KPMG

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 2023)

(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 2023, 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 2023 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.

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 409,277 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. 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: - 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. - 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. - 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. - 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.

Recognition of revenue from services rendered to third parties (Euros 409,277 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*
	- With regard to manufacturing and packaging revenue, we performed a test using computer-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. - 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 2023 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 2023, 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 2023 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 2023 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.

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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 26 February 2024.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 14 June 2023 for a period of one year, from the year ended 31 December 2023.

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 01/24/01554 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 2023

ANNUAL CONSOLIDATED ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Thousand euros)

	Note	31 December	
		2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	253,652	215,541
Intangible assets	**7**	33,902	35,744
Investments in joint ventures and associates	**10**	567	2,193
Deferred tax assets	**19**	2,343	2,078
Equity securities	**9 & 11**	24	9
Financial receivables	**9 & 13**	65	65
		290,553	**255,630**
Current assets			
Inventories	**12**	337,968	311,944
Trade and other receivables	**9 & 13**	143,314	180,011
Current income tax assets	**28**	—	4,148
Prepaid expenses		2,727	2,025
Cash and cash equivalents	**9 & 14**	25,322	124,945
		509,331	**623,073**
Total assets		**799,884**	**878,703**

Notes 1 to 36 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

ANNUAL CONSOLIDATED ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Thousand euros)

	Note	31 December	
		2023	2022
EQUITY			
Equity attributed to parent company		**539,387**	**520,012**
Share capital	**15**	3,241	3,241
Share premium	**15**	87,636	87,636
Legal reserve	**16**	673	673
Treasury shares	**16**	(107,676)	(27,561)
Retained earnings and voluntary reserves	**16**	385,199	256,362
Profit for the year	**16**	170,335	199,669
Accumulated other comprehensive income	**16**	(21)	(8)
Non-controlling interests	**16**	**4,107**	**1,367**
Total equity		**543,494**	**521,379**
LIABILITIES			
Non-current liabilities			
Financial debt	**18**	52,242	59,441
Deferred tax liabilities	**19**	1,515	677
Contract liabilities	**20**	1,431	1,545
Deferred income	**21**	1,359	1,774
		56,547	**63,437**
Current liabilities			
Financial debt	**18**	13,185	12,725
Trade and other payables	**17**	141,895	165,776
Current tax liabilities	**27**	5,255	—
Contact liabilities	**20**	39,044	114,901
Deferred income	**21**	464	485
		199,843	**293,887**
Total liabilities		**256,390**	**357,324**
Total equity and liabilities		**799,884**	**878,703**

Notes 1 to 36 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

ANNUAL CONSOLIDATED ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2023

CONSOLIDATED INCOME STATEMENT
(Thousand euros)

	Note	31 December	
		2023	2022
Revenue	5 & 22	829,509	817,698
Change in inventories of finished products and work in progress	23	18,552	38,883
Raw materials and consumables used	23	(359,641)	(339,824)
Work carried out by the Group on non-current assets	6	3,865	2,856
Employee benefit expenses	24	(122,807)	(106,522)
Other operating expenses	25	(125,674)	(136,482)
Amortisation and depreciation	6 & 7	(24,331)	(22,871)
Impairment of non-current assets	7	—	(2)
Recognition of government grants on non-financial, non-current assets and other		781	2,112
OPERATING PROFIT		**220,254**	**255,848**
Finance income		1,504	1,770
Finance costs		(948)	(849)
Impairment and gain or loss on measurement of financial instruments		(191)	1,820
Exchange differences		(86)	(821)
FINANCE COSTS - NET	27	**279**	**1,920**
Share of profit in joint ventures and associates	10	**(125)**	**199**
PROFIT BEFORE TAX		**220,408**	**257,967**
Income tax	28	(50,109)	(58,302)
PROFIT FOR THE YEAR		**170,299**	**199,665**
Attributable to:			
– Parent company		170,335	199,669
– Non-controlling interests		(36)	(4)
Earnings per share (basic and diluted) attributed to the shareholders of the Company			
- Basic	29	3.20	3.73
- Diluted	29	3.20	3.73

Notes 1 to 36 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

ANNUAL CONSOLIDATED ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Thousand euros)

	Note	31 December	
		2023	2022
Profit for the year		**170,299**	**199,665**
Items that may subsequently be reclassified to profit and loss		**(13)**	**19**
Changes in value of equity securities	11	7	(4)
Exchange differences		(18)	22
Tax effect		(2)	1
Other comprehensive income (net of taxes)		**(13)**	**19**
Total comprehensive income for the year		**170,286**	**199,684**
Attributable to:			
– Owners of parent company		170,322	199,688
– Non-controlling interests		(36)	(4)

Notes 1 to 36 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

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 2022	**3,364**	**87,636**	**673**	**(66,121)**	**292,349**	**153,077**	**(2)**	**—**	**470,976**
Total comprehensive income for the year	—	—	—	—	—	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 2022	**3,241**	**87,636**	**673**	**(27,561)**	**256,362**	**199,669**	**(8)**	**1,367**	**521,379**
Total comprehensive income for the year	—	—	—	—	—	170,335	(13)	(36)	**170,286**
Transfer of 2022 profit	—	—	—	—	130,620	(130,620)	—	—	**—**
Dividends 2022 (Note 16 c)	—	—	—	—	—	(69,049)	—	—	**(69,049)**
Acquisition of treasury shares (Note 16 d)	—	—	—	(133,900)	—	—	—	—	**(133,900)**
Reissue of treasury shares (Note 16 d)	—	—	—	53,785	(1,146)	—	—	—	**52,639**
Non-controlling interests	—	—	—	—	—	—	—	2,776	**2,776**
Other movements (Note 16 c)	—	—	—	—	(637)	—	—	—	**(637)**
Balance at 31 December 2023	**3,241**	**87,636**	**673**	**(107,676)**	**385,199**	**170,335**	**(21)**	**4,107**	**543,494**

Notes 1 to 36 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

ANNUAL CONSOLIDATED ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF CASH FLOWS
(Thousand euros)

	Note	31 December	
		2023	2022
Cash flows from operating activities			
Profit before income tax		220,408	257,967
Adjustments for non-monetary transactions:			
Amortisation and depreciation	**6 & 7**	24,331	22,871
Finance income	**27**	(1,504)	(1,770)
Valuation allowance	**12 & 13**	3,232	5,160
Adjustments for changes in value of derivatives		(28)	11
Gain or loss on derecognitions of financial assets and liabilities		219	(1,831)
Exchange differences	**27**	86	821
Finance expenses	**27**	948	849
Grants, distribution licences and other deferred income		(1,119)	(2,904)
Share of profits in joint ventures	**10**	125	(199)
Changes in working capital:			
Trade and other receivables		19,471	(26,820)
Inventories		(29,294)	(71,591)
Other current assets (prepaid expenses)		(702)	(234)
Trade and other payables		(23,923)	41,672
Other collections and payments:			
Cash flow from contract manufacturing services	**20**	(58,402)	57,104
Proceeds from distribution licences	**20**	255	385
Cash flow from taxes		(40,856)	(43,889)
Net cash generated (used) in operating activities		**113,247**	**237,602**
Cash flows from investing activities			
Purchases of intangible assets	**7**	(1,393)	(669)
Purchases of property, plant and equipment	**6**	(53,794)	(50,719)
Proceeds from sale of property, plant and equipment	**6**	382	78
Purchases of other financial assets		—	(5,870)
Proceeds from sale of financial investments		88	20
Interest received		1,489	6
Investments in associates and joint ventures		(600)	—
Proceeds from sale of interests in associates and joint ventures		1,800	—
Net cash flows generated (used) in investing activities		**(52,028)**	**(57,154)**
Cash flows from financing activities			
Repayments of financial debt		(13,654)	(6,768)
Proceeds from financial debt	**18**	734	1,399
Interest paid		(388)	(291)
Purchase of treasury shares	**16 d)**	(133,900)	(177,008)
Reissue of treasury shares	**16 d)**	52,639	77,766
Dividends paid	**16 c)**	(69,049)	(51,007)
Capital contributions to subsidiaries		2,776	1,371
Net cash flows generated (used) in financing activities		**(160,842)**	**(154,538)**
Net (decrease)/increase in cash and cash equivalents		**(99,623)**	**25,910**
Cash and cash equivalents at beginning of year	**9 & 14**	**124,945**	**99,035**
Cash and cash equivalents at end of year	**9 &14**	**25,322**	**124,945**

Notes 1 to 36 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, 2023
(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, some of which were developed in-house. 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 (IBEX35).

As of 31 December 2023, the company Norbel Inversiones, S.L. held 55.19% of the shares of Laboratorios Farmacéuticos Rovi, S.A. (Note 15). As of 31 December 2022, the company Norbel Inversiones, S.L. held 55.19% 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 26 February 2024 and are pending approval by the General Meeting of Shareholders. Nevertheless the directors of the Company expect the consolidated annual accounts to be approved without any changes

Changes in the consolidated group

The main changes in 2023 were:

- On 24 July, the company Cells IA Technologies, S.L., with registered address at Calle José Ortega y Gasset 25 bajo, Madrid (Spain) was included in the consolidated group. This company is 26% held by Gineladius, S.L.U. and is consolidated using the equity method.

- On 6 November, the company Enervit Nutrition, S.L. was sold. This company had been 50% held by Laboratorios Farmacéuticos Rovi, S.A. and consolidated by the equity method. The transaction had a negative effect of 301 thousand euros on profit and loss.

In relation to 2022, the company Glicopepton Biotech, S.L., 51% held by Laboratorios Farmacéuticos Rovi, S.A. was incorporated and was consolidated using the full consolidation method. Likewise, in March 2022, the company Alentia Biotech, S.L., which, until then, had been 50% held by Laboratorios Farmacéuticos Rovi, S.A. and consolidated using the equity method, was dissolved.

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 2023 (and those for 2022 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 held by the Group at 31 December 2022 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 2023

In 2023, the following standards and amendments to existing standards were endorsed by the European Union and came into force on 1 January 2023. They have either been applied by ROVI or may affect the Group in the future:

- 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.

- 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.

- IAS 12 (Amendment) "Income Taxes" and IFRS 1 "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.

- IAS 12 (Amendments) "Income Taxes" Pillar Two Model Rules. In May 2023, the IASB issued new narrow-scope amendments to IAS 12. They provide a temporary exception to the requirement to recognise and disclose information about deferred tax assets and liabilities that arise from a tax law that has been enacted, or substantively enacted, and implements the Pillar Two Model Rules published by the OECD.

  The amendments also introduce the following specific disclosure requirements for the groups affected:

  a) The Group must specify that it has applied the temporary exception on recognition and disclosure of information on deferred tax assets and liabilities arising from Pillar Two.

  b) Any tax expense related to Pillar Two must be quantified.

  c) During the period between the approval or substantive approval of the law and its entry into effect, entities are required to disclose known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes.

Additionally, the amendment to IAS12 is required to be applied immediately and retrospectively in accordance with IAS 8 "Accounting Policies. Changes in Accounting Estimates and Errors", including the requirement to disclose the fact that the temporary exception has been applied. In addition, the disclosures related to the current tax expense and the known or reasonably estimable exposure to Pillar Two income taxes are mandatory for annual periods beginning on or after 1 January 2023.

– 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 entry into force of the rules mentioned above 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 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, application of which is mandatory from 2023 onwards. ROVI considers the following could be applicable to the Group, although they have not been adopted early

– IFRS 1 (Amendment) "Presentation of Financial Statements". The objective is to clarify the classification on current and non-current liabilities. Specifically, it focuses on liabilities arising from loan agreements subject to covenants and regulates their disclosure in the financial statements. The IASB proposes it should come into effect on 1 January 2024. No significant impacts on ROVI are expected.

– NIIF 16 (Amendment) "Leases". The objective of this amendment is to specify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale . The IASB proposes it should come into effect on 1 January 2024. No significant impacts on ROVI are expected.

a. 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 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures". The amendments to these two standards state that information must be disclosed on supplier finance agreements that allows the users of the financial statements to evaluate the effects of these agreements on the liabilities, cash flows and the Group's exposure to liquidity risk. The IASB proposes that these rules should come into effect on 1 January 2024. No significant impacts on ROVI are expected.

– IAS 21 "The Effects of Changes in Foreign Exchange Rates". With this amendment, the IASB seeks to provide greater clarity when there is a long-term lack of exchangeability between two currencies. The IASB proposes that this rule should come into effect on 1 January 2025. No significant impacts on ROVI 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 IFRS 9 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.

Appendix 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) Join arrangements and associates

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.

In addition, the Group classifies a company as an associate when it has significant influence, in accordance with IAS 28. Significant influence is determined by the percentage interest and other qualitative factors, such as representation on the board of directors or equivalent governing body, participation in the policy-making process, material transactions between the investor and the investee, interchange of managerial personnel or the provision of essential technical information. Associates are also 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 are recognised in profit and loss, except if deferred in the case of eligible cash flow hedges or eligible net investment hedges. Foreign currency losses and gains relating to loans and cash and cash equivalents are shown as "Finance costs – net". Other foreign currency losses and gains are shown 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. Repair and maintenance expenses 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 of 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 demonstrate how the intangible asset will generate probably future economic benefits.
- 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 capitalizable 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, including, among others:

- Observable indications of a decrease in the market value.
- Evaluation of any events that may have an adverse effect, be they external (e.g. inflation or changes in the legal environment) or internal (e.g. restructuring plans or when the asset is idle).
- Increases in the asset's market interest rates.
- Information on the obsolescence or physical deterioration of the asset.
- Evidence from internal reports indicating that the asset's performance will be worse than expected.

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 costs

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 thought other comprenhensive 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 or are measured at cost because it is not possible to estimate the fair value reliably.

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.

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 acquisition price and net realisable value. The acquisition price includes the amount invoiced by the seller after deduction of any discount or price reduction, plus all the additional expenses incurred until the goods are in place for sale, e.g. transport costs, customs duties or insurance. The net realisable value is defined as the amount that may be obtained from selling the goods on the market after deduction of the estimated costs to sell.

The cost of finished goods and goods in progress includes raw materials, direct labour, other direct costs and general manufacturing costs (based on normal operating capacity). Since the Group's inventories do not require a time period of longer than a year to be in selling condition, no financial expenses are included in their cost.

The Group uses the weighted average cost method to determine the value of the inventories.

Finally, when the net realisable value of the inventories is lower than its acquisition price or production cost, the appropriate corrections to the value are made and recognised as an expense in profit and loss.

2.13 Cash and cash equivalents

This caption includes amounts held in cash, current bank accounts and deposits and temporary acquisitions of assets that meet all the following requirements: they can be converted into cash, their maturity does not exceed three months at the time of acquisition, they are not subject to a significant risk of change in value, and they form part of the Company's normal treasury management policy.

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 cancellation of existing shares are shown in equity as a deduction, net of tax, from the proceeds.

When 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 is 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 thought 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 plan 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.

2.20 Provisions

Provisions are defined as credit balances that cover current obligations arising from past events, settlement of which is likely to give rise to an outflow of resources but for which the amount and/or time of settlement have not been determined.

The statement of financial position shows all the provisions for which it is considered more likely than not that the obligation will have to be settled. If a contingent liability exists, it is not recognised in the accounts but is reported in the Notes.

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 when updated is recognised as a finance cost as accrued.

Provisions maturing at one year or less that do not have a significant financial effect are not discounted.

When a portion of the payment necessary to settle the provision is expected to be reimbursed by a third party, the reimbursement is recognised as an independent asset provided it is almost certain to be received.

Provisions for restoration of the environment, restructuring costs and litigations are recognised when the Company has a legal or substantive current obligation as the result of past events, an outflow of resources is likely to be necessary to settle the obligation, and the amount can be estimated reliably. Restructuring provisions include penalties for lease cancellation and termination payments to employees. No provisions are recognised for future operating losses.

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.
- Determine the criterion for revenue recognition when a performance obligation is satisfied.

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 60 days.

IFRS 15 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 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 capacities at its plants in exchange for a financial consideration. The reservation of capacity is defined as a contract whereby ROVI receives advance payments from customers with whom a performance obligation exists, consisting of being ready to produce, over a period of time, certain production volumes. This production is reserved and is not carried out if the customer does not request it.

The capacity reservations are settled annually and therefore, do not entail any estimates.

The Group recognises the amounts collected as a liability, which is derecognised and recognised as revenue when the performance obligation is met in the following scenarios:

- If the customer has requested the whole of the reserved production, the Group will not recognise any revenue for the reservation of capacity and will refund the amounts received for this item.

- If the customer requests part of the reserved production, the amounts that must be refunded to the customer and those that the Group can recognise as revenue for the reservation of capacity will be evaluated in accordance with certain ranges defined in the contract.

- If the customer does not request any of the reserved production, the Group will recognise revenue for all the amounts received in relation to the reservation of capacity, since there will be no obligation to refund these payments.

The advance payments operate as a "minimum payment for the production service", i.e. even if the manufacturing volumes agreed by contract are not finally reached, the Group will have the right to at least the payments it has received.

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 licenses

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, since no other entity can manufacture it. As the customer cannot benefit from the licence unless ROVI manufactures the product, the licence and the manufacturing service cannot be separated and, therefore, the Group recognises them as a single service 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 revenue 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 distributions

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 systems and others discounts

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 System 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.

The tax calculated under Law 29/2006 is paid or settled with a time lag of approximately one year. Sales subject to the tax relate to certain Group products that are placed on the market by third parties that do not belong to the Group through official National Health System prescriptions. This circumstance forces the Group to estimate the outstanding tax obligation and recognise it as a provision in its financial statements.

To calculate the provision, the Group must estimate the sales placed on the market in the year through official prescriptions that are subject to Law 29/2006, to which it will apply the coefficients established in said law. To estimate the sales, the sales history comparing the Company's total sales with the National Health System sales considered will be taken as a basis and this corrective factor will be applied to the sales of said products in the period under consideration.

Similar estimates are applied in Italy, France and Portugal with their respective national health systems and the Group accounts for the provisions applying similar criteria. Calculating the provision in these territories follows the same principle and, therefore, the judgement likewise consists of estimating the sales subject to the different taxes, which are calculated in accordance with the actual sales indicators of the present and preceding periods.

Additionally, the Group calculates and books a liability for discounts applied in Germany. It is a discount for sales volume agreed by contract with private customers that are usually mutual or other insurance companies. This amount is calculated in accordance with the conditions set out in the contract, based on the estimated sales with each customer in the period considered. In this case, since payment is made after the accrual period, the Group makes an estimate based on the outstanding amount and recognises it as a provision. In this case, the judgement focuses mainly on estimating the sales volume during the period covered by the contract and is made in accordance with forecast sales based on historical records and knowledge of the customers, to which the percentage discount determined in the conditions of the contract is applied.

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.

From 2017 onwards, 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 2023, the Group did not hold any instruments of this kind (3,000 thousand dollars at 31 December 2022), the measurement of which at the reporting date ad no impact on profit and loss (at 31 December 2022, the loss originating from measurement of these instruments was 28 thousand euros).

At 31 December 2023, there were assets of 4,919 thousand pounds sterling, 1,208 thousand zlotys and 212 thousand Swiss francs on the balance sheet (2,118 thousand pounds sterling, 1,772 thousand zlotys and 258 Swiss francs at 31 December 2022). If the exchange rate at the reporting date had been 10% higher, the value in euros of the assets denominated in pounds sterling, zlotys and Swiss francs would have decreased by 561 thousand euros thousand euros (275 thousand euros in 2022), and if the exchange rate had been 10% lower, their value would have increased by 685 thousand euros (337 thousand euros at 31 December 2022).

At 31 December 2023, there were liabilities of 4,929 thousand pounds sterling, 3,136 thousand zlotys and 26 thousand Swiss francs on the balance sheet (2,242 thousand pounds sterling, 2,917 thousand zlotys and 65 thousand Swiss francs at 31 December 2022). If the exchange rate at the reporting date had been 10% higher or lower, these liabilities would have decreased or increased by 584 or 714 thousand euros, respectively (292 and 357 thousand euros at 31 December 2022), 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.

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 2023, with all other variables remaining constant, the gain/loss after taxes for the period would have decreased or increased by 39 thousand euros, respectively, owing to the difference in interest expense on loans at variable rates (51 thousand euros at 31 December 2022).

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.

To assess the credit risk on receivables, the Group periodically evaluates its customer portfolio considering two blocs: government and non-government. Government customers are defined as all those that are government entities for which, given their nature, a low credit risk is considered to exist. Most of these customers are in the healthcare sector and are hospitals and medical clinics whose transactions are regulated by law. With regard to non-government customers, the Group includes in this category all private customers, such as wholesalers, manufacturing customers and other pharmaceutical companies, and assesses them on the basis of the age of their debt, their financial position and their credit rating (if available).

The contracts the Group signs with its customers have an average term of between 3 and 5 years, which allows a considerable stable flow of revenue to be generated. Likewise, due to the credit quality of the private customer, as well as the Group's internal systems and the collection periods established, there was no significant impact on the Group in either 2023 or 2022.

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 2023, the greatest investment in financial assets, including cash and cash equivalents and apart from trade receivables, was related to BBVA, 16,381 thousand euros (63,562 thousand euros with BBVA at 31 December 2022). 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 2023	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years
Bank borrowings (Note 18)	6,647	13,178	18,583	—
Debt with government entities (Note 18)	1,565	3,277	3,188	1,309
Trade suppliers (Note 17)	5,728	8,500	5,956	—
Lease liabilities (Note 18)	5,728	8,500	5,956	—
Other payables (Note 17)	34,302	—	—	—
	155,835	24,955	27,727	1,309

At 31 December 2022	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years
Bank borrowings (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)	4,875	6,289	7,910	—
Lease liabilities (Note 18)	4,875	6,289	7,910	—
Other payables (Note 17)	37,292	—	—	—
	179,147	22,850	31,412	7,429

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 third-party financing if required in order to make new investments. A part of the Group's third-party financing takes the form of reimbursable advances from government entities, which 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, as shown in the consolidated annual accounts.

The leverage index or gearing ratio at 31 December 2023 and 2022 was as follows:

	2023	2022
Financial debt (Note 18)	65,427	72,166
Less: Cash and cash equivalents (Note 14)	(25,322)	(124,945)
Less: Equity securities (Note 11)	(24)	(9)
Less: Deposits (Notes 9 & 13)	(1,440)	(1,416)
Net debt /(cash)	**38,641**	**(54,204)**
Equity	543,494	521,379
Leverage Index / Gearing ratio	**7.1%**	**-10.4%**

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 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.

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 2023 and 2022. 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 were capitalised. Amortisation of this asset commenced at the end the first quarter of 2017 with the favourable outcome 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 (Note 2.24).

d) Climate change

The Group recognises the serious threat that global warming represents and has undertaken to act in four different areas: the reduction of greenhouse gas emissions, the reduction of non-greenhouse gas emissions, carbon neutrality and promoting renewable energies.

Continuing to follow the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), the Group has analysed its potential risks and opportunities to design a strategy focused on minimising its environmental impact in the short, medium and long terms (2030, 2045 and 2070, respectively). To this end, the Group conducts a qualitative identification based on two types:

- Physical: these are defined as the risks and opportunities derived from the increase in external extreme weather events (acute) or the long-term impacts and the change in the characteristics of the climate (chronic).

- Transition: these are defined and the risks and opportunities derived directly or indirectly from the process of adjusting to a lower-carbon and more sustainable economy.

In 2022, possible acute physical climate risks were identified for each one of the production plants, including extreme heat and wind events, freeze-thaw events, floods and ground movements, among others. To assess impact scenarios, the scenarios proposed by the Intergovernmental Panel on Climate Change (IPCC) in its latest report of August 2021 were considered: a global temperature increase of 2ºC and, likewise, scenario RCP 8.5, which represents a temperature increase of between 3.2 and 5.5ºC in comparison with pre-industrial levels, which is the most unfavourable scenario from a climate standpoint.

With regard to chronic physical climate risks, in 2023, the Group identified the risk of water stress, the impact of which could affect the industrial facilities in Spain. The scenarios assessed took scenarios RCP 2.6 and 8.5 as a reference. The results of the analysis revealed that the most crucial region where ROVI's production centres are located in relation to the water stress risk is Granada, where a significant increase in the risk is expected in the medium and long terms in the conditions described in scenario 8.5. The two Granada plants currently have a significant climate risk of water stress for 2050 and could suffer interruptions in their activity due to a potential lack of supply.

Finally, regarding transition risks, the Group identifies the greatest significant risk to derive from a price increase in greenhouse gas (GHG) emissions. For the analysis, two scenarios were compared: the Stated Policies Scenario (base scenario: Stated Policies Scenario – STEPS) and the Net Zero Emissions by 2050 Scenario (NZS) of the IEA (International Energy Agency), for two time horizons: 2030 and 2050.

Regarding the possible financial impact of these climate risks on economic activity, the Group makes its assessment using of a probability and impact matrix on the basis of the different scenarios mentioned above, the results of which for 2023 were as follows:

Relevant climate risks	Potential financial impact	Classification	Time horizon
Physical risks			
Extreme temperature events	Equipment failure	Low	Short, medium and long term
Water stress	Interruption of production activity due to a potential lack of supply	Low	Short term
		Moderate	Medium term
Transition risks			
Cost increase in CO2 emissions	Operating cost increase due to price increase in fossil fuels	Insignificant	Short, medium and long term

The financial classification of the risks described is as follows:

- Insignificant: <1.8 million euros/0.25% of net revenue.
- Low: 1.8-11 million euros/0.25%-1.5% of net turnover.
- Moderate: 11-22.1 million euros/1.5-3% of net turnover.

The Group is monitoring and applying the climate change estimates and assumptions set out in its financial statements. At 31 December 2023 and 2022, no impairment of financial assets had materialised and it had not been necessary to set aside any provision.

Supplementary information may be found in the Management Report.

4.2 Critical judgements in applying accounting policies

Revenue recognition

The Group has recognised the revenue from the total sales of goods marketed in 2023 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.

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 2023 was as follows:

	Manufacturing	Marketing	Other	Aggregated total	Inter-segment transactions	Consolidated total
Total segment revenues	644,407	420,232	—	1,064,639	(235,130)	829,509
Profit/(loss)	187,406	(21,620)	(73)	165,713	4,586	170,299
Income tax	49,573	(982)	(9)	48,582	1,527	50,109
Profit/(loss) before tax	**236,979**	**(22,602)**	**(82)**	**214,295**	**6,113**	**220,408**
Finance costs - net	(1,536)	1,630	6	100	(379)	(279)
Amortisation/depreciation	15,200	9,149	—	24,349	(18)	24,331
EBITDA (*)	**250,643**	**(11,823)**	**(76)**	**238,744**	**5,716**	**244,460**
Amortisation/depreciation	(15,200)	(9,149)	—	(24,349)	18	(24,331)
EBIT (**)	**235,443**	**(20,972)**	**(76)**	**214,395**	**5,734**	**220,129**

The 2022 figures were 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**

(*) EBITDA is calculated as profit before tax, interest, depreciation and amortisation.
(**) EBIT is calculated as profit before tax and interest.

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 2023 were as follows:

	Manufacturing	Marketing	Other	TOTAL
Total segment revenues	644,407	420,232	—	1,064,639
Inter-segment revenues	(235,130)	—	—	(235,130)
Revenues from external customers	409,277	420,232	—	829,509

In 2022, sales to external customers 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

At 31 December 2023, the breakdown of assets and liabilities by segment was as follows:

	Manufacturing	Marketing	Other	Aggregated total
Total assets	**774,459**	**461,080**	**1,040**	**1,236,579**
Of which:				
Investments in group companies	—	26,428	—	26,428
Increases in non-current non-financial assets	51,212	9,770	—	60,982
Total liabilities	**(257,385)**	**(398,469)**	**(648)**	**(656,502)**

The assets of the aggregated segments at 31 December 2023 can be reconciled with the total consolidated assets as follows:

	Manufacturing	Marketing	Other	Intercompany balances	Group investments	Consolidated TOTAL
Total assets	774,459	461,080	1,040	(410,267)	(26,428)	799,884

At 31 December 2022, 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	—	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 consolidated total 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

The following tables show the revenue and total assets of the Group by geographical area:

Net revenue	**2023**	**2022**
Spain	273,355	264,267
European Union	143,645	136,545
OECD countries	380,883	376,764
Rest	31,626	40,122
	829,509	**817,698**

Total assets	**2023**	**2022**
Spain	740,727	816,048
Portugal	4,737	5,234
Germany	27,278	31,278
Italy	15,537	16,916
UK	5,660	2,388
France	5,438	6,199
Switzerland	229	262
Poland	278	378
	799,884	**878,703**

Virtually all the investment in property, plant and equipment in 2023 and 2022 was made in Spain.

