of R&D expenses in 2022 as in 2021, net profit would have increased by 29% to 196.9 million euros (see “Flat R&D costs” columns of the table below).

### 2.2.- <u>Outlook for 2023</u>

For 2023, ROVI expects its operating revenue to show low-double-digit negative growth on 2022, although a positive growth of between 5% and 10% is expected in comparison with the 2021 figure.

For 2023, ROVI is assuming a new post-pandemic scenario in which COVID-19 would foreseeably be a seasonal disease and, in principle, the vaccine would be administered once a year. For this reason, ROVI expects a stronger second half of the year compared to the first half regarding the CMO business. The first quarter of 2023 is expected to include revenues linked to the production of vaccines in the fourth quarter of 2022 but the second quarter of 2023 is expected to be the lowest quarter in terms of CMO sales.

Nevertheless, the uncertainty related to the evolution of the disease is very high. It is not, therefore, possible to make a precise assessment of the impact that this new scenario could have on its CMO business. Likewise, under the terms of the agreement signed with Moderna in February 2022, ROVI is still investing in increasing the compounding, aseptic filling, inspection, labelling and packaging capacities at its facilities and expects them to be fully installed at the end of 2024. Taking account of the aforementioned guidance on a decrease in operating revenue in 2023, as well as the fact that ROVI will continue with its investment policy as stated, it is reasonable to expect that the Company's profits may also see a downward adjustment in 2023.

### 2.3. Key operating and financial events

#### 2.3.1 ROVI informs on the evaluation process to obtain marketing authorisation for Risvan® in the United States.

ROVI informed (by publication of the relevant information number 20446 dated 16th of February 2023) on the evaluation process to obtain marketing authorisation for Risvan® (Risperidone ISM®) in the United States and reported that it has now filed the final responses to the Complete Response Letter received from the United States Food and Drug Administration (FDA) in the third quarter of 2022. These responses likewise included the answers of one of ROVI's suppliers to outstanding questions.

The FDA has notified ROVI that the user fee goal date is 27 July 2023.

Likewise, ROVI has now filed the final report on correction of the deficiencies noted when the FDA inspected its facilities in June 2022. The evaluation of these corrections, as well as the notification as to whether the FDA will need to reinspect the ROVI facilities, is expected within the period ending on the user fee goal date.

Furthermore, in January 2023, the FDA carried out a pending inspection of a ROVI supplier. As a result of the inspection, the FDA issued a series of observations to said supplier, which the latter is working to answer. The time frame for the supplier's response will depend on how the FDA evaluates the observations issued.

Thus, ROVI is continuing with the roadmap that it notified in the presentation of the update of its strategy at its 2022 Capital Markets Day and will continue to report on the milestones deemed relevant in the process to obtain authorisation of Risvan® from the FDA as the timeline for registration in the United States advances.

#### 2.3.2 Glicopepton Biotech founded to produce compounds of high technological value

ROVI announced (by publication of the relevant information number 18544 dated 4th of October 2022) that it presented with Càrniques Celrà, S.L. and Grupo Empresarial Costa, S.L., Glycopepton Biotech, S.L., a joint venture that involves the creation of one of the first national structures for self-sufficiency in heparins and products of high nutritional value to be used in the composition of animal feed and fertilisers. The goals of this project focus on transforming the present livestock production process into a high-value-added technological process based on a circular economy model.

The project involves the construction of a facility at the Industrial Logistics Platform of Fraga (Huesca), which will produce compounds of high biological value that derive from the intestinal mucosa of pigs. It will involve a joint investment of approximately 40 million euros over the next four years and is expected to create around 30 direct skilled jobs. The project will be subject to obtaining the applicable administrative and regulatory permits and authorisations.

Glicopepton Biotech combines ROVI's experience as a leading company in the research into low-molecular-weight heparins (LMWH) with the track records of Càrniques Celrà and Grupo Empresarial Costa, two major companies in the livestock and meat industry in Spain. LMWHs are anticoagulant drugs used to prevent and treat venous thromboembolic disease. They are a biological product whose raw material is obtained from the intestinal mucosa of pigs. This project seeks both the creation of economic and technological value, transforming pig mucosa into a high-value-added product like heparin, and the development of new animal food supplements and fertilisers.

ROVI has in-house production capacity to transform raw heparin into sodium heparin and intends to expand this capacity through the construction of a new sodium heparin production line (already underway), in order to be present in all the manufacturing phases of low-molecular-weight heparins.

Juan López-Belmonte Encina, ROVI's chairman and chief executive officer, highlighted "the strategic importance for Spain of a project with these characteristics, since it provides the country with the capacity to be self-sufficient in obtaining a raw material that is indispensable for the production of an essential medicine like low-molecular-weight heparins. At ROVI, we are very excited about this project since, as a company specialised in these medicines, it will enable us to take a further step in the vertical integration of our LMWH manufacturing."

2.3.3 ROVI Share Buy-back Programme

ROVI announced (by publication of the inside information number 1308 dated 22 February 2022) the end of the share buy-back programme, effective as of 3 November 2021, and the launching of a new share buy-back programme, effective as of 23 February 2022.

End of the share buy-back programme

ROVI informed that, on 22 February 2022, the Board of Directors resolved to finalize the share buy-back programme launched by the Company as of 3 November 2021, having acquired 1,492,108 own shares, this is, 89% of the maximum number of shares to be acquired under the buy-back programme.

Launching of a new share buy-back programme

ROVI further informed that the Company launched, effective as of 23 February 2022, a new share buy-back program (the "Buy-back Program"), in accordance with the following terms:

**1.- Purpose and scope:** the Buy-back Program's purpose is to redeem own shares of ROVI (share capital reduction) and, at the same time, to contribute to ROVI's shareholders remuneration by increasing earnings per share.

**2.- Term:** from 23 February 2022 and for a period of 6 months.

**3.- Maximum monetary amount:** up to 46,000,000 euros.

**4.- Maximum number of shares to be acquired: mero máximo de acciones a adquirir:** 560,700 shares of the Company, representing approximately 1% of the Company's share capital as of the launch date of the programme.

**5.- Trading volume to be considered as reference:** the trading volume to be taken as a reference for the purposes of the provisions of article 3.3 of Delegated Regulation 2016/1052 for the entire duration of the Buyback Program shall be 25% of the average daily volume of ROVI's shares on the Continuous Market of the Spanish Stock Exchanges during the twenty trading days prior to the date of the purchase.

On 29 March 2022, ROVI informed of the finalization of this second buy-back programme. The Company had acquired 560,700 treasury shares, this is, 100% of the maximum number of shares foreseen under the buy-back programme.

The purpose of the two buy-back programmes was to cancel treasury shares held by ROVI (by reducing the capital). The reduction of the capital through cancellation of 2,052,808 shares repurchased within the framework of the aforementioned buy-back programmes was approved at the General Shareholders' Meeting of 14 June, 2022 and executed by entering the pertinent deed of capital reduction into public record. The deed has inscribed at the Madrid Companies Registry and the new amount of the share capital, after the shares mentioned have been cancelled and excluded from trading, has appeared in the registers of the National Securities Market Commission and Iberclear.

2.3.4 Moderna and ROVI expand long-term collaboration for the manufacture of mRNA medicines over the next ten years

ROVI announced (by publication of the inside information number 1299 dated 16th of February of 2022) a long-term collaboration with Moderna to increase capacities for the compounding, aseptic filling, inspection, labelling, and packaging of ROVI's facilities located in Madrid, San Sebastián de los Reyes and Alcalá de Henares.

This new agreement, which has a term of ten years, includes a series of investments expected to allow the manufacturing capacity to increase across ROVI's facilities in Madrid, Spain. In addition to producing Moderna's COVID-19 vaccine, ROVI's platform could also be utilized to service future Moderna mRNA vaccine candidates.

"ROVI has been a pivotal partner in supporting the manufacturing of our COVID-19 mRNA vaccine for countries outside of the U.S., and this long-term agreement expands our partnership and allows for further scale-up for future mRNA medicines," said Juan Andres, Moderna's Chief Technical Operations and Quality Officer.

Mr. Juan López-Belmonte Encina, ROVI's Chairman and Chief Executive Officer, said: "We are delighted to expand our collaboration with Moderna and become a long-term manufacturing partner. At ROVI we are working to contribute all our experience as a high-technological-value contract manufacturer of injectables to the solution of this pandemic and we are confident of our ability to take part in the manufacturing of new mRNA candidates in the future."

2.3.5 ROVI receives the European Commission's approval of Okedi® as a treatment for schizophrenia

ROVI announced (by publication of the relevant information number 14055 dated 15th of February of 2022) that the European Commission had authorised the marketing of Okedi® (Risperidone ISM®) for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone.

Risperidone ISM® is a prolonged-release injectable antipsychotic developed and patented by ROVI for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone, since, as of the first injection, it provides immediate and sustained plasmatic drug levels and does not require loading doses or supplementation with oral risperidone.

This approval is based on the positive results of the pivotal PRISMA-3 study on the efficacy and safety of Risperidone ISM® in schizophrenia patients[1]. The results obtained in this study show that the two different doses (75 mg and 100 mg once a month) have achieved the prespecified primary and secondary efficacy endpoints for treatment of patients with acute exacerbation of schizophrenia. The primary efficacy endpoint, the PANSS total score (mean difference, CI: 95%), improved significantly with Risperidone ISM® 75 mg and 100 mg from the beginning until day 85, with adjusted differences of -13.0 (17.3 to -8-8; p <0.0001) and -13.3 (-17.6 to -8.9; p<0.0001), respectively. Significantly improved mean changes for the secondary endpoint, the CGI-S score, were also obtained for Risperidone ISM® in comparison with the placebo, -0.7 (-1.0 to -0.5; p<0.0001), for both doses. The significant statistical improvement for both efficacy results was observed as early as 8 days after the first injection. The most frequently reported treatment-emergent adverse events were increased blood prolactin (7.8%), headaches (7.3%), hyperprolactinemia (5%) and weight increase (4.8%). No important new or unexpected safety information was reported. Likewise, patients who successfully completed the double-blind period were offered the opportunity to continue in a long-term, open-label 12-month extension phase with once every four weeks injections of Risperidone ISM® (75 mg or 100 mg). New, clinically stable patients ("de novo" patients) were also able to enter this open phase of the study. Long-term treatment was observed to be effective, safe and well tolerated in adult patients with schizophrenia, regardless the initial severity of the disease or whether they had been treated previously with Risperidone ISM® during an acute exacerbation or switched from stable doses of oral[2] risperidone.

"We are very excited about the European Commission's approval of Risperidone ISM® because we think our medicine will be able to contribute to the clinical management of schizophrenia patients. Likewise, we have launched the product in Germany, United Kingdom and Spain", commented Juan López-Belmonte Encina, ROVI's Chairman and Chief Executive Officer.

**2.4.- Research and development**

ISM® technology platform

Okedi® (Risperidone ISM®) is the first ROVI product based in its leading-edge drug delivery technology, ISM®. It is a novel investigational antipsychotic for the treatment of schizophrenia with once-monthly (every 28 days) injections which has been developed and patented by Laboratorios Farmacéuticos ROVI S.A. and which, as of the first injection, provides immediate and sustained plasmatic drug levels and does not require loading doses or supplementation with oral risperidone.

In January 2020, ROVI announced the commencement of the centralised procedure for registration of Okedi® with the European Medicines Agency (EMA). On 16 December 2021, the CHMP adopted a positive opinion, recommending the granting of a marketing authorisation for the medicinal product Okedi®. Finally, on 15 February 2022, the European Commission authorised the marketing of Okedi® (Risperidone ISM®) for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone, and it was launched in Germany in April 2022, in the UK in July 2022 and in Spain in September 2022.

Likewise, at its Capital Markets Day held on 24 November 2020, ROVI announced the filing of an NDA (New Drug Application), i.e. a registration dossier to obtain marketing authorisation in the USA, with the FDA (Food and Drug Administration). ROVI was informed of the delay in a decision on granting marketing authorisation for Risvan® (Risperidone ISM®) by the U.S. Food and Drug Administration ("FDA"). Furthermore, on 24 September 2021, ROVI received a Complete Response Letter from the FDA with outstanding questions on the Risvan® dossier, which were answered in January 2022. In the third quarter of 2022, the FDA issued a second Complete Response Letter, with some outstanding questions for ROVI and also with questions for one of its manufacturers. Both ROVI and the manufacturer provided answers to the FDA. The FDA has notified ROVI that the user fee goal date is 27 July 2023.