6. Property, plant and equipment

Details of the movements on the different categories of property, plant and equipment are shown in the following table:

	Land and buildings	**Technical facilities, machinery and tools**	**Furniture, fittings and other**	**IT equipment and vehicles**	**Rights of use**	**Property, plant & equipment in progress**	**Total**
Balance at 01.01.22							
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 amount 01.01.22	**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 depreciation	3	477	—	—	—	—	480
Transfers	—	—	—	—	—	—	—
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 amount 31.12.22	**25,920**	**128,514**	**933**	**2,549**	**17,451**	**40,174**	**215,541**
Additions	8,269	40,613	414	1,662	5,795	2,836	59,589
Retirements	—	(427)	—	(354)	—	—	(781)
Eliminations from depreciation	(6)	93	—	279	—	—	366
Transfers	7,257	26,702	462	120	—	(34,541)	—
Depreciation charge	(405)	(14,345)	(124)	(1,297)	(4,892)	—	(21,063)
Balance at 31.12.23							
Cost	60,645	347,377	4,752	20,840	38,602	8,469	480,685
Accumulated depreciation	(19,610)	(166,227)	(3,067)	(17,881)	(20,248)	—	(227,033)
Net carrying amount 31.12.23	**41,035**	**181,150**	**1,685**	**2,959**	**18,354**	**8,469**	**253,652**

A majority of the additions recognised in 2023 and 2022 relate to investments in ROVI's manufacturing plants, principally:

- 2.6 million euros was invested in the Madrid injectables plant, compared to the 2.1 million euros invested in 2022.
- 2.6 million euros was invested in the San Sebastián de los Reyes injectables plant, compared to the 3.0 million euros invested in 2022.
- 1.2 million euros was invested in the Granada plant, compared to the 0.7 million euros invested in 2022.
- 4.3 million euros was invested in the Alcalá de Henares plant, compared to the 3.4 million euros invested in 2022.
- 9.1 million euros was invested in the ISM® industrialisation, compared to the 6.7 million euros invested in 2022.
- 6.3 million euros was invested in the construction (currently in progress) of the new heparin plant in Escúzar (Granada),compared to the 13.8 million euros invested in 2022.
- 2.8 million euros was invested in the Glicopepton Biotech, S.L. plant, compared to the 1.9 million euros invested in 2022.
- 24.0 million euros was invested in the new vial filling line and the expansion of operations at the Madrid, San Sebastian de los Reyes and Alcalá de Henares plants, compared to the 17.2 million euros invested in 2022.

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 2023, the Group had generated internally additions of 3,865 thousand euros (2,865 thousand euros at 31 December 2022).

Rights of use totalled 18,354 thousand euros at 31 December 2023 (17,451 thousand euros in 2022). The principal item within rights of use relates to real property leases. In 2023, additions of 5,795 thousand euros were recognised for new lease agreements (4,355 thousand euros at 31 December 2022).

At 31 December 2023, the Group held property, plant and equipment for a net carrying amount of 400 thousand euros subject to retention of title (457 thousand euros at 31 December 2022).

At 31 December 2023 and 2022, the Group held acquisition commitments of 489 and 731 thousand euros, respectively for property, plant and equipment.

In 2023 and 2022, 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 to cover the net carrying amount of the assets included in this category.

7. Intangible assets

Movement on the intangible assets was as follows:

	Development	Trademarks & licences	Computer software	Total
Balance at 01.01.22				
Cost	8,899	44,929	13,122	66,950
Accumulated impairment	—	(492)	—	(492)
Accumulated amortisation	(1,854)	(14,170)	(11,876)	(27,900)
Net carrying amount 01.01.22	**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 amortisation	(2,296)	(16,617)	(12,468)	(31,381)
Net carrying amount 31.12.22	**6,603**	**27,818**	**1,323**	**35,744**
Additions	—	—	1,393	1,393
Eliminations from amortisation	—	30	3	33
Amortisation charge	(442)	(2,373)	(453)	(3,268)
Balance at 31.12.23				
Cost	8,899	44,929	15,184	69,012
Accumulated impairment	—	(494)	—	(494)
Accumulated amortisation	(2,738)	(18,960)	(12,918)	(34,616)
Net carrying amount 31.12.23	**6,161**	**25,475**	**2,266**	**33,902**

At 31 December 2023 and 2022, all the Group's intangible assets belonged to the marketing segment.

The Group has not recognised any intangible assets related to performing contracts with customers.

Development

At 31 December 2023 and 2022, 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 either 2023 or 2022.

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 2023 and 2022. 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 2023, a discount rate of 8.7% was applied (8.1% at the end of 2022) 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.

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 Company had recognised impairment of 494 thousand euros at 31 December 2022. In 2023, this asset was fully amortised and no additional impairment loss was recognised in profit and loss (2 thousand euros at 31 December 2022).

The Group holds insurance policies to cover to risks to which the intangible assets are exposed. This insurance cover is considered sufficient to cover the net carrying amount of the assets included in this category.

Total research and development expenses incurred in 2023 were 24,923 thousand euros (23,869 thousand euros in 2022) and were mainly concentrated on the Glycomics and ISM® plantforms, 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 2023, 9,518 thousand euros was recognised under the "Employee benefit expenses" heading (Note 24) (9,242 thousand euros at 31 December 2022) and 15,405 thousand euros under "Other operating expenses" (Note 25) (14,627 thousand euros in 2022).

8. Financial instruments by category

Financial instruments by category	2023	2022
FINANCIAL ASSETS		
Non-current financial assets	**89**	**74**
Financial receivables (Note 13)	65	65
Equity securities (Note 11)	24	9
Current financial assets	**151,457**	**286,659**
Trade and other receivables (Note 13)	126,135	161,714
Cash and cash equivalents (Note 14)	25,322	124,945
FINANCIAL LIABILITIES		
Non-current financial liabilities	**53,673**	**60,986**
Contract liabilities (Note 20)	1,431	1,545
Financial debt (Note 18)	52,242	59,441
Current financial liabilities	**187,998**	**287,262**
Contract liabilities (Note 20)	39,044	114,901
Financial debt (Note 18)	13,185	12,725
Trade and other payables (Note 17)	135,769	159,636

At 31 December 2023 and 2022, all the financial assets fell within the category of financial assets at amortised cost, except the equity securities at 31 December 2022, 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.

All the financial liabilities at 31 December 2023 and 2022, 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.

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**	**2023**	**2022**
	A+	1,307	52,383
	A	16,381	63,562
	A-	226	511
	BBB+	20	132
	BBB	2,268	3,129
	Not rated	5,120	5,228
	Total cash and cash equivalentes (Note 14)	**25,322**	**124,945**

Financial receivables	**Rating**	**2023**	**2022**
	A	65	65
	Total financial receivables (Note 13)	**65**	**65**

Equity securities	**Rating**	**2023**	**2022**
	A	—	9
	Not rated	24	—
	Total equity securities (Note 11)	**24**	**9**

Trade receivables	**Rating**	**2023**	**2022**
	AA	979	273
	A1	330	1,272
	Public centres and institutions (Note 13)	16,223	14,652
	Other (wholesalers, pharmacies, hospitals)	107,536	144,565
	Total trade receivables (Note 13)	**125,068**	**160,762**

Other deposits	**Rating**	**2023**	**2022**
	A+	1,327	1,327
	Not rated	113	89
	Total other deposits (Note 13)	**1,440**	**1,416**

10. Investment in joint ventures

Movement on interests in joint ventures in the period was as follows:

	2023	**2022**
Balance at beginning of year	**2,193**	**1,994**
Additions	600	—
Eliminations	(2,101)	—
Share in profits	(125)	199
Balance at end of year	**567**	**2,193**

The nature of investment in joint ventures at 31 December 2023 and 2022 is 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. (2)	Spain	50%	b)	Equity
Cells IA Technologies, S.L. (3)	Spain	26%	c)	Equity

(1) Company dissolved in 2022.
(2) Company sold in 2023.
(3) Company acquired in 2023.

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, 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%.

On 6 November 2023, the Group sold the shares it held in Enervit Nutrition, S.L. This meant that the company left the consolidated group and an amount of 2,101 thousand euros was derecognised in interests in joint ventures, with a negative effect of 301 euros on the profit for the year (Note 27)

c) Cells IA Technologies, S.L.

On 24 July 2023, the Group acquired 26% of the shares in the company Cells IA Technologies, S.L. through the company Gineladius, S.L.U., including it in the consolidated group using the equity method. A capital contribution and share premium totalling 600 thousand euros were paid, which, together with the company's loss for the year of 33 thousand euros, gave rise to an investment of 567 thousand euros in the company at 31 December 2023.

Condensed financial information on joint ventures

The condensed financial information on Alentia Biotech, S.L., Enervit Nutrition, S.L. and Cells IA Technologies, S.L: as of 31 December 2023 and 2022 is as follows:

	31 December 2023		31 December 2022	
Condensed balance sheet	**Cells IA Technologies, S.L.**	**Enervit Nutrition, S.L.**	**Alentia Biotech, S.L.**	**Enervit Nutrition, S.L.**
Current				
Cash and cash equivlants	472	—	—	85
Other current assets (excluding cash)	16	—	—	2,517
Total current assets	**488**	**—**	**—**	**2,602**
Financial liabilities (excluding trade payables)	—	—	—	—
Other current liabilities (including trade payables)	(17)	—	—	(1,080)
Total current liabilities	**(17)**	**—**	**—**	**(1,080)**
Non-current				
Property, plant and equipment	5	—	—	1
Intangible assets	19	—	—	2,648
Other financial assets	—	—	—	—
Deferred tax assets	7	—	—	215
Total non-current assets	**31**	**—**	**—**	**2,864**
Financial liabilities		—	—	—
Other liabilities		—	—	—
Total non-current liabilities	**—**	**—**	**—**	**—**
NET ASSETS	**502**	**—**	**—**	**4,386**

	31 December 2023		31 December 2022	
Condensed statement of comprehensive income	**Cells IA Technologies, S.L.**	**Enervit Nutrition, S.L.**	**Alentia Biotech, S.L.**	**Enervit Nutrition, S.L.**
Revenue	—	5,727	—	7,377
Cost of sales	—	(4,777)	—	(6,027)
Employee benefit expenses	(45)	(351)	—	(401)
Other operating expenses	(76)	(448)	—	(542)
Amortisation and depreciation	(7)	(335)	—	(201)
Operating profit/(loss)	**(128)**	**(184)**	**—**	**206**
Finance costs - net	**—**	—	—	—
Income tax	**—**	—	—	192
Profit/(loss) for the period	**(128)**	**(184)**	**—**	**398**
Other comprehensive income	**—**	**—**	**—**	**—**
TOTAL COMPREHENSIVE INCOME	**(128)**	**(184)**	**—**	**398**
Dividends received from joint ventures	—	—	—	—

Reconciliation of condensed financial information

Reconciliation of the condensed financial information presented with the carrying amount of the interests in the joint ventures at 31 December 2023 and 2022:

	31 December 2023		31 December 2022	
Condensed financial information	**Cells IA Technologies, 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	**—**	**4,386**	**—**	**3,988**
Profit/(loss) of joint ventures for the year	(128)	(184)	—	—
Additions	30	—	—	—
Capital contribution and share premium	600	—	—	—
Derecognitions	—	(4,202)	—	398
Net assets of joint ventures at the end of the year	**502**	**—**	**—**	**4,386**
Share in joint ventures	567	—	—	2,193
Carrying amount	**567**	**—**	**—**	**2,193**

Enervit Nutrition, S.L., Alentia Biotech, S.L.and Cells IA Technologies, 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

Details of these financial assets measured at cost (at 31 December 2022 they were measured at fair value through other comprehensive income) are as follows:

	2023	2022
Balance at beginning of year	**9**	**72**
Net gains/(losses) recorded in equity	1	(4)
Derecognitions	(10)	(59)
Additions	24	—
Balance at end of year	**24**	**9**
Less: non-current portion	24	9
Current portion	—	—

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

	2023	2022
Non-listed securities		
– Variable-income securities (equity securities)	24	—
	24	**—**

	2023	2022
Listed securities		
– Investment funds and equity securities	—	9
	—	**9**

At 31 December 2023 and 2022, these securities were denominated in euros.

12. Inventories

	2023	2022
Raw materials and other consumables	169,368	159,029
Work in progress and semi-finished goods	80,505	78,723
Finished good produced internally	62,884	46,114
Commercial inventories	25,211	28,078
	337,968	**311,944**

In 2023, the Group reduced the value of its inventories by 3,270 thousand euros (5,120 thousand euros in 2022) 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" in the income statement. At 31 December 2023, the provision for the reduction in value of the Group's inventories was 25,670 thousand euros (22,400 thousand euros in 2022).

The Group did not recognise any inventories related to the performance of contracts with customers.

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

Details of trade and other receivables are as follows:

	2023	2022
Trade receivables	125,068	160,762
Less: loss allowance	(518)	(536)
Trade receivables - Net (13.a)	124,550	160,226
Other receivables	27	26
Receivables with related parties (Note 31)	10	—
Deposits (13.b)	1,440	1,416
Employee advances	173	111
Public authorities (13.c)	17,179	18,297
Total	143,379	180,076
Less: non-current portion: financial receivables	65	65
Current portion	143,314	180,011

a) Trade 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 2023, the balance receivable from the Social Security authorities and other government entities was 16,223 thousand euros (14,652 thousand euros at 31 December 2022), geographically distributed as follows

	Rating 2023	Balance 2023	Rating 2022	Balance 2022
Portugal	BBB+	1,463	BBB+	1,225
Italy	BBB	2,032	BBB	4,753
Catalonia	BB	4,286	BB	953
Valencia	BB	2,317	BB	1,902
Madrid	A-	1,579	A-	1,732
Galicia	A	1,312	A	390
Aragón	BBB+	87	BBB+	866
Basque Country	AA-	269	AA-	282
Andalusia	BBB+	288	BBB+	944
Canary Islands	A	926	A	212
Cantabria	BBB	229	BBB	556
Castilla la Mancha	BBB-	150	BBB-	90
Castilla y León	Baa1	570	Baa1	107
Other		715		640
		16,223		**14,652**

At 31 December 2023, there were matured receivables amouting to 35,536 thousand euros (51,455 thousand euros at 31 December 2022), although they had suffered no impairment. For both the 2023 and 2022 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:

	2023	2022
Up to 3 months	35,318	51,274
From 3 to 6 months	(986)	(7)
From 6 months to one year	971	157
Over one year	233	31
	35,536	51,455

The total of the matured debt due from government entities at 31 December 2023 was 5,519 thousand euros, in comparison with the 3,789 thousand euros that was outstanding at 31 December 2022. This amount was geographically distributed as follows:

	2023	2022
Spain	3,464	2,361
Portugal	885	534
United Kingdom	—	18
France	187	—
Italy	983	876
	5,519	3,789

In addition, regarding non-government customers, the Group includes in this category all those private customers, such as wholesalers, manufacturing customers or other pharmaceutical customers, that are measured on the basis of the age of their debt, their financial position and their credit rating (if available).

Contracts signed by the Group with its customers have an average term of between 3 and 5 years, which allows a considerable stable flow of revenue to be generated. In the manufacturing segment, there are certain customers with whom there is a higher volume of transactions, with outstanding balances amounting to 30% of total trade receivables at 31 December 2023 (51% at 31 December 2022).

However, due to the credit ratings of the customers who form part of this segment, as well as the Group's internal systems and the collection periods established, there was no significant impact for the Group in the years ended 31 December 2023 and 2022.

Matured receivables that had been impaired at 31 December 2023 were 518 thousand euros (536 thousand euros at 31 December 2022). Movement on the provision for impairment of trade receivables was as follows:

	2023	2022
Balance at beginning of year	**536**	**57**
Net remeasurement of loss allowance	(39)	38
Derecognition due to non-collectability	21	441
Balance at end of year	**518**	**536**

The ageing of these accounts was as follows

	2023	2022
From 6 to 9 months	—	223
Over 9 months	518	313
	518	**536**

b) Deposits

At 31 December 2023, the deposits caption included deposits of 1,400 thousand euros (1,416 thousand euros at 31 December 2022) bearing interest at a rate ranging from 2% to 3%. At 31 December 2023 and 2022, 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 under this caption at 31 December 2023 and 2022 relate to the following items:

	2023	2022
Value-added tax	14,760	15,609
Withholding tax	1,244	1,351
Grants awarded but not yet received	1,175	1,337
	17,179	**18,297**

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

Details of cash and cash equivalents at the 2023 and 2022 reporting dates are as follows:

	2023	2022
Cash at bank and in hand	25,322	80,520
Cash equivalents	—	44,425
	25,322	124,945

15. Share capital and share premium

a) Share capital

The number of shares, their par value and the total share capital for the year 2023 and 2022 were as follows:

	No. shares	Face value (euros)	Total share capital (thousand
Balance at 1 January 2022	56,068,965	0.06	3,364
Balance at 31 December 2022	54,016,157	0.06	3,241
Balance at 31 December 2023	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). On the same date, the shares were delisted from the Stock Market Interconnection System and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

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 2023, were 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 2022, this information was as follows:

Shareholder	% direct	% indirect	TOTAL
Norbel Inversiones, S.L.	55.191	—	55.191
Indumenta Pueri, S.L.	—	5.057	5.057

Norbel Inversiones, S.L. did not perform any transactions with the Company's shares in the year ended 31 December 2023 but it did carry out sale transactions with the Company's shares 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, 2023 and 2022, Norbel Inversiones, S.L. was owned by Messrs Juan, Iván and Javier López-Belmonte Encina (33.33% each). Therefore, at 31 December 2023 and 2022, the interest in the Company held by Messrs Juan, Iván and Javier López-Belmonte Encina was 18.40% each.

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 2023 and 2022 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 value of equity securities (Note 11) net of amounts taken to profit and loss and exchange rate differences.

c) Retained earnings and voluntary reserves

In 2023, retained earnings increased and/or decreased as follows:

- On 14 June 2023, the General Shareholders' Meeting of Laboratorios Rovi, S.A. passed a resolution to approve the proposal for application of the Company's profit for 2022 (39,116 thousand euros), allocating it to dividends in its entirety. Additionally, it resolved to allocate 30,770 thousand euros of the freely-available reserves recognised in the "Retained earnings" item to dividends to be distributed among the shares entitled to receive them, charged to the freely-available reserves recognised in the "Retained earnings" account. The dividend on the treasury shares held by ROVI at the time of the distribution was 837 thousand euros. The difference between the Group's profit in 2022 (199,669 thousand euros) and the dividend distributed to the shareholders net of treasury shares (69,049 thousand euros) increased the "Retained earnings and voluntary reserves" caption by 130,620 thousand euros.

- Adjustments were made to deferred taxes leading to a negative impact of 637 thousand euros on this caption (Note 19).

- The sale of treasury shares in 2023 led to a loss of 1,146 thousand euros, which was recognised in the "Retained earnings" account (Note 16.d).

In 2022, retained earnings increased 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 difference between the Group's profit in 2021 (153,077 thousand euros) and the dividend distributed to the shareholders net of treasury shares (51,007 thousand euros) increased this caption by 102,070 thousand euros.

- The sale of treasury shares in 2022 led to a loss of 2,794 thousand euros, which was recognised under the "Retained earnings" caption (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.

- There were other movements in 2022, principally an adjustment of deferred taxes that led to a loss of 400 thousand euros in this caption (Note 19).

Retained earnings at 31 December 2023 and 2022 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 2023 y 2022 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).

d) Treasury shares

At 31 December 2023, the number of treasury shares was 2,196,011 (644,114 at 31 December 2022). In 2023 and 2022, the following movements took place:

	2023	2022
Balance at beginning of year	**644,114**	**1,218,776**
Shares acquired under liquidity contract (d.1)	1,315,909	1,609,715
Shares sold under liquidity contract (d.2)	(1,312,404)	(1,598,794)
Shares acquired under buy-back programmes (d.2)	1,548,392	1,467,225
Shares for capital reduction in buy-back programmes (d.2)	—	(2,052,808)
Balance at end of year	**2,196,011**	**644,114**

d.1) Liquidity contract

Under the liquidity contract that ROVI had signed, 1,315,909 shares were acquired (1,609,715 in 2022), for which a total sum of 52,813 thousand euros was disbursed (78,561 thousand euros in 2022). Likewise, a total of 1,312,404 shares were sold (1,598,794 in 2022) for a sum of 52,639 thousand euros (77,766 thousand euros in 2022). Said shares had been acquired at a weighted average cost of 53,785 thousand euros (80,560 thousand euros in 2022), giving rise to a loss of 1,146 thousand euros on the sale (loss of 2,794 thousand euros in 2022), which was recognised in reserves.

d.2) Share buy-back programmes

ROVI informed the market (through publication of inside information No. 1926 of 26 July 2023) that, effective as of 26 July 2023, a buy-back programme had commenced with the following conditions:

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

- Term: from 26 July 2023 for a twelve-month period.

- Maximum monetary amount: up to 130,000,000 euros, The maximum price per share could not exceed the amount provided for in article 3.2. of Delegated Regulation 20216/1052.

- Maximum number of shares to be acquired: 2,700,000 shares in the Company, representing approximately 5% of ROVI's share capital at 26 July 2023.

- Trading volume to be taken as a reference: the trading volume to be taken as a reference for the purposes of article 3.3 of Delegated Regulation 2016/1052 throughout the buy-back programme would be 25% of the average daily trading volume of the ROVI shares at the trading venue where the purchase was made during the twenty trading days prior to the date of purchase.

At 31 December 2023, ROVI had executed approximately 62.38% of the buy-back programme, having acquired a total of 1,548,392 shares for an amount of 81,087 thousand euros.

Effective 3 November 2021, ROVI commenced a buy-back programme for Company shares with the following main features:

- Purpose and scope: the cancellation of 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 publication date of the buy-back programme or when either of the following two conditions was met. Additionally, ROVI reserved the right to end the programme before the term expired.

- 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 publication date of the buy-back programme.

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

Effective 23 February 2022, ROVI commenced another share buy-back programme for Company shares, the main features of which were as follows:

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

- Term: 6 months as of 23 February 2022, the publication date of the buy-back programme or when either of the following two conditions was met. Additionally, ROVI reserved the right to end the programme before the term expired.

- 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 publication date of the buy-back programme.

Under this agreement, 560,000 shares were acquired in 2022, for which ROVI paid a total amount of 38,574 thousand euros. This programme ended on 29 March 2022.

On 29 July 2022, the share capital reduction (Note 15) of 123 thousand euros through the cancellation of 2,052,808 ROVI shares was entered into the Companies Register. On the same date, the shares were delisted from the Stock Market Interconnection System and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The weighted average cost of the shares cancelled was 135,008 thousand euros and the difference of 134,885 thousand euros was recognised in retained earnings and voluntary reserve (Note 16 c)

e) Dividends

On 14 June, 2023, the General Shareholders Meeting approved the distribution of the 2022 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 69,886 thousand euros (1.2938 euros gross per share). This dividend was paid out in July 2023.

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). The dividend was paid out in July 2022.

f) Application of profit

The proposed application of the profit of the parent company for the period 2023 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 2022 based on the profit of the parent company, is as follows:

	2023	2022
Basis of application		
Profit for the year	12,071	39,116
Retained earnings	47,547	30,770
	59,618	**69,886**
Distribution		
Dividends	59,618	69,886
	59,618	**69,886**

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, 2023, totalled 4,107thousand euros (1,367 thousand euros at 31 Dcember 2022).

17. Trade and other payables

	2023	2022
Trade payables	107,593	123,901
Payables to releated parties (Note 32e)	2,299	2,256
Outstanding remuneration	7,598	6,478
Public authorities	6,126	6,140
Other payables	18,279	27,001
	141,895	**165,776**

At 31 December 2023 and 2022, the “Other payables” caption included the following liabilities, among others:

	2023	2022
Discounts	15,107	16,594
Contributions to public health system and other discounts	1,644	2,175
Other trading transactions	1,528	8,232
	18,279	**27,001**

Other payables

This caption shows the provisions and other trade payables recognised by the Group.

In view of the macroeconomic context marked by inflation, especially regarding the financial performance of its contracts, ROVI found that adequate profit levels were still being generated and, therefore, it was not necessary to earmark provisions for onerous contracts.

Contributions to public health systems and other discounts

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.

Additionally, there were liabilities in other European countries in which the Group operates (see Note 2.24) with similar characteristics to those described in the preceding paragraph that also form part of this caption.

At 31 December 2023 and 2022, no amounts had been recognised as contributions to the public health system 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.

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:

	2023	2022
	Days	Days
Average payment period to suppliers	55	54
Ratio of transactions paid	58	57
Ratio of transactions outstanding	32	39

	2023	2022
Total payments made (thousand euros)	597,378	570,562
Total payments outstanding (thousand euros)	77,505	99,415

	2023	2022
Invoices paid in less than 60 days (thousand euros)	379,217	336,738
No. of invoices paid in less than 60 days	26,888	18,991
% No. of invoices paid in less than 60 days/Total No. invoices paid	62%	46%
% Amount of invoices paid in less than 60 days/Total amount of invoices paid	64%	59%

In order to comply with the maximum periods stipulated in Law 15/2010, ROVI has adapted its payment policy in such a way that, at 31 December 2023, the amount in euros of invoices maturing at less than 60 days was 93% of the total outstanding invoices. If the number of outstanding invoices is considered, the proportion is 90%.

18. Financial debt

Non-current	2023	2022
Bank borrowings	31,250	37,679
Debt with government entities	7,325	8,365
Financial liabilities for leases	13,667	13,397
	52,242	59,441
Current		
Bank borrowings	6,495	6,428
Debt with government entities	1,565	1,810
Financial liabilities for leases	5,125	4,459
Financial derivatives	—	28
	13,185	12,725
	65,427	**72,166**

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 periods, 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%.

In September 2023, the bank BBVA granted a credit line of 20 million euros. At 31 December 2023 the Group has not drawn down any amount of the credit facility.

At 31 December 2023, 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**	
2024	754	5,741	6,495
2025	714	5,714	6,428
2026	714	5,714	6,428
2027	714	5,714	6,428
2028	537	5,714	6,251
2029 onward	—	5,715	5,715
	3,433	**34,312**	**37,745**
Non-current	2,679	28,571	31,250
Current	754	5,741	6,495

At 31 December 2022, the 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**
Current	3,393	34,286	37,679
Non-current	714	5,714	6,428

In the first half of 2023 and 2022, compliance as of 31 December 2022 and 2021, respectively, with the financial ratios fixed in this financing agreement was certified. At 31 December 2023, 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, 2023.

In September 2023, the bank BBVA granted a credit line of 20 million euros. At 31 December 2023 the Group has not drawn down any amount of the credit facility.

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 2023 amounted to 7,327 thousand euros (8,365 thousand euros at 31 December 2022). 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%.

b.2) Details of advances received

b.2.1) Advances received in 2023:

In 2023, 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	Industrial Technological Development Centre	(1)	349	297	14	2
ROVI	Industrial Technological Development Centre	(2)	152	136	8	0
ROVI	Ministry of Science and Innovation	(1)	81	60	9	3
ROVI	Ministry of Science and Innovation	(1)	81	58	9	3
ROVI	Technological Corporation of Andalusia Foundation	(1)	43	36	12	3
ROVI	Technological Corporation of Andalusia Foundation	(1)	18	15	12	3
ROVI	Technological Corporation of Andalusia Foundation	(1)	10	9	12	3
			734	**611**		

(1) Funds the projects to develop the prolonged drug-release technology.
(2) Funds the projects to develop a biosimilar.

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	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 to develop a biosimilar.

At 31 December 2023 and 2022, debt with government entities matured as follows:

Year	**2023**	**2022**
2023	—	1,810
2024	1,565	1,400
2025	1,465	1,449
2026	1,535	1,524
2027	1,341	1,303
2028	1,070	1,025
2029 onward	1,914	1,664
	8,890	**10,175**
Non-current	7,325	8,365
Current	1,565	1,810

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 2023 and 2022 were as follows:

	Carrying amount		**Fair value**	
	2023	**2022**	**2023**	**2022**
Bank borrowings	31,250	37,679	26,877	36,677
Debt with governement entities	7,325	8,365	6,891	7,714
	38,575	**46,044**	**33,768**	**43,391**

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 rate based on the market rate of the financial debt.

To calculate the fair value of fixed-rate non-current bank borrowings at the 2023 and 2022 reporting date, 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 of 1 January 2018, as a consequence of the entry into force of IFRS 16 Leases (Note (Nota 2.2.a), financial debt includes the lease liabilities.

The main liabilities recognised at 31 December 2023 and 2022 under this caption relate to:

- Real estate leases: the Group holds leases on certain properties where it carries out its activitieis. The payment period of the liabilities generated by these leases has initially been fixed at 10 years.