[1] Correll, C.U., Litman, R.E., Filts, Y. et al. Efficacy and safety of once-monthly Risperidone ISM® in schizophrenic patients with an acute exacerbation. npj Schizophr 6, 37 (2020). *https://doi.org/10.1038/s41537-020-00127-y*

[2] *Filts Y, Litman RE, Martínez J, Anta L, Naber D, Correll CU. Long-term efficacy and safety of once-monthly Risperidone ISM® in the treatment of schizophrenia: Results from a 12-month open-label extension study. Schizophr Res. 2021 Nov 27;239:83-91.*

The grant of the marketing authorisation for Risvan® by the FDA is also subject to the closure of the observations issued by the FDA after the pre-approval inspection (PAI) of the plant where the product is manufactured (located in Madrid, Spain) that was conducted on the second half of June 2022. Responses to these observations were provided to the FDA and ROVI is awaiting the FDA's review of these responses and notification from the FDA as to whether or not a second inspection to ROVI's manufacturing plant is required to close the pending observations.

In addition, in January 2023 the FDA conducted the pending inspection of a supplier to close deficiencies found by the FDA in a process not related to Risperidone ISM®. As a result of this inspection, the FDA has issued new observations and the manufacturer is currently estimating a time frame to provide the responses.

In addition, the company is continuing with the clinical development of Letrozole ISM®, which represents the second candidate using ROVI's ISM® technology platform. This new investigational medicine is, to the best of ROVI's knowledge, the first long-acting injectable aromatase inhibitor intended for the treatment of hormone-dependent breast cancer. ROVI has obtained positive results in phase I that confirm that this ISM® formulation provides a prolonged release of letrozole which produces a sustained suppression of oestrogenic hormones. These outstanding results allow ROVI to predict a superior oestrogen suppression compared to daily doses of oral Femara® (daily 2.5 mg doses) when Letrozole ISM® treatment starts with 100 mg doses at day 1 and week 8, followed by maintenance doses of 100 mg of Letrozole ISM® every 52 weeks. After several official interactions with the FDA, the company has been requested to perform a phase II clinical study in adult patients with HR+/HER- locally advanced or metastatic breast cancer, comparing Letrozole ISM® versus Femara®.

Lastly, ROVI's R&D team is progressing in the development of a new formulation of Risperidone for a 3-monthly injection, which would complement the current 4-weekly formulation of Risperidone ISM® for the maintenance treatment of patients with clinically stable schizophrenia. The regulatory toxicity studies needed to start the clinical development in humans have already been completed. The company is currently initiating all arrangements to conduct a phase I clinical trial to evaluate the safety, tolerability, and pharmacokinetics of various candidate formulations at different dose strengths and injection sites; this study is planned to begin in the first half of 2023.

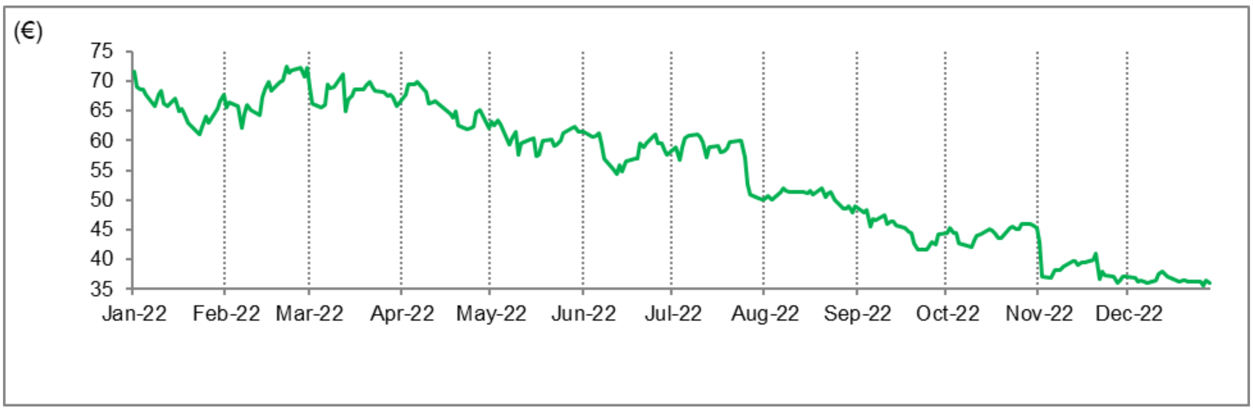
### 2.5.- Stock market capitalization

On the December 5th 2007, ROVI carried out an Initial Public Offering (IPO) of shares initially intended for qualified investors in Spain and to qualified institutional investors abroad. The face value of the operation, without including the shares corresponding to the green shoe purchase option, was 17,389,350 shares already issued and in circulation with a nominal value of 0.06 euros per share, giving a total nominal amount of 1,043,361 euros. The offering price for the operation was 9.60 euros per share.

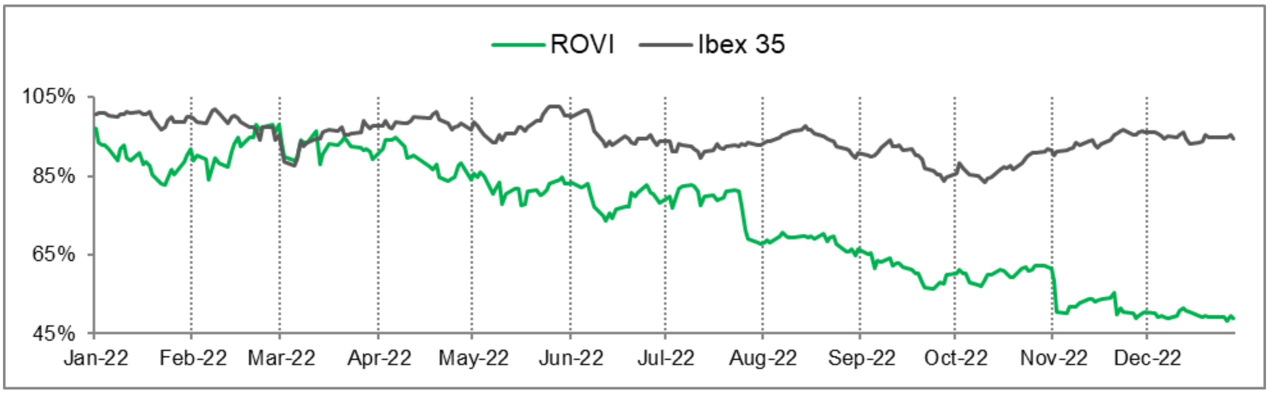
Additionally, in 2018, a capital increase was carried out through the issue of 6,068,965 newly-issued ordinary shares in the Company with a par value of 0.06 euros each, belonging to the same class and series as the existing shares that were already in issue.

In July 2022, Laboratorios Farmacéuticos Rovi, S.A. reduced its capital by cancelling treasury shares (Note 16) as planned in the Buy-back Programmes approved by the Company in 2021 and 2022. The total amount of the capital reduction was 123,168.48 euros (2,052,808 shares with a par value of 0.06 euros each).

The following graph shows the fluctuations of the share price in the stock market in 2022:



The following chart shows the performance of the share price of ROVI compared with the IBEX 35 index in 2022:




## 3.- FINANCIAL INFORMATION

### 3.1- Liquidity and capital resources

#### 3.1.1- Liquidity

As of 31 December 2022, ROVI had a gross cash position of 126.4 million euros, compared to 100.5 million euros as of 31 December 2021, and net cash of 54.2 million euros (equity securities plus deposits plus financial derivatives plus cash and cash equivalents minus current and non-current financial debt), compared to 27.4 million euros as of 31 December 2021.

#### 3.1.2.- Capital resources

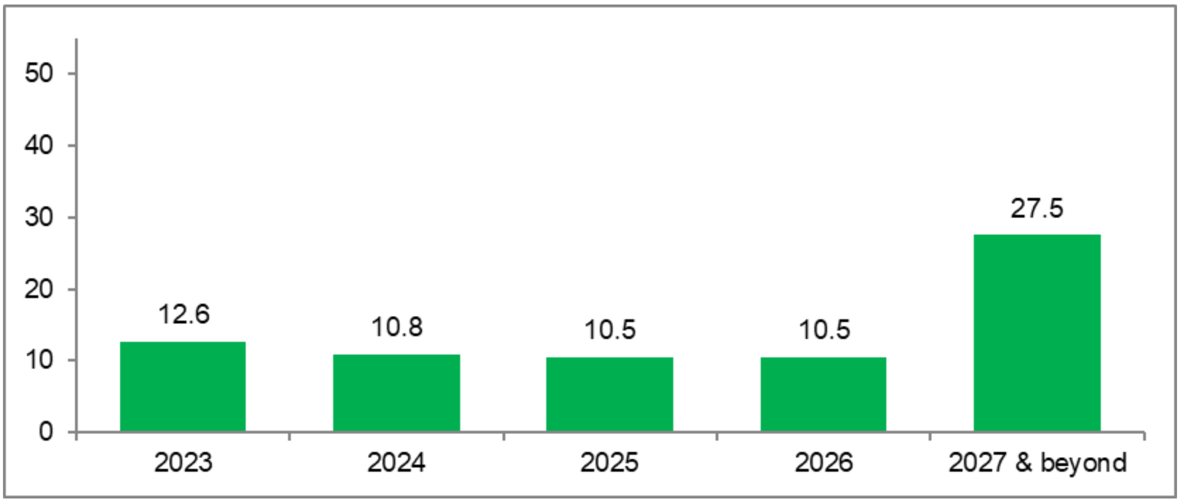
Debt with public administration, which is 0% interest rate debt, represented 15% of total debt as of 31 December 2021.

| *In thousand euros* | 2022 | 2021 |
|---|---|---|
| Bank borrowings | 44,107 | 44,821 |
| Debt with public administration | 10,175 | 10,661 |
| Financial liabilities for leases | 17,856 | 17,663 |
| Derivatives | 28 | 17 |
| **Total** | **72.166** | **73.162** |

As of 31 December 2022, bank borrowings remained almost stable. In December 2017, ROVI announced the European Investment Bank (EIB) had granted it a loan to support its investments in Research, Development and Innovation. The loan was for 45 million euros. As of 31 December 2021, ROVI had drawn 45 million euros against this credit line; 5 million euros at a variable interest rate of Euribor at 3 months + 0.844% (the latest interest rate paid was 0.297% in January 2022) and 40 million euros at a fixed interest of 0.681%. Repayment of the variable interest loan started in October 2021 (quarterly repayments) and its current outstanding balance is 4.8 million euros. The credit matures in 2029 and includes a grace period of 3 years.

Additionally, in July 2022, the BEI granted ROVI a credit for a total amount of 50 million euros to finance R&D&I activities related to new developments of the prolonged drug release technology ISM®. The credit will be available to ROVI for a term of 24 months as of signature of the contract and the loan will mature 10 years after the drawdown date. The loan provides for a three-year grace period and financial conditions (i.e. the applicable interest rates, repayment periods, etc.) favourable to ROVI. The Group had not drawn any of this loan at 31 December, 2022.

Debt maturities at 31 December, 2022 are shown in the following graph (millions of euros):




3.1.3- Analysis of contractual obligations and items off the statement of financial position

In the normal course of business, in order to manage its own operations and financing, the Group has traditionally leased certain assets. The accounting record of these transactions did not affect the Group's statement of financial position but did affect the income statement. However, since 2019, when International Financial Reporting Standard 16 Leases (IFRS 16) came into force, this type of transaction has been included in the Group's statement of financial position: a liability is recognised for the total value of the payments to be made over the remaining term of the lease contract and a right-of-use asset is recognised for the underlying asset. Therefore, the payments to which the Group is committed in these transactions are recognised in the statement of financial position.

Regarding the contracts that are still recognized as operating leases because they do not meet the requirements for IFRS 16 to apply, at 31 December, 2022 and 2021, there were no minimum future payments due on these non-cancellable operating leases.

**3.2.- Capital expenditure**

ROVI invested 51.4 million euros in 2022, compared to 40.9 million euros in 2021. A majority of the additions recognised in 2022 and 2021 related to investments in ROVI's manufacturing plants, principally:

- 2.1 million euros was invested in the Madrid injectables plant, compared to the 2.9 million euros invested in 2021.
- 3.0 million euros was invested in the San Sebastián de los Reyes injectables plant, compared to the 2.0 million euros invested in 2021.
- 0.7 million euros was invested in the Granada plant, compared to the 1.4 million euros invested in 2021.
- 3.4 million euros was invested in the Alcalá de Henares plant, compared to the 4.2 million euros invested in 2021.
- 6.7 million euros was invested in the ISM® industrialisation, compared to the 5.5 million euros invested in 2021.
- 13.8 was invested in the construction, currently in progress, of the new heparin plant in Escúzar (Granada), compared to the 18.8 million euros invested in 2021.
- 1.9 million euros was invested in the Glicopeptón Biotech, S.L. plant (company incorporated in 2022).
- 17.2 million euros was invested in the new vial filling line and the expansion of operations, compared to the 2.9 million euros invested in 2021.

### 3.3.- Treasury shares transactions

At 31 December, 2022, the number of treasury shares was 644,114 (1,218,776 at 31 December, 2021). The following movements took place in 2022:

| | 2022 | 2021 |
|---|---|---|
| **Balance at beginning of year** | **1,218,776** | **673,654** |
| Shares acquired under liquidity contract (d.1) | 1,609,715 | 826,381 |
| Shares sold under liquidity contract (d.1) | (1,598,794) | (831,586) |
| Share acquired under buy-back programmes (d.2) | 1,467,225 | 585,583 |
| Shares for capital reduction under buy-back programmes (d.2) | (2,052,808) | — |
| Extraordinary bonus through award of shares (d.3) | — | (35,256) |
| **Balance at end of year** | **644,114** | **1,218,776** |

1) Liquidity contract

Under the liquidity contract that ROVI had signed, 1,609,715 shares were acquired (826,381 in 2021), for which a total sum of 78,561 thousand euros was disbursed (42,224 thousand euros in 2021). Likewise, a total of 1,598,794 shares were resold (831,586 in 2021) for a sum of 77,766 thousand euros (42,328 thousand euros in 2021). Said shares had been acquired at a weighted average cost of 80,560 thousand euros (31,446 thousand euros in 2021), giving rise to a loss of 2,794 thousand euros on the sale (profit of 10,882 thousand euros in 2021), which was recognised in reserves.

2) Share buy-back programme

ROVI commenced a buy-back programme for company shares effective 3 November, 2021 (the “Buy-Back Programme”). Its main features were the following:

- Purpose and scope: the purpose of the buy-back programme was to cancel ROVI shares (capital reduction) while, at the same time, increasing ROVI’s shareholder remuneration by increasing the earnings per share.
- Term: 12 months as of 3 November, 2021, the date on which the buy-back programme was published, or as of the date that either of the following two conditions was met. Additionally, ROVI reserved the right to conclude the programme before its term ended.
- Maximum monetary amount: up to 125,000,000 euros.
- Maximum number of shares to be acquired: 1,682,000 shares in the Company, representing approximately 3% of ROVI’s share capital at the buy-back programme publication date.

Under this resolution, in 2022, 906,525 share were acquired, for which ROVI paid a total amount of 59,873 thousand euros. The programme ended on 22 February, 2022, a total of 1,492,108 shares having been acquired between 2021 and 2022 for a total sum of 96,434 thousand euros.

Effective 23 February, 2022, ROVI commenced another share buy-back programme with the following main features:

- Purpose and scope: the cancellation of ROVI shares (capital reduction) and, at the same time, an increase in the remuneration of ROVI shareholders through an increase in the earnings per share.
- Term: 6 months as of 23 February, 2022, the date on which the buy-back programme was published, or as of the date that either of the following two conditions was met. Additionally, ROVI reserved the right to conclude the programme before its term ended.
- Maximum monetary amount: up to 46,000,000 euros.
- Maximum number of shares to be acquired: 560,700 shares in the Company, representing approximately 1% of ROVI’s share capital at the buy-back programme publication date.

Under this resolution, in 2022, 560,700 share were acquired, for which ROVI paid a total amount of 38,574 thousand euros. The programme ended on 29 March, 2022.

On 29 July, 2022, the share capital reduction was entered in the Companies Register (Note 15) for an amount of 123 thousand euros through the cancellation of 2,052,808 treasury shares. On the same date, the shares were removed from trading on the Securities Market Interconnection System and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The average weighted cost of the treasury shares cancelled was 135,008 thousand euros and the difference was allocated to retained earnings and voluntary reserves (Note 16 c) for an amount of 134,885 thousand euros.

3) Extraordinary bonus through award of treasury shares

On 17 June, 2021, the Ordinary General Shareholders' Meeting of Laboratorios Farmacéuticos Rovi, S.A. approved an extraordinary bonus for the Company's executive directors through the award of treasury shares. The maximum number of shares to be awarded was determined by dividing 985 thousand euros by the average quoted price of the company shares in the 30 trading days immediately prior to approval of the bonus (54.48 euros). A total of 54,240 treasury shares were awarded to the executive directors (Note 31). The amount recognised for this bonus under "Employee benefit expenses" was 2,520 thousand euros.

### 3.4.- Dividends

On 14 June, 2022, the General Meeting of Shareholders approved the distribution of the 2021 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 53,580 thousand euros (0.9556 euros gross per share). This dividend was paid out in July 2022.

On 17 June, 2021, the General Meeting of Shareholders approved the distribution of the 2020 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 21,373 thousand euros (0.3812 euros gross per share). This dividend was paid out in July 2022.

## 4.- OTHER NON-FINANCIALINFORMATION (INTEGRATED REPORT)

ROVI's Integrated Report for the year 2022, which includes all the information requirements of the Non-Financial Information Statement, in compliance with the information duties provided for in Law 11/2018, of December 28, which modifies the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding information non-financial and diversity, forms an integral part of this Management Report It will be available as a document released on 21 February, 2023 at https://cnmv.es/portal/Otra-Informacion-Relevante/Resultado-OIR.aspx?nif=A-28041283.

## 5.- RISK MANAGEMENT

### 5.1.- Operating risks

The main risk factors to which the Group considers itself to be exposed in respect of meeting its business goals are the following:

- Incidents related to the quality of the products sold by ROVI and incidents in the clinical trials of medicines, side effects of the products sold by ROVI or incorrect management of the notifications in this respect.
- Concentration of operations in specific customers and/or specific production plants.
- Risk of cyberattacks.
- Changes in the prescription criteria or market regulations intended to contain pharmaceutical spending.
- Failure to conclude successfully – or as expected – the Research & Development projects that ROVI is conducting.
- Changes in the supply conditions of the necessary manufacturing materials or the products that ROVI markets.
- Impact of the current geopolitical, socio-political and macroeconomic threats.
- Difficulty in attracting, motivating or retaining personnel.
- Actions by the competition that could have an adverse effect on ROVI.
- Risk derived from adapting to climate change (increased costs, reputational risk, etc.).
- Failure to comply with the regulations applicable to the industry and/or ROVI's activities.
- Tax risk inherent to the activity of companies of the Group's size and complexity.

ROVI monitors and remains permanently alert to any risks that may adversely affect its business activities, applying the appropriate policies and measures to manage them and constantly developing contingency plans that can reduce or offset their impact. Among these, special attention should be drawn to the fact that the Group (i) continues to improve its processes and controls, including those related to the manufacturing processes and those arising from internationalisation; (ii) is working intensively to maintain broad and diversified portfolios of both products and customers; (iii) continues to pursue its goal of constantly opening up new markets as a result of its international expansion project; (iv) is intensifying its efforts to mitigate the risk of cyberattack by raising awareness among its employees and conducting cybersecurity reviews; (v) is continuing with the diversification of its suppliers of raw materials and other packaging materials necessary to manufacture its products; (vi) continues striving to improve its personnel policies; (vii) has started to quantify the risk derived from climate change; and (viii) continues to monitor regulatory compliance, including compliance with the regulations applicable in the different geographical areas where it operates.

### 5.2.- Financial risks

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The main detected and managed risks of the Group are detailed below:

#### 5.2.1.- Market risk

Market risk is divided in:

- Foreign exchange risk: this risk is low because (i) virtually all the Group's assets and liabilities are in euros; (ii) a majority of the transactions with foreign parties are carried out in euros; and (iii) transactions for a significant amount in currencies other than the euro are hedged with financial instruments that minimise the impact of exchange-rate risk.
- Price risk: the Group is exposed to price risk for equity securities because of investments held by the Group and classified as equity securities on the consolidated statement of financial position. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The portfolio is diversified in accordance with the limits set by the Group. The Group does not use derivatives to hedge price risk.
- Interest rate risk: the Group is subject to interest rate risk in respect of cash flows on non-current financial debt transactions at variable rates. Group policy is to try to keep most of its financial debt in the form of debt with government entities by obtaining reimbursable advances on which there is no interest-rate risk and, in the case of bank debt, to obtain cash flows not only at variable rates, but also at fixed rates, thus keeping the impact of interest-rate risk to a minimum.
- Raw material price risk: the Group is exposed to changes in the conditions under which raw materials and other packaging materials needed to manufacture its products are supplied. To minimise this risk, the Group mantains a diversified portfolio of suppliers and manages its stock levels efficiently.

#### 5.2.2.- Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, receivables classified as equity securities and trade receivables.

The banks and financial institutions with which the Group works generally have independent ratings. If customers have been independently rated, such ratings are used. If this is not the case, then the Group assesses the risk on the basis of the customer's financial position, historical experience and a series of other factors. In those cases in which there is no doubt as to the customer's financial solvency, the Group elects not to set credit limits.

#### 5.2.3.- Liquidity risk

Management periodically monitors the liquidity estimates of the Group in accordance with the expected cash flows. The Group maintains sufficient cash and marketable securities to meet its liquidity requirements.

## 6.- AVERAGE PAYMENT PERIOD

Details of payments for trading transactions performed during the reporting period and outstanding at the reporting date in relation to the maximum legal periods provided for in Law 15/2010, amended by Law 11/2013 and Law 18/2022, are as follows:

| | 2022<br>Days | 2021<br>Days |
|---|---|---|
| Average payment period to suppliers | 54 | 57 |
| Ratio of transactions paid | 57 | 61 |
| Ratio of transactions outstanding | 39 | 40 |

| | 2022 | 2021 |
|---|---|---|
| Total payments made (thousand euros) | 570,562 | 424,190 |
| Total payments outstanding (thousand euros) | 99,415 | 74,341 |

| | 2022 |
|---|---|
| Invoices paid in less than 60 days (thousand euros) | 336,738 |
| No. of invoices paid in less than 60 days | 18,991 |
| % No. invoices paid in less than 60 days/Total No. invoices paid | 46 % |
| % Amount of invoices paid in less than 60 days/Total amount of invoices paid | 59 % |

## 7.- RESEARCH AND DEVELOPMENT EXPENSES

Total research and development expenses incurred in 2022 were 23,869 thousand euros (27,445 thousand euros in 2021) and were mainly concentrated on the Glycomics and ISM® platforms, the latter of which is a proprietary drug release system, belonging to ROVI, the objective of which is to improve patient treatment adherence. Of the total research and development expenses incurred in 2022, 9,242 thousand euros was recognised under the "Employee benefit expenses" heading (8,384 thousand euros at 31 December, 2021) and 14,627 thousand euros under "Other operating expenses" (19.061 thousand euros in 2021).

## 8.- CORPORATE GOVERNMENT ANNUAL REPORT

The Annual Corporate Governance Report prepared by Laboratorios Farmacéuticos Rovi, S.A. for the year 2022 is an integral part of this Management Report, although it is presented as a separate document.