- Vehícles: the Group holds leases on certain properties where it carries on its activities. The payment period of this liability is 3 years.

- Computer software: the Group leases certain computer equipment for its activities. The payment period fixed for these liabilities is 3 years.

At 31 December 2023 and 2022, financial liabilities for leases matured as follows:

Year	**2023**	**2022**
2023	—	4,459
2024	5,125	3,017
2025	4,890	2,714
2026	3,002	2,580
2027	2,892	2,551
2028	2,881	2,535
2029 onward	2	—
	18,792	**17,856**
Non-current	13,667	13,397
Current	5,125	4,459

d) Derivative financial instruments

At 31 December 2023, the Company did not hold any derivative financial instruments (28 thousand euros in 2022). 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:

	2023	2022
Deferred tax assets		
– Deferred tax assets to be recovered at more than 12 months	550	202
– Deferred tax assets to be recovered within 12 months	1,793	1,876
	2,343	**2,078**
Deferred tax liabilities		
– Deferred tax liabilities to be settled at more than 12 months	897	636
– Deferred tax liabilities to be settled within 12 months	618	41
	1,515	**677**

Net movement on the deferred tax accounts was as follows:

	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
At 1 January 2022	**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**
(Charged)/credited to profit and loss (Note 28)	515	(451)	64
(Charged)/credited to equity	(250)	(387)	(637)
At 31 December 2023	**2,343**	**(1,515)**	**828**

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 2022	**—**	**—**	**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**
(Charged)/credited to profit and loss	288	13	(140)	81	273	515
(Charged)/credited to equity	—	—	(234)	(16)	—	(250)
At 31 December 2023	**288**	**23**	**142**	**1,594**	**296**	**2,343**

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. Lastly, the column “Other” shows, among other concepts, the effect of the non-deductibility in 2023 of 50% of the negative tax bases contributed to the Spanish consolidated tax group by certain companies (Note 28), in accordance with additional provision 19 of Law 27/2024 of 27 November on Corporate Income Tax.

Movement on deferred tax liabilities was as follows:

	Freedom of amortisation/ depreciation	Other	Total
At 1 January 2022	**150**	**626**	**776**
Charged/(credited) to profit and loss	(99)	—	(99)
At 31 December 2022	**51**	**626**	**677**
Charged/(credited) to profit and loss	(71)	522	451
(Charged)/credited to profit and loss	269	118	387
At 31 December 2023	**249**	**1,266**	**1,515**

The deferred tax liabilities described as “Other” show the liabilities arising from the elimination of margins on internal inventory and fixed-asset transactions, as well as the net deferred tax related to application of IFRS 16 “Leases”. Regarding the deferred tax assets and liabilities arising from application of IFRS 16 “Leases, at 31 December 2023, it showed a net liability position of 110 thousand euros (101 thousand euros at 31 December 2022), composed of 4,588 thousand euros of assets and 4,698 thousand euros of liabilities (4,362 thousand euros of assets and 4,464 thousand euros of liabilities at 31 December 2022).

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 2023 and 2022 was as follows

	Distribution licences	Other contracts	Total
At 1 January 2022	**2,246**	**56,846**	**59,092**
Additions	385	150,556	150,284
(Charged)/credited to profit and loss	(792)	(92,795)	(92,930)
At 31 December 2022	**1,839**	**114,607**	**116,446**
Additions	255	76,912	77,167
(Charged)/credited to profit and loss	(339)	(152,799)	(153,138)
At 31 December 2023	**1,755**	**38,720**	**40,475**

a) Distribution licences

In 2023, new contract liabilities of 255 thousand euros (385 thousand euros in 2022) were recognised in relation to agreements granting distribution licences.

In 2023, ROVI recognised revenue from distribution licences for a total amount of 339 thousand euros (792 thousand euros in 2022) (Note 22).

At 31 December 2023 and 2022, contract liabilities related to distribution licences had the following estimated maturities:

Year	2023	2022
2023	—	294
2024	324	273
2025	257	206
2026	149	99
2027	96	36
2028 onward	61	41
	887	**949**
Non-current	563	655
Current	324	294

At 31 December 2023, there were contract liabilities related to distribution licences for an amount of 868 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 (890 thousand euros at 31 December 2022).

b) Other contracts

This caption includes sums totalling 37,520 thousand euros (85,443 thousand euros 2022) 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. Likewise, it includes 1,200 thousand euros in 2023 (27,998 thousand euros in 2022) for reserved capacity, which had not yet been taken to consolidated profit and loss at the 2023 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). Finally, at 31 December 2022, this caption included an amount billed and received for a purchase of materials for production that took place in 2023, the costs of which were borne by the customer. The recognition of revenue was linked to the use of said materials in the production process. No amounts had been billed and received for the purchase of materials as of 31 December 2023. Mention should be made of the fact that the contract liabilities included under this caption are expected to materialise in the short term.

21. Deferred income

	2023	2022
Non-current	1,359	1,774
	1,359	1,774
Current	464	485
	464	485
	1,823	**2,259**

The deferred revenue caption recognises sums collected for grants received from government entities, which are classified into two broad blocks:

	2023	2022
a) Deferred revenue from non-reimbursable capital grants	1,725	2,128
B) Deferred revenue from reimbursable capital grants	98	131
	1,823	**2,259**

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 2023 was 1,154 thousand euros (1,449 thousand euros at 31 December 2022).

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:

	2023	2022
Sales of goods	419,893	413,361
Sales of services	409,277	403,545
Revenue from distribution licences (Note 20)	339	792
	829,509	**817,698**

a) Sales of goods

At 31 December 2023, the "Sale of goods" caption included 292 thousand euros related to services to promote third-party products (700 thousand euros at 31 December 2022).

Additionally, at 31 December 2023, the "Sale of goods caption included 6,013 thousand euros (11,700 thousand euros at the 2022 reporting date) related to royalties received on the basis of enoxaparin distribution agreements signed with third parties.

Total sales of goods fell by 14,523 thousand euros in 2023 (11,006 thousand euros in 2022) 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, no revenue related to the collaboration agreement signed between Farmaindustria and the Spanish government was recognised in 2023 (3,214 thousand euros at 31 December 2022) (Note 17).

Details of "Sales of goods" by product group are as follows:

	2023	2022
Specialty pharmaceuticals	373,186	371,829
Contrast agents and other hospital products	45,673	40,069
Other	1,034	1,463
	419,893	**413,361**

b) Sales of services

Details of "Sales of services" are as follows:

	2023	2022
Manufacturing of medicines	384,883	379,013
Manufacturing of active substances	24,394	24,532
	409,277	**403,545**

At 31 December 2023, the "Sales of services" caption included 152,799 thousand euros (92,795 thousand euros at 31 December 2022) related to the work to adapt, fit out and validate the 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). Additionally, the Group recognised 24,394 thousand euros for the manufacture of active substances in 2023 (24,532 thousand euros en 2022).

c) Breakdown by geographical market and segment

The breakdown of net revenue by primary geographical market and segment at 31 December 2023 was as follows:

	Manufacturing	Marketing	TOTAL
Spain	6,232	267,123	273,355
European Union	39,965	103,680	143,645
Other countries	363,080	49,429	412,509
	409,277	**420,232**	**829,509**

At 31 December 2022, the breakdown was as follows:

	Manufacturing	Marketing	TOTAL
Spain	5,501	258,766	264,267
European Union	37,413	99,132	136,545
Other countries	360,631	56,255	416,886
	403,545	**414,153**	**817,698**

At 31 December 2023, the Group had a manufacturing segment customer whose billing accounted for 37% of total Group billing (38% in the year ended 31 December 2022).

Sales in the 2023 y 2022 were made principally in euros.

23. Procurements and change in inventories of stock of finished goods and work in progress

Details of goods consumed, raw materials and other consumables are as follows:

	2023	2022
Good consumed	25,596	31,050
Raw materials consumed and other consumables	328,030	301,457
Work performed for other companies	2,745	2,197
Impairment of goods, raw materials and other procurements	3,270	5,120
	359,641	**339,824**

Additionally, in 2023, the company recognised a sum of 18,552 thousand euros in its income statement for changes in inventories of finished goods and work in progress (38,883 thousand euros in 2022) (Note 12).

24. Employee benefit expenses

Employee benefit expenses may be summarised as follows:

	2023	2022
Wages and salaries	98,550	85,979
Social security costs	24,251	20,537
Pension costs - defined-contribution pension plans	6	6
	122,807	**106,522**

At 31 December 2023, total employee benefit expenses included expenses of 9,518 thousand euros (9,242 thousand euros at 31 December 2022, Note 7) related to the R&D Department.

The "Wages and salaries" figure included severance payments of 793 thousand euros in 2023 and 758 thousand euros in 2022.

The average number of employees was as follows:

	2023	2022
Management	41	40
Administration	325	237
Sales force	308	302
Production and plant	1,199	1,118
R&D	223	201
	2,096	**1,898**

At 31 December 2023, the Group's total headcount was 2,111 employees (1,993 at 31 December 2022), 1,135 of whom were women (1,050 at 31 December 2022). There were 14 women in managerial roles in 2023 (16 women in 2022).

At 31 December 2023, the Group's total headcount included 35 people with a disability rating of 33% or more (33 at 31 December 2022).

25. Other operating expenses

	2023	2022
Advertising costs	21,754	19,993
Services from third parties	16,223	12,782
Utilities	31,986	40,151
Transport and warehouse expenses	8,233	10,527
Repairs and maintenance	8,941	7,184
Operating leases	2,462	3,470
Other taxes	5,764	5,296
Other operating expenses	30,311	37,079
	125,674	**136,482**

Total operating expenses at 31 December 2023 included R&D-related expenses of 15,405 thousand euros (14,627 thousand euros at 31 December 2022, Note 7), most of which are recognised under the "Other operating expenses" caption.

26. Operating leases

At 31 December 2023 and 2022, there were no minimum future payments on uncancellable operating leases.

27. Finance income/costs

	2023	2022
Interest income	7	6
Other finance income	1,497	1,764
Total finance income	1,504	1,770
Interest paid	(667)	(606)
Other finance costs	(281)	(243)
Total finance costs	(948)	(849)
Proceeds on disposal of financial instruments	(219)	1,831
Change in fair value of financial instruments	28	(11)
Impairment and gain/(loss) on measurement of financial instruments	(191)	1,820
Exchange differences	(86)	(821)
	(86)	(821)
Net finance income/(costs)	**279**	**1,920**

The caption “Other finance costs” shows the finance cost derived from application of IFRS 16 “Leases” (Nota 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 28).

28. Income tax

In 2023 and 2022, 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:

	2023	2022
Current tax	(50,603)	(56,610)
Deferred tax (Note 19)	64	(1,273)
Adjustment corporate income tax expense prior years	659	442
Withholding taxes paid abroad	(229)	(861)
	(50,109)	**(58,302)**

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:

	2023	2022
Profit before tax	220,408	257,967
Tax calculated at domestic tax rate of 25%	(55,102)	(64,492)
Share of profits in joint ventures	(31)	50
Movement on negative tax bases	288	—
Adjustment corporate income tax expense prior years	659	442
Non-tax deductible expenses	(372)	837
Tax differences in results of subsidiaries	(221)	(267)
R&D tax credits used	4,923	6,931
Movement on capitalised R&D tax credits	(23)	(942)
International double taxation tax credit	(230)	(861)
Income tax expense	**(50,109)**	**(58,302)**

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 2023, after deducting the amount of payments on account and withholdings during the year, generated a current tax payable of 5,391 thousand euros (receivable of 4,148 thousand euros at 31 December 2022).

At 31 December 2023, the Group recognised a loss of 301 thousand euros on the sale of the company Enervit Nutrition, S.L., which had been 50% held by Laboratorios Farmacéuticos Rovi, S.A. (Note 10), and the sale of the shares the Group held in BBVA (Note 11). These amounts are recognised under the caption "Impairment and gain/(loss) on measurement of financial instruments".

Tax credits

The Group generated tax credits of 4,900 thousand euros in 2023 (5,989 thousand euros in 2022) and was likewise entitiled to offset tax credits of 23 thousand euros from previous years (942 thousand euros at 31 December 2022). In 2023, tax credits of 4,923 thousand euros were applied (6,931 thousand euros in 2022) and there were thus no further tax credits to be offset in future years (neither were there any tax credits that had not yet been offset at 31 December 2022).

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 benefits 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 2023, the Group has recognized negative tax bases amounting to 288 thousand euros (there were no negative tax bases as of December 31, 2022).

Pillar Two

ROVI falls within the scope of Pillar Two. Pillar Two was set out in the Inclusive Framework of the initiative against base erosion and profit shifting (BEPS) of the OECD and the G-20 and approved through the Model Rules on 14 December 2021.

The Model Rules and, in short, Pillar Two have established a global minimum tax of 15%. Thus, Pillar Two require the affected groups to caculate their effective tax rate for each jurisdiction in which they operate in accordance with specific rules. Regarding jurisdictions in which the effective rate is lower than 15%, the Group must settle an additional tax corresponding to the difference berween the effective tax rate of the jurisdiction in question and the minimum 15% rate.

The Council of the European Union adopted Directive 2022/2523, thus incorporating this initiative into the European legal framework. This Directive substantially includes the content of the Model Rules and fixed 31 December 2023 as the deadline for the Member States to transpose it. Likewise, it provides that the relevant rules must be applied to the years commencing on or after said date.

At the date of issue of these consolidated annual accounts, the process of transposing the Directive into Spanish legislation is still in progress. Notwithstanding, in line with the content of the bill that is currently in the public information phase, it is expected to take effect for tax periods commencing on or after 31 December 2023 and therefore, for the ROVI Group, it would be applicable for the year commencing on 1 January 2024.

At the end of the 2023 reporting period, the Group conducted an analysis of its potential Pillar Two income tax exposure, based on application of the Transitional Safe Harbour that the OECD provides for and that is expressly included in the bill. As a result of this preliminary assessment, the Group does not expect any significant additional tax exposure to be derived from Pillar Two once the legislation comes into effect.

The following taxes are open to inspection for the periods mentioned:

	Ejercicio
Corporate income tax	2019-22
Value-added tax	2020-23
Transfer tax	2020-23
Personal income tax (withholdings)	2020-23

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.

29. 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 2023 and 2022, the weighted average number of shares was calculated without taking the treasury shares that existed at any given moment into account.

	2023	2022
Profit attributable to the Company's shareholders	170,335	199,669
Weighted average number of ordinary shares in issue (thousands)	53,192	53,466
Basic and diluted earnings per share (euros per share)	3.20	3.73

At 31 December 2023 and 2022, there were no shares with potential diluting effects.

30. Contingencies

At 31 December 2023, the Group held bank guarantees amounting to 2,989 thousand euros (2,848 thousand euros in 2022). These guarantees were granted principally to enable group companies to participate in public tenders and to receive reimbursable grants and advances.

31. 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;
- 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 or 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.

32. Related-party balances and transactions

The Group is controlled by Norbel Inversiones, S.L., which, at 31 December 2023 and 2022 held 55.19% of the shares of the parent company. At 31 December 2023 and 2022, Norbel Inversiones, S.L.belonged to Messrs Juan, Javier and Iván López-Belmonte Encina.

a) Purchases of goods and services

	2023	2022
Purchases of services		
– Directors who are also shareholders	25	25
– Entities in which the López-Belmonte Encina family hold an interest	2,676	2,160
	2,701	**2,185**

	2023	2022
Sales of services		
– Associates companies	25	—
	25	—

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).

Sales of services to associates companies corresponds to the provision of services between the companies Gineladius, S.L. and Cells IA Technologies, S.L.

b) Director and senior management remuneration

b.1) Director remuneration

	2023	2022
Wages, salaries and other current benefits	2,766	2,699
Contributions to defined-contribution pension plans	6	6
	2,772	**2,705**

The "Wages and salaries and other current benefits" caption includes the remuneration of the executive directors for performing senior management functions (Note 34.1.f) and the remuneration agreed for the directors as members of the Board of Directors (Note 34.1.a).

ROVI had a Long-Term Incentive Plan for the executive directors for the years 2019 to 2021. The purpose of this plan was 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 and payment was completed in 2023.

At 31 December 2023 and 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.

b.2) Senior management remuneration

Members of the Management Committee and the Internal Audit Management 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:

	2023	2022
Wages, salaries and other current benefits	1,926	1,877
	1,926	**1,877**

At 31 December 2023, the Management Committee was formed by 13 members (12 members at 31 December 2022), three of whom were also members of the Board of Directors.

c) Dividends paid

Dividends paid to the company Norbel Inversiones, S.L. in 2023 were 38,571 thousand euros (28,488 thousand euros in 2022). Additionally, dividends of 4,917 thousand euros (3,123 thousand euros in 2022) were paid to other significant shareholders.

d) Other transactions

In 2023, the company Gineladius, S.L.U. contributed capital and share premium of 600 thousand euros to the associated company Cells IA Technologies, S.L. Additionally, Gineladius, S.L.U. granted a credit line to Cells IA Technologies, S.L.U. for 900 thousand euros, none of which had been drawn at 31 December 2023.

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

	2023	2022
Payables to related parties (Note 17)		
– Senior management	291	285
– Directors	1,802	1,678
– Entities in which the López-Belmonte Encina family holds an interest	206	293
	2,299	**2,256**

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	2023	2022
Receivables to related parties (Note 13):		
– Associates companies	10	—
	10	—

33. 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 group companies in the years ended 31 December were as follows (irrespective of when they were invoiced):

	Thousand	
	2023	2022
Audit services	229	192
Other review services	52	50
Other services	53	—
	334	**242**

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 supporting the details of grants.

Other services include the review of ROVI Group's statement of non-finantial information at 31 December 2023.

Additionally, other entities belonging to KPMG International provided professional services to the Group during the years ending 31 December, as follows:

	Thousand euros	
	2023	2022
Audit services	78	70
Other review services	9	8
Other services	—	45
	87	**123**

Other review services relate to a review of the packaging declaration of one of the group companies in 2023 and 2022.

Other services include the review of the ROVI Group's statement of non-financial Information at 31 December 2022.

Lastly, the audit work carried out by companies independent of the firm KPMG totalled 15 thousand euros (14 thousand euros in 2022).

34. Director remuneration

At 31 December 2023 and 2022, 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.

a) In accordance 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 2023:

1. Individual breakdown of the remuneration of directors, including, where applicable:

   a. Per diem expenses or other fixed remuneration received as director and additional remuneration received as chair or member of any board committee. The amounts for 2023 and 2022 were as follows:

	2023	2022
Mr Juan López-Belmonte Encina	180	180
Mr Javier López-Belmonte Encina	80	80
Mr Iván López-Belmonte Encina	80	80
Ms Marina del Corral Téllez	80	51
Ms Teresa Corzo Santamaría	80	3
Mr Fernando de Almansa Moreno-Barreda	—	77
Mr Marcos Peña Pinto	80	80
Ms Fátima Báñez García	80	80
	660	**631**

   b. No director received remuneration from profit-sharing or premiums, and the reason why they were awarded.

   c. Contributions made to defined contribution 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).

	2023	2022
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 2023 and 2022 was as follows:

	2023		2022	
	Fixed	**Variable**	**Fixed**	**Variable**
Mr Juan López-Belmonte Encina	743	421	728	416
Mr Javier López-Belmonte Encina	248	224	244	220
Mr Iván López-Belmonte Encina	247	223	241	219
	1,238	**868**	**1,213**	**855**

The variable remuneration of the executive directors includes the amounts accrued as variable remuneration and the sums accrued under the Long-Term Incentive Plan.

g. In 2023 and 2022, no item of remuneration existed other than the above, irrespective of its nature or the group company paying it, paritcularly incluing 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 2023 and 2022, there were no awards of shares, options or any other equity instruments tied to the value of the share that were pending accrual.

3. Information on the relationship between the remuneration received by the executive directors and the results or other measurements of the Company's performance:

	2023	**2022**
Remuneration of executive directors	2,106	2,068
Profit of parent company	12,071	39,116
Remuneration of executive directors/profit attributable to parent company	17.45%	5.29%

The Group holds a liability insurance policy for directors and senior management. In 2023, a premium of 190 thousand euros accrued for this policy (180 thousand euros in 2022).

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.

35. Events after the reporting date

In January 2024, the U.S. Food and Drug Administration (FDA) inspected the active substance manufacturing plant in Granada with a satisfactory outcome. The inspection focused on the processes of manufacture and control of the active substance used to manufacture the Moderna mRNA COVID-19 vaccine. This result authorises Moderna to market the vaccine that ROVI manufactures in Spain in the United States.

36. Other significant information

ROVI informed the market (through publication of inside information No. 1926 of 26 July 2023) that, effective as of 26 July 2023, a buy-back programme had commenced with a maximum amount of 130,000,000 euros and a term of 12 months. The purpose was to cancel treasury shares while, at the same time, helping to increase shareholder remuneration by increasing the earnings per share.

ROVI announced (through publication of inside information No. 1835 of 25 April 2023) that it had decided to start the clinical development of a new three-monthly formulation of letrozole (hereinafter, Letrozole LEBE), the objective of which is to reach bioequivalence in the plasma levels of letrozole in comparison with the daily administration of oral doses of Femara® 2.5 mg.

With this new clinical programme for Letrozole LEBE, ROVI estimates it could reduce the research times in comparison to those for an annual formulation, thus making it likely that the three-monthly formulation could be marketed several years earlier and, furthermore, reduce the investment necessary to attain the objectives of this project.

ROVI informed (through publication of relevant information No. 23963 of 28 July 2023) on the evaluation process to obtain marketing authorisation for Risvan® (Risperidone ISM®) in the United States and reported that the U.S. Food and Drug Administration (FDA) had issued a Complete Response Letter. In this letter, the FDA stated that it considered the replies to the evaluation of the Risvan® dossier to be complete and that there were no additional observations. Likewise, the letter said that ROVI should close the observations made by the FDA during its May 2023 inspection.

On 21 September 2023, ROVI received the Establishment Inspection Report from the FDA with four outstanding issues regarding the FDA's inspection of the plant. ROVI provided the responses on 29 September 2023 and the FDA notified a new user fee goal date: 29 March 2024. Likewise, there are no outstanding observations that have not yet been resolved by ROVI's suppliers.

APPENDIX 1

Subsidiaries included in the consolidated group

		Owernship interest			
Corporate name	Address	2023	2022	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)	A
Glicopepton Biotech, S.L.	C/ Julián Camarillo 35, Madrid (Spain)	51%	51%	(4)	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	Davis House 4th Floor, Suite 425 Robert Street, Croydon, (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 Auditor in 2023 and 2022: KPMG Auditores, S.L.
B Auditor in 2023 and 2022: Dains, LLP.
C Auditor in 2023 and 2022: KPMG AG.
D Auditor in 2023 and 2022: KPMG, S.A.
E Auditor in 2023 and 2022:KPMG SpA.

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

2023 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 itsmarket 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, which is part of this Management Report, or visit: www.rovi.es

2.- BUSINESS PERFORMANCE AND SIGNIFICANT MATTERS

2.1.- Business performance

€ Million	2023	2022	Growth	% Growth
Operating revenues (1)	829.5	817.7	11.8	1%
Other income (2)	0.8	2.1	(1.3)	-63 %
Total revenue (3)	**830.3**	**819.8**	**10.5**	**1 %**
Cost of sales (4)	(341.1)	(300.9)	(40.1)	13 %
Gross profit (5)	**489.2**	**518.9**	**(29.7)**	**-6 %**
% gross margin (9)	*59.0%*	*63.5%*		*(4,5pp)*
R&D Expenses	(24.9)	(23.9)	(1.1)	4 %
SG&A	(219.7)	(216.3)	(3.4)	2 %
Share of profit on Join Venture	(0.1)	0.2	(0.3)	n.a
EBITDA (6)	**244.5**	**278.9**	**(34.5)**	**-12 %**
% EBITDA margin (9)	*29.5%*	*34.1%*		*(4,6pp)*
EBIT (7)	**220.1**	**256.0**	**(35.9)**	**-14 %**
% EBIT margin (9)	*26.5%*	*31.3%*		*(4,8pp)*
Net Profit (8)	**170.3**	**199.7**	**(29.4)**	**-15 %**

(1) Operating revenue refers to revenue.
(2) Other income includes the recognition of government grants on non-financial non-current assets and other.
(3) Total revenue calculated as revenue plus the recognition of government grants on non-financial non current assets and other.
(4) Cost of sales calculated as the amount of procurements plus that correspond to the change in inventories of finished goods and work in progress and raw materials and consumables use.
(5) Gross profit calculated as revenue plus the recognition of government grants on non-financial non current assets and other less change in inventories of finished goods and work in progress and raw materials and consumables used.
(6) EBITDA calculated as profit before interest, taxes, depreciation and amortization.
(7) EBIT calculated as profit before taxes and interest.
(8) Net profit refers to profit for the year..
(9) The gross margin and the EBITDA, EBIT and net profit margins are calculated as the result of dividing the gross profit, the EBITDA, the EBIT and the net profit, respectively, by revenue, expressed as a percentage.

Nota: 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 1% to 829.5 million euros in 2023 driven by the CDMO business which grew 1% to 409.3 million euros, and the specialty pharmaceutical business, where sales rose 1%. Total revenue rose 1% to 830.3 million euros in 2023.

Sales outside Spain remained stable at 556.2 million euros in 2023, mainly due to the CDMO business. Sales outside Spain represented 67% of operating revenue in 2023 compared to 68% in 2022.

Sales of prescription-based pharmaceutical products remained stable at 373.5 million euros in 2023.

Sales of the heparin franchise (Low Molecular Weight Heparins and other heparins) decreased by 5% to 250.6 million euros in 2023. Heparin sales represented 30% of operating revenue in 2023 compared to 32% in 2022.

Sales of Low Molecular Weight Heparins (LMWH) (enoxaparin biosimilar and bemiparin) decreased by 5% to 242.1 million euros in 2023 mostly due to the increase in orders from partners in 2022 related to the treatment for COVID-19, which has led to a lower volume of orders from partners in 2023, since they still hold a high level of stocks from 2022.

Sales of the enoxaparin biosimilar decreased by 3% to 147.9 million euros in 2023 compared to 2022. However, sales of the product increased 19% in 2023 compared to 2021, where sales increased 22% compared to 2020 due to the increased use of the product for the treatment of COVID-19.

In addition, sales of enoxaparin biosimilar increased 18% in the fourth quarter of 2023 to 39.8 million euros compared to the third quarter of the year, and rose 18% in the fourth quarter of 2023 compared to the fourth quarter of 2022. The product was launched in Jordan and Sri Lanka in 2023. In Brazil, Luxembourg, Colombia, Bosnia and Herzegovina and Kosovo it was launched in 2022.

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; in Brazil, Luxembourg, Colombia, Bosnia and Herzegovina and Kosovo in 2022; and in Jordan and Sri Lanka in 2023.

Bemiparin sales decreased 9% to 94.2 million euros in 2023. International sales of bemiparin decreased by 12% to 32.6 million euros. This decrease was mainly linked to (i) the decrease in sales in the Russian market, (ii) the political-economic instability of some countries in which we are present such as Turkey, (iii) the fewer orders from partners and (iv) the lower sales related to COVID-19. Sales of bemiparin in Spain (Hibor®) showed a decrease of 8% to 61.6 million euros in 2023, mainly due to lower penetration of the product in the prophylaxis segment.

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 16% to 45.5 million euros in 2023, compared to 39.1 million euros in 2022.

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, decreased by 30% to 12.4million euros in 2023 mainly due to a product price reduction of 47% in the second quarter of 2023.

Sales of Vytorin® and Orvatez®, specialty products from Merck Sharp & Dohme (“MSD”) indicated as adjunctive therapy to diet in patients with hypercholesterolemia, decreased 17% to 26.6 million euros in 2023. ROVI ceased to distribute Absorcol® as of 31 December of 2022 and Vytorin® as of 31 January 2023. Orvatez® sales rose 8% to 26.5 million euros in 2023, compared to 24.5 million euros in 2022. Sales of Absorcol® and Vytorin® accounted for 24% of total sales of the products indicated to treat hypercholesterolemia 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 14.4 million euros in 2023. Okedi® sales increased by 42% in the fourth quarter of 2023 compared to the third quarter of the year. In 2022, it was launched in Germany, UK and Spain and, in 2023, it was launched in Portugal, Italy, Austria, Greece and Serbia.

- In Germany, the product was very positively received during medical education activities carried out by ROVI. The product is already present in more than 70% of hospitals and interaction with psychiatrists is favorable, with doctors' attendance at product events having doubled compared to the previous year.

- In the United Kingdom, the product is still in the introduction phase in the "trusts" (entities that manage the health areas).