The document will be available on 21 February, 2023 at http://www.cnmv.es/Portal/consultas/EE/InformacionGobCorp.aspx?nif=A-28041283.

## 9.- ANNUAL REPORT ON DIRECTORS' REMUNERATIONS

The Annual Report on Directors' Remunerations prepared by Laboratorios Farmacéuticos Rovi, S.A. for the year 2021 is an integral part of this Management Report, although it is presented as a separate document.

The document will be available on 21 February, 2023 at https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A-28041283.

## 10.- EVENTS AFTER BALANCE SHEET DATE

ROVI informed (by publication of the relevant information number 20446 dated 16th of February 2023) on the evaluation process to obtain marketing authorisation for Risvan® (Risperidone ISM®) in the United States and reported that it has now filed the final responses to the Complete Response Letter received from the United States Food and Drug Administration (FDA) in the third quarter of 2022. These responses likewise included the answers of one of ROVI's suppliers to outstanding questions.

The FDA has notified ROVI that the user fee goal date is 27 July 2023.

Likewise, ROVI has now filed the final report on correction of the deficiencies noted when the FDA inspected its facilities in June 2022.

Furthermore, in January 2023, the FDA carried out a pending inspection of a ROVI supplier. As a result of the inspection, the FDA issued a series of observations to said supplier, which the latter is working to answer. The time frame for the supplier's response will depend on how the FDA evaluates the observations issued.

# APPENDIX 1

# ALTERNATIVE PERFORMANCE MEASURES

ROVI's financial information contains figures and measures prepared in accordance with the applicable accounting legislation, as well as another series of measures prepared in accordance with established reporting standards, which are known as Alternative Performance Measures (APMs)

These APMs are considered adjusted figures in comparison with those that are reported under International Financial Reporting Standards endorsed by the European Union (IFRS-EU), which is the reporting framework applicable to the consolidated financial statements of the ROVI Group and, therefore, the reader should consider them to supplement the latter, but not replace them.

The APMs are important for the users of the financial information because they are the measures used by ROVI Management to evaluate the financial performance, the cash flows or the financial situation for making the Group's operating or strategic decisions. These APMs are consistent with the principal indicators used by the investor and analyst communities in the financial markets. In this respect, in accordance with the Guide issued by the European Securities and Markets Authority (ESMA), which has been in force since 3 July, 2016 and concerns the transparency of Alternative Performance Measures, ROVI sets out below information on the APMs included in the consolidated management information for the year ended 31 December 2022 that it considers significant:

**Total revenue**

This APM shows all the Group's revenues.

We calculate Total revenue as revenue plus the recognition of government grants on non-financial non-current assets and other.

**Gross profit**

Gross profit is an indicator that measures the direct profit that ROVI obtains from carrying out its income-generating activities.

We calculate gross profit as total revenue less change in inventories of finished goods and work in progress and raw materials and consumables used.

**Gross margin**

This APM is a percentage indicator that measures the profit that ROVI obtains from its revenue.

We calculate gross margin as the percentage that the gross profit represents in the revenue.

**EBITDA**

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) is an indicator that measures the group's operating profit before interest, taxes, impairment, depreciation and amortization have been deducted. Management uses it to assess the results over time, allowing a comparison with other companies in the sector.

We calculate EBITDA as profit before taxes, interest, depreciation and amortization.

**EBITDA "Pre-R&D"**

This APM is used by ROVI to show EBITDA from the on-going business.

We calculate EBITDA "Pre-R&D" as EBITDA excluding Research and Development expenses ("R&D") (see Note 7 to the consolidated annual accounts at 31 December 2022).

**EBIT**

EBIT (Earnings Before Interest and Taxes) is an indictor that measures the group's operating profit before interest and tax are deducted. Like the preceding indicator, Management uses it to assess the results over time, allowing a comparison with other companies in the sector.

We calculate EBIT as profit before taxes and interest.

**EBIT "Pre-R&D"**

This APM is used by ROVI to show EBIT from the on-going business.

We calculate EBIT "Pre-R&D" as operating profit for the period excluding Research and Development expenses ("R&D") (see Note 7 to the consolidated annual accounts at 31 December 2022).

**Net profit "Pre-R&D"**

This APM is used by ROVI to show the profit for the period related to the on-going business.

We calculate Net proft "Pre-R&D" as EBIT "Pre-R&D" plus:

- Finance costs-net; and
- Income tax. Net profit "Pre-R&D" income tax is calculated by applying the same effective tax rate as reported in the income statement of the period.

**Net debt/cash**

Net Financial Debt or Net Debt is the main indicator used by Management to measure the Group's indebtedness. It is composed of equity securities, plus deposits, plus financial derivatives, plus cash and cash equivalents, less current and non-current financial debt.

**Cost of sales**

The Cost of Sales reflects the cost involved in producing or acquiring the products or services that ROVI sells.

The cost of Sales is calculated as the amount of Procurements plus that corresponding to the Change in inventories of finished goods and work in progress and Raw materials and consumables use

The Consolidated Annual Accounts of Laboratorios Farmacéuticos Rovi, S.A. ("**Rovi**" or the "**Company**") and its subsidiaries (which comprise the balance sheet or the consolidated statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and consolidated notes), as well as the consolidated management report of the group of which the Company is the parent company (which comprises the Annual Corporate Governance Report, the Annual Directors' Remuneration Statement and the non-financial information statement (also called "*Informe Integrado ROVI 2022"*)) for the fiscal year ended on 31 December 2022 and which precede this document, have been issued by the Board of Directors at its meeting of 20 February 2023 following the formatting (and tagging) requirements set out in Commission Delegated Regulations (EU) 2019/815 of 17 December 2018 (European Single Electronic Format - ESEF) and Commission Delegated Regulations (EU) 2022/352 of 29 November 2021, whose members sign below in accordance with Article 253 of the Royal Legislative Decree 1/2010, of 2 July, approving the restated text of the Spanish Companies Law (*Ley de Sociedades de Capital*), and Article 37 of the Spanish Commercial Code:

Madrid, 20 February 2023

Mr. Juan López-Belmonte Encina
Chairman and Chief Executive Officer (*Consejero Delegado*)

Mr. Javier López-Belmonte Encina
Vice Chairman 1º

Mr. Iván López-Belmonte Encina
Vice Chairman 2º

Mr. Marcos Peña Pinto
Lead Independent Director

Ms. Fátima Báñez García
Director

Ms. Marina del Corral Téllez
Director

Ms. María Teresa Corzo Santamaría
Director

**STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS**

The members of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A. ("**Rovi**" or the "**Company**"), at its meeting held on 20 February 2023, and in accordance with, Article 8.1.b) of Royal Decree 1362/2007 of 19 October, state that, to the best of their knowledge, the Individual Annual Accounts, as well as the Consolidated Annual Accounts of the Company and its subsidiaries, for the fiscal year ended on 31 December 2022, issued by the Board of Directors at the abovementioned meeting of 20 February 2023, and prepared in accordance with applicable accounting standards, present a fair view of the equity, financial condition and results of operations of the Company and its subsidiaries included within the scope of consolidation, taken as a whole, and that the management reports supplementing the individual and consolidated annual accounts (the latter including the corresponding non-financial information statement (also called "Informe Integrado ROVI 2022") contain a fair assessment of the corporate performance and results and of the position of Rovi and of the subsidiaries included within its scope of consolidation, taken as a whole, as well as a description of the main risks and uncertainties they face.

Madrid, 20 February 2023

Mr. Juan López-Belmonte Encina
Chairman and Chief Executive Officer (*Consejero Delegado*)

Mr. Javier López-Belmonte Encina
Vice Chairman 1º

Mr. Iván López-Belmonte Encina
Vice Chairman 2º

Mr. Marcos Peña Pinto
Lead Independent Director

Ms. Fátima Báñez García
Director

Ms. Marina del Corral Téllez
Director

Ms. María Teresa Corzo Santamaría
Director

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LABORATORIOS FARMACEUTICOS ROVI, S.A.

## APPENDIX I

GENERAL

| 2nd | HALF-YEARLY FINANCIAL REPORT FOR THE REPORTING PERIOD | 2022 |
|---|---|---|

**PERIOD END DATE** 31/12/2022

## I. IDENTIFICATION DETAILS

**Corporate name: LABORATORIOS FARMACEUTICOS ROVI, S.A.**

| Registered address: c/ Julián Camarillo, 35, 28037 Madrid | Tax Id No. |
|---|---|
| | A-28041283 |

## II. INFORMATION SUPPLEMENTING THE PERIODIC INFORMATION PUBLISHED PREVIOUSLY

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LABORATORIOS FARMACEUTICOS ROVI, S.A.

# IV. SELECTED FINANCIAL INFORMATION

## 1. INDIVIDUAL STATEMENT OF FINANCIAL POSITION (PREPARED USING NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

**Units: thousands of euros**

| ASSETS | | CURRENT PERIOD 31/12/2022 | PREVIOUS PERIOD 31/12/2021 |
|---|---|---|---|
| **A) NON-CURRENT ASSETS** | **0040** | 144.541 | 131.457 |
| 1. Intangible assets: | **0030** | 30.371 | 33.816 |
| a) Goodwill | **0031** | | |
| b) Other intangible assets | **0032** | 30.371 | 33.816 |
| 2. Property, plant and equipment | **0033** | 48.285 | 52.396 |
| 3. Investment property | **0034** | | |
| 4. Non-current investments in group and associated companies | **0035** | 63.230 | 41.418 |
| 5. Non-current financial investments | **0036** | 1.416 | 1.485 |
| 6. Deferred tax assets | **0037** | 1.239 | 2.342 |
| 7. Other non-current assets | **0038** | | |
| **B) CURRENT ASSETS** | **0085** | 341.100 | 346.642 |
| 1. Non-current assets held for sale | **0050** | | |
| 2. Inventories | **0055** | 125.377 | 105.784 |
| 3. Trade and other receivables | **0060** | 147.248 | 202.206 |
| a) Trade receivables for sales of goods and services | **0061** | 137.823 | 185.745 |
| b) Other receivables | **0062** | 5.508 | 6.572 |
| c) Current tax assets | **0063** | 3.917 | 9.889 |
| 4. Current investments in group and associated companies | **0064** | 1 | 312 |
| 5. Current financial investments | **0070** | | |
| 6. Current accruals and prepayments | **0071** | 1.261 | 376 |
| 7. Cash and cash equivalents | **0072** | 67.213 | 37.964 |
| **TOTAL ASSETS (A+B)** | **0100** | 485.641 | 478.099 |

## IV. SELECTED FINANCIAL INFORMATION

## 1. INDIVIDUAL FINANCIAL STATEMENTS (PREPARED USING THE NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

**Units: thousands of euros**

| LIABILITIES AND EQUITY | | CURRENT PERIOD 31/12/2022 | PREVIOUS PERIOD 31/12/2021 |
|---|---|---|---|
| **A) EQUITY (A.1 + A.2 + A.3)** | **0195** | 228.092 | 339.631 |
| **A.1) EQUITY** | **0180** | 226.386 | 337.522 |
| 1. Capital: | **0171** | 3.241 | 3.364 |
| a) Authorized capital | **0161** | 3.241 | 3.364 |
| a) Less: uncalled capital | **0162** | | |
| 2. Share premium | **0172** | 87.636 | 87.636 |
| 3. Reserves | **0173** | 7.032 | 7.032 |
| 4. Less: treasury stock | **0174** | (27.561) | (66.121) |
| 5. Retained earnings | **0178** | 116.922 | 240.468 |
| 6. Other shareholder contributions | **0179** | | |
| 7. Profit or loss for period | **0175** | 39.116 | 65.143 |
| 8. Less: interim dividend | **0176** | | |
| 9. Other equity instruments | **0177** | | |
| **A.2) ADJUSTMENTS FOR CHANGES IN VALUE** | **0188** | 12 | (2) |
| 1. Available-for-sale financial assets | **0181** | (2) | (2) |
| 2. Hedging transactions | **0182** | | |
| 3. Other | **0183** | 14 | |
| **A.3) GRANTS, DONATIONS AND LEGACIES RECEIVED** | **0194** | 1.694 | 2.111 |
| **B) NON-CURRENT LIABILITIES** | **0120** | 131.945 | 58.036 |
| 1. Non-current provisions | **0115** | | |
| 2. Non-current debt: | **0116** | 45.893 | 52.298 |
| a) Bank borrowings and debentures or other negotiable instruments | **0131** | 37.679 | 44.107 |
| b) Other financial liabilities | **0132** | 8.214 | 8.191 |
| 3. Non-current debt with group and associated companies | **0117** | 80.000 | |
| 4. Deferred tax liabilities | **0118** | 4.507 | 4.278 |
| 5. Other non-current liabilities | **0135** | | |
| 6. Non-current accruals | **0119** | 1.545 | 1.460 |
| **C) CURRENT LIABILITIES** | **0130** | 125.604 | 80.432 |
| 1. Liabilities associated with non-current assets held for sale | **0121** | | |
| 2. Current provisions | **0122** | 5.148 | 9.430 |
| 3. Current debt: | **0123** | 8.180 | 2.890 |
| a) Bank borrowings and debentures or other negotiable instruments | **0133** | 6.428 | 714 |
| b) Other financial liabilities | **0134** | 1.752 | 2.176 |
| 4. Current debt with group and associated companies | **0129** | 385 | 290 |
| 5. Trade and other payables: | **0124** | 111.597 | 67.036 |
| a) Trade payables | **0125** | 102.707 | 57.166 |
| b) Other payables | **0126** | 8.890 | 9.870 |
| c) Current tax liabilities | **0127** | | |
| 6. Other current liabilities | **0136** | | |
| 7. Current accruals | **0128** | 294 | 786 |
| **TOTAL EQUITY AND LIABILITIES (A + B + C)** | **0200** | 485.641 | 478.099 |

This English version has been translated by the entity itself at its sole responsibility and cannot be considered to be official.

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LABORATORIOS FARMACEUTICOS ROVI, S.

# IV. SELECTED FINANCIAL INFORMATION

## 2. INDIVIDUAL INCOME STATEMENT (PREPARED USING THE NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

**Units: thousands of euros**

| | | CURRENT PERIOD (2nd HALF) | PREVIOUS PERIOD (2nd HALF) | ACCUMULATED PERIOD 31/12/2022 | ACCUMULATED PREVIOUS PERIOD |
|---|---|---|---|---|---|
| (+) Net revenue | **0205** | 273.568 | 275.059 | 591.117 | 509.920 |
| (+/-) Change in inventories of finished products and work in progress | **0206** | 3.000 | 3.255 | 454 | 19.298 |
| (+) Work performed by the company on its assets | **0207** | | | | |
| (-) Supplies | **0208** | (199.171) | (192.233) | (430.958) | (384.450) |
| (+) Other operating income | **0209** | 5.921 | 4.843 | 9.809 | 6.948 |
| (-) Employee benefit expenses | **0217** | (22.690) | (19.302) | (44.818) | (40.562) |
| (-) Other operating expenses | **0210** | (40.461) | (41.008) | (73.727) | (69.470) |
| (-) Amortization and depreciation charges | **0211** | (5.337) | (5.090) | (10.725) | (10.303) |
| (+) Allocation of grants for non-financial assets and other | **0212** | 360 | 389 | 784 | 741 |
| (+) Excess provisions | **0213** | | | | |
| (+/-) Impairment and gains/(losses) on disposal of intangible assets and property, plant & equipment | **0214** | (2) | (120) | 15 | (120) |
| (+/-) Other gains/(losses) | **0215** | | | | |
| **= OPERATING PROFIT/(LOSS)** | **0245** | 15.188 | 25.793 | 41.951 | 32.002 |
| (+) Finance income | **0250** | 2.105 | 244 | 2.375 | 25.589 |
| (-) Finance expenses | **0251** | (584) | (340) | (893) | (655) |
| (+/-) Change in fair value of financial instruments | **0252** | (1.300) | (96) | (11) | 908 |
| (+/-) Exchange rate differences | **0254** | (563) | (48) | (570) | (111) |
| (+/-) Impairment and gains/(losses) on disposal of financial instruments | **0255** | 1.871 | 1.161 | 1.828 | 1.161 |
| **= FINANCE PROFIT/(LOSS)** | **0256** | 1.529 | 921 | 2.729 | 26.892 |
| **= PROFIT/(LOSS) BEFORE TAX** | **0265** | 16.717 | 26.714 | 44.680 | 58.894 |
| (+/-) Corporate income tax | **0270** | (840) | 4.998 | (5.564) | 6.249 |
| **= PROFIT/(LOSS) FOR PERIOD ON CONTINUING OPERATIONS** | **0280** | 15.877 | 31.712 | 39.116 | 65.143 |
| (+/-) Profit/(loss) for perid on discontinued operations, net of tax | **0285** | | | | |
| **= PROFIT/(LOSS) FOR PERIOD** | **0300** | 15.877 | 31.712 | 39.116 | 65.143 |

| **EARNINGS PER SHARE** | | Amount (X.XX euros) | Amount (X.XX euros) | Amount (X.XX euros) | Amount (X.XX euros) |
|---|---|---|---|---|---|
| Basic | **0290** | 0,30 | 0,58 | 0,73 | 1,18 |
| Diluted | **0295** | | | | |

# IV. SELECTED FINANCIAL INFORMATION

## 3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

### A. INDIVIDUAL STATEMENT OF RECOGNIZED INCOME AND EXPENSES (PREPARED USING THE NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

**Units: thousands of euros**

| | | CURRENT PERIOD 31/12/2022 | PREVIOUS PERIOD 31/12/2021 |
|---|---|---|---|
| **A) PROFIT/(LOSS) FOR PERIOD (from Income Statement)** | **0305** | 39.116 | 65.143 |
| **B) INCOME OR EXPENSES CREDITED OR CHARGED DIRECTLY TO EQUITY:** | **0310** | 1.175 | 700 |
| 1. Measurement of financial instruments | **0320** | 10 | 1 |
| a) Available-for-sale financial assets | **0321** | - | 1 |
| b) Other income /(expenses) | **0323** | 10 | |
| 2. Cash flow hedges | **0330** | | |
| 3. Grants, donations and legacies received | **0340** | 1.553 | 933 |
| 4. Actuarial gains and losses and other adjustments | **0344** | | |
| 5. Other income or expenses credited or charged directly to equity | **0343** | | |
| 6. Tax effect | **0345** | (388) | (234) |
| **C) TRANSFERS TO PROFIT AND LOSS:** | **0350** | (1.582) | (994) |
| 1. Measurement of financial instruments | **0355** | | |
| a) Available-for-sale financial assets | **0356** | | |
| b) Other income /(expenses) | **0358** | | |
| 2. Cash flow hedges | **0360** | | |
| 3. Grants, donations and legacies received | **0366** | (2.109) | (1.326) |
| 4. Other income or expenses credited or charged directly to equity | **0365** | | |
| 5. Tax effect | **0370** | 527 | 332 |
| **TOTAL RECOGNIZED INCOME/(EXPENSES) (A+B+C)** | **0400** | 38.709 | 64.849 |

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LABORATORIOS FARMACEUTICOS ROVI, S.A.

# IV. SELECTED FINANCIAL INFORMATION

## 3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

## B. INDIVIDUAL STATEMENT OF CHANGES IN TOTAL EQUITY (1/2) (PREPARED USING THE NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

**Units: thousands of euros**

| CURRENT PERIOD | | Equity | | | | | Adjust-ments for changes in value | Grants, donations and legacies received | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Share premium and reserves | Treasury stock | Profit/ (loss) for the period | Other equity instru-ments | | | |
| **Closing balance at 01/01/2022** | **3010** | 3.364 | 335.136 | (66.121) | 65.143 | | (2) | 2.111 | 339.631 |
| Adjustments for changes in accounting policies | **3011** | | | | | | | | |
| Adjustments for errors | **3012** | | | | | | | | |
| **Adjusted opening balance** | **3015** | 3.364 | 335.136 | (66.121) | 65.143 | | (2) | 2.111 | 339.631 |
| **I. Total recognized income/(expenses)** | **3020** | | | | 39.116 | | 10 | (417) | 38.709 |
| **II. Transactions with shareholders or owners** | **3025** | (123) | (137.679) | 38.560 | (51.007) | | | | (150.249) |
| 1. Capital increases/(reductions) | **3026** | (123) | (134.885) | 135.008 | | | | | - |
| 2. Conversion of financial liabilities to equity | **3027** | | | | | | | | |
| 3. Distribution of dividends | **3028** | | | | (51.007) | | | | (51.007) |
| 4. Treasury stock transactions (net) | **3029** | | (2.794) | (96.448) | | | | | (99.242) |
| 5.Increases/(reductions) due to business combinations | **3030** | | | | | | | | |
| 6. Other transactions with shareholders or owners | **3032** | | | - | | | | | |
| **III. Other equity transactions** | **3035** | | 14.133 | | (14.136) | | 4 | | 1 |
| 1. Payments based on equity instruments | **3036** | | | | | | | | |
| 2. Transfers between equity items | **3037** | | 14.136 | | (14.136) | | | | |
| 3. Other changes | **3038** | | (3) | | | | 4 | | 1 |
| **Closing balance at 31/12/2022** | **3040** | 3.241 | 211.590 | (27.561) | 39.116 | | 12 | 1.694 | 228.092 |

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LABORATORIOS FARMACEUTICOS ROVI, S.A.

# IV. SELECTED FINANCIAL INFORMATION

## 3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

### B. INDIVIDUAL STATEMENT OF CHANGES IN TOTAL EQUITY (2/2) (PREPARED USING THE NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

Units: thousands of euros

| PREVIOUS PERIOD | | Equity | | | | | Adjustments for changes in value | Grants, donations and legacies received | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Share premium and reserves | Treasury stock | Profit/ (loss) for the period | Other equity instruments | | | |
| **Closing balance at 01/01/2021 (comparative period)** | 3050 | 3.364 | 273.967 | (20.185) | 71.137 | | (3) | 2.406 | 330.686 |
| Adjustments for changes in accounting policies | 3051 | | | | | | | | |
| Adjustments for errors | 3052 | | | | | | | | |
| **Adjusted opening balance (comparative period)** | 3055 | 3.364 | 273.967 | (20.185) | 71.137 | | (3) | 2.406 | 330.686 |
| **I. Total recognized income/(expenses)** | 3060 | | | | 65.143 | | 1 | (295) | 64.849 |
| **II. Transactions with shareholders or owners** | 3065 | | 10.882 | (45.936) | (21.132) | | | | (56.186) |
| 1. Capital increases/(reductions) | 3066 | | | | | | | | |
| 2. Conversion of financial liabilities to equity | 3067 | | | | | | | | |
| 3. Distribution of dividends | 3068 | | | | (21.132) | | | | (21.132) |
| 4. Treasury stock transactions (net) | 3069 | | 10.882 | (47.339) | | | | | (36.457) |
| 5.Increases/ (reductions) due to business combinations | 3070 | | | | | | | | |
| 6. Other transactions with shareholders or owners | 3072 | | | 1.403 | | | | | |
| **III. Other equity transactions** | 3075 | | 50.287 | | (50.005) | | | | 282 |
| 1. Payments based on equity instruments | 3076 | | | | | | | | |
| 2. Transfers between equity items | 3077 | | 50.005 | | (50.005) | | | | |
| 3. Other changes | 3078 | | 282 | | | | | | 282 |
| **Closing balance at 31/12/2021 (comparative period)** | 3080 | 3.364 | 335.136 | (66.121) | 65.143 | | (2) | 2.111 | 339.631 |

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## IV. SELECTED FINANCIAL INFORMATION