- In Spain, the product is available in 100% of the autonomous communities. In 2023, it was being marketed in 90% of hospitals and 75% of psychiatrists had been trained, 40% of whom have since acquired experience in its use.

- In Portugal, since its launch in January 2023, the product has gained prescriptions and future prospects are favourable.

- In Italy, access to doctors was positive. 92% of targeted psychiatrists were trained, 64% of whom received three or more visits. In addition, the product was being marketed in 13% of the main hospitals. We expect sales to accelerate quickly and reach all significant hospitals by the end of 2024.

ROVI ceased to promote and distribute Xelevia® (sitagliptin) and Velmetia® (sitagliptin and metformin), two antidiabetic drugs from Merck Sharp and Dohme ("MSD"), as of 31 January 2024. Sales of both products were 12.1 million euros in 2023.

Sales of contrast imaging agents and other hospital products increased by 14% to 45.7million euros in 2023. This increase shows the strong recovery of the Spanish and Portuguese hospital activity during this year after the effects of lockdowns during the pandemic.

CDMO sales increased by 1% to 409.3 million euros in 2023 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.

Other income (subsidies) decreased by 1.3 million euros to 0.8 million euros in 2023 compared to 2022, mainly due lower subsidies received in the year.

Gross profit decreased 6% to 489.2 million euros in 2023 compared to 2022. Gross margin showed a decrease of 4.5 percentage points, from 63.5% in 2022 to 59.0% in 2023. This drop is mainly due to (i) the higher contribution to the CDMO business of the income related to the activities to prepare the plant for drug production under the agreement with Moderna, which adds lower margins to Group sales; and (ii) the lower margin from the manufacture of the COVID-19 vaccine in 2023 compared to 2022.

In the fourth quarter of 2023, low-molecular-weight heparin (LMWH) raw material prices decreased by around 35% in comparison with the fourth quarter of 2022. ROVI expects this decline to accelerate in 2024. Nevertheless, despite this price decrease, the impact on gross margin remained negative in 2023 due to the length of the LMWH manufacturing process, where the raw material currently being used has been stocked for several months and was purchased at higher prices. However, a positive impact on gross margin is expected to be seen from 2025.

R&D expenses increased 4% to 24.9 million euros in 2023. They were mainly related to (i) the development of the phase I of Letrozole LEBE and (ii) the development of the phase I of a new formulation of Risperidone ISM® for a 3-monthly injection.

SG&A expenses increased 2% to 219.7 million euros in 2023 mainly as a result of an increase in expenses due to the Okedi® launch in Europe. As a result of the stabilization of inflation, energy spending has been reduced in 2023 by 2.4 million euros (in 2022 it increased by 5.4 million euros).

On 6 November 2023, ROVI signed a binding agreement with Enervit S.p.A. ("Enervit") to divest 50% of the share capital held by ROVI in Enervit Nutrition S.L, a Spanish company that distributes Enervit products in Spain and Portugal, in which Enervit held the other 50%. The parties agreed on a price of 1.8 million euros for the sale by ROVI of 50% of the share capital of Enervit Nutrition, S.L. to Enervit S.p.a. The transaction was signed on 15 December 2023. In 2023, share of profit in associates and joint ventures showed the booking of an expense of 0.1 million euros, compared to income of 0.2 million euros in the previous year.

Depreciation and amortisation expenses increased by 6% to 24.3 million euros in 2023, as a result of the new property, plant and equipment and intangible asset purchases made during the last year.

Net financial income decreased 85% to 0.3 million euros in 2023 mainly due to the lower income related to exchange-rate derivative financial instruments.

The effective tax rate remained stable at 22.7% in 2023.

EBITDA reached 244.5 million euros in 2023, a decrease of 12% compared to 2022, reflecting a 4.6 percentage point decrease in the EBITDA margin, which was down to 29.5% in 2023 from 34.1% in 2022.

EBIT decreased by 14% to 220.1 million euros in 2023, reflecting a 4.8 percentage point decline in the EBIT margin, which was down to 26.5% in 2023 from 31.3% in 2022.

Net profit decreased by 15%, from 199.7 million euros in 2022 to 170.3 million euros in 2023.

Non-controlling interests refer to ROVI's partners in Glicopepton Biotech, S. L

EBITDA “Pre-R&D”, calculated excluding R&D expenses, decreased by 11%, from 302.8million euros in 2022 to 269.4 million euros in 2023, reflecting a 4.6 percentage point decrease in the EBITDA margin to 32.5% in 2023. Likewise, recognising the same amount of R&D expenses in 2023 as in 2022, EBITDA would have decreased by 12% to 245.5 million euros, reflecting a 4.5percentage point decrease in the EBITDA margin to 29.6% in 2023, down from 34.1% in the previous year.

EBIT “Pre-R&D”, calculated excluding R&D expenses, decreased by 12%, from 279.9million euros in 2022 to 245.1 million euros in 2023, reflecting a 4.7 percentage point decrease in the EBIT margin to 29.5% in 2023. Likewise, recognising the same amount of R&D expenses in 2023 as in 2022, EBIT would have decreased by 14% to 221.2 million euros, reflecting a 4.6 percentage point decline in the EBIT margin to 26.7% in 2023, down from 31.3% in 2022.

Net profit “Pre-R&D”, calculated excluding R&D expenses, decreased by 13%, from 218.1million euros in 2022 to 189.6 million euros in 2023. Likewise, recognising the same amount of R&D expenses in 2023 as in 2022, net profit would have decreased by 14% to 171.1 million euros in 2023.

2.2.- Outlook

For 2024, ROVI expects its operating revenue to decrease by a mid-single-digit percentage in comparison with 2023. Notwithstanding, there are certain factors that have been considered when calculating this guidance that, although they could be relevant to the estimates, are difficult to specify at present, including, among others:

- First, the saturation of the National Health Systems due to the low vaccination ratios during the 2023 COVID-19 campaign could favour a more successful vaccination campaign in 2024. However, as of today's date, the Company is not in a position to forecast how demand and production might evolve for the vaccination campaign in 2024.

- Second, it is hoped that the expansion of the compounding, aseptic filling, inspection, labelling and packaging capacities at ROVI's facilities in Madrid and the current high demand for CDMO services in the market might favour obtaining new customers, with the resulting sales impact. This would have to be taken into consideration but cannot be estimated at present.

- Last, ROVI expects to obtain marketing authorisation for Risvan® from the United States Food and Drug Administration (FDA) in March 2024 and to market the product on the United States market, probably through a partner. The potential sales of this product in 2024 will depend on the terms of the agreement reached with the potential partner, which could likewise affect the estimates for 2024.

2.3. Key operating and financial events

2.3.1 ROVI Share Buy-back Programme

ROVI informed (by publication of the inside information number 1926 dated 26th of July 2023) that the Company launched, effective as of 26 July, 2023, a share buy-back programme (the "Buy-back Programme"), in accordance with the following terms:

- Purpose and scope: the Buyback Program's purpose is to redeem own shares of ROVI (share capital reduction) and, at the same time, boost the remuneration of the ROVI shareholder by increasing the profit per share.

- Term: from 26 July 2023, and for a period of 12 months.

- Maximum monetary amount: up to 130,000,000 euros, provided that the maximum price per share may not exceed that provided for by article 3.2 of Delegated Regulation 2016/1052.

  The authorization granted by the general shareholders' meeting of the Company on 17 June 2021 established (a) a minimum price for the acquisition corresponding to the nominal value of the acquired shares and (b) a maximum price for the acquisition corresponding to a price not above the highest between (i) the last transaction carried out on the market by independent parties and (ii) the highest price of a purchase order amongst those contained in the orders book.

- Maximum number of shares to be acquired: 2,700,000 shares of the Company, representing approximately 5% of the Company's share capital on 26 July 2023.

- 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 buy-back program shall be 25% of the average daily volume of ROVI's shares on the trading venue on which the purchase is carried out during the twenty trading days prior to the date of the purchase.

As of 31 January 2024, ROVI had executed approximately 74.85% of the buy-back programme, having acquired 1,808,392 shares for an amount of 97.3 million euros.

2.3.2 ROVI commences clinical development of a new three-monthly formulation of Letrozole (Letrozole LEBE)

ROVI informed (by publication of the inside information number 1835 dated 25th of April 2023) that it has decided to commence the clinical development of a new threemonthly formulation of Letrozole (hereinafter, Letrozole LEBE), rather than the initially planned annual formulation of Letrozole ISM®. The objective of this new development is to reach bioequivalence in the plasma levels of letrozole in comparison with the daily administration of oral doses of Femara® 2.5 mg.

With this new clinical programme for Letrozole LEBE, ROVI estimates it could reduce the research times in comparison to those for an annual formulation of the product, thus making it likely that the three-monthly formulation could be marketed several years earlier and, furthermore, the investment necessary to attain the objectives of this project could also be reduced.

The positive results of the LISA-1 trial, of which ROVI has already informed the market, showed that the first development of letrozole (annual Letrozole ISM®) allows an oestrogen suppression higher than that of Femara® to be predicted (with an initial dose of 100 mg plus a further 100 mg after 8 weeks, and annual maintenance doses of 100 mg, compared with daily oral doses of 2.5 mg), maintaining plasma levels of letrozole significantly lower than those reached with daily oral doses of 2.5 mg of Femara®, taking account the fact that the inhibition of the enzyme aromatase and, therefore, a reduction in oestrogen synthesis is the only known pharmacological mechanism of letrozole.

ROVI sought the advice of the United States Food and Drug Administration (FDA) with a view to using the suppression of the plasma oestrogen levels (oestradiol and estrone) as a surrogate efficacy endpoint in a clinical trial on the superiority of Letrozole ISM® over Femara® in oestrogen inhibition in parallel groups of post-menopausal women with early hormone-dependent breast cancer. The proposal is based on the fact that oestrogen inhibition is letrozole's only pharmacological mechanism. However, the FDA rejected the use of this variable as a surrogate efficacy endpoint.

ROVI contacted the FDA again on 26 October, 2022 to reach an agreement on the clinical development of the product. As reported at the Capital Markets Day of November 2022, the FDA required ROVI to perform a clinical efficacy trial in women with advanced breast cancer using Progression Free Survival (PFS) or the Objective Response Rate (ORR) as the key variable. Likewise, the FDA suggested that further advice should be requested ("End of Phase 2 meeting") after completion of said clinical trial to evaluate a new study that supported registration of the product.

In the light of the advice received from the FDA, the clinical development that would foreseeably be required to obtain marketing authorisation (at least in the United States) for the annual formulation of Letrozole ISM® would entail, first, a Phase 2 clinical trial on Letrozole ISM® vs Femara®, both medicines being combined with CDK 4/6 inhibitors, in post-menopausal women with advanced breast cancer and, subsequently, a Phase 3 trial in women with early breast cancer. This clinical path would probably last more than ten years and would require an investment much higher than initially planned before the dossier to apply for marketing authorisation for the product could be filed. As a result, the company has decided to place the clinical development of annual Letrozole ISM® on hold for the time being.

However, the knowledge acquired with the results of the LISA-1 trial have enabled ROVI to use the time to progress with the preclinical development of a new three-monthly formulation of letrozole (Letrozole LEBE), which aspires to obtain plasma levels equivalent to those obtained with daily oral doses of 2.5 mg of Femara®. This candidate completed all the preclinical evaluation phases and has commenced its clinical development.

Consequently, ROVI is carrying out in Europe a phase I clinical trial to evaluate the safety and pharmacokinetic characterisation of single increasing doses of Letrozole LEBE in healthy post-menopausal women. This new clinical trial (LEILA-1 study) is designed in several cohorts. In each one of them, the volunteers will take 2.5 mg of Femara® daily for 14 days and, after a washout period of at least 28 days, will receive a single dose of Letrozole LEBE. This trial has started subjects' recruitment in July 2023 and will last approximately two years and cost around 5 million euros.

The objective of this trial is (i) to validate the conclusions reached in the preclinical development of the product regarding its capacity to be bioequivalent to the oral formulation and (ii) to identify the dosage of Letrozole LEBE necessary for humans to obtain steady-state plasma levels equivalent to Femara®.

2.3.3 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 23963 dated 28th July 2023) on the evaluation process to obtain marketing authorisation for Risvan® (Risperidone ISM®) in the United States and reported that the United States Food and Drug Administration (FDA) had issued a Complete Response Letter. In this letter, the FDA informed ROVI that it considered the responses to the evaluation of the Risvan® dossier to be complete and made no additional observations.

Likewise, the letter stated that ROVI might close the observations made by the FDA during its inspection in May 2023. On 21 September 2023, ROVI received the Establishment Inspection Report from the FDA with 4 outstanding observations from the FDA inspection of the facility. ROVI provided responses on 29 September 2023 and the FDA has established a new Goal Date of 29 March 2024.

Furthermore, there are no observations that have not yet been resolved by ROVI's suppliers.

Therefore, ROVI will continue to report on the milestones deemed significant in the process to obtain authorisation of Risvan® from the FDA.

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.

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 2022 in Germany, UK and Spain and in 2023 in Portugal, Italy, Austria, Greece and Serbia.

On 27 July 2023, ROVI reported that the United States Food and Drug Administration (FDA) had issued a Complete Response Letter. In this letter, the FDA informed ROVI that satisfactory resolution of the deficiencies from the last inspection was required before the approval of the application, and that there were no outstanding questions related to the dossier. On 21 September 2023, ROVI received the Establishment Inspection Report from the FDA with 4 outstanding observations from the FDA inspection of the facility.

ROVI provided responses on 29 September 2023 and the FDA established a new Goal Date of 29 March 2024.

Furthermore, there were no observations that have not yet been resolved by ROVI's suppliers.

Therefore, ROVI will continue to report on the milestones deemed significant in the process to obtain authorisation of Risvan® from the FDA.

Likewise, 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 adult patients with clinically stable schizophrenia. The company is currently conducting a phase I clinical trial to evaluate the safety, tolerability, and pharmacokinetics of various candidate formulations at different dose strengths and injection sites; patient's recruitment for this study began in September of 2023.

Lastly, the company has decided to commence the clinical development of a new three monthly formulation of Letrozole (hereinafter, Letrozole LEBE), rather than the initially planned annual formulation of Letrozole ISM®. The objective of this new development is to reach bioequivalence in the plasma levels of letrozole in comparison with the daily administration of oral doses of Femara® 2.5 mg.

With this new clinical programme for Letrozole LEBE, ROVI estimates it could reduce the research times in comparison to those for an annual formulation of the product, thus making it likely that the three-monthly formulation could be marketed several years earlier and, furthermore, the investment necessary to attain the objectives of this project could also be reduced.

Accordingly, ROVI is currently carrying out a phase I clinical trial in Europe to evaluate the pharmacokinetics, safety and tolerability of single ascending doses of Letrozole LEBE, at different strengths, in voluntary healthy post-menopausal women (LEILA-1 study). This first clinical trial of Letrozole LEBE began in July 2023

2.5.- Stock market capitalisation

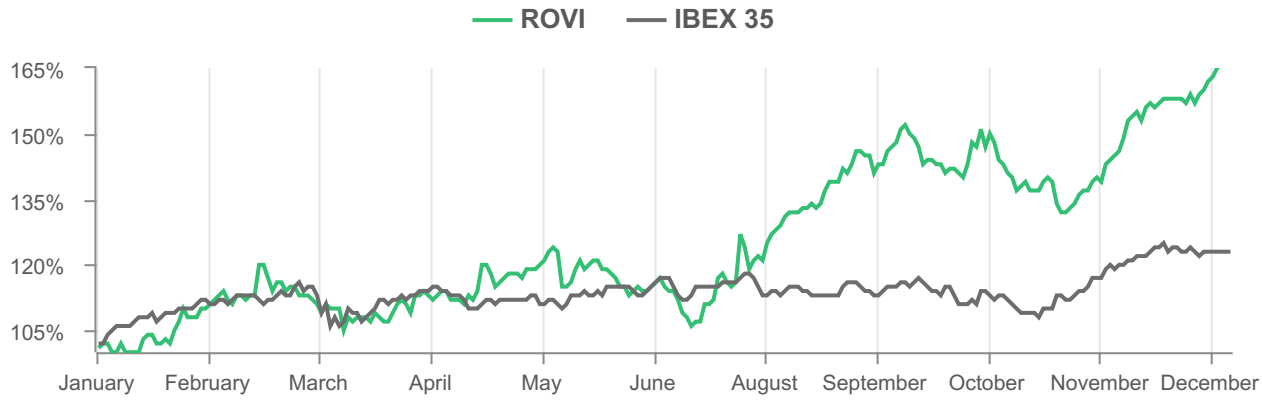
On the December 5th 2007, ROVI carried out an Initial Public Offering (IPO) of shares initially intended for qualified investors in Spain and to qualified institutional investors abroad. The face value of the operation, without including the shares corresponding to the green shoe purchase option, was 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 graph shows the fluctuations of the share price in the stock market in 2023:

The following chart shows the performance of the share price of RVI compared with the IBEX 35 index in 2023:



3.- FINANCIAL INFORMATION

3.1- Liquidity and capital resources

3.1.1- Liquidity

As of 31 December 2023, ROVI had a gross cash (equity securities plus deposits plus financial derivatives plus cash and cash equivalents) position of 26.8 million euros, compared to 126.4 million euros as of 31 December 2022, and net debt of 38.6 million euros (equity securities plus deposits plus financial derivatives plus cash and cash equivalents minus current and non-current financial debt), compared to a net cash of 54.2 million euros as of 31 December 2022.

3.1.2.- Capital resources

Debt with public administration, which is 0% interest rate debt, represented 13% of total debt as of December 2023 (14% as of December 2022).

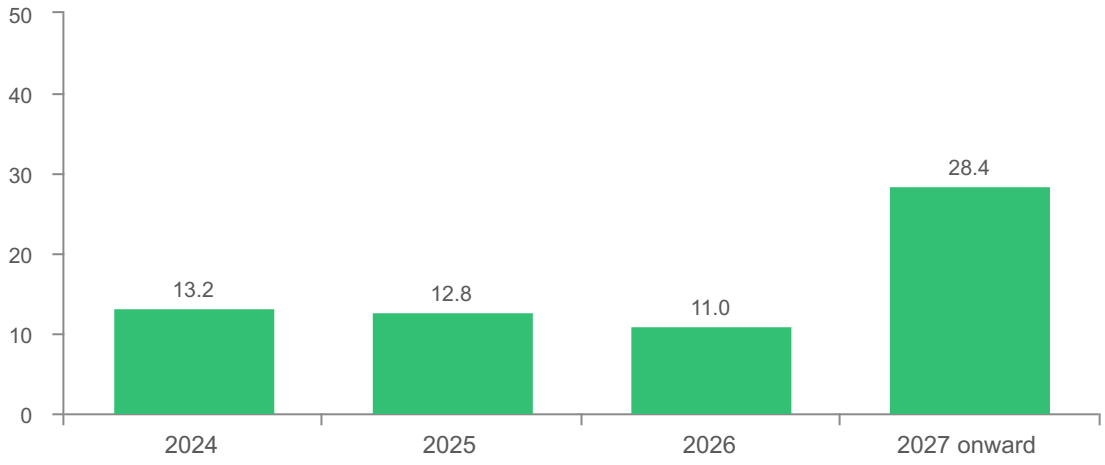
In thousand euros	2023	2022
Bank borrowings	37,745	44,107
Debt with public administration	8,890	10,175
Financial liabilities for leases	18,792	17,856
Derivatives	—	28
Total	**65,427**	**72,166**

As of 31 December 2023, 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 2023, 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 4.816% in January 2024) 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 3.4 million euros. In February 2023, repayment of the fixed interest loan and its current outstanding balance is 34.3 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, 2023.

In September 2023, the bank BBVA granted a credit line of 20 million euros. At 31 December 2023 the Group has not drawn down any amount of the credit facility.

Debt maturities at 31 December, 2023 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, 2023 and 2022, there were no minimum future payments due on these non-cancellable operating leases.

3.2.- Capital expenditure

ROVI invested 55.2 millon euros in 2023, compared to 51.4 millon euros in 2022. A majority of the additions recognised in 2023 and 2022 are related to investments in ROVI´s manufacturing plants, principally

- 2.6 million euros was invested in the Madrid injectables plant, compared to the 2.1 million euros invested in 2022.
- 2.6 million euros was invested in the San Sebastián de los Reyes injectables plant, compared to the 3.0 million euros invested in 2022.
- 1.2 million euros was invested in the Granada plant, compared to the 0.7 million euros invested in 2022.
- 4.3 million euros was invested in the Alcalá de Henares plant, compared to the 3.4 million euros invested in 2022.
- 9.1 million euros was invested in the ISM® industrialisation, compared to the 6.7 million euros invested in 2022.
- 6.3 was invested in the construction, currently in progress, of the new heparin plant in Escúzar (Granada), compared to the 13.8 million euros invested in 2022.
- 2.8 million euros was invested in the Glicopepton Biotech, S.L. plant compared to 1.9 million euros invested in 2022.
- 24.0 million euros was invested in the new vial filling line and the expansion of operations in Madrid, San Sebastian de los Reyes and Alcalá de Henares, compared to the 17.2million euros invested in 2022.

3.3.- Treasury shares transactions

At 31 December, 2023 the number of treasury shares was 2,196,011 (644,114 at 31 December, 2022). The following movements took place in 2023:

	2023	2022
Balance at beginning of year	**644,114**	**1,218,776**
Shares acquired under liquidity contract (a.1)	1,315,909	1,609,715
Shares sold under liquidity contract (a.1)	(1,312,404)	(1,598,794)
Shares acquired under buy-back programmes (a.2)	1,548,392	1,467,225
Shares for capital reduction in buy-back programmes (a.2)	—	(2,052,808)
Balance at end of year	**2,196,011**	**644,114**

a.1) Liquidity contract

Under the liquidity contract that ROVI had signed, 1,315,909 shares were acquired (1,609,715 in 2022), for which a total sum of 52,813 thousand euros was disbursed (78,561 thousand euros in 2022). Likewise, a total of 1,312,404 shares were resold (1,598,794 in 2022) for a sum of 52,639 thousand euros (77,766 thousand euros in 2022). Said shares had been acquired at a weighted average cost of 53,785 thousand euros (80,560 thousand euros in 2022), giving rise to a loss of 1,146 thousand euros on the sale (loss of 2,794 thousand euros in 2022), which was recognised in reserves.

a.2) Share buy-back programme

ROVI informed the market (through publication of inside information No. 1926 of 26 July 2023) that, effective as of 26 July 2023, a buy-back programme had commenced with the following conditions:

- Purpose and scope: the cancellation of ROVI shares (capital reduction) while, at the same time, increasing ROVI's shareholder remuneration by increasing the earnings per share.
- Term: from 26 July 2023 for a twelve-month period.
- Maximum monetary amount: up to 130,000,000 euros, The maximum price per share could not exceed the amount provided for in article 3.2. of Delegated Regulation 20216/1052.

- Maximum number of shares to be acquired: 2,700,000 shares in the Company, representing approximately 5% of ROVI's share capital at 26 July 2023.

- Trading volume to be taken as a reference: the trading volume to be taken as a reference for the purposes of article 3.3 of Delegated Regulation 2016/1052 throughout the buy-back programme would be 25% of the average daily trading volume of the ROVI shares at the trading venue where the purchase was made during the twenty trading days prior to the date of purchase.

At 31 December 2023, ROVI had executed approximately 62.38% of the buy-back programme, having acquired a total of 1,548,392 shares for an amount of 81,087 thousand euros.

Effective 3 November 2021, ROVI commenced a buy-back programme for Company shares with the following main features:

- Purpose and scope: the cancellation of 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 publication date of the buy-back programme or when either of the following two conditions was met. Additionally, ROVI reserved the right to end the programme before the term expired.

- 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 publication date of the buy-back programme.

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

Effective 23 February 2022, ROVI commenced another share buy-back programme for Company shares, the main features of which were as follows:

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

- Term: 6 months as of 23 February 2022, the publication date of the buy-back programme or when either of the following two conditions was met. Additionally, ROVI reserved the right to end the programme before the term expired.

- 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 publication date of the buy-back programme.

Under this agreement, 560,000 shares were acquired in 2022, for which ROVI paid a total amount of 38,574 thousand euros. This programme ended on 29 March 2022.

On 29 July 2022, the share capital reduction (Note 15) of 123 thousand euros through the cancellation of 2,052,808 ROVI shares was entered into the Companies Register. On the same date, the shares were delisted from the Stock Market Interconnection System and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The weighted average cost of the shares cancelled was 135,008 thousand euros and the difference of 134,885 thousand euros was recognised in retained earnings and voluntary reserve (Note 16 c)

3.4.- Dividends

On 14 June, 2023, the General Shareholders Meeting approved the distribution of the 2022 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 69,886 thousand euros (1.2938 euros gross per share). This dividend was paid out in July 2023.

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). The dividend was paid out in July 2022.

4.- OTHER NON-FINANCIAL INFORMATION (INTEGRATED REPORT)

The Integrated Report, which includes the Non-Financial Information Statement, is an integral part of this Management Report, and can be found below.

INTEGRATED **REPORT** 2023

Laboratorios
Farmacéuticos
ROVI

rovi.es

Content

01 Letter from the Chairman

We are currently in a growth phase focused, firstly, on reinforcing the company's internationalisation through the launch of Okedi® in Europe and the expansion of our enoxaparin biosimilar and, secondly, on strengthening the CDMO area through a strong expansion of the production capacity, which provides us with a significant growth opportunity for this division.

Juan López-Belmonte Encina

Chairman and CEO of ROVI

Dear Shareholders,

For a further year, I am writing to express my gratitude for your confidence and support, which are essential to the company's progress. This letter provides me with the opportunity to address all our shareholders and stakeholders and take stock of the milestones, challenges and achievements that marked our activity in 2023.

2023 was a complex year, characterised by the general rise in prices, the tightening of the monetary policy, geopolitical tensions and the socioeconomic consequences that we are still feeling after the COVID-19 pandemic.

From a healthcare perspective, 2023 was the first year of a new endemic scenario in which COVID-19 became a seasonal disease with annual vaccination. In this difficult context, we were able to continue to grow sustainably, which was not only reflected in our contribution to improving people's health and quality of life, but also in our commitment to considering environmental, social and corporate governance aspects in our decision-making. We are proud of the fact that, for the second year running, we were awarded the best score in the pharmaceutical industry category of the global ranking of environmental, social and corporate governance (ESG) risks prepared by Sustainalytics, one of the leading independent companies in ESG research, evaluation and analysis, placing us as the leader among the 431 companies evaluated in the pharmaceutical industry category and in 22nd place among a total of 895 companies in the sector, which includes biotech companies, pharmaceutical laboratories and medical device companies.

Nowadays, concepts like "future" and "sustainability" are linked together and cannot be understood without each other. We are taking important steps to integrate sustainability and ESG criteria into the company's strategy. In 2023, we created a Sustainability Committee in order to implement and oversee the goals of our first ESG Master Plan 2023-2025, which was approved by the Board of Directors at the end of 2022 and defined ROVI's sustainability roadmap to align its goals and actions with the business strategy.

At present, we are in a growth phase focused, firstly, on reinforcing the company's internationalisation through the launch of Okedi® in Europe and the expansion of our enoxaparin biosimilar and, secondly, on strengthening our CDMO area through a strong expansion of our production capacity, which provides us with a significant growth opportunity for this division. There is no doubt that one of our main achievements in 2023 was the U.S. Food and Drug Administration (FDA)'s approval of ROVI's injectables manufacturing plants for the fill-and-finish of syringes containing the Moderna mRNA COVID-19 vaccine. This approval implies that we can also produce this vaccine for distribution in the United States. We are confident of our capabilities as a contract manufacturer of high-technological-value injectables, able to participate in the manufacture of new mRNA technology candidate products in the future.

The results we have achieved are highly satisfactory. 2023 was the first post-pandemic year, a year of transition in which we made a great investment effort to increase current capacities and thus enable us to produce many more pharmaceutical units in the future. In this context, we were able to surpass the previous year's operating revenue by 1%, reaching a total of 829.5 million euros. This increase is mainly due to the strength of the CDMO business, which grew by 1%, and the specialty pharmaceutical business, whose sales rose by 1%.

From a strategic standpoint, we continue to grow. First, the heparin division continues to be one of our main pillars of growth and includes, in addition to bemiparin, which is a product from our own research, the enoxaparin biosimilar as a key growth driver. This product is now present in 40 countries and we hope to double its international presence in the next few years. The importance we place on the heparin division can be seen with the inauguration of a new production plant for the active substance of heparins in Escúzar (Granada) in 2023. Likewise in 2023, we invested in the construction of a new plant to transform pig mucosa into crude heparin in order to attain greater vertical

integration of our value chain and, in the future, become more self-sufficient in obtaining a medicine that is so essential as low-molecular-weight heparins.