## 4. INDIVIDUAL STATEMENT OF CASH FLOWS (PREPARED USING NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

**Units: thousands of euros**

| | | CURRENT PERIOD 31/12/2022 | PREVIOUS PERIOD 31/12/2021 |
|---|---|---|---|
| **A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3+4)** | **0435** | 131.144 | 64.680 |
| **1.Profit/(loss) before tax** | **0405** | 44.680 | 58.894 |
| **2. Adjustments to profit/(loss)** | **0410** | 858 | 61 |
| (+) Amortization and depreciation of intangible assets and property, plant and equipment | **0411** | 10.725 | 10.303 |
| (+/-) Other adjustments to profit/(loss) (net) | **0412** | (9.867) | (10.242) |
| **3. Changes in working capital** | **0415** | 128.321 | 27.901 |
| **4. Other cash flows from operating activities:** | **0420** | (42.715) | (22.176) |
| (-) Payment of interest | **0421** | | |
| (+) Proceeds from dividends | **0422** | | |
| (+) Proceeds from interest | **0423** | | |
| (+/-) Proceeds from/(payments for) corporate income tax | **0430** | (43.100) | (22.694) |
| (+/-) Other proceeds from/(payments for) operating activities | **0425** | 385 | 518 |
| **B) CASH FLOWS FROM INVESTING ACTIVITIES (1+2)** | **0460** | (10.090) | (8.254) |
| **1. Payments of investments:** | **0440** | (13.669) | (8.809) |
| (-) Group companies, associates and business units | **0441** | (1.427) | (1.775) |
| (-) Property, plant and equipment, intangible assets and investment property | **0442** | (6.372) | (7.034) |
| (-) Other financial assets | **0443** | (5.870) | |
| (-) Non-current assets and liabilities classified as held for sale | **0459** | | |
| (-) Other assets | **0444** | | |
| **2. Proceeds from disinvestments** | **0450** | 3.579 | 555 |
| (+) Group companies, associates and business units | **0451** | | |
| (+) Property, plant and equipment, intangible assets and investment property | **0452** | 2.938 | 41 |
| (+) Other financial assets | **0453** | 30 | |
| (+) Non-current assets and liabilities classified as held for sale | **0461** | | |
| (+) Other assets | **0454** | 611 | 514 |
| **C) CASH FLOWS FROM FINANCING ACTIVITIES (1+2+3)** | **0490** | (91.805) | (52.606) |
| **1. Proceeds from and (payments for) equity instruments:** | **0470** | (99.242) | (36.457) |
| (+) Issue | **0471** | | |
| (-) Amortization | **0472** | | |
| (-) Acquisition | **0473** | (177.008) | (78.785) |
| (+) Disposal | **0474** | 77.766 | 42.328 |
| (+) Grants, donations and legacies received | **0475** | | |
| **2. Proceeds from and (payments for) financial liability instruments:** | **0480** | 58.444 | 4.983 |
| (+) Issue | **0481** | 81.399 | 1.340 |
| (-) Repayment and amortization | **0482** | (22.955) | 3.643 |
| **3. Payment of dividends and remuneration of other equity instruments** | **0485** | (51.007) | (21.132) |
| **D) EFFECT OF EXCHANGE RATE CHANGES** | **0492** | | |
| **E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+** | **0495** | 29.249 | 3.820 |
| **F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | **0499** | 37.964 | 34.144 |
| **G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)** | **0500** | 67.213 | 37.964 |

| **COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD** | | CURRENT PERIOD 31/12/2022 | PREVIOUS PERIOD 31/12/2021 |
|---|---|---|---|
| (+) Cash in hand and at bank | **0550** | 67.213 | 37.964 |
| (+) Other financial assets | **0552** | | |
| *(-) Less: bank overdrafts repayable on demand* | **0553** | | |
| **TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **0600** | 67.213 | 37.964 |

# IV. SELECTED FINANCIAL INFORMATION

## 5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNDER IFRS ADOPTED) (1/2)

**Units: thousands of euros**

| ASSETS | | CURRENT PERIOD 31/12/2022 | PREVIOUS PERIOD 31/12/2021 |
|---|---|---|---|
| **A) NON-CURRENT ASSETS** | **1040** | 255.630 | 226.314 |
| 1. Intangible assets: | **1030** | 35.744 | 38.558 |
| a) Goodwill | **1031** | | |
| b) Other intangible assets | **1032** | 35.744 | 38.558 |
| 2. Property, plant and equipment | **1033** | 215.541 | 181.775 |
| 3. Investment property | **1034** | | |
| 4. Investments in group and associated companies accounted for using the equity me | **1035** | 2.193 | 1.994 |
| 5. Non-current financial investments | **1036** | 9 | 72 |
| a) At fair value through profit or loss | **1047** | | |
| *Of which, “Designated upon initial recognition”* | **1041** | | |
| b) At fair value through other comprehensive income | **1042** | 9 | 72 |
| *Of which, “Designated upon initial recognition”* | **1043** | | |
| c) At amortised cost | **1044** | | |
| 6. Non-current derivatives | **1039** | | |
| a) Hedging instruments | **1045** | | |
| b) Other | **1046** | | |
| 7. Deferred tax assets | **1037** | 2.078 | 3.850 |
| 8. Other non-current assets | **1038** | 65 | 65 |
| **B) CURRENT ASSETS** | **1085** | 623.073 | 506.362 |
| 1. Non-current assets held for sale | **1050** | | |
| 2. Inventories | **1055** | 311.944 | 245.473 |
| 3. Trade and other receivables | **1060** | 184.159 | 160.063 |
| a) Trade receivables for sale of goods and services | **1061** | 160.226 | 129.801 |
| b) Other receivables | **1062** | 19.785 | 20.371 |
| c) Current tax assets | **1063** | 4.148 | 9.891 |
| 4. Current financial assets | **1070** | | |
| a) At fair value through profit or loss | **1080** | | |
| *Of which, “Designated upon initial recognition”* | **1081** | | |
| b) At fair value through other comprehensive income | **1082** | | |
| *Of which, “Designated upon initial recognition”* | **1083** | | |
| c) At amortised cost | **1084** | | |
| 5.Current derivatives | **1076** | | |
| a) Hedging instruments | **1077** | | |
| b) Other | **1078** | | |
| 6. Other current assets | **1075** | 2.025 | 1.791 |
| 7. Cash and cash equivalents | **1072** | 124.945 | 99.035 |
| **TOTAL ASSETS (A+B)** | **1100** | 878.703 | 732.676 |

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LABORATORIOS FARMACEUTICOS ROVI, S.A.

# IV. SELECTED FINANCIAL INFORMATION

## 5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNDER IFRS ADOPTED) (2/2)

Units: thousands of euros

| LIABILITIES AND EQUITY | | CURRENT PERIOD 31/12/2022 | PREVIOUS PERIOD 31/12/2021 |
|---|---|---|---|
| **A) EQUITY (A.1 + A.2 + A.3)** | **1195** | 521.379 | 470.976 |
| **A.1) EQUITY** | **1180** | 520.020 | 470.978 |
| 1. Capital: | **1171** | 3.241 | 3.364 |
| a) Authorized capital | **1161** | 3.241 | 3.364 |
| *b) Less: uncalled capital* | **1162** | | |
| 2. Share premium | **1172** | 87.636 | 87.636 |
| 3. Reserves | **1173** | 673 | 673 |
| *4. Less treasury stock* | **1174** | (27.561) | (66.121) |
| 5. Retained earnings | **1178** | 256.362 | 292.349 |
| 6. Other shareholder contributions | **1179** | | |
| 7. Profit or loss for period | **1175** | 199.669 | 153.077 |
| *8. Less: interim dividend* | **1176** | | |
| 9. Other equity instruments | **1177** | | |
| **A.2) ACCUMULATED OTHER COMPREHENSIVE INCOME** | **1188** | (8) | (2) |
| 1. Items not reclassified to profit and loss for the period | **1186** | | |
| a) Equity instruments held at fair value through other comprehensive income | **1185** | | |
| b) Other | **1190** | | |
| 2. Items that may be reclassified to profit and loss for the period | **1187** | (8) | (2) |
| a) Hedging transactions | **1182** | | |
| b) Hedging differences | **1184** | | |
| c) Share in other comprehensive income of joint ventures and other | **1192** | | |
| d) Debt instruments held at fair value through other comprehensive income | **1191** | | |
| e) Other | **1183** | (8) | (2) |
| **EQUITY ATTRIBUTED TO PARENT COMPANY (A.1 + A.2)** | **1189** | 520.012 | 470.976 |
| **A.3) NON-CONTROLLING INTERESTS** | **1193** | 1.367 | |
| **B) NON-CURRENT ASSETS** | **1120** | 63.437 | 71.312 |
| 1. Grants | **1117** | | |
| 2. Non-current provisions | **1115** | | |
| 3. Non-current financial liabilities: | **1116** | 59.441 | 66.745 |
| a) Bank borrowings and debentures or other negotiable securities | **1131** | 37.679 | 44.107 |
| b) Other financial liabilities | **1132** | 21.762 | 22.638 |
| 4. Deferred tax liabilities | **1118** | 677 | 776 |
| 5. Non-current derivatives | **1140** | | |
| a) Hedging instruments | **1141** | | |
| b) Other | **1142** | | |
| 6. Other non-current liabilities | **1135** | 3.319 | 3.791 |
| **C) CURRENT LIABILITIES** | **1130** | 293.887 | 190.388 |
| 1. Liabilities related to current assets held for sale | **1121** | | |
| 2. Current provisions | **1122** | | |
| 3. Current finanacial liabilities: | **1123** | 12.697 | 6.400 |
| a) Bank borrowings and debentures or other negotiable securities | **1133** | 6.428 | 714 |
| b) Other financial liabilities | **1134** | 6.269 | 5.686 |
| 4. Trade and other payables: | **1124** | 165.776 | 125.854 |
| a) Trade payables | **1125** | 128.484 | 97.407 |
| b) Other payables | **1126** | 37.292 | 27.766 |
| c) Current tax liabilities | **1127** | - | 681 |
| 5. Current derivatives | **1145** | 28 | 17 |
| a) Hedging instruments | **1146** | | |
| b) Other | **1147** | 28 | 17 |
| 5. Other current liabilities | **1136** | 115.386 | 58.117 |
| **TOTAL EQUITY AND LIABILITIES (A + B + C)** | **1200** | 878.703 | 732.676 |

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# IV. SELECTED FINANCIAL INFORMATION

## 6. CONSOLIDATED INCOME STATEMENT (UNDER IFRS ADOPTED)

| Units: thousands of euros | | CURRENT PERIOD (2nd HALF) | PREVIOUS PERIOD (2nd HALF) | ACCUMULATED PERIOD 31/12/2022 | ACCUMULATED PREVIOUS PERIOD 31/12/2021 |
|---|---|---|---|---|---|
| (+) Net revenue | 1205 | 437.299 | 358.627 | 817.698 | 648.677 |
| (+/-) Change in inventories of finished products and work in progress | 1206 | 6.118 | 345 | 38.883 | 782 |
| (+) Work performed by the company on its assets | 1207 | 2.856 | | 2.856 | |
| (-) Supplies | 1208 | (152.973) | (127.902) | (339.824) | (264.637) |
| (+) Other operating income | 1209 | | | | |
| (-) Employee benefit expenses | 1217 | (55.058) | (45.093) | (106.522) | (89.803) |
| (-) Other operating expenses | 1210 | (76.382) | (57.786) | (136.482) | (93.502) |
| (-) Amortization and depreciation charges | 1211 | (11.561) | (10.692) | (22.871) | (21.364) |
| (+) Allocation of grants for non-financial assets and other | 1212 | 1.191 | 748 | 2.112 | 1.334 |
| (+/-) Impairment of intangible assets and property, plant & equipment | 1214 | (2) | (95) | (2) | (95) |
| (+/-) Gains/(losses) on disposal of intangible assets and property, plant & equipment | 1216 | | | | |
| (+/-) Other gains/(losses) | 1215 | | | | |
| **= OPERATING PROFIT/(LOSS)** | 1245 | 151.488 | 118.152 | 255.848 | 181.392 |
| (+) Finance income | 1250 | 1.766 | 3 | 1.770 | 68 |
| a) Interest income calculated using the effective interest rate method | 1262 | 2 | 3 | 6 | 68 |
| b) Other | 1263 | 1.764 | | 1.764 | |
| (-) Finance expenses | 1251 | (420) | (449) | (849) | (905) |
| (+/-) Change in fair value of financial instruments | 1252 | (1.260) | (96) | (11) | 908 |
| (+/-) Gains/(losses) due to the reclassification of financial assets held at amortised cost to financial assets held at fair value | 1258 | | | | |
| (+/-) Gains/(losses) due to the reclasification of financial assets held at fair value through other comprehensive income to financial assets held at fair value | 1259 | | | | |
| (+/-) Exchange rate differences | 1254 | (858) | (104) | (821) | (178) |
| (+/-) Impairment on disposal of financial instruments | 1255 | | | | |
| (+/-) Gains/(losses) on disposal of financial instruments | 1257 | 1.831 | 1.161 | 1.831 | 1.161 |
| a) Financial instruments at amortised cost | 1260 | | - | | |
| b) Rest of financial instruments | 1261 | 1.831 | 1.161 | 1.831 | 1.161 |
| **= FINANCE PROFIT/(LOSS)** | 1256 | 1.059 | 515 | 1.920 | 1.054 |
| (+/-) Profit/(loss) of entities measured using the equity method | 1253 | 92 | 52 | 199 | 182 |
| **= PROFIT/(LOSS) BEFORE TAX** | 1265 | 152.639 | 118.719 | 257.967 | 182.628 |
| (+/-) Corporate income tax | 1270 | (33.550) | (16.665) | (58.302) | (29.551) |
| **= PROFIT/(LOSS) FOR PERIOD FROM CONTINUING OPERATIONS** | 1280 | 119.089 | 102.054 | 199.665 | 153.077 |
| (+/-)Profit/(loss) for period from discontinued operations, net of taxes | 1285 | | | | |
| **= CONSOLIDATED PROFIT/(LOSS) FOR PERIOD** | 1288 | 119.089 | 102.054 | 199.665 | 153.077 |
| a) Profit/(loss) attributed to parent company | 1300 | 119.049 | 102.054 | 199.669 | 153.077 |
| b) Profit/(loss) attributed to non-controlling interests | 1289 | 40 | | (4) | |

| EARNINGS PER SHARE | | AMOUNT (X.XX euros) | AMOUNT (X.XX euros) | AMOUNT (X.XX euros) | AMOUNT (X.XX euros) |
|---|---|---|---|---|---|
| Basic | 1290 | 2,23 | 1,84 | 3,73 | 2,76 |
| Diluted | 1295 | | | | |

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## IV. SELECTED FINANCIAL INFORMATION

## 7. CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (UNDER IFRS ADOPTED)

| Units: thousands of euros | | CURRENT PERIOD (2nd HALF) | PREVIOUS PERIOD (2nd HALF) | CURRENT PERIOD 31/12/2022 | PREVIOUS PERIOD 31/12/2021 |
|---|---|---|---|---|---|
| **A) PROFIT/(LOSS) FOR PERIOD (from Income Statement)** | **1305** | 119.089 | 102.054 | 199.665 | 153.077 |
| **B) OTHER COMPREHENSIVE INCOME - ITEMS NOT RECLASSIFIED TO PROFIT AND LOSS FOR THE PERIOD** | **1310** | | | | |
| **1. Remeasurement (reversal of remeasurement) of property, plant and equipment and intangible assets** | **1311** | | | | |
| **2. Actuarial gains and losses** | **1344** | | | | |
| **3. Share in other recognized comprehensive income from investments in joint ventures and associates** | **1342** | | | | |
| **4. Equity instruments held at fair value through other** | **1346** | | | | |
| **5. Other income and expenses not reclassified to profit and loss for the period** | **1343** | | | | |
| **6. Tax effect** | **1345** | | | | |
| **C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY SUBSEQUENTLY BE RECLASSFIED TO PROFIT AND LOSS FOR** | **1350** | 23 | - | 19 | 1 |
| **1. Hedging transactions:** | **1360** | | | | |
| a) Gains/(losses) on remeasurement | **1361** | | | | |
| b) Amounts transferred to profit and loss | **1362** | | | | |
| c) Amounts transferred at initial value of hedged items | **1363** | | | | |
| d) Other reclassifications | **1364** | | | | |
| **2. Conversion differences:** | **1365** | | | | |
| a) Gains/(losses) on remeasurement | **1366** | | | | |
| b) Amounts transferred to profit and loss | **1367** | | | | |
| c) Other reclassifications | **1368** | | | | |
| **3. Share in other recognized comprehensive income from investments in joint ventures and associates** | **1370** | | | | |
| a) Gains/(losses) from measurement | **1371** | | | | |
| b) Amounts transferred to profit and loss | **1372** | | | | |
| c) Other reclassifications | **1373** | | | | |
| **4. Debt instruments held at fair value through other comprehensive income:** | **1381** | | | | |
| a) Gains/(losses) on remeasurement | **1382** | | | | |
| b) Amounts transferred to profit and loss | **1383** | | | | |
| c) Other reclassifications | **1384** | | | | |
| **5. Other comprehensive income and expenses that may subsequently be reclassified to profit and loss for the period:** | **1375** | 23 | - | 19 | 1 |
| a) Gains/(losses) on remeasurement | **1376** | 23 | - | 19 | 1 |
| b) Amounts transferred to profit and loss | **1377** | | | | |
| c) Other reclassifications | **1978** | | | | |
| **6. Tax effect** | **1380** | | | | |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A+B+C)** | **1400** | 119.112 | 102.054 | 199.684 | 153.078 |
| a) Attributed to parent company | **1398** | 119.072 | 102.054 | 199.688 | 153.078 |
| b) Attributed to non-controlling interests | **1399** | 40 | | -4 | |

# IV. SELECTED FINANCIAL INFORMATION

## 8. CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (UNDER IFRS ADOPTED) (1/2)

Units: thousands of euros

| CURRENT PERIOD | | Equity attributed to parent company | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | Equity | | | | | Adjustments for changes in value | | |
| | | Share capital | Share premium and reserves | Treasury stock | Profit/ (loss) for the per. attributed to parent company | Other equity instruments | | | |
| **Closing balance at 01/01/2022** | **3110** | 3.364 | 380.658 | (66.121) | 153.077 | | (2) | | 470.976 |
| Adjustments for changes in accounting policies | **3111** | | | | | | | | |
| Adjustments for errors | **3112** | | | | | | | | |
| **Adjusted opening balance** | **3115** | 3.364 | 380.658 | (66.121) | 153.077 | | (2) | | 470.976 |
| **I. Total recognized income/(expenses)** | **3120** | | | | 199.669 | | 19 | (4) | 199.684 |
| **II. Transactions with shareholders or owners** | **3125** | (123) | (137.679) | 38.560 | (51.007) | | | 1.371 | (148.878) |
| 1. Capital increases/(reductions) | **3126** | (123) | (134.885) | 135.008 | | | | | - |
| 2. Conversion of financial liabilities to equity | **3127** | | | | | | | | |
| 3. Distribution of dividends | **3128** | | | | (51.007) | | | | (51.007) |
| 4. Treasury stock transactions (net) | **3129** | | (2.794) | (96.448) | | | | | (99.242) |
| 5.Increases/(reductions) due to business combinations | **3130** | | | | | | | | |
| 6. Other transactions with shareholders or owners | **3132** | | | | | | | 1.371 | 1.371 |
| **III. Other equity transactions** | **3135** | | 101.692 | | (102.070) | | (25) | | (403) |
| 1. Payments based on equity instruments | **3136** | | | | | | | | |
| 2. Transfers between equity items | **3137** | | 102.070 | | (102.070) | | | | |
| 3. Other changes | **3138** | | (378) | | | | (25) | | (403) |
| **Closing balance at 31/12/2022** | **3140** | 3.241 | 344.671 | (27.561) | 199.669 | | (8) | 1.367 | 521.379 |

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## IV. SELECTED FINANCIAL INFORMATION

## 8. CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (UNDER IFRS ADOPTED) (2/2)

**Units: thousands of euros**

| PREVIOUS PERIOD | | Equity attributed to parent company | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | Equity | | | | | Adjustments for changes in value | | |
| | | Share capital | Share premium and reserves | Treasury stock | Profit/ (loss) for the per. attributed to parent company | Other equity instruments | | | |
| **Closing balance at 01/01/2021 (comparative period)** | **3150** | 3.364 | 329.467 | (20.185) | 61.057 | | (3) | | 373.700 |
| Adjustments for changes in accounting policies | **3151** | | | | | | | | |
| Adjustments for errors | **3152** | | | | | | | | |
| **Adjusted opening balance** | **3155** | 3.364 | 329.467 | (20.185) | 61.057 | | (3) | | 373.700 |
| **I. Total recognized income/(expenses)** | **3160** | | | | 153.077 | | 1 | | 153.078 |
| **II. Transactions with shareholders or owners** | **3165** | | 10.882 | (45.936) | (21.132) | | | | (56.186) |
| 1. Capital increases/(reductions) | **3166** | | | | | | | | |
| 2. Conversion of financial liabilities to equity | **3167** | | | | | | | | |
| 3. Distribution of dividends | **3168** | | | | (21.132) | | | | (21.132) |
| 4. Treasury stock transactions (net) | **3169** | | 10.882 | (45.936) | | | | | (35.054) |
| 5.Increases/(reductions) due to business combinations | **3170** | | | | | | | | |
| 6. Other transactions with shareholders or owners | **3172** | | | | | | | | |
| **III. Other equity transactions** | **3175** | | 40.309 | | (39.925) | | | | 384 |
| 1. Payments based on equity instruments | **3176** | | | | | | | | |
| 2. Transfers between equity items | **3177** | | 39.925 | | (39.925) | | | | |
| 3. Other changes | **3178** | | 384 | | | | | | 384 |
| **Closing balance at 31/12/2021 (comparative period)** | **3180** | 3.364 | 380.658 | (66.121) | 153.077 | | (2) | | 470.976 |

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# IV. SELECTED FINANCIAL INFORMATION

## 9.A. CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD) (UNDER IFRS ADOPTED)

| Units: thousands of euros | | CURRENT PERIOD 31/12/2022 | PREVIOUS PERIOD 31/12/2021 |
|---|---|---|---|
| **A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)** | **1435** | 237.602 | 149.441 |
| **1.Profit/(loss) before tax** | **1405** | 257.967 | 182.628 |
| **2. Adjustments to profit/(loss)** | **1410** | 23.008 | 19.765 |
| (+) Amortization and depreciation of intangible assets and property, plant and equipmen | **1411** | 22.871 | 21.364 |
| (+/-) Other adjustments to profit/(loss) (net) | **1412** | 137 | (1.599) |
| **3. Changes in working capital** | **1415** | (56.973) | (64.034) |
| **4. Other cash flows from operating activities:** | **1420** | 13.600 | 11.082 |
| (-) Payment of interest | **1421** | | |
| (-) Payment of dividends and remuneration of other equity instruments | **1430** | | |
| (+) Proceeds from dividends | **1422** | | |
| (+) Proceeds from interest | **1423** | - | (4) |
| (+/-) Proceeds from/(payments of) corporate income tax | **1424** | (43.889) | (23.861) |
| (+/-) Other proceeds from/(payments for) operating activities | **1425** | 57.489 | 34.947 |
| **B) CASH FLOWS FROM INVESTING ACTIVITIES (1+2+3)** | **1460** | (57.154) | (40.839) |
| **1. Payments of investments:** | **1440** | (57.258) | (40.940) |
| (-) Group companies, associates and business units | **1441** | | |
| (-) Property, plant and equipment, intangible assets and investment property | **1442** | (51.388) | (40.940) |
| (-) Other financial assets | **1443** | (5.870) | |
| (-) Non-current assets and liabilities classified as held for sale | **1459** | | |
| (-) Other assets | **1444** | | |
| **2. Proceeds from disinvestments** | **1450** | 98 | 33 |
| (+) Group companies, associates and business units | **1451** | | |
| (+) Property, plant and equipment, intangible assets and investment property | **1452** | 78 | 33 |
| (+) Other financial assets | **1453** | 20 | |
| (+) Non-current assets and liabilities classified as held for sale | **1461** | | |
| (+) Other assets | **1454** | | |
| **3. Other cash flows from investing activities** | **1455** | 6 | 68 |
| (+) Proceeds from dividends | **1456** | | |
| (+) Proceeds from interest | **1457** | 6 | 68 |
| (+/-) Other proceeds from/(payments for) investing activities | **1458** | | |
| **C) CASH FLOWS FROM FINANCING ACTIVITIES (1+2+3+4)** | **1490** | (154.538) | (62.729) |
| **1. Proceeds from and (payments of) equity instruments:** | **1470** | (99.242) | (36.457) |
| (+) Issue | **1471** | | |
| (-) Amortization | **1472** | | |
| (-) Acquisition | **1473** | (177.008) | (78.785) |
| (+) Disposal | **1474** | 77.766 | 42.328 |
| **2. Proceeds from/ (payments for) financial liability instruments:** | **1480** | (5.369) | (4.852) |
| (+) Issue | **1481** | 1.399 | 1.340 |
| (-) Repayment and amortization | **1482** | (6.768) | (6.192) |
| **3. Payment of dividends and remuneration of other equity instruments** | **1485** | (51.007) | (21.132) |
| **4. Other cash flows from financing activities** | **1486** | 1.080 | (288) |
| (-) Payment of interest | **1487** | (291) | (288) |
| (+/-) Other proceeds from /(payments for) financing activities | **1488** | 1.371 | |
| **D) EFFECT OF CHANGES IN EXCHANGE RATES** | **1492** | | |
| **E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)** | **1495** | 25.910 | 45.873 |
| **F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | **1499** | 99.035 | 53.162 |
| **G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)** | **1500** | 124.945 | 99.035 |

| COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD | | CURRENT PERIOD 31/12/2022 | PREVIOUS PERIOD 31/12/2021 |
|---|---|---|---|
| (+) Cash in hand and at bank | **1550** | 124.945 | 99.035 |
| (+) Other financial assets | **1552** | | |
| *(-) Less: bank overdrafts repayable on demand* | **1553** | | |
| **TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **1600** | 124.945 | 99.035 |