Second, our pharmaceutical specialty division positions us as a preferred partner for international pharmaceutical companies in Spain. Currently, we have a portfolio of over 40 products grouped into nine different pharmaceutical areas, including both our own and licensed products. We expect this division to continue providing us with an opportunity for sustainable and profitable growth in the future.

Third, I would like to highlight the favourable reception of Okedi® in the European markets in which it has been launched (Germany, United Kingdom and Spain in 2022 and Portugal, Italy, Austria, Serbia and Greece in 2023). The launch of this product consolidates our internationalisation strategy as one of the pillars of our future growth. At the end of 2023, sales of Okedi® totalled 14.4 million euros and we expect them to rise in 2024, with greater penetration of the product in the countries where it is already present and its launch in other European countries. Likewise, this product is in the registration phase in the United States under the name of Risvan® and we hope to obtain marketing authorisation from the FDA, probably in the first half of 2024.

Fourth, I would like to mention the CDMO area as one of the company's main growth drivers in the medium and long terms. According to *GlobeNewswire*, the world market is expected to grow 7% between 2023 and 2028 due to the growth of biopharmaceutical products (biosimilars and biologics) and the increasing trend among pharmaceutical companies towards outsourcing their production activities. Biologics have acquired greater importance in the treatment of many diseases, such as cancer, autoimmune disorders and infectious diseases. And it is in this context that ROVI can play a significant role..

The company has more than 25 years' experience in the CDMO business, making it one of the leading companies in the manufacture of high-technological-value injectables. In 2023, in spite of the fact that the sales peak resulting from the pandemic took place in 2022, this division grew 1%, with total sales of 409.3 million euros, accounting for 49% of Group sales.

Due to the results obtained and our commitment to a growing market, we are investing in expanding our production capacity not only to manufacture the COVID-19 vaccines and future Moderna mRNA candidate vaccines, but also to enable us to offer capacity to new customers. In this respect, we hope to more than double the prefilled syringe manufacturing capacity in comparison with 2022, reaching a figure of between 450 and 500 million syringes in 2024, and, likewise, to increase the vial manufacturing capacity by 50% in comparison with 2022, raising it to 120 million vials in 2024. We expect the new capacity to be installed gradually and that it will be fully installed at the end of 2024, favouring future growth in this area.

Last, we have placed our confidence in research and development and are committed to our ISM® technology as one of the company's future growth drivers. In this respect, in the last quarter of 2023, we began the phase I clinical trial of quarterly risperidone, in order to complement the present formulation of Risperidone ISM® for the maintenance treatment of clinically stable schizophrenia patients.

Likewise, the the third quarter of 2023, we also started the clinical development of a new three-monthly formulation of letrozole (Letrozole LEBE, in the future), rather than the initially-planned annual formulation of Letrozole ISM®.

In short, for ROVI, 2023 was a great year that allowed us to move forward decidedly in the execution of our strategy. The solid results at operating and financial level provide us with guarantees to tackle the challenges of investment and growth in the pharmaceutical sector. In 2023, we invested 55.2 million euros, 77% of which related to investments in our facilities.

ROVI has a strong balance sheet. We trust that the strength of our balance sheet will allow us to take other opportunities to increase our sales and the return on our assets.

Furthermore, we have continued to create value for our shareholders. Considering the cash generated and the market situation, we decided to initiate a share buy-back programme, effective as of 26 July 2023, in order to cancel ROVI shares while, at the same time, generating extra value for our shareholders.

Finally, allow me to share my optimism and hope for the new times, in spite of the challenges we will have to face. I am fully confident of the capacity and potential of the ROVI team, whom I sincerely thank for their involvement, commitment and dedication, to keep growing sustainably and maintain our contribution to the progress of society. Thank you for the trust you have placed in our work for a further year.

Juan López-Belmonte Encina
Chairman and Chief Executive Officer of ROVI

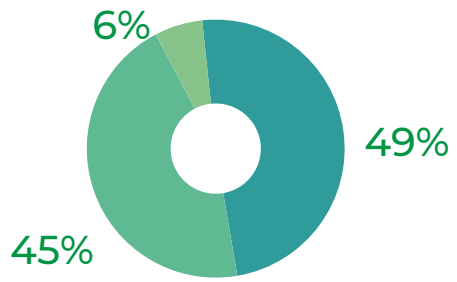
02 Our ESG Performance and Contribution

2.1 Summary of financial performance and ESG performance

Financial figures

Million euros	2023	2022	2021	2020	2019	2018	2017	2016
Total revenue	830.3	819.8	650.0	421.1	382.5	304.8	277.4	266.7
Operating revenue	829.5	817.7	648.7	420.0	381.3	303.2	275.6	265.2
EBITDA	244.5	278.9	202.9	94.2	60.9	29.5	29.9	39.3
EBITDA without R&D	269.4	302.8	230.4	118.0	90.2	63.0	58.7	52.8
EBIT	220.1	256.0	181.6	74.7	42.6	17.5	18.4	28.3
Net profit	170.3	199.7	153.1	61.1	39.3	17.9	17.2	26.1
Acquisition of property, plant & equipment and intangible assets ("Capex")	55.2	51.4	40.9	39.7	40.5	26.4	19.9	18.1
Financial debt	65.4	72.2	73.2	74.4	84.8	34.2	43.2	33.8
Gross financial debt	26.8	126.4	100.5	54.6	68.9	97.0	42.1	42.8
Net financial debt (net cash position)	38.6	-54.2	-27.4	19.8	15.9	-62.8	1.1	-9.0

Operating revenue 2023



1%

variation in operating revenue vs 2022

Stock market information

	2023	2022
Number of shares	54,016,157	54,016,157*
Closing price	€60.20	€36.06
Capitalisation at 31 December (millions)	€3,252	€1,948
Total dividend (thousands)	€69,886	€53,580
Dividend per share paid in the year and charged to the previous year's profit	€1.2938	€0.9556
Pay out (as % of consolidated net profit)	35%	35%
Profit per share	€3.15	€3.70
PER (**)	19.10	9.75

(*) After the dividend had been paid, the capital was reduced by cancelling 2,052,808 treasury shares.

(**) Price Earning Ratio or the ratio between the price of a share and its annual earnings.

Non-financial figures for 2023

1. Governance area

Percentage of independent board members	Percentage of female board members	Percentage of local board members
42.86%	42.86%	100%
0.00 pp vs. 2022	0.00 pp vs. 2022	0,00 pp vs. 2022

2. Social area

Our consumers

- The quality and safety of our products is guaranteed
- Pharmacovigilance system implemented

Ratio claims / million units distributed:

7.18

14.0% vs. 2022

Our employees

Number of employees at year end	Percentage of employees with permanent contracts	Diversity of workforce	Hours of training	Percentage of employees covered by collective agreement
2,111	91%	54% Women 46% Men	62,415	100%
5.9% vs. 2022	3 pp vs. 2022		10% vs. 2022	

Our value chain

- European Medicines Verification Organisation (EMVO) System
- Code of Ethics for Suppliers – mandatory compliance

Over **2,200** suppliers

From **42** countries

91% of suppliers members of the European Union

- Local Spanish suppliers bear the main weight:
- Spanish suppliers account for 75% of the global total and 82% of the European total

Our environment

€380,170

Donations to foundations, collaboration agreements and sponsorships

33,511€

Donations of healthcare equipment

3. Environmental area

Electricity consumption (kWh)

2023	2022	% variation
32,245,944	28,935,843	11%

Natural gas consumption (kWh)

2023	2022	% variation
33,815,326	30,618,062	10%

Fuel consumption (litres)

2023	2022	% variation
494,668	378,520	31%

Water consumption (m^3)

2023	2022	% variation
218,584	206,487	6%

Hazardous waste generated (tonnes)

2023	2022	% variation
5,163	5,223	-1%

Non-hazardous waste generated (tonnes)

2023	2022	% variation
4,215	3,703	14%

Scope 1 and 2 CO_2 emissions (t CO_2 eq)

2023	2022	% variation
7,895	7,584	4%

Compensation of 100% of the Group's Scope 1 and 2 emissions (7,895 tonnes).

Compensation of 15% of tonnes of Scope 3 emissions.

2.2 Key milestones in 2023

[GRI 2-6]

Consolidation of the internationalisation strategy due to the new launches of Okedi® in Europe

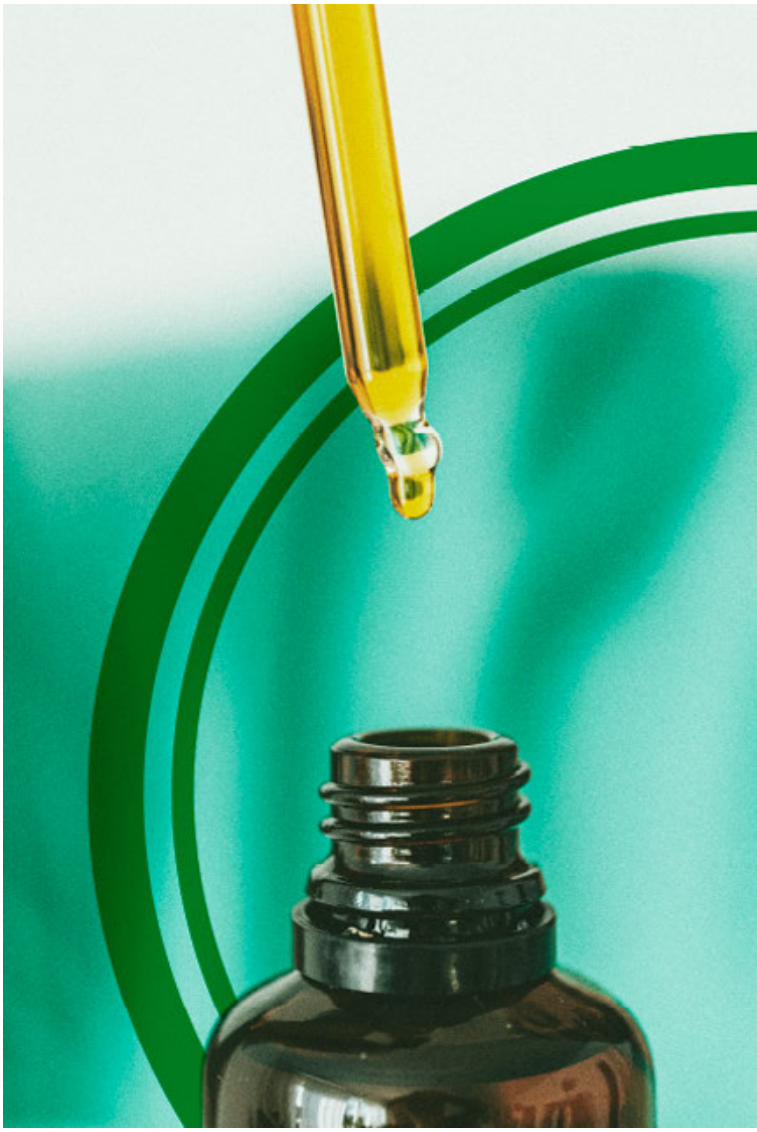
The European Commission authorised the marketing of Okedi® (Risperidone ISM®) in February 2022. Since then, the product has been being marketed in several European countries. In 2022, Okedi® was launched in Germany, the United Kingdom and Spain and, in 2023, in Portugal, Italy, Austria, Greece and Serbia. These launches consolidated our internationalisation strategy as one of the pillars of our future growth. Additionally, the product is expected to be launched in further countries, both within and outside Europe, in upcoming months. Likewise, ROVI expects to obtain marketing authorisation for Risperidone ISM® (Risvan® is the trademark in the United States.) from the FDA in 2024 and to be present in the United States market in the same year.

Okedi® (Risperidone ISM®) is a prolonged-release injectable antipsychotic, developed and patented by ROVI, for the treatment of schizophrenia in adults for whom the tolerability and effectiveness has been established with oral risperidone. From the first injection, it immediately provides sustained therapeutic plasma levels, without the need for loading doses or oral risperidone supplements.

Evaluation process to obtain marketing authorisation for Risvan® in the United States

On 27 July 2023, ROVI reported that the FDA had issued a Complete Response Letter, in which it informed ROVI that it was necessary to resolve the deficiencies found in the latest inspection satisfactorily before the application could be approved and that there were no pending issues related to the dossier. On 21 September 2023, ROVI received the Establishment Inspection Report from the FDA with four outstanding issues regarding the FDA's inspection of the plant. ROVI provided the responses on 29 September 2023 and the FDA notified a new user fee goal date: 29 March 2024.

Likewise, there are no observations that have not yet been resolved by ROVI's suppliers.



Clinical development of a new three-monthly formulation of Letrozole LEBE

In April 2023, ROVI announced the start of the clinical development of a new three-monthly formulation of letrozole (hereinafter, Letrozole LEBE), as opposed to the initially-planned annual formulation of Letrozole ISM®, the objective of which is to reach bioequivalence in the plasma levels of letrozole in comparison with the daily administration of oral doses of Femara® 2.5 mg.

With this new clinical programme for Letrozole LEBE, ROVI estimates it could reduce the research times in comparison to those for an annual formulation, thus making it likely that the three-monthly formulation could be marketed several years earlier and, furthermore, reduce the investment necessary to attain the objectives of this project.

In this respect, ROVI is conducting a phase 1 clinical trial in Europe to evaluate the pharmacokinetics, safety and tolerability of single ascending doses of Letrozole LEBE at different concentrations in healthy post-menopausal women

volunteers (LEILA-1 study). This first clinical trial of Letrozole LEBE commenced in July 2023.

FDA approval of ROVI's injectables manufacturing plants for the manufacturing of the Moderna COVID-19 vaccine

In September 2023, the FDA approved the company's manufacturing plants in Madrid, San Sebastián de los Reyes and Alcalá de Henares for the fill-and-finish of syringes for the Moderna mRNA COVID-19 vaccine. ROVI also hopes to provide Moderna vaccines to be distributed in the United States from 2023 onwards.

Additionally, in January 2024, the FDA inspected the company's active substance manufacturing plant in Granada with a satisfactory result. The inspection focused on the processes of manufacture and control of the active substance to be used in the manufacture of Moderna's mRNA COVID-19 vaccine.

Juan López-Belmonte Encina
Chairman and Chief Executive Officer of ROVI:

"We are delighted to expand our collaboration with Moderna and be able to also support the company in the 2023 vaccination campaign in the United States. At ROVI, we have confidence in our capacity to take part in the manufacture of new mRNA candidates in the future."

First place in the Sustainalytics world ESG ranking for the second year running

For the second year running, ROVI obtained the best ranking in the pharmaceutical industry category in the world rating of environmental, social and corporate governance (ESG) risks drawn up by Sustainalytics, a leading independent ESG research, rating and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. ROVI has revalidated its first place among 431 companies rated in the pharmaceutical industry group and remains in 22nd place among a total of 895 companies rated in the entire sector, which includes "biotechnology companies, pharmaceutical laboratories and laboratory equipment companies.". Thus, the company improved its risk rating by 0.9 points, dropping from 17.3 in 2022 to 16.4 in 2023, holding a low risk position (between 10 and 20 points).

2.3 Our response to the key challenges of 2023

[GRI 2-6]

Increase in the capacity of our contract development and manufacturing business (CDMO)

In February 2022, ROVI expanded its collaboration with Moderna by signing a 10-year agreement, which is allowing it to increase its production capacity significantly. Under the terms of this agreement, ROVI hopes to manufacture not only the mRNA COVID-19 vaccine, but also future Moderna mRNA candidate vaccines. This new capacity will be added gradually during 2023 and 2024 and is expected to be fully installed at the end of 2024. ROVI hopes to be able to offer idle capacity from these new investments to other potential customers, in addition to Moderna. The addition of this new capacity is likely to provide ROVI with a very important growth opportunity in this area.

Launch of Okedi® in Europe

In February 2022, the European Commission authorised the marketing of Okedi® (Risperidone ISM®) in Europe for the treatment of schizophrenia. Since then, the company has launched the product in Germany, the United Kingdom, Spain, Portugal, Italy, Austria, Greece and Serbia.

Since schizophrenia is a chronic disease, the product is expected to penetrate slowly. Notwithstanding, the company has high hopes of the behaviour of the product in the main European markets, since it is being received very positively among the psychiatric community. Furthermore, Spain is the principal long-acting injectables market in Europe for the treatment of schizophrenia and ROVI has been present in this therapeutic area for a number of years with other products on its portfolio.

ROVI hopes that, given its differentiating characterisics, Okedi® will become an important player in the field of long-acting injectables to treat schizophrenia in Europe.

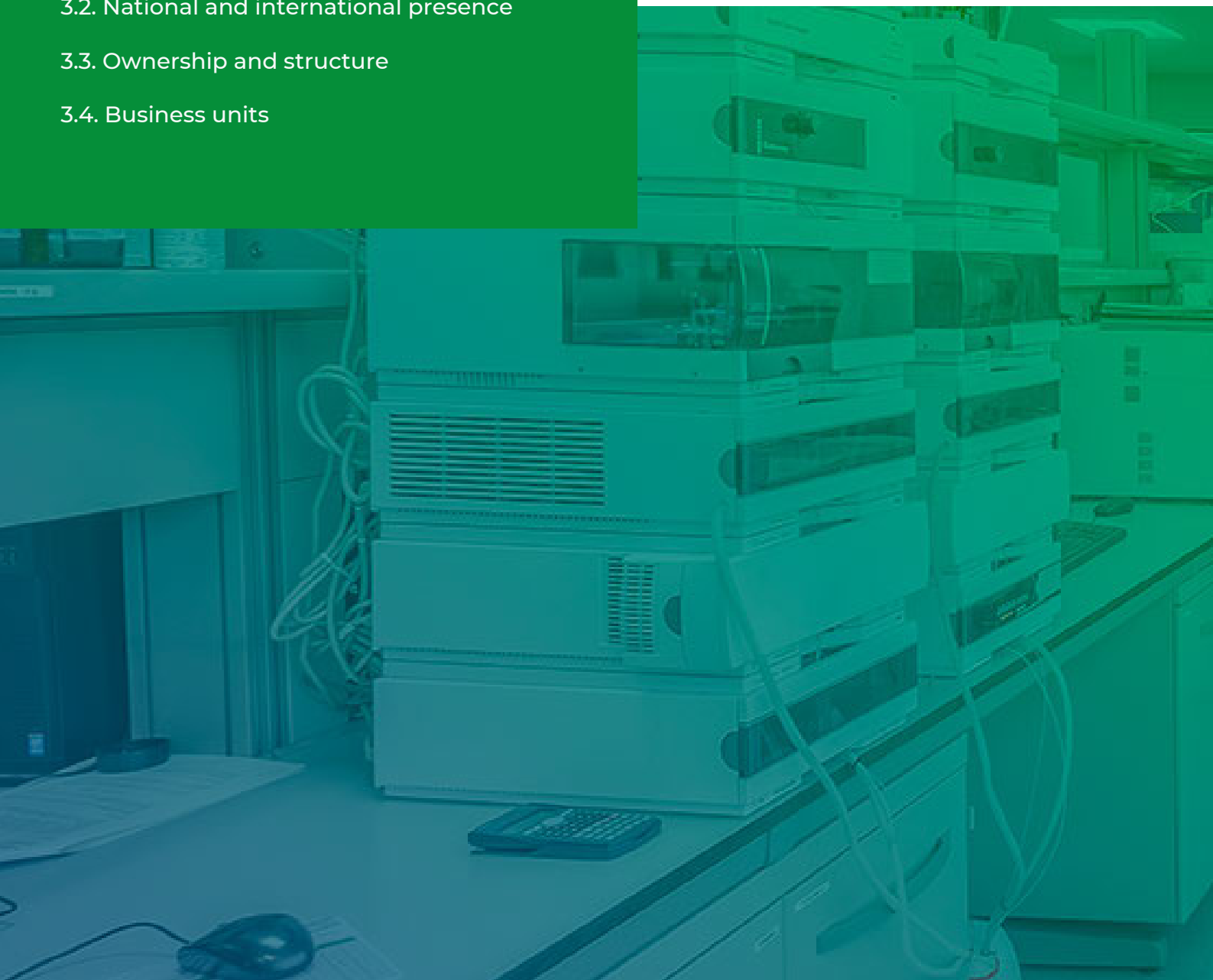
Evolution of the raw material prices for heparins

As a result of the African swine fever in 2018, the pig population in China, which has the largest pig population in the world, decreased dramatically. This led to a very significant increase in the price of the raw material used in heparin production over the last few years.

Prices of the raw material for heparins remain high, even though China has now replaced the pig population it lost due to swine fever. In order to reduce dependence on third parties for the supply of raw materials for heparins, in October 2022, ROVI signed a joint venture with two Spanish meat companies to create Glicopepton Biotech, in order to aims to attain greater vertical integration and, in 2026, once the plant has come into operation, achieve self-supply of a high percentage of the sodium heparin needed. It is thus hoped to reduce the impact of the fluctuations in the raw material price, furnish the product with greater traceability and increase the division's margins.

However, in the fourth quarter of 2023, low-molecular-weight heparin (LMWH) raw material prices decreased by around 35% in comparison with the fourth quarter of 2022. ROVI expects this decline to accelerate in 2024. Nevertheless, despite this price decrease, the impact on gross margin remained negative in 2023 due to the length of the LMWH manufacturing process, where the raw material currently being used has been stocked for several months and was purchased at higher prices. However, a positive impact on gross margin is expected to be seen from 2025 onwards.

03 Our Business Model



3.1 Group profile

[GRI 2-1, 2-6]

Laboratorios Farmacéuticos Rovi (hereinafter, "ROVI", "the Group", "the ROVI Group" or "the Company") is a specialised fully-integrated pharmaceutical group originating in Spain, engaged in the research, development, licensed manufacturing and marketing of small molecules and biological specialities.

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.

Name	Laboratorios Farmacéuticos Rovi, S.A.
Address	Julián Camarillo, 35. 28037 Madrid. España
Telephone	0034 91 375 62 30
Website	www.rovi.es
Share capital	3,240,969 euros
Number of shares	54,016,157
Par value	0.06€ share
Activity	Manufacturing and marketing of pharmaceutical products and contract manufacturing services.
Markets	The ROVI Group has direct presence in Spain, Portugal, Germany, France, United Kingdom, Italy and Poland and is listed on the Barcelona, Bilbao, Valencia and Madrid Stock Exchanges.

History

Since it was founded in 1946, ROVI has contributed to creating value in society through the following significant milestones:

1946
Foundation of the Company.

1981
Start of research into low-molecular-weight heparins.

1998
Launch of bemiparin in the Spanish market and start of marketing activities.

2002
Internationalisation of ROVI through approval of bemiparin abroad.

2003
Extension of international cover to 59 countries.

2006
Construction of the R&D&I centre and the Granada plant.

2009
Strategic agreement Merck Sharp & Dohme (MSD).

2012
FDA certification of injectables plant.

2013
Agreements to market products of Novartis y Medice.

2014
Process to register an enoxaparin biosimilar with the EMA.

2015
I. Acquisition of a new injectables plant in San Sebastián de los Reyes, thus reinforcing the contract manufacturing capacity and consolidating the growth of bemiparin and enoxaparin biosimilar.
II. Successful completion of the PRISMA-2 study in the clinical development of the new long-acting injectable Risperidone ISM®.

2016
Agreement with Novartis for the marketing of Neparvis®.

2017
I. Commencement of marketing of an enoxaparin biosimilar in Germany.
II. Start of Phase III of the clinical trial of Okedi® (Risperidone ISM®).

2018
Launch of an enoxarin biosimilar in Spain, France, United Kingdom, Italy, Estonia and Latvia.

2019
Conclusion of the PRISMA-3 and BORIS studies and end of the Clinical Research Programme of Risperidone ISM® - Okedi® in schizophrenia patients and application for marketing authorisation in Europe.

2020
I. Participation in the manufacture of the acti- ve substance and fill-finish of the Moderna COVID-19 vaccine.
II. Application for marketing authorisation for Risvan® in the USA.

2021
Reinforcement of agreement with Moderna for manufacture of the active substance of the COVID-19 vaccine, as well as the fill- finish of the vaccine.

2022
I. European Commission' approval of Okedi® as a treatment for schizophrenia and commencement of marketing.
II. Expansion of the collaboration agreement with Moderna for manufacture of the mRNA vaccines.

2023
I. FDA approval of the injectables manufacturing plants to manufacture Moderna's mRNA COVID-19 vaccine.
II. Launch of Okedi® in Portugal, Italy, Austria, Greece and Serbia which consolidate the internationalisation strategy.
III. Commencement of the phase-1 development of i) a new three-monthly formulation of letrozole (Letrozole LEBE) to treat hormone-dependent breast cancer, and ii) quarterly risperidone.

3.2 National and international presence

[GRI 2-1, 2-6]

Since its foundation, ROVI's outlook has been clearly international. Its current presence in over 100 countries is the result of implementing a strategy oriented towards growth and internationalisation that began in 1998. This strategy continues to be one of the Group's goals in both organisational and commercial terms. Seeking cross-border opportunities allows it to diversify risks and expand its business.

The Group is present in both Spain, where it carries on a large part of its marketing operations and all its manufacturing services and research and development activities, and abroad, with subsidiaries in France, Portugal, Germany, Italy, United Kingdom and Poland, through which it is either currently marketing its product.

ROVI markets different drugs all over the world. Bemiparin is one of its main drivers and has the most extensive international track record (present in 64 countries).

Bemiparin

Approved in **64** countries

Since 2017, the Group has boosted its international presence as a result of the marketing of its enoxaparin biosimilar, which is now present in 40 countries (Germany, Austria, Spain, Estonia France, Italy, Latvia, United Kingdom, Portugal, Poland, Costa Rica, Sweden, Finland, South Africa, Israel, Peru, Netherlands, Panama, Dominican Republic, Canada, Malaysia, Albania, North Macedonia, Guatemala, El Salvador, Honduras, Georgia, Bahamas, Jamaica, Gabon, Democratic Republic of Congo, Trinidad and Tobago, Brazil, Luxembourg, Colombia, Bosnia and Herzegovina, Kosovo, Jordan and Sri Lanka).

Likewise, ROVI seeks the international expansion of this product over the next few years as a result of, first, the competitive edge provided by entering a market where there are only four biosimilars and, second, the expected increase in emerging markets, whose economic potential is estimated at 700[1] million euros..

At the end of 2023, ROVI's enoxaparin biosimilar had been approved in 26 countries in Europe, as well as 33 in the rest of the world, with presence in 40 nations through different distribution agreements.

The following licence agreements may be highlighted:

- First, the agreement with Hikma Pharmaceuticals PLC for the distribution of the enoxaparin biosimilar in 17 countries in the Middle East and North Africa: Saudi Arabia, Jordan, Algeria, Egypt, Tunisia, Sudan, Syria, Yemen, Iraq, Oman, United Arab Emirates, Kuwait, Qatar, Bahrain, Libya, Palestine and Lebanon.
- Second, the agreement with Sandoz (a division of Novartis AG) for distribution in 10 countries or regions: Canada, New Zealand, Philippines, Malaysia, CAC (Central America and Caribbean), South Africa, OECS (Organisation of Eastern Caribbean States), Hong Kong, Singapore and Vietnam.

In 2023, the enoxaparin biosimilar reached Jordan and Sri Lanka for the first time.

Growth potential of the enoxaparin biosimilar

2024	2025
Paraguay	Vietnam
Malta	Ukraine
New Zealand	Turkey
Mexico	Belarus
	China

[1] *Source: IQVIA Midas 1T 2020*

Map showing global presence of bemiparin

Latin America

Marketed: Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Argentina.

Registered: Brazil, Venezuela, Chile, Bolivia, Mexico, Colombia and Belize.

Europe

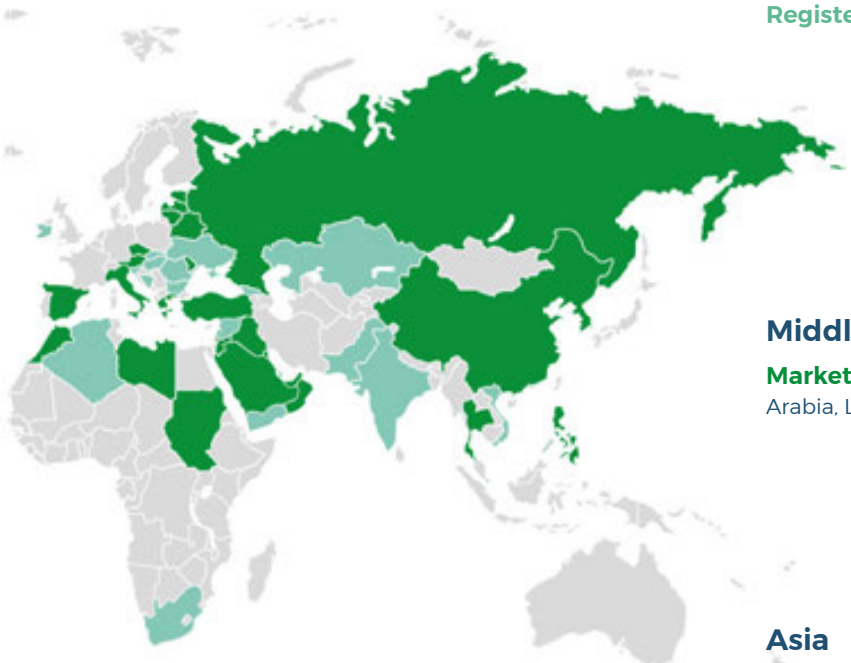
Marketed: Austria ,Czech Republic, Greece, Estonia, Latvia, Lithuania, Moldova, Russia, Turkey, Albania, Italy, and Spain.

Registered: Georgia, Bulgaria, Ireland, Romania, Hungary, Slovakia, Slovenia, Poland, Portugal, United Kingdom, Ukraine and Belarus.

Africa

Marketed: Morocco and Sudan.

Registered: South Africa, Namibia, Algeria and Mauritius.



Middle East

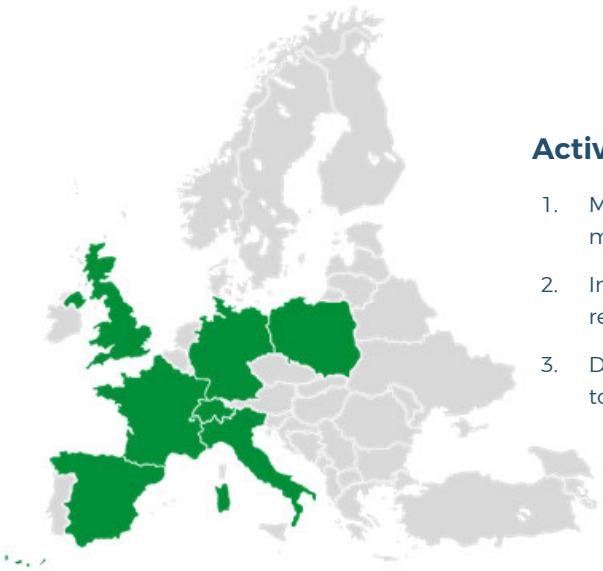
Marketed: Jordan, Kuwait, Yemen, Bahrain, Oman, Saudi Arabia, Lebanon, Qatar, Iraq and United Arab Emirates.

Asia

Marketed: South Korea, China, Philippines and Thailand.

Registered: Kazakhstan, Pakistan, India, Hong Kong and Singapore.

Principle locations



Activity

1. Manufacture, marketing and sale of pharmaceutical, healthcare and medicinal products
2. Import, export, purchase, sale, distribution and marketing of articles related to integral healthcare for women
3. Development, distribution and sale of pharmaceutical products related to microimplant technology

Spain

Corporate name: Laboratorios Farmacéuticos Rovi, S.A
Address: C/Julián Camarillo, 35. (Madrid)
Address: C/José Isbert, 2. Pozuelo de Alarcón (Madrid)
Activity: (1)

Corporate name: Pan Química Farmacéutica, S.A
Address: C/Rufino González, 50. (Madrid)
Activity: (1)

Corporate name: Rovi Pharma Industrial Services, S.A.U.
Address: Avenida Complutense, 140. Alcalá de Henares (Madrid)
Address: C/Julián Camarillo, 35. (Madrid)
Address: C/Paseo de Europa, 50. Ctra. Madrid- Burgos, Km 20,9. San Sebastián de los Reyes, Madrid
Activity: (1)

Corporate name: Rovi Escúzar, S.L.
Address: C/Julián Camarillo, 35. (Madrid)
Activity: (1)

Corporate name: Gineladius, S.L.
Address: C/Rufino González, 50. (Madrid)
Activity: (2)

Germany

Corporate name: Rovi GmbH
Address: Ruhlandstr. 5. Bad Tölz.
Activity: (1)

Corporate name: Bertex Pharma GmbH
Address: Inselstr.17. 14129. Berlin.
Activity: (3)

United Kingdom

Corporate name: Rovi Biotech Limited
Address: 10-18 Union Street, London (United Kingdom).
Activity: (1)

Poland

Corporate name: Rovi Biotech sp. z o.o. o. Rovi Biotech spółka z o.o.
Address: Mokotów, ul. Rzymowskiego 53, 02-697. Warsaw.
Activity: (1)

Italy

Corporate name: Rovi Biotech, S.R.L.
Address: Via Monte Rosa 91. Milan
Activity: (1)

France

Corporate name: Rovi S.A.S.
Address: Rue du Drac, 24. 38180. Seyssins.
Activity: (1)

Switzerland

Corporate name: ROVI Biotech GmbH.
Address: Bahnhofstrasse 10, 6300, Zug.
Activity: (1)

Portugal

Corporate name: Laboratorios Farmacéuticos Rovi S.A..
Address: Jardins da Parede, Rua do Phinhal, Lote 16. Parede.
Activity: (1)

3.3 Ownership and structure

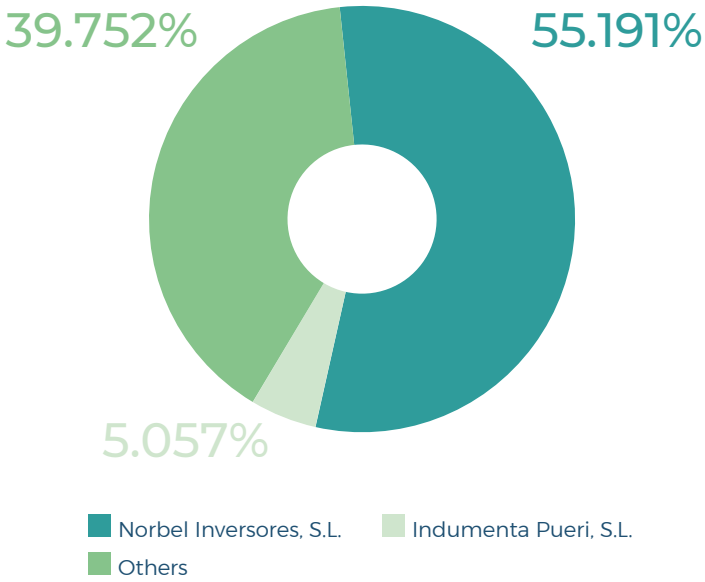
[GRI 2-1, 2-2]

Corporate structure

Laboratorios Farmacéuticos ROVI, S.A.

- **100%** ROVI Pharma Industrial Services, S.A.U.
- **100%** Pan Química Farmacéutica, S.A.
- **100%** Gineladius, S.L.
- **100%** Bertex Pharma GmbH
- **100%** ROVI Biotech sp. z.o.o.
- **100%** ROVI Escúzar, S.L..
- **100%** ROVI Biotech Limited.
- **100%** ROVI Biotech, S.R.L.
- **100%** ROVI Biotech Limited.
- **100%** ROVI, S.A.S.
- **100%** ROVI Biotech GmbH
- **51%** Glicopepton Biotech, S.L

Shareholder structure (31 December 2023)



Shareholder	Percentage voting rights		
	Direct	Indirect	Total
Norbel Inversores, S.L.	55.191%		**55.191%**
Indumenta Pueri, S.L.		5.057%	**5.057%**
Total	**55.191%**	**5.057%**	**60.248%**

Information obtained from official CNMV records.

Significant shareholders hold 60.25% of ROVI's capital. They include the company Norbel Inversiones, S.L., which holds 55.19% of the shares of Laboratorios Farmacéuticos Rovi, S.A. Norbel Inversiones, S.L. is owned by Messrs Javier López-Belmonte Encina, Juan López- Belmonte Encina and Iván López Belmonte Encina (each of whom hold an interest of 33.33%.

In addition, the other shareholder with a significant interest has the following composition and characteristics:

- Indumenta Pueri, S.L. is the asset management company of the Domínguez family, owner of the children's fashion company Mayoral in Malaga.

3.4 Business units

[GRI 2-6]

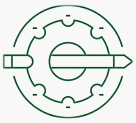
ROVI is a pan-European country focusing on innovating producs. It is stable, sound and experienced and follows a growth strategy based on three pillars: pharmaceutical specialties, contract manufacturing (CDMO) and R&D&I.

Pharmaceutical specialties

- Prescription products
  - Low-molecular-weight heparin division (LMWH)
  - Own and licensed product division
- Diagnostic imaging contrast agents and other hospital products

Contract manufacturing business (CDMO)

- Specialists in solutions for prefilled syringes, sold oral forms and vials



R&D&I

- 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 1% in what was the first post-pandemic year.

Competitive edges

Leading company in LMWHs

Since its foundation in 1946, ROVI has been mainly engaged in studying and developing drugs based on heparin, a fast-acting anticoagulant.

Since 1981, the Company has focused on the fractional derivatives of heparins, the low-molecular-weight heparins (LMWHs).

As a result of ROVI's 70 years' experience, its main product, bemiparin, has become one of the principal treatments for venous thromboembolic disease worldwide.

In 2017, ROVI launched a biosimilar of enoxaparin, the leading molecule in the market, and currently aspires to become a major company in the LMWH field.

Low-risk innovation

ROVI operates following a low-risk strategy, focusing on chronic diseases with broad medical needs.

The Company allocates a large part of its revenue to research, in order to remind in the vanguard of both the product area and manufacturing and development systems.

Diversified portfolio protected by patents

ROVI has launched 15 new products in the market in the last 13 years and currently has a portfolio of over 40 products, grouped into nine therapeutic areas. The portfolio includes both ROVI's own and licensed products and there is growing demand for most of them. They are virtually unaffected by the reference pricing system in Spain.

Infrastructure with operating advantages

ROVI is one of the main companies in the sector in the contract development and manufacturing sector (CDMO) and in the production of prefilled syringes, which it exports to more than 45 countries.

Its production plants have been approved by the European and United States regulatory authorities, the European Medicines Agency (EMA) and the Food and Drug Administration (FDA), respectively.

3.4.1 Specialty pharmaceutical area

ROVI has a portfolio of more than 40 of its own and licensed products. This makes the specialty pharmaceutical area one of ROVI's major pillars of growth.

The products are indicated for both the treatment and diagnosis of different complaints in nine therapeutic areas:

Cardiology

Osteoarticular / Women's health

Anaesthesia / Pain

Diagnositic imaging contrast agents

Central nervous system

Urology

Endocrinology

Respiratory

Primary healthcare

The specialty pharmaceutical area can be classified into two large blocs or divisions:

I. Prescription products

II. Contrast agents for diagnostic imaging and other hospital products

I. Prescription products

Low-molecular-weight heparins

ROVI aspires to become a world leader in low-molecular-weight heparins (LMWHs). To achieve this, it has two products from its own research, Bemiparin (Hibor®) and the enoxaparin biosimilar (Becat®). The low-molecular-weight heparin division accounted for 29% of Group´s operating revenue in 2023.

Bemiparin

Bemiparin (Hibor®) is a low-molecular-weight heparin (fast-acting anticoagulant) indicated for the prevention and treatment of venous thromboembolic disease (VTE) in both surgical and medical patients.

Additionally, it is used for both the acute and long-term treatment of patients who have suffered VTE (venous thromboembolism), which has serious and potentially fatal symptoms. It is characterised by the formation of a fibrin clot, thrombosis, inside the veins of the deep vein system, with the consequences that may derive from the evolution of the venous thrombus, which may grow, progress or fragment. In the event of fragmentation, some of the fragments may reach the lung and cause pulmonary embolism.

In 2023, bemiparin represented 11% of ROVI's operating revenue. Its global positioning as one of the principal therapeutic alternatives for venous thrombosis is one of the main factors of its success and international expansion and it is now present in 64 countries through ROVI's network of strategic partnerships.

Enoxaparin ROVI

ROVI's enoxaparin sodium biosimilar, launched in 2017, is an anticoagulant medicine belonging to the low-molecular-weight heparin group. It is used to prevent and treat deep venous thrombosis and pulmonary embolism. In 2023, enoxaparin sales totalled 147.9 million euros and accounted for 18% of ROVI's operating revenue.

The global enoxaparin market totals over 2,566 million euros (estimates IQVIA MIDAS IT 2020. The European market represents 52% of that total (around 1,323 million euros), with 86% of sales concentrated in 7 countries: Germany, France, Spain, United Kingdom, Italy, Austria and Poland (data IQVIA MIDAS IT 2020), where ROVI is already marketing its product through its subsidiaries. Likewise, it has received approval in all the EU countries where applications have been filed.

The Group manufactures and packages its enoxaparin biosimilar at its five production plants in Spain. ROVI has increased its production capacity due to the commissioning of the second active substance plant, located in Escúzar (Granada) in the fourth quarter of 2023.

Okedi®

ISM® technology, which belongs exclusively to ROVI, represents an important alternative for treating chronic diseases with unmet medical needs. Using the ISM® technology platform, ROVI is developing new products to replace the daily administration of oral drugs by long- acting injectables.

In February 2022, ROVI obtained approval for Okedi®, its first product based on its leading-edge drug-delivery technology ISM®, for the treatment of schizophrenia in adults for whom tolerability and effectiveness had been established with oral risperidone. The product was launched in Germany, the United Kingdom and Spain in 2022 and in Portugal, Italy, Austria, Greece and Serbia in 2023.

Licensed products

The products marketed under licensing agreements that are most important in terms of their contribution to group EBITDA (more information in Chapter 5 of this report) are listed below.

Neparvis®

ROVI began to market Neparvis® (sacubitril/valsartána), of Novartis in December 2016.

It is a product indicated for the treatment of adult patients with symptomatic chronic heart failure with reduced ejection fraction (the proportion of blood leaving the heart).

Volutsa®

In the first quarter of 2015, ROVI began to market Volutsa (solifenacin succinate and tamsulosin hydrochloride).

It is an Astellas Pharma product indicated for the treatment of moderate to severe storage symptoms (urgency, increased micturition frequency) and voiding symptoms associated with benign prostatic hyperplasia (BPH) in men who are not responding adequately to monotherapy treatment.

Orvatez® and Vytorin®

Vytorin® (ezetimiba and simvastatina) and Orvatez® (ezetimiba y atorvastatina). Vytorin® was first marketed in 2011, while Orvatez® joined it a few years later in 2015.

These products are indicated to treat patients with hypercholesterolemia and are always used as an adjunctive therapy to diet.

ROVI ceased distributing Vytorin® on 31 January 2023.

Hirobriz® Breezhaler® and Ulunar® Breezhaler®

In the last quarter of 2014, ROVI began to market the products Hirobriz Breezhaler (indacterol maleate), and Ulumar Breezhaler (indacaterol maleate and glycopyrronium bromide).

Both these active substances are long-acting bronchodilators indicated for the maintenance treatment of Chronic Obstructive Pulmonary Diseases (COPD) in adult patients and administered by inhalations through the Breezhaler device. ROVI markets the two products under licence from Novartis.

Medikinet® and Medicebran®

Medikinet (methylphenidate hydrochloride with modified release) and Medicebran (methylphenidate hydrochloride with immediate release) are products from the company Medice that ROVI has been distributing on an exclusive basis in Spain since December 2013.

They are prescription products indicated for the treatment of ADHD (attention deficit hyperactivity disorder) in children and adolescents.

II. Contrast agents for diagnostic imaging and other hospital products

This area contributed 6% of the Company's operating revenue in 2023, reinforcing ROVI's position as one of the market leaders in the marketing of contrast agents and other hospital products for diagnostic imaging (computed tomography, magnetic resonance imaging, ultrasound scans, etc).

Some of the products that form the portfolio of this division are those marketed under licence from Bracco: Iomeron® and Iopamiro® (for computed tomography and other interventions), Multihance® and Prohance® (for magnetic resonance imaging), Sonovue® (for ultrasounds), and ACIST: EmpowerCTA+®, EmpowerMR® and CT Expres (contrast injection systems and compatible disposable material).

The hospital product portfolio is completed by healthcare products for the care and maintenance of intravenous catheters, such as Fibrilin®.

Additionally, Gineladius, a ROVI Group subsidiary, signed an investment agreement with Cells IA Technologies, S.L., a pioneering company in the development of artificial intelligence (AI)-assisted diagnostic solutions in the pathological anatomy field. Pathological anatomy, an essential medical specialty in the diagnosis and staging of many diseases, is set to become one the disciplines with the greatest transformative potential due to the new digital technologies. This agreement with Cells IA represents an opportunity for ROVI in relaton with its goal to help improve healthcare by developing artificial intelligence solutions.

3.4.2. Contract manufacturing (CDMO)

This is the ROVI Group's second pillar of growth, due to the high manufacturing capacity available at its facilities that allows it to operate this business line with an extensive range of contract manufacturing services (compounding, filling, inspection, labelling, packaging, blister packaging, installation of safety devices and serialisation) for a wide range of pharmaceutical forms. (prefilled syringes, vials, tablets and sachets).

According to the GlobeNewswire report published on 16 August 2023, the CDMO business is estimated at around 223.4 billion dollars in 2023 and is expected to reach 309.5 billion dollars in 2028, growing at a CAGR of 6.74% over the period considered (2023-2028). The growing demand for generic and biologic medicines, the capital-intensive nature of the CDMO business and the complex manufacturing requirements are helping to drive the CDMO market. This impetus places the Company in a strategic position in the sector, given its experience (since 1994), growing capacity and flexibility.

In this respect, in February 2022, ROVI signed a new ten-year agreement with Moderna for the manufacture of the active substance and the fill-and-finish of the COVID-19 mRNA vaccine. This places the ROVI Group in a strategic position in the CDMO sector since, in addition to producing the Moderna COVID-19 vaccines, ROVI is making a great investment effort to increase its current capacities and be able to produce many more pharmaceutical units in the future.

Additionally, in September 2023, the FDA approved the Company's injectables manufacturing plants in Madrid, San Sebastián de los Reyes and Alcalá de Henares for the fill-and-finish of the Moderna COVID-19 mRNA vaccines. ROVI also hopes to be able to produce Moderna vaccines to be distributed in the United States from 2023 onwards.

In January 2024, the FDA inspected the Company's active substance manufacturing plant in Granada with a satisfactory outcome. The inspection focused on the processes of manufacture and control of the active substance used to manufacture the Moderna mRNA COVID-19 vaccine.

Likewise, ROVI's contracts with its customers have an average term of between 3 and 5 years, which allows a considerable flow of stable revenue to be generated. In this respect, the ten-year agreement signed with Moderna is an exception and changes the normal practice.

As a result of the long regulatory process that a pharmaceutical company has to undergo to change manufacturer, long- term relationships are built, based on mutual trust in the Group's contract development and manufacturing business model.

The Company has a unique profile in this market due to the unification of all the services within the same company, ROVI Pharma Industrial Services (ROVI PHIS), a subsidiary whose main characteristic is its high degree of technological specialisation in area of vaccine, biologics and biosimilar manufacturing. Through this company, the customer is offered a wide range of possibilities depending on their needs, thanks to the flexibility furnished by the wide range of filling manufacturing and packaging lines available at ROVI PHIS.

With exports to more than 45 countries and international sales accounting for around 98% of this business, ROVI PHIS is now one of the main companies in the high-value-added CDMO business sector.

The Group currently has five fully-consolidated production facilities, two of which are engaged in filling and finishing (Madrid and San Sebastián de los Reyes), and a third specialises in solid oral forms, secondary packaging and the manufacture and packaging of solid pharmaceutical forms. (Alcalá de Henares). The three plants combine decades of experience working to the highest quality standards and allow integral solutions to be provided to customers. The maximum estimates of the technical capacities of these plants will depend on the equipment, the product mix and market needs.

Estimation of the technical capacities of the plants in 2023

	**300** million syringes
	**120** million vials
	**3,000** million tablets
	**30** million sachets

Injectables

There are very few competitors in this market due to the entry barriers, the biological nature of the medicines manufactured, and the aseptic conditions in which the prefilled syringes are filled (the product is handled in microbiologically-controlled cleanrooms).

At present, ROVI is one of the main prefilled syringe manufacturers in Europe in terms of the number of units manufactured (filled) per year. The Company has a facility in Madrid specialised in the filling and packaging of parenteral solutions[2] in prefilled SCF syringes of between 0.5 ml and 20 ml (filled from 0.1 ml to 20 ml) and vials of between 2 ml and 20 ml. These syringes and vials are filled in aseptic conditions in cleanrooms (grade A), plus terminal sterilisation if the product so requires, also offering the possibility of placing safety devices in the syringes.

The facility has been approved by the European and United States regulatory authorities. It has also received the approval of the authorities of Korea, Brazi land the Persian Gulf States and holds the certifications ISO 9001, ISO 14001 and ISO 45001.

This business line has become especially important to ROVI since 2020, due to the agreement with Moderna for the filling and packaging of the COVID-19 vaccine, the purpose of which is to meet demand outside the United States. Although the collaboration with Moderna was reinforced in 2021, it was in 2022 that it was definitively consolidated through a long-term (10 years) collaboration agreement to increase the compounding, aseptic filling, labelling and packaging capacities at the ROVI facilities in Madrid, San Sebastián de los Reyes and Alcalá de Henares. As a result, a series of investments are being undertaken to increase the manufacturing capacity at ROVI's facilities and will continue in the future. Likewise, under the new agreement, it will be possible to provide service for any future mRNA candidate vaccines of the Moderna Group.

The different actions taken to provide this service, which is so essential to both the company itself and society, have included, since 2021, the recruitment of additional personnel (especially at the San Sebastián de los Reyes facility). At 31 December, 2023, the Company had an annual production capacity of approximately 300 million syringe and 120 million vials. This capacity has been reached as a result of the installation of three new production lines, in addition to the line that already existed, as well as compounding, filling, automatic visual inspection, labelling and packaging equipment at the San Sebastián de los Reyes facility. Additionally, a new high-speed syringe line was installed in San Sebastián de los Reyes, which will provide additional capacity of 100 million syringes for 2024.

Solid oral forms

Thanks to the most advanced technology in the manufacture of oral forms, ROVI produces tablets and sachets at its Alcalá de Henares plant.

Approved by the European and United States authorities, as well as those of Japan, Mexico, Brazil, Kenya, Belarus and the Persian Gulf states, the Alcalá plant, with its 83,000 square metres, not only produces in solid format, but also has the facilities necessary for packaging both solids and injectables, partly due to its storage capacity of 9,000 pallets. This is why it has been designated as a centre of packaging excellence, with 16 lines at present, 50% of which are dedicated to the packaging of injectables, including the installation of two new lines with direct carton technology (plastic free) in 2023.

3.4.3. Research, development and innovation

ROVI's third pillar of growth is its research, development and innovation work. Its portfolio of products in the research stage focuses on three main areas: drug-release technologies, glycomics and medical devices.

A. Innovative drug-release technology, ISM®

Long-acting injectables (LAIs) are becoming the benchmark for the care of some complaints, such as schizophrenia, instead of the oral treatment. This technology is intended to obtain new pharmaceutical products whose release systems are controlled through long-acting injectables. The objective is to replace daily drug administration in patients who are undergoing long-term treatments for certain chronic

[2] *Sterile preparations that contain one or more active substances to be administered by injection, infusion or implantation in the body. They are kept in single-or multi-dose recipients.*

pathologies, such as schizophrenia and some types of cancer.

The ISM® technology is currently exclusive to ROVI and is patent protected until 2033. Intended to overcome most of the disadvantages of prolonged-release oral or parenteral formulations, it has advantages such as simpler administration, higher encapsulation efficiency, greater stability of the active substance, greater control in the initial release of the drug, reduction in treatment frequency, etc.

It is based on the formation in situ of biodegradable matrices after administration of a carrier liquid, once it has been injected into the patient's organism. The product is presented in the form of a kit with two syringes. One of them contains the polymer and the active substance in solid form, while the second contains the liquid required for reconstitution. The product is prepared at the time it is used or administered to the patient. After the injection, the product precipitates in the muscle, giving rise to the formation of a solid/semi-solid implant by spreading the carrier through the patient's own corporal fluids.

This implantable system increases the stability of the composition considerably, with a series of competitive advantages such as:

I. Cool storage is not necessary

II. It allows clinically-significant release profiles to be obtained as of the first day after the injection

III. These profiles are maintained over time and reproduced after intramuscular administration, so no oral supplements or initial treatment guidelines are required

At present, ROVI is developing this technology along two major lines:

Risperidone ISM®

Indicated for the treatment of schizophrenia in patients for whom the tolerability and effectiveness have been established with oral risperidone. At the beginning of 2022, years of development and research resulted in the approval of the first product by the European Commission: Okedi® (Risperidone ISM®). This meant that marketing began in Germany, the United Kingdom and Spain in 2022 and Portugal, Italy, Austria, Greece and Serbia in 2023.

Additionally, marketing is expected to commence in other EU countries, and the United States —after the potential approval by the FDA—, in 2024. The innovation effort in this area is continuing with the development of three-monthly Risperidone ISM®, 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.

Currently, the Company has commenced a phase I clinical trial to evaluate the safety, tolerability, and pharmacokinetics of various candidate formulations at different dose strengths and injection sites. Recruitment of patients for this study began in September 2023.

Letrozole LEBE

Indicated for the treatment of breast cancer, it is a novel inhibitor of the enzyme aromatase, responsible for a fundamental step in the biosynthesis of oestrogens, which must be taken by breast cancer patients after the disease has been cured. The competitive advantage of this technology is that the inhibitor would no longer be taken orally but would be administered through a long-acting injection. i.e. the injections would be given less frequently than is the case at present.

In April 2023, ROVI decided to commence the clinical development of this new three-monthly formulation of letrozole (hereinafter, Letrozole LEBE) —instead of the initially-planned annual formulation of Letrozole ISM®—, the objective of which is to reach bioequivalence in the plasma levels of letrozole in comparison with the daily administration of oral doses of Femara® 2.5 mg.

With this new clinical programme for Letrozole LEBE, ROVI estimates it could reduce the research times in comparison to those for an annual formulation of the product, thus making it likely that the three-monthly formulation could be marketed several years earlier and, furthermore, the investment necessary to attain the objectives of this project could also be reduced.

In this respect, ROVI is conducting a phase I clinical trial in Europe to evaluate the pharmacokinetics, safety and tolerability of single ascending doses of Letrozole LEBE, at different concentrations in healthy post-menopausal women volunteers (LEILA-1 study). This first clinical trial of Letrozole LEBE began in July 2023.

B. Glycomics area

Glycomics is the study and profiling of the sugars that compose a cell, including the glycosaminoglycans (GAGs), which, in addition to their role in regulating blood coagulation, are involved in processes such as cellular growth, the immune response and inflammation.

Glycomics studies provide very valuable information in this respect, since they allow the receptors that participate in the interaction with each type of GAG to be determined, giving rise to new research and medical solutions.

The degree of specialisation and knowledge attained by ROVI is this area, derived from its in-house development of low-molecular-weight heparins —bemiparin and the enoxaparin biosimilar— allows the Group to continue working to expand the applications, indications and alternative action mechanisms of heparin-derived products and other glicosaminoglicanos, based on both anticoagulant and non-anticoagulant activity.

C. Multilayer technologies for urethral catheters

For a number of years, the Company has been working on various lines of development of new devices focused on preventing urethral tract infections, as well as the treatment of ulcers, since, when stents and urethral catheters are used, the high prevalence of bacteria may, in some cases, lead to the appearance of clinical symptoms and complications, including severe sepsis and death.

The incidence of urine infections is still very high, since the formation of biofilms hinders the eradication of the microorganisms with antibiotics.

ROVI is continuing with the preclinical development of its multilayer technology, which uses polymeric materials to form a bioerodible system that depends on the bacterial metabolism. This provides significant advantages over the current state of the art, decreasing bacterial adhesion, facilitating biofilm elimination, reducing the appearance of encrustations and, to a large extent, preventing catheter blockage.

04 Our Strategy and Sustainable Growth Model

4.1 Market context

[GRI 2-6]

Although the COVID-19 pandemic was the public health crisis with the greatest impact in decades, it nevertheless showed the resilience of the global healthcare systems, since they adapted to the peaks in demand, and new vaccines and therapies were developed efficiently, safely and swiftly. The pace at which the vaccination programme has been implemented in these years is unprecedented.

While COVID-19 became an endemic disease in 2023, other health problems have returned to the spotlight. In general, global medicine use and spending are expected to return the pre-pandemic growth levels in 2024, although the next two years will not be exempt from uncertainty regarding the variants of the virus, COVID-19 vaccination and the underutilisation of boosters, as well as the economic effects and uncertainties related to global inflation, geopolitical problems, conflicts and climate change.

Global market context: main trends affecting the pharmaceutical industry

According to the report *The Global Use of Medicines – Outlook to 2027*, by the consulting firm IQVIA, medicine usage has grown 36% in the last decade, driven by greater access to medicines all over the world, but is forecast to slow down over the next five years.

The COVID-19 pandemic has entered a new endemic phase, with novel vaccines and therapeutics that are being used rather unsystematically, creating great uncertainty for upcoming years.

Perhaps the greatest uncertainty for the next five years will be the potential impact of economic factors on the budgets of different countries and whether there will be changes in the policies on healthcare and medicine spending.

According to the IQVIA report, global medicine spending between 2020 and 2027 is expected to exceed the pre-pandemic outlook by 497 billion dollars. The global medicine market (using the price levels before discounts and rebates) is expected to grow at a compound annual growth rate (CAGR) of 3% to 6% to 2027, when it will grow by around 1.9 billion dollars . This outlook excludes the effect of the spending on COVID-19 vaccines and therapeutics.

The gradual launch of vaccines and boosters will represent additional spending of 380 billion dollars worldwide, higher than the previous estimates of 251 billion dollars to 2026 due to: (i) a higher volume, and (ii) the forecast use of new COVID-19 therapeutics which will generate a total expense of 120 billion dollars in seven years.

The growth in spending and volume will follow diverging trends in different regions: the largest markets will grow more slowly and, in the emerging markets in Eastern Europe, Asia and Latin America, both volume and spending will grow at a higher rate.

It is estimated that, on a net price basis, the United States market will grow between -1% and 2% CAGR over the next five years, lower than the 4% CAGR obtained in the last five years.

Regarding spending in Europe, it is expected to increase by 59 billion dollars to 2027, concentrated in generics and biosimilars, while, at the same time, the pressure on the prices of new medicines will increase.

The impact of the pandemic in the Asia-Pacific countries varies considerably. The growth in medicine spending in Japan to 2027 is forecast a -1% to 2%, since the solid growth of the brands will be offset by the annual price cuts and the focus on generics. Spending growth in China is expected to slow down due to the pressure on the prices of patents and generics.

Medicine usage in developing countries has varied a great deal since the beginning of 2020 and has been more stable in the developed countries. During the pandemic, low-income countries generally vaccinated less people than countries with higher incomes and one of the characteristics of 2023 was recurring outbreaks with new variants of the virus. This pattern is expected to continue, although the severity and impact on the capacity of healthcare systems appear to be more moderate than before COVID-19.

Medicine prices and values are expected to come under greater scrutiny during this period, especially considering events related to economic inflation and geopolitical disruptions, such as the Ukraine conflict.

Although the pandemic has dominated a large part of the last three years, the broadest trends in medicine usage continue to evolve relatively unchanged, which gives some hope for the millions of people living in low-income countries, who are still seeing a decline in access to medicines that could place health improvements in jeopardy.

The main growth drivers during the period considered (2023-2027) include the contribution of new products, the effect of patent expiries and the growing impact of biosimilars.

According to the above mentioned report by the consulting firm IQVIA, the key area of growth for medicines in the next five years is biotech, which will represent 35% of global spending and include many of the areas with the greatest activity in novel medicines.

Furthermore, global saving derived from biosimilars will exceed 290 billion dollars of cumulative spending to 2027, below the estimates without new biosimilars, which represents an important mechanism to generate more widespread use of these medicines and alleviate budgetary pressures.

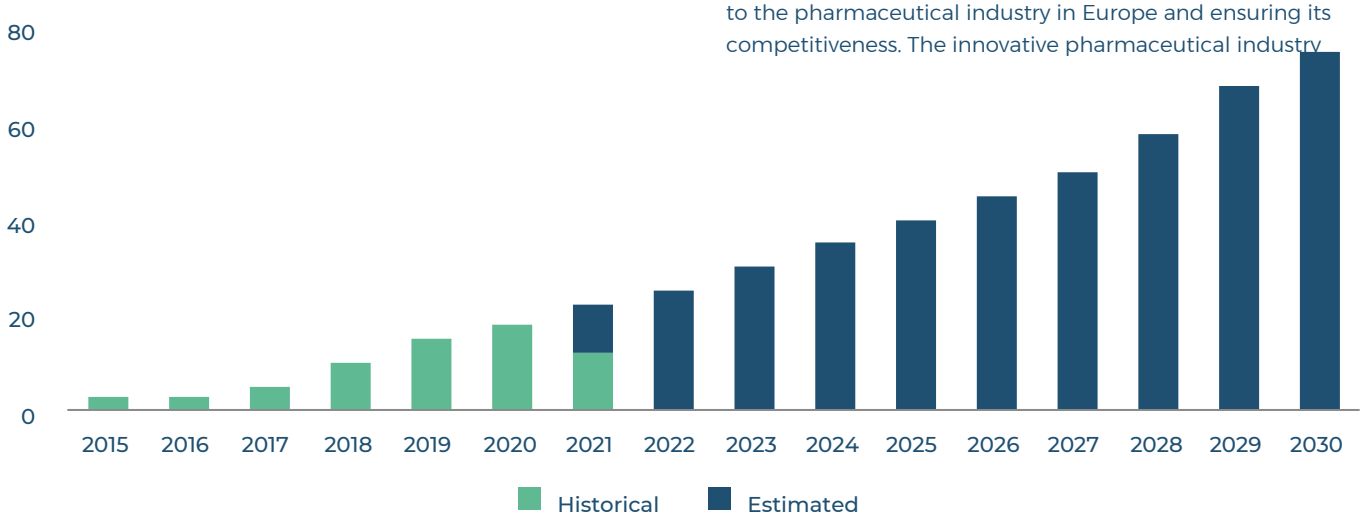
Specialised medicines (those to treat chronic, complex and rare diseases) will account for 43% of global spending in 2027 and over 55% of total spending in developed markets, continuing with the change from the more traditional medicines that have been used for more than a decade.

The two main therapy areas worldwide (oncology and immunology) will grow between 13% and 16% and between 3% and 6%, respectively, to 2027, which reflect diverging trends: one driven by novel medicines and the other by biosimilars. Oncology is forecast to add 100 new treatments in five years, which will contribute to a spending increase of 184 billion dollars to a total of over 370 billion dollars in 2027 and will face further losses of exclusivity. Treatment for autoimmune disorders are forecast to reach 177 billion dollars globally for 2027, driven by a continually increasing number of patients treated and new products, offset by the biosimilars.

Although expectations vary depending on the type of drug within these next-generation biotech products, in general, spending is expected to rise from the present 8 billion dollars globally to approximately 27 billion dollars in 2017, the greatest part being spent on cellular and RNA therapies and a little less on genetic therapies.

Future of biosimilars after the impact of COVID-19

Evolution of global biosimilar sales in value (Billion USD)



Source: *IQVIA Forecast Link, Dec 2021; Historical data of Q2 2012*

Globally, the uptake of parenteral biosimilars is increasing rapidly and this trend looks set to continue over the next decade. According to IQVIA's Forecast Link[3] , biosimilar value grew at a CAGR of 78% between 2015 and 2020, reaching approximately 17.9 billion dollars in 2020 and is expected to continue growing at a CAGR of 15% between 2020 and 2030 reaching an estimated 75 billion dollars within the next decade.

In Europe, for example, the EMA has left decisions on interchangeability and substitution to each individual country. Responding to the high cost of biologics for oncology indications, several countries have adopted policies which are increasing the use of biosimilars.

For example, in Spain and Poland, biosimilars must be priced at least 25% and 40% below the originator, respectively, and in Norway, oncology biosimilars have secured most hospital contracts thereby driving biosimilar uptake.

This scenario is vitally important to ROVI's development, since it has two key products on its portfolio. First, the enoxaparin biosimilar, a product essential to ROVI's future development, and, second, Letrozole LEBE, associated to its ISM® platform, which is intended to treat hormone-dependent breast cancer.

Research may play a fundamental role in returning growth to the pharmaceutical industry in Europe and ensuring its competitiveness. The innovative pharmaceutical industry

The pharmaceutical industry in Europe

invests 41.5 billion euros in Europe for the research and development of new medicines, employs 840,000 people — 125,000 of whom work in companies' R&D departments— and produces a value of 300 billion euros. Its exports have reached 565 billion euros and it contributes 175 billion euros to the EU-27 trade balance[4].

In addition to driving medical progress through research, development and making new medicines available to improve the health and quality of life of patients all over the world, the innovative pharmaceutical industry is one of the key assets of the European economy because it is one of the highest performing high-tech sectors on the continent.

Evolution of CDMOs over forthcoming years

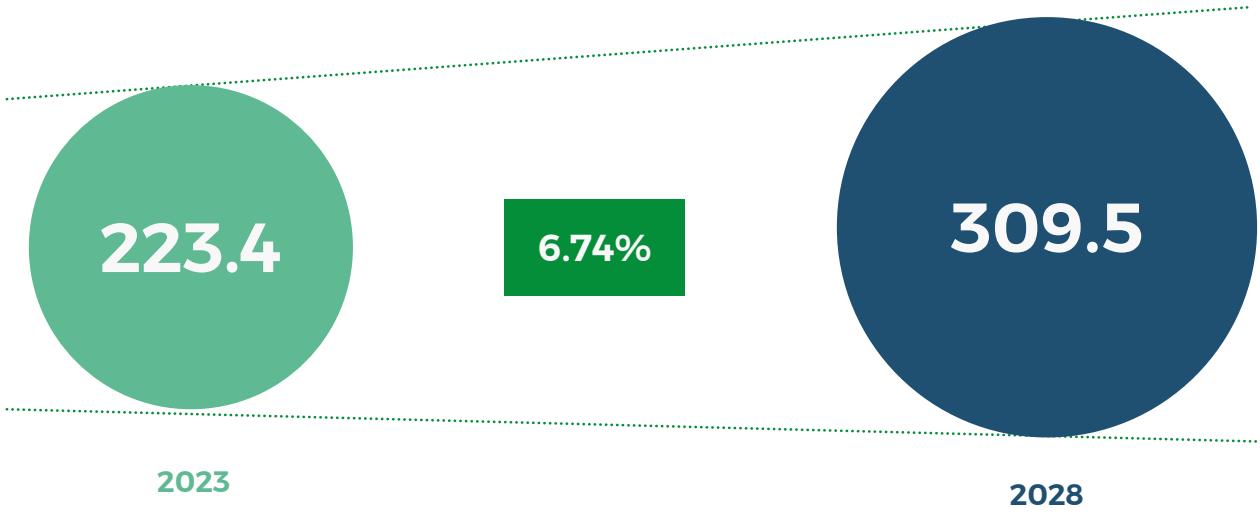
The CDMO industry has undergone great changes since 2020, mainly due to the increase in demand driven by COVID-19.

Globally, we are forecasting continuous growth of the CDMO business for upcoming years The report of 16 August 2023 drawn up by Globe Newswire "*CDMO Market Size & Share Analysis - Growth Trends & Forecasts (2023 - 2028)*" states that the global CDMO market is expected to reach a value of 223.41 billion dollars in 2023 and 309.5 billion dollars in 2028, growing at a CAGR of 7% over the period considered (2023-2028).

[3] *"Biosimilars to continue rapid growth over the next decade" (3 Jan. 2022). https://www.iqvia.com/blogs/2021/12/biosimilars-to-continue-rapid-growth-over-the-next-decade*
[4] *According to the news published by Farmaindustria on the report drawn up by the European Federation of Pharmaceutical Industries and Associations (EFPIA) "The Pharmaceutical Industry in Figures 2022", with data from 2021*

Global CDMO market
(Billion dollars)

Estimated growth of 6.74% CAGR



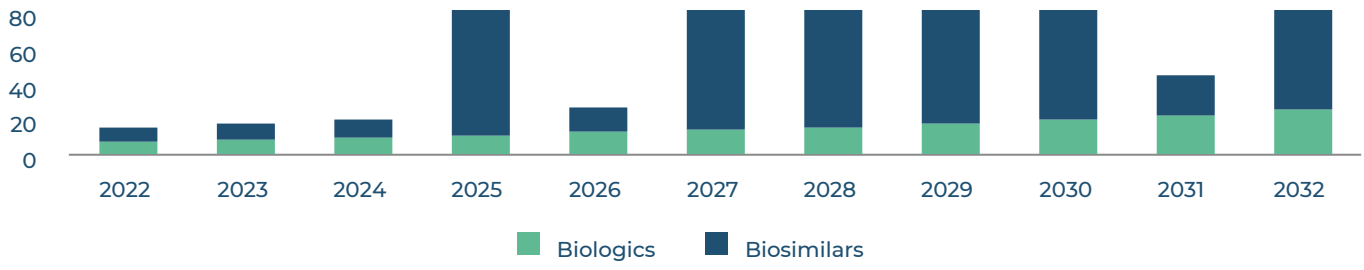
Source: Globe Newswire, CDMO Market Size & Share Analysis - Growth Trends & Forecasts (2023 - 2028), August 16, 2023

The bases of the industry that support the growth of the CDMO market continue to be solid. The increasing prevalence of chronic diseases and the growing demand for innovative therapies are driving the expansion of the CDMO market.

Currently, the main drivers of this growth are: (i) biologics, many of which are at the phase III trial stage and are expected to be marketed within the next few years, and (ii) biosimilars, which will undergo significant development during the period considered due to the expiry of the patents on several innovative medicines in the next few years.

According to the report "*Biopharmaceutical CMO Market*" published by Globe Newswire on 25 April 2023, the global biopharmaceutical CDMO market size generated revenue of around 16.2 billion dollars in 2022 and is expected to be worth around 51.5 billion dollars by 2032 at a CAGR of over 13% during 2022-2032. Biologics have acquired increasing importance in the treatment of many diseases, such as cancer, autoimmune disorders and infectious diseases.

World CDMO biopharmaceutical market
Share by type 2023-2032 (Billion USD)



Source: Globe Newswire, Biopharmaceutical CDMO Market to grow by USD 51.5 billion by 2032 | North America to Account for 34.2% of Growth, April 25, 2023

Both biologics and biosimilars are increasingly becoming the driving force behind the pharmaceutical industry and prefilled syringes have gained greater acceptation as an administration system for injectable medicines to treat chronic diseases. Without doubt, prefilled syringes are becoming the preferred administration system for both doctors and patients, mainly because of their precise dosage and the guarantee of treatment adherence. This higher demand for syringes is also driving the growth of the CDMO business.

With the increasing appearance of infectious diseases and the greater demand for novel therapies, the pharmaceutical and biotech companies that require higher investments for advanced technology are forging alliances with CDMOs, driving the market expansion even further. The growing investment of these companies in R&D is driving the outsourcing of CDMO services as a way to reduce operating costs.

The biopharmaceutical portfolio continues to grow, placing special emphasis on novel therapies with monoclonal antibodies, gene therapies and cellular therapies. As the portfolio expands, the demand for CDMO services to manufacture diverse and complex biologics will do likewise.

ESG in the pharmaceutical industry

Public health, the economy and the environment are three interconnected factors. The pharmaceutical companies play an essentially active part in the race towards a zero-emission industry and, to attain this goal, the whole supply chain must be involved. This is the only way to progress in the fight against climate change.

To achieve this, different opportunities to create value have been sought over recent years, not just in economic terms, but also in the ESG (Environmental, Social, Governance) area, in order to transform a sector that needs to be coordinated, flexible and, as the pandemic has shown, capable of adapting to the needs of a changing global world.

All the sectors involved in the pharmaceutical industry are affected by climate change. Implementing an ESG culture which includes goals based on research may help raise awareness among the different actors, capture more financing and retain more talent.

In spite of the fact that the healthcare sector contributes only 4.4% of all the greenhouse gas emissions in the world, the industry is aware of the need for a change.

However, many pharmaceutical companies have not yet begun to take action. Seven of the twenty main companies (in order of R&D expenditure) have not yet set verified ESG goals.

The revision of the value chain of the pharmaceutical industry's products is one of the main challenges to be met in order to achieve net zero emissions.

Deloitte's study *"Embedding environmental sustainability into pharma's DNA"*[5] defined six key issues that will affect the pace and scale of transformation of the industry in its path towards environmental sustainability:

I. Digitalisation and role of data analytics in improving end-to-end visibility
II. Leadership and behaviour change to drive achievement of net-zero targets
III. Measuring and reporting performance to increase transparency, confidence and trust
IV. Maintaining the guarantee of quality as the basis of the industry's promise of value
V. Promoting a circular economy and a new model of life cycle management for products and services
VI. Embracing greater collaboration, a complex step in a such a highly-regulated sector where patient security is a key value

The same analysis by Deloitte identified some phases that are essential in order for this change to became fully effective and represent a "network" transformation:

I. Improve sustainability in the discovery, development and scaling of drugs
II. Reduce the environmental impact of product manufacturing
III. Optimise the size of materials such as packaging and be more efficient in transport and logistics
IV. Improve patient engagement to find medicine optimisation models
V. Measure the effect of the changes made over the whole life cycle of the product and its impact on social sustainability

Pharmaceutical companies have already begun to take on significant commitments and make decisions to improve data management, share good practices and decidedly promote cross-sector collaboration to reduce the industry's environmental footprint.

The pharmaceutical industry considers the present time to be of fundamental importance for the integration of environmental sustainability and increase the pace of the fight against climate change. Trust, transparency and investment will be the keys to prosperity, retaining talent and consolidating companies' reputations.

As the Farmindustria report says *"Así contribuye la industria farmacéutica a los objetivos de desarrollo sostenible de la ONU"*[6], (" How the pharmaceutical industry contributes to the UN sustainable development goals"), the industry has a series of goals among which improving people's health and

[5] *"Embedding environmental sustainability into pharma's DNA", Deloitte, 2022. deloitte-es-sanidad-embedding-environmental-sustainability-into-pharma-dna.pdf*

[6] *"Así contribuye la industria farmacéutica a los objetivos de desarrollo sostenible de la ONU", Farmaindustria, 2023. https://www.farmaindustria.es/web/reportaje/asi-contribuye-la-industria-farmaceutica-a-los-objetivos-de-desarrollo-sostenible-de-la-onu/*

quality of life may be highlighted, promoting an economic model based on skilled employment, research, development and innovation. This makes it one of the key industries globally if the Sustainable Development Goals (SDGs) are to be achieved successfully in 2030.

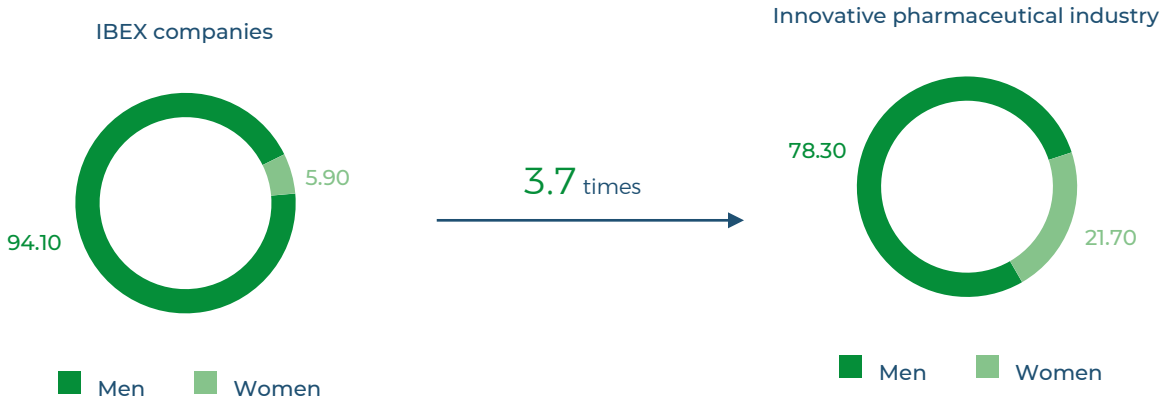
Regarding Good Health and Well-being (SDG 3), the pharmaceutical industry plays a leading role, to the point where almost all the medicines available are the product of its R&D and the introduction of new medicines is responsible for 73% of the increase in life expectancy achieved in recent decades.

With regard to the goal of reaching universal health coverage by 2030, in particular, access to safe, effective, quality and affordable medicines and vaccines for all (SDG 3.8), this industry is the leader, with global investment of 130 billion euros in R&D per year.

Equality (comparison to the rest of the economy)

Women on management committees

Women CEOs



Source: "Así contribuye la industria farmacéutica a los objetivos de desarrollo sostenible de la ONU", Farmaindustria, 2023. www.farmaindustria.es/web/reportaje/asi-contribuye-la-industria-farmaceutica-a-los-objetivos-de-desarrollo-sostenible-de-la-onu

In relation to SDG 5, which focuses on gender equality, SDG 5.5 may be highlighted. This stresses the need to "ensure women's full and active participation and equal opportunities for leadership at all levels of decision-making

in political, economic and public life", it can be seen that a much higher percentage of women hold managerial roles in the pharmaceutical industry than across business as a whole: women account for 41.3% of the members of management committees of pharmaceutical companies, i.e. 3.4 times more than the average of large IBEX-35 companies, where the average is 12.1%.

In addition, 21.5% of the chief executives in the innovative pharmaceutical industry are women, 3.7 times more than in the IBEX-35 companies, where the percentage is 5.9%. The presence of women in one of the industry's most critical areas, R&D, should also be highlighted: two of every three jobs are held by women, according to the *latest Farmaindustria employment survey*[7].

Another of the Sustainable Development Goals where the pharmaceutical industry's contribution is most important is SDG 8, which seeks to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all". Thus, the pharmaceutical industry, playing a leading role in R&D investment and quality employment, is one of the sectors that drive the developed economies and meets goals such as SDG 8.2, focusing on "achieving higher levels of economic productivity through diversification, technological upgrading and innovation".

In this respect, the manufacturers of pharmaceutical products in Spain generate production with a value of over 15 billion euros (24% of the country's total high-tech) while, globally, the pharmaceutical industry's production totals around 750 billion euros. It is a growing sector and the industry has achieved a considerable expansion over the last 15 years: in 2015, the sector generated products with an overall value of more than 238 billion euros, representing an increase of 90% on the year 2000.

In relation to another of the key aspects of SDG 8, "decent work", the sector in Spain has one of the highest-quality employment models, characterised by its stability (94.2% of the jobs are permanent), highly-skilled nature (62.4% of employees are university graduates) and working day (only 1.5% of permanent employees are part-time). It is also progressing firmly towards the youth employment goal (SDG 8.6) inasmuch as, in comparison with the high unemployment rates among young people in Spain, in the pharmaceutical industry it is precisely the under-30 age group that has grown most in recent years, meaning that more than one out of every four new contracts (27.8%) corresponds to a young person.

Following along the same line, SDG 9 focuses on the economic and productive aspects and the pharmaceutical industry is responsible for 20.3% of the R&D investment of the Spanish industrial fabric, placing it at the head of the production sectors in which there has been significant and sustained growth over the last five years. Regarding technology, the sector also leads the exports in high-tech products, with 25% of Spain's total.

National market context: main trends affecting the pharmaceutical industry

According to the *first study on the industrial presence of the pharmaceutical sector in Spain*, there are 103 plants manufacturing medicines for human use in the country, 11 of which manufacture biologics. If we add the active substance and veterinary medicine plants (46 and 24, respectively), the total is 173, belonging to 122 business groups. They generate over 183,000 direct, indirect and induced jobs and their production value is 16 billion euros, 75% of which is exported.

According to Farmaindustria, the study data places Spain as one of the European countries with the highest potential for medicine manufacturing, precisely at a time when medicines have proven themselves to be a strategic and safety asset for a country. They add that there is a powerful industrial fabric with a high presence of national and multinational companies for which Spain is a key part of their production chain.

The industry has invested an average of a billion euros a year over the last five years (4.8 billion), giving an investment/net asset ratio in excess of 20% —27% in 2022—, with environmental sustainability and energy efficiency as its great priorities and the goal of guaranteeing the origin of the energy consumed.

According to this study, Spain has the right bases to become the great hub of medicine production in Europe, provided it defines a roadmap and medium- and long-term strategy that inspires confidence in the industry to make the necessary investments in this area.

Some of the sector's strengths are the high quality of the facilities, the competitive costs, the availability of advanced technology and skilled personnel and the attractive work environment. Farmaindustria also mentions a series of important and urgent challenges in an environment of growing international competition, ranging from the high degree of dependence on other countries for raw material supplies to the need to boost investment in digitalisation and biotech plants. Likewise, the pharmaceutical industry employers' association draws attention to the fact that the administrations provide little support to industrial investments.

The future involves the Strategic Plan for the Pharmaceutical Industry announced by the Spanish Government, which may be the right instrument to structure this boost to medicine manufacturing. Likewise, the acting Minister of Health defended the need to strengthen the development of the

[7] *"Así contribuye la industria farmacéutica a los objetivos de desarrollo sostenible de la ONU", Farmaindustria, 2023. https://www.farmaindustria.es/web/reportaje/asi-contribuye-la-industria-farmaceutica-a-los-objetivos-de-desarrollo-sostenible-de-la-onu/*

pharmaceutical sector in Spain[8], ensuring supply, equity in access to new treatments and sustainability. Likewise, the Minister highlighted the strategic nature of the medicine industry and supported the idea of creating a science and research and development (R&D) system in the pharmaceutical area that would be solid and would allow us to get ahead of the disease by ensuring the availability of the treatments people needed.

In 2023, Spain took advantage of its presidency of the Council of the European Union to drive the European Pharmaceutical Strategy forward. At the same time, it assessed the impact the Next Generation European funds through the Spanish Government's Recovery, Transformation and Resilience Plan (PRTR).

In this respect, the strategic project (PERTE) for Vanguard Healthcare expanded its budget in 2023, raising the investment to over 2.4 billion euros and thus increasing the funds allocated to R&D and public-private collaboration projects.

Strategic Plan for the Pharmaceutical Industry

In addition to the Pact for Science and Innovation, which was presented to the Government by Farmaindustria to drive the manufacturing of essential medicines in Spain, the Ministry of Health continues to work on the Strategic Plan for the Pharmaceutical Industry within the framework of the Recovery, Transformation and Resilience Plan. This has provided impetus to the supply chains and reinforced the sector's strategic needs.

It was precisely the situation created in the country by the health crisis that showed the need to reinforce the pharmaceutical industrial fabric to make it stronger. Although it was initially expected to be approved in the first half of 2023, the Government is still holding talks with the pharmaceutical companies to develop a joint project within the framework of the Recovery Plan.

The Strategic Plan of the Pharmaceutical Industry will be the backbone of the development of the new pharmaceutical ecosystem, with a roadmap based on the following pillars: improving patient access to medicines, strengthening R&D to consolidate the biomedical innovation ecosystem, and reinforcing industrial capabilities and creating resilient medicine supply chains.

Likewise, in June 2023, the Spanish Government approved the update of the Law on Guarantees and Rational Use of Medicines and Medical Devices, which will begin a new chapter in the Spanish pharmaceutical sector. The harshest aspects of COVID-19 drove the need to improve the pharmaceutical industry and the demands to put mechanisms in place to strengthen access to innovative drugs and/or modernise existing ones. According to Farmaindustria, the reform of the Law is an opportunity to ensure the supply of strategic medicines, improve access to new ones and recognise incremental innovation.

Context of the markets where ROVI's principal products are present

Low-molecular-weight heparins

According to *the latest studies* of Insight Partners, the size of the low-molecular-weight heparin (LMWH) market is expected to reach 5.7 billion dollars in 2028, representing a CAGR of 6.6% between 2021 and 2028, IQVIA states that the market is over 4 billion euros, with Europe and the emerging countries accounting for 83%.

[8] *"Plan Estratégico de la Industria Farmaceútica", September 2022, Government of Spain. https://www.lamoncloa.gob.es/serviciosdeprensa/notasprensa/sanidad14/Paginas/2022/080922-plan-estrategico-industria-farmaceutica.aspx*

Region	Enoxaparin sodium	Nadroparin calcium	Dalteparin	Tinzaparin sodium	Bemiparin sodium	Other	Total
Europe	1,323.30	173.30	145.80	297.50	107.90	62.60	2,110.40
Rest of world	687.30	176.30	73.70	16.30	23.70	297.00	1,274.30
USA-CAN	547.50	0.00	68.50	22.00	0.00	0.00	638.00
Japan	8.50	0.00	13.20	0.00	0.00	11.10	32.80
Total	**2,566.50**	**349.70**	**301.20**	**335.80**	**131.60**	**370.60**	**4,055.30**

Source: IQVIA MIDAS Q1 2020

ROVI's main products in this area are bemiparin (Hibor®) and the enoxaparin biosimilar (Becat®).

Bemiparin (Hibor®)

At national level, it represented a market share of approximately **32%** as of December 2023, which meant it was in first place in the Spanish market.

At international level, the Company has obtained the loyalty of a consolidated network derived from long-term contracts with prominent local pharmaceutical distributors. Notwithstanding, in the medium-long term, it is forecast that international bemiparin sales will decline as a result of the international expansion of ROVI's enoxaparin biosimilar.

Enoxaparin biosimilar

Enoxaparin (such as Clexane/Lovenox) is the principal LMWH in the world and Europe is the main market (around 50%). ROVI is pursuing the goal of becoming one of the leading European players in a market that totals 1.3 billion euros, where it has unique competitive advantages.

In the long term, biosimilars tend to obtain 50%-70% of the market share of the reference product. Becat®, ROVI's enoxaparin biosimilar, was launched in September 2017 and already had total sales of 147.9 million euros in 2023. The product is present in 40 países and ROVI continues signing agreements for it to be marketed in more countries within the next few years.

Global sales	**2.6** billion euros
Sales in Europe	**1.3** billion euros
Sales in emerging markets	**0.7** billion euros
Global Q1 2018-Q1 2020 Moving annual total	**+5.7%**

Source. IQVIA MIDAS MAT Q1-2020

Potential market for ISM® technology

This innovative drug-release technology patented and developed by ROVI (ISM® Platform) currently has two main lines of development: Risperidone ISM® and Letrozole LEBE. The former is for the treatment of schizophrenia, while the latter is intended to treat hormone-dependent breast cancer.

Evolution and outlook for the schizophrenia market

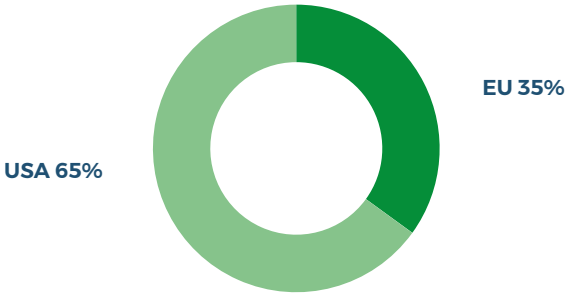
Schizophrenia is a chronic and progressive disorder that affects 21 million people worldwide and has an increasingly high lifetime prevalence.

In its treatment, long-acting injectable (LAI) technologies are becoming increasingly critical in the market and are becoming the option preferred by psychiatrists when tackling some of the essential unmet needs of the schizophrenia market.

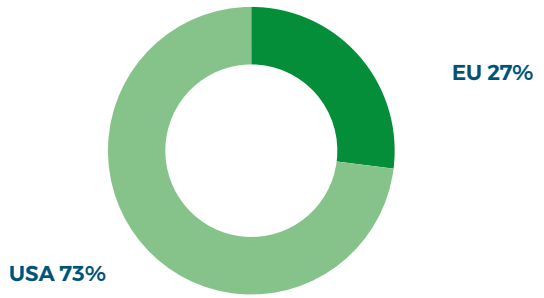
The most important aspects of LAI technologies are:

- They help improve treatment adherence, which, in turn, lowers the rate at which patients stop taking their medication, reducing relapses and hospitalisations in cases of schizophrenia. Treatment adherence is extremely important because each relapse leads to progressive and irreversible brain damage
- They reach therapeutic concentrations in plasma in a much faster and more sustained manner

With regard to market share, Risperidone ISM® represents an opportunity for growth in a market that is attractive to new entrants because of its high growth forecasts. The figures for the scale of opportunities (in the schizophrenia market and LAIs) in the United States and Europe support this idea:



Total (oral + LAIs)[9]: $9.5Bn



LAIs[9]: $5.8Bn

Spain is the largest market in Europe in LAI sales (23%)

[9] *IQVIA Midas TAM Q3 2019 and ROVI's monthly treatment estimates.*

United States is the main market for the treatment of schizophrenia with LAIs, with LAI sales of 4.2 billion dollars. Although the penetration of LAIs in monthly treatments continues to be low, with 5.8% in terms of units, the injectables market for schizophrenia grew by 20.0%, in the United States between the third quarter of 2015 and the third quarter of 2019.

Europe is the second largest market for LAIs to treat schizophrenia. In this case, the penetration of LAI units for monthly treatments is greater than in the United States market, totalling 8.4%, in a market of 1.6 billion euros, where growth between the third quarter of 2015 and the third quarter of 2019 was 8.5%.

Mention should be made of the fact that, in comparison with the United States market, competition in the European market is relatively low, due to the lower number of medicine options.

Given the current low penetration rate, sales of LAIs to treat schizophrenia are expected to drive the Company's future growth.

Evolution and outlook of the hormone-dependent breast cancer market

The diverse nature of breast cancers means that different treatments exist. After it has been cured, hormone receptor-positive (HR+) breast cancer requires the patient to continue with restrictive treatment for at least three years, in order to prevent relapses. This treatment consists of the inhibition of the enzyme aromatase, which is responsible for a fundamental step in oestrogen biosynthesis in post-menopausal women. Due to its ISM® technology, ROVI meets this need through Letrozole LEBE in a market which, unfortunately, is expected to grow over the next ten years.

In fact, revenue in the United States, Japan and the five most important EU markets is forecast to rise 16.7%[10] between 2015 and 2024.

Absence of LAIs to treat this disease. As a result, there is a potential market derived from the high switch rate from oral treatment to LAIs

However, LAIs are not currently present in this market although, given the improvement in treatment adherence and the efficacy of the drug, they are expected to become the treatment of choice. At present, the treatment is administered orally on a daily basis using either letrozole or anastrozole (both of which inhibit the aforementioned enzyme).

Taking the graph below as a reference (current oral inhibitor market), the wide margin that exists for the launch of Letrozole LEBE, once it has received the necessary authorisations from the health authorities, can be seen.

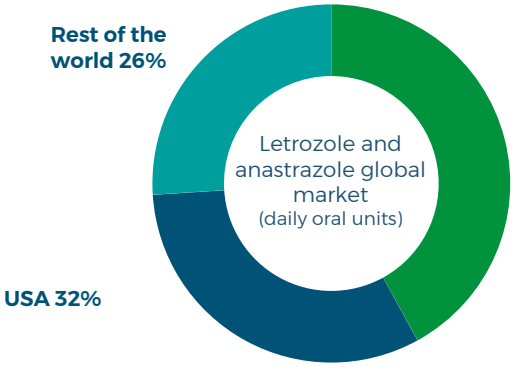
Globally, this is a market of 1.1 billion units (IQVIA, 3Q 2019 MAT). These units refer to daily tablets and, converted into annual treatments, would give a figure of 2.9 million treatments per year.

Europe represents the largest market share, **42%,** followed by the United States with a share of **32%**.

1,074 million daily units of anastrozole and letrozole worldwide.

2.9 million annual treatments worldwide

Total daily units



123 million daily units of exemestane worldwide

338,239 annual treatments

[10] *Data Monitor 2017.*

There is also a third oral molecule, exemestane, likewise an aromatase inhibitor, which could be a further candidate for replacement by the LAI. This molecule sells 123 million units worldwide (3Q 2019 MAT), representing 338,239 additional annual treatments, which could be added to the potential oral letrozole and anastrozole markets.

Attention should be drawn to the fact that, to date, no treatment that is under development has proved better than letrozole and many of those that are currently under clinical development are being studied in combination with aromatase inhibitors or as a second or third line of treatment for the disease in an advanced/metastatic stage. Therefore, it would seem reasonable to consider that the aromatase inhibitors will continue to be a key strategic therapy to treat hormone-dependent breast cancer for many years. Furthermore, to the best of our knowledge, to date, there is no public information on the existence of other developments of long-acting injectable aromatase inhibitors.

Since there are no competitors in the breast cancer market, a comparison with prostate cancer is used. Breast cancer can be compared to prostate cancer because its behaviour is similar in terms of prevalence. Gosrelin, histrelin, degarelix, leuprorelin and triptorelin are the molecules used to treat prostate cancer. These five molecules had a total market, in values, of 2.5 billion dollars in the United States and Europe at 3Q 2019 MAT (source: IQVIA). Unlike breast cancer, LAIs have a very significant presence in prostate cancer, accounting for 89% of the total market of LAIs and oral treatments in the United States and Europe.

Potentially the only LAI aromatase inhibitor in the hormone-dependent breast cancer market

4.2 Identity and commitment: mission, vision and values

[GRI 2-23]

ROVI's mission, vision and values are aligned with the Group's business strategy and are the foundation that guides and sustains all the Company's business decisions, both at corporate level and in the course of its operating functions.

Mission

"We work for the well-being of society and to improve the quality of life of patients and the attention they receive, promoting human health through researching, manufacturing, marketing and distributing medicines and other healthcare products."

All the professionals at ROVI are aligned with the Group's mission, which allows them to integrate it into their activity, since they are aware that the ultimate goal is to create value and generate a positive impact on society.

Vision

"We aspire to be recognised as a benchmark for our work in the research and development of new products and to be perceived as a trusted supplier due to our commitment to the manufacture, marketing and distribution of medicines and healthcare products."

Values

Principles for action

The Company has a series of principles for action that furnish ROVI's mission with consistency and method in its day-to-day corporate functions.

Ethics

To act in accordance with the guidelines set out in the Code of Ethics, which reflects the company's commitment to the principles of business ethics and transparency in all its spheres of action.

Transparency

To transmit confidence and credibility among the stakeholder groups through a commitment to transparency. This will entail:

Providing stakeholders with relevant and accurate information, complying with any legal requirements for public disclosure that may exist

Preparing and publishing financial and non-financial information using, in the latter case, an internationally accepted methodology, and submitting the information to the appropriate internal and external review processes to ensure its reliability

Human rights

Respect for human rights is the maxim of any action taken by ROVI. As a member of the United Nations Global Compact, ROVI supports, assumes and transmits the adoption of its principles by all its professionals.

Contribution to society

To meet customer needs by contributing to the production of high-quality, safe and reliable products in the places where it carries on its activity.

Communication

To ensure that the commitment acquired by ROVI in its mission, vision and values extends to and is accepted by its stakeholders, seeking active dialogue and a strengthening of the relationships with them. Thus, it contributes to harmonising its business identity and social expectations by adapting, as far as possible, the Group's policies and strategies to the stakeholders' interests, concerns and needs.

Honesty

To favour free-market practices, rejecting any kind of illegal or fraudulent practice and taking effective measures to prevent, monitor and penalise any irregularities.

Environment

To contribute to sustainability from an environmental standpoint, making it materialise through the integration of environmental protection into the different business areas, the preservation of biodiversity, the prevention of pollution, efficient resource management and the adaptation to and mitigation of climate change, as set out in the Group's Environmental Policy.

Legality

Compliance with the legal regulations in force in the places where the ROVI companies are located is one of the reference points of its activity.

4.3 Corporate Strategy

[GRI 2-1, 2-2]

4.3.1. Major pillars of growth

In ROVI's business units, the Company has identified three main pillars of growth that will generate sustained value in the short, medium and long terms:

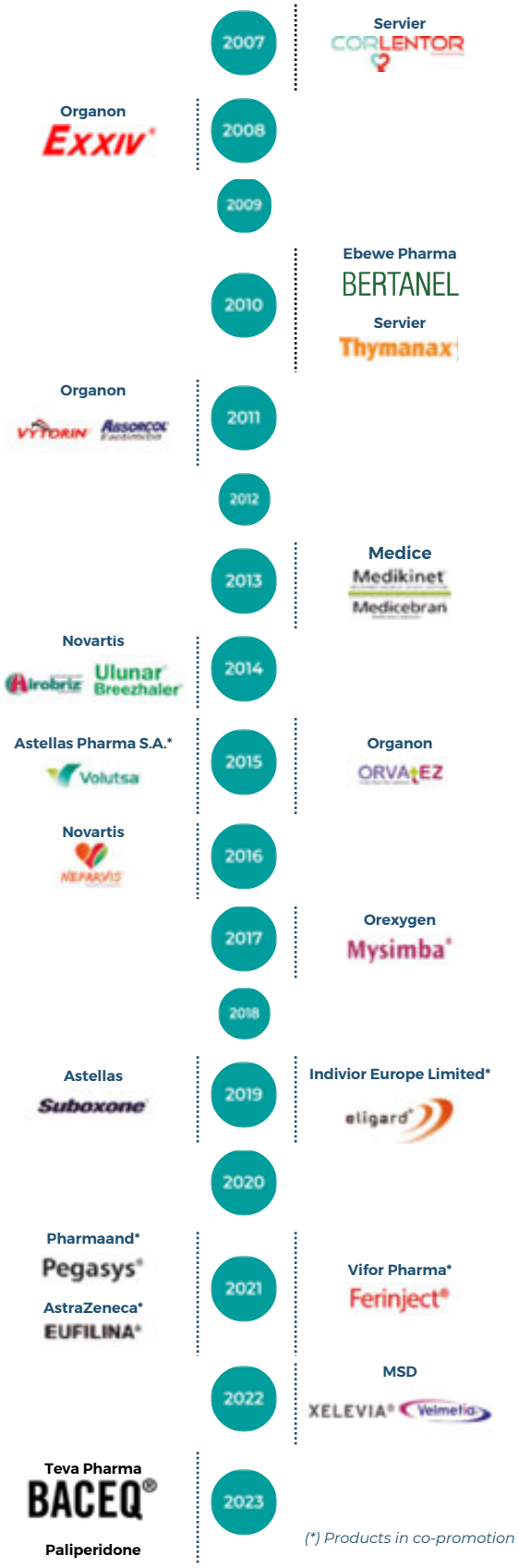
- Low-molecular-weight heparins
- Contract manufacturing (CDMO)
- ISM® technology

ROVI, aware of the need to achieve its economic development accompanied by ethical and sustainable conduct, integrates responsibility in ESG (Environment, Social, Governance) management into its business strategy. In this respect, ESG aspects are integrated as a transversal element that supports the development of the company's three major pillars of growth, in order to ensure sustainable growth in the short, medium and long terms.

In order for sound management of ESG aspects to materialise and form part of the company's daily activity, ROVI has developed a three-year Master Plan (2023-2025) as a roadmap to follow. This Plan establishes strategic goals through which ROVI seeks to improve its performance and expand its commitment throughout its value chain and with its stakeholders. (Further details of the ESG Master Plan may be found in chapter 4.5).

Considering each one of these three major pillars of growth individually, a series of advantages that make ROVI an excellent commercial partner have been identified:

Pillar of growth	Competitive advantages
Low-molecular-weight heparins (LMWH)	▪ Bemiparin HIBOR® is the LMWH with the highest anti-Xa/lia rate, which may lead to greater antithrombotic activity without increasing the bleeding risk ▪ Bemiparin HIBOR® provides a more convenient treatment: only one daily injection is required, in comparison with other products from different pharmaceutical laboratories ▪ Competitive price and high quality ▪ Vertical integration ▪ ROVI's knowledge of the LMWH market (over 70 years' experience) ▪ Markets with high growth potential
Contract manufacturing (CDMO)	▪ Among the world leaders in pre-filled syringe manufacturing. Fully-invested production facilities ▪ Helps absorb fixed costs and overheads, providing for a highly cost-competitive manufacturing position ▪ Particularly reinforces the LMWH division, which relies on ROVI's internal production capacities ▪ Agreement with Moderna, which is currently the main driver of this pillar ▪ Significant expansion of capacity, which will be installed gradually during 2024
ISM® technology	▪ Lower frequency of doses. Long-acting injection ▪ Greater product stability ▪ Swift and sustained effect on the patient ▪ Choice of dose best adapted to the patient ▪ Launch of Okedi® in Europe to treat schizophrenia



(*) Products in co-promotion

4.3.2. Strategic priorities and goals

In addition to the pandemic, to which ROVI adapted correctly to provide appropriate responses to the events that were taking place, the environment has presented other major challenges over recent years and ROVI's performance during this period has been highly satisfactory.

Within the framework of this successful performance, the Group established a series of long-term goals (2018-2023), which it reached two years earlier than forecast (2021).

	Operating revenue	EBITDA "pre-R&D"
Target established by ROVI for 2023	Double the 2018 operating revenue (303.2x2=606.4) **606.4** million euros	Multiply the pre-R&D EBITDA by 2.5 (63.0x2.5=157.5) **157.5** million euros
Starting point (2018)	**303.2** million euros	**63.0** million euros
Attainment of target (2021)	**648.7** million euros	**230.4** million euros
2023	**829.5** million euros	**269.4** million euros
CAGR* 2018-2023	**22%**	**34%**

(*) Compound Annual Growth Rate

In November 2022 and February 2023, ROVI announced that it expected the 2023 operating revenue to decrease by a low-teen percentage in comparison with 2022. When the Company published its 2023 first-half results, this guidance was updated from a low-teen decrease to a high single-digit decrease versus 2022. In November 2023, when the Company published the results for the first nine months of 2023, ROVI again revised its operating revenue guidance for 2023 upwards from a high single-digit decrease on 2022 to stable sales. Finally, ROVI's operating revenue in 2023 rose 1% to 829.5 million euros.

For 2024, ROVI expects its operating revenue to decrease by a mid-single-digit percentage versus 2023. Notwithstanding, there are certain factors that have been considered when calculating this guidance that, although they could be relevant to the estimates, are difficult to specify at present, including, among others:

I. First, the saturation of the National Health Systems due to the low vaccination ratios during the 2023

COVID-19 campaign could favour a more successful vaccination campaign in 2024. However, as of today's date, the Company is not in a position to forecast how demand and production might evolve for the vaccination campaign in 2024.

II. Second, it is hoped that the expansion of the compounding, aseptic filling, inspection, labelling and packaging capacities at ROVI's facilities in Madrid and the current high demand for CDMO services in the market might favour obtaining new customers, with the resulting sales impact. This would have to be taken into consideration but cannot be estimated at present

III. Last, ROVI expects to obtain marketing authorisation for Risvan® from the United States Food and Drug Administration (FDA) in March 2024 and to market the product on the United States market, probably through a partner. The potential sales of this product in 2024 will depend on the terms of the agreement reached with the potential partner, which could likewise affect the estimates for 2024

Growth drivers

ROVI will continue to work on and develop its main growth drivers, among which the following may be mentioned:

I. The enoxaparin biosimilar, which is helping the company transform its European footprint

II. Licensing agreements with third parties, such as Neparvis® and Orvatez®

III. Development of the long-term agreement (10 years) signed with Moderna in 2022, which will help strengthen ROVI's CDMO division

IV. The increase in its production capacities in the CDMO business, which will furnish an important growth opportunity in this area

V. ISM® technology, due to the launch of Okedi® in Europe and the potential marketing of Risperidone ISM® in the United States

These growth levers are strongly supported by ROVI's track record, its experience, and the soundness of its business, based on its leadership in the specialty pharmaceutical division, as well as its high-value-added CDMO services.

Considering the different business units of the ROVI Group and the existing business opportunities, in a context of potentially growing demand, ROVI expects 2024 to see the following important milestones:

1. Expansion of capacity in the CDMO business

ROVI is showing a high growth potential in the CDMO unit.

To a large extent, this potential derives from the important production and distribution agreement established with Moderna for the COVID-19 vaccine, which was expanded in 2021 and, subsequently, extended on 16 February, 2022. Through this new long-term (ten-year) collaboration agreement signed in 2022, the compounding, aseptic filling, inspection, labelling and packaging capacities at ROVI's facilities in Madrid, San Sebastián de los Reyes and Alcalá de Henares are increasing and will be installed gradually until the end of 2024.

In addition to producing the Moderna COVID-19 vaccine, the ROVI platform will also be able to be used to provide service to future Moderna mRNA vaccine candidates.

Additionally, ROVI is working to expand its CDMO business and expects to be able to offer the idle capacity from these new investments to other potential customers.

The addition of this new capacity will, foreseeably, provide ROVI with a very important growth opportunity in this division.

Sales of the CDMO unit rose 1% in 2023, totalling 409.3 million euros, mainly due to the agreement with Moderna and the reorientation of the strategy for the CDMO activities towards products with a higher value-added.

2. Manufacture of the Moderna COVID-19 vaccines for supply in the United States

In September 2023, the FDA approved the Company's injectables manufacturing plants in Madrid, San Sebastián de los Reyes and Alcalá de Henares for the fill-and-finish of syringes with Moderna's messenger RNA COVID-19 vaccine.

ROVI expects to also produce Moderna vaccines for supply in the United States from 2023 onwards.

In January 2024, the FDA inspected the Company's active substance manufacturing plant in Granada with a satisfactory outcome. The inspection focused on the processes of manufacture and control of the active substance used to manufacture the Moderna mRNA COVID-19 vaccine.

3. Marketing authorisation from the FDA for Risvan® in the United States

ROVI expects to obtain the marketing authorisation for Risvan® in the United States from the FDA on 29 March 2024 and for it to be on the market through a potential partner in the second half of the 2024.

4. Evolution of heparin raw material prices

As a result of the African swine fever in 2018, the pig population in China, which is the largest in the world, decreased dramatically. This led to a very significant increase in the price of the raw material used in heparin production over the last few years.

Prices of the raw material for heparins remain high, even though China has now replaced the pig population it lost due to swine fever. In order to reduce dependence on third parties for heparin supplies, in October 2022, ROVI signed a joint venture with two Spanish meat companies to create

Glicopepton Biotech, so as to attain greater vertical integration and, in 2026, once the plant has come into operation, achieve the self-supply of a high percentage of the heparin sodium required. This will lead a to reduction in the impact of raw material price fluctuations, greater traceability for the product, and an increase in the division's margins.

Notwithstanding, in the fourth quarter of 2023, the prices of the raw material for low-molecular-weight heparins (LMWHs) decreased 35% versus the fourth quarter of 2022. ROVI expects the decrease in LMWH raw material prices to accelerate in 2024. However,, in spite of the possible decrease in the LMWH raw material prices, the impact on the gross margin was negative in 2023, due to the long LMWH manufacturing process, in which the raw material that is being used at present, stored for several months, was purchased at higher prices. Nevertheless, a positive impact on the gross margin is expected from 2025 onwards.

5. ISM® technology

The solid R&D&I project portfolio is the basis upon which ROVI is building its future potential and growth, essentially through development of its ISM® technology.

Likewise, the potential of the ISM® technology stems not only from the frequency of medication, but also from the fact that it can be applied to new chronic therapeutic areas, including psychiatry and oncology.

Due to these characteristics, the ISM® platform has strong competitive advantages.

1	**Predictability**	PK* model & simulations already validated for Risperidone ISM® in clinical programme	High probabilities of success in Phase III in new developments
2	**Usability**	Greater stability	No cold chain needed
3	**Flexibility**	Selection of the most convenient posology depending on clinical needs	From 1 to 12-monthly administration
4	**Improved clinical management**	Long-acting injection (1-12 months) Plasma therapeutic levels from day 1	Rapid and sustained effect
5	**Vertical integration**	Technological barriers (e.g. filling capacity) Sound intellectual property protection Manufacturing capacities	Protected technology Integrated manufacturing plants

(*) *PK stands for pharmacokinetics.*

ROVI spent approximately 24.9 million euros on developing R&D&I projects

5.1 Risperidone ISM®

At present, the market track record shows that long-acting injectables (LAIs) are on the way to becoming a benchmark in the care of schizophrenia, replacing the oral treatment.

ROVI, with Risperidone ISM®, is endeavouring to occupy a prominent position in the United States and European markets for the treatment of schizophrenia. These markets represent a great development opportunity for the Group. The Company is pursuing development of this medicine in a very encouraging market environment —5.8 billion dollars, divided into 4.2 billion dollars for the North American market and 1.6 billion dollars in the EU. (Source: IQVIA).

Likewise, given the characteristics of the schizophrenia market in qualitative terms, the following may be noted:

- High treatment switch rates. Specialists swiftly switch the treatment of patients who show a deficient response due to side effects or relapses, often related to poor treatment adherence, until they find the best drug for the patient.
- There are not many specialists and, therefore, a new competitor can cover the psychiatrist community with a reduced sales force.
- The effectiveness of LAIs is driving an increasingly early use of them in the treatment protocol, potentially for the early phase or first episode of the disease, rather than only after relapses (for example, they are now used after the second relapse while, only a few years ago, it was after the fourth relapse).

However, the advantages obtained with Risperidone ISM® make a contribution to society by creating more value than other alternatives.

Fully-supervised monthly injection (every 28 days)	**Clinical utility of risperidone**	**Therapeutic plasma levels reached 2 hours after the first dose, aimed at reducing the severity of the disease (Clinical Global Impression–Severity [CGI-S] and the symptoms. (Positive and Negative Syndrome Scale [PANSS]) from day 8**
Ongoing monitoring of non-adherence through regular interactions between patient and medical staff. Reduce the risk of accidental or deliberate overdose.	Proven efficacy and safety of risperidone. Very well-known drug among psychiatrists for the treatment of schizophrenia.	Fast onset of action after achieving therapeutic plasma levels from the first few hours after the first injection. One of the Phase III efficacy endpoints is the time until PANSS score is reduced, aimed to occur at day 8. No need to supplement with oral antipsychotic medication or loading doses.

In this business line, ROVI reached an important milestone at the beginning of 2022. The European Commission authorised the marketing of Okedi® (Risperidone ISM®) for the treatment of schizophrenia in adults for whom the tolerability and effectiveness had been established with oral risperidone.

This approval was based on the positive results of the pivotal PRISMA-3 study on the efficacy and safety of Risperidone ISM® in schizophrenia patients.

The results obtained in this study show that the two different doses (75 mg and 100 mg once a month) had achieved the prespecified primary and secondary efficacy endpoints, a key factor in 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, from commencement until day 85, 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 statistically significant improvement in efficacy was already noted 8 days after the first injection in a reduction in the CGI-S score for both doses and, for the 100 mg dose, a reduction in the PANSS score.

In relation to the treatment-emergent adverse events reported during the PRISMA-3 study, the majority related to increased blood prolactin (7.8%), headaches (7.3%), hyperprolactinemia (5%) and weight increase (4.8%). No important news 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 extension phase (12 months) with injections of Risperidone ISM® (75 mg or 100 mg) every four weeks. New, clinically stable patients ("de novo" patients) were also able to enter this open-label phase of the study. This extension phase found that long-term treatment was efficient, safe and well tolerated in adult schizophrenia patients, irrespective of the initial severity of the disease or whether they had been treated previously with Risperidone ISM® during an acute exacerbation or switched from a stable dose of oral risperidone.

Regarding geographic scope, ROVI distributes or will distribute the product directly in the countries where has a direct presence through its subsidiaries (Germany, France, Italy, United Kingdom, Poland, Spain and Portugal), while, in the remaining European locations, it will be distributed through local or international distributors.

On 15 February 2022, the European Commission authorised the marketing of Risperidone ISM® (Okedi®) for the treatment of schizophrenia in adults for whom for whom the tolerability and effectiveness had been established with oral risperidone and the product was launched in 2022 in Germany, United Kingdom and Spain, and in 2023 in Portugal, Italy, Austria, Greece and Serbia.

Additionally, Risperidone ISM® is expected to cross the borders of the EU during 2024.

On 27 July 2023, ROVI reported that the FDA had issued a Complete Response Letter. In the letter, the FDA informed ROVI that it was necessary to resolve satisfactorily the deficiencies noted in the latest inspection before the application was approved and that there were no outstanding issues related to the dossier. On 21 September 2023, ROVI received an Establishment Inspection Report from the FDA with four outstanding observations regarding the FDA's inspection of the plant. ROVI provided its responses on 29 September 2023 and the FDA has notified a new user fee goal date of 29 March 2024. Likewise, there are no outstanding observations to be resolved by ROVI suppliers.

> In the United States, ROVI aspires to obtain the same indication as the other LAIs[11], i.e. "treatment of schizophrenia in adult patients".

5.2. Three-monthly Risperidone ISM®

ROVI is currently working on the development of ISM® technology with three-monthly risperidone, which will follow the same regulatory channel as Okedi® (a hybrid medicine for the EMA) and Risvan® (regulatory pathway 505b(2) for the FDA) and, again, the reference medicine will be oral Risperdal. The regulatory toxicity studies needed in order to conduct a clinical trial with humans have been completed. At present, the company has commenced a phase I clinical trial to evaluate the safety, tolerability and pharmacokinetics of various candidate formulations and different dose concentrations and injection sites. Recruitment of patients for this study began in September 2023. Up to three prototypes will be tested on patients with stable schizophrenia and, after the initial stage to choose the final candidate, the pharmacokinetic modelling will be updated and the doses required to establish the bridge with monthly doses of Okedi® 75 and 100 mg will be estimated. The high dose will also be tested in gluteus and deltoids.

As described for Okedi®, the linear pharmacokinetic behaviour of this technology and risperidone