# IV. SELECTED FINANCIAL INFORMATION

## 10. DIVIDENDS PAID

| | | CURRENT PERIOD | | PREVIOUS PERIOD | |
|---|---|---|---|---|---|
| | | Euros per share (X.XX) | Amount (thousand euros) | Euros per share (X.XX) | Amount (thousand euros) |
| Ordinary shares | 2158 | 0,96 | 53.580 | 0,38 | 21.373 |
| Other shares (non-voting, redeemable, etc.) | 2159 | | | | |
| **Total dividends paid** | 2160 | 0,96 | 53.580 | 0,38 | 21.373 |
| a) Dividends charged to profit and loss | 2155 | 0,96 | 53.580 | 0,38 | 21.373 |
| a) Dividends charged to reserves or share premium | 2156 | | | | |
| c) Dividends in kind | 2157 | | | | |
| d) Flexible payment | 2154 | | | | |

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# IV. SELECTED FINANCIAL INFORMATION

## 11. SEGMENT REPORTING

**Units: thousands of euros**

**Table 1:**

| GEOGRAPHICAL AREA | | Distribution of net revenue by geographical area | | | |
|---|---|---|---|---|---|
| | | INDIVIDUAL | | CONSOLIDATED | |
| | | CURRENT PERIOD | PREVIOUS PERIOD | CURRENT PERIOD | PREVIOUS PERIOD |
| Domestic market | 2210 | 422.738 | 355.448 | 264.267 | 256.698 |
| Exports: | 2215 | 168.379 | 154.472 | 553.431 | 391.979 |
| a) European Union | 2216 | 88.497 | 86.010 | 136.545 | 119.632 |
| Eurozone | 2217 | 88.542 | 85.853 | 136.141 | 119.475 |
| Non Eurozone | 2218 | (45) | 157 | 404 | 157 |
| c) Other countries | 2219 | 79.882 | 68.462 | 416.886 | 272.347 |
| **TOTAL** | **2220** | 591.117 | 509.920 | 817.698 | 648.677 |

**Table 2:**

| | | CONSOLIDATED | | | |
|---|---|---|---|---|---|
| | | Total net revenue from external customers | | Profit or loss | |
| **SEGMENTS** | | CURRENT PERIOD | PREVIOUS PERIOD | CURRENT PERIOD | PREVIOUS PERIOD |
| Manufacturing | 2221 | 619.230 | 471.788 | 190.167 | 136.122 |
| Marketing | 2222 | 414.153 | 383.975 | 10.580 | 44.492 |
| Other | 2223 | | | (9) | (40) |
| | 2224 | | | | |
| | 2225 | | | | |
| | 2226 | | | | |
| | 2227 | | | | |
| | 2228 | | | | |
| | 2229 | | | | |
| (-)Adjustments between segments | 2230 | (215.685) | (207.086) | (1.073) | (27.497) |
| **TOTAL** | **2235** | **817.698** | **648.677** | **199.665** | **153.077** |

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## IV. SELECTED FINANCIAL INFORMATION
## 12. AVERAGE NUMBER OF EMPLOYEES

| | | INDIVIDUAL | | CONSOLIDATED | |
|---|---|---|---|---|---|
| | | CURRENT PERIOD | PREVIOUS PERIOD | CURRENT PERIOD | PREVIOUS PERIOD |
| **AVERAGE NUMBER OF EMPLOYEES** | **2295** | 659 | 566 | 1.898 | 1.588 |
| Men | **2296** | 287 | 248 | 897 | 757 |
| Women | **2297** | 372 | 318 | 1.001 | 831 |

## IV. SELECTED FINANCIAL INFORMATION
## 13. COMPENSATION RECEIVED BY DIRECTORS AND SENIOR MANAGEMENT

**DIRECTORS:**

| **Item of compensation:** | | Amount (thousand euros) | |
|---|---|---|---|
| | | CURRENT PERIOD | PREVIOUS PERIOD |
| Remuneration for membership of Board or Board committees | **2310** | 631 | 576 |
| Salaries | **2311** | 1.213 | 803 |
| Variable cash remuneration | **2312** | 855 | 1.425 |
| Share-based remuneration systems | **2313** | | 2.520 |
| Indemnities | **2314** | | |
| Long-term savings systems | **2315** | 6 | 6 |
| Other | **2316** | | |
| **TOTAL** | **2320** | 2.705 | 5.330 |

| **SENIOR MANAGEMENT:** | | Amount (thousand euros) | |
|---|---|---|---|
| | | CURRENT PERIOD | PREVIOUS PERIOD |
| Total compensation received by senior management | **2325** | 1.877 | 1.706 |

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LABORATORIOS FARMACEUTICOS ROVI, S.A.

# IV. SELECTED FINANCIAL INFORMATION

## 14. RELATED-PARTY TRANSACTIONS AND BALANCES (1/2)

**Units: thousands of euros**

| EXPENSES AND INCOME | | CURRENT PERIOD | | | | |
|---|---|---|---|---|---|---|
| | | Significant share-holders | Directors and senior manage-ment | Persons, companies or entities belonging to the group | Other related parties | Total |
| 1) Finance expenses | 2340 | | | | | |
| 2) Rentals | 2343 | | 25 | | 2.160 | 2.185 |
| 3) Services received | 2344 | | | | | |
| 4) Purchases of goods (finished or in progress) | 2345 | | | | | |
| 5) Other expenses | 2348 | | | | | |
| **EXPENSES (1+2+3+4+5)** | **2350** | | 25 | | 2.160 | 2.185 |
| 6) Finance income | 2351 | | | | | 0 |
| 7) Dividends received | 2354 | | | | | |
| 8) Services provided | 2356 | | | | | |
| 9) Sale of goods (finished or in progress) | 2357 | | | | | |
| 10) Other income | 2359 | | | | | |
| **INCOME (6+7+8+9+10)** | **2360** | | | | 0 | 0 |

| OTHER TRANSACTIONS | | CURRENT PERIOD | | | | |
|---|---|---|---|---|---|---|
| | | Significant share-holders | Directors and senior manage-ment | Persons, companies or entities belonging to the group | Other related parties | Total |
| Financing agreements: loans & capital contributions (lender) | 2372 | | | | | |
| Financing agreements: loans & capital contributions (borrower) | 2375 | | | | | |
| Guarantees and guarantee deposits furnished | 2381 | | | | | |
| Guarantees and guarantee deposits received | 2382 | | | | | |
| Commitments acquired | 2382 | | | | | |
| Dividends and other profits distributed | 2386 | 31.611 | | | | 31.611 |
| Other transactions | 2385 | | 20 | | | 20 |

| BALANCES AT END OF PERIOD | | CURRENT PERIOD | | | | |
|---|---|---|---|---|---|---|
| | | Significant share-holders | Directors and senior manage-ment | Persons, companies or entities belonging to the group | Other related parties | Total |
| 1) Customers and trade debtors | 2341 | | | | | |
| 2) Loans and credits granted | 2342 | | | 0 | | 0 |
| 3) Other amounts receivable | 2346 | | | | | |
| **TOTAL BALANCES RECEIVABLE (1+2+3)** | **2347** | | | 0 | | 0 |
| 4) Suppliers and trade creditors | 2352 | | | | 293 | 293 |
| 5) Loans and credits received | 2353 | | | | | 0 |
| 6) Other payment obligations | 2355 | | 1.963 | 0 | | 1.963 |
| **OTHER BALANCES PAYABLE (4+5+6)** | **2358** | | 1.963 | 0 | 293 | 2.256 |

# IV. SELECTED FINANCIAL INFORMATION

## 14. RELATED-PARTY TRANSACTIONS AND BALANCES (2/2)

Units: thousands of euros

RELATED-PARTY TRANSACTIONS

| EXPENSES AND INCOME | | PREVIOUS PERIOD | | | | |
|---|---|---|---|---|---|---|
| | | Significant share-holders | Directors and senior manage-ment | Persons, companies or entities belonging to the group | Other related parties | Total |
| 1) Finance expenses | 6340 | | | | | |
| 2) Rentals | 6343 | | 25 | | 2.030 | 2.055 |
| 3) Services received | 6344 | | | | | |
| 4) Purchases of goods (finished or in progress) | 6345 | | | | | |
| 5) Other expenses | 6348 | | | | | |
| **EXPENSES (1+2+3+4+5)** | **6350** | | 25 | | 2.030 | 2.055 |
| 6) Finance income | 6351 | | | | 22 | 22 |
| 7) Dividends received | 6354 | | | | | |
| 8) Services provided | 6356 | | | | | |
| 9) Sale of goods (finished or in progress) | 6357 | | | | | |
| 10) Other income | 6359 | | | | | |
| **INCOME (6+7+8+9+10)** | **6360** | | | | 22 | 22 |

| OTHER TRANSACTIONS | | PREVIOUS PERIOD | | | | |
|---|---|---|---|---|---|---|
| | | Significant share-holders | Directors and senior manage-ment | Persons, companies or entities belonging to the group | Other related parties | Total |
| Financing agreements: loans & capital contributions (lender) | 6372 | | | | | |
| Financing agreements: loans & capital contributions (borrower) | 6375 | | | | | |
| Guarantees and guarantee deposits furnished | 6381 | | | | | |
| Guarantees and guarantee deposits received | 6382 | | | | | |
| Commitments acquired | 6382 | | | | | |
| Dividends and other profits distributed | 6386 | 14.044 | | | | 14.044 |
| Other transactions | 6385 | | | | | |

| BALANCES AT END OF PERIOD | | PREVIOUS PERIOD | | | | |
|---|---|---|---|---|---|---|
| | | Significant share-holders | Directors and senior manage-ment | Persons, companies or entities belonging to the group | Other related parties | Total |
| 1) Customers and trade debtors | 6341 | | | | | |
| 2) Loans and credits granted | 6342 | | | 2 | | 2 |
| 3) Other amounts receivable | 6346 | | | | | |
| **TOTAL BALANCES RECEIVABLE (1+2+3)** | **6347** | | | 2 | | 2 |
| 4) Suppliers and trade creditors | 6352 | | | | 331 | 331 |
| 5) Loans and credits received | 6353 | | | | | |
| 6) Other payment obligations | 6355 | | 1.925 | 80 | | 2.005 |
| **OTHER BALANCES PAYABLE (4+5+6)** | **6358** | | 1.925 | 80 | 331 | 2.336 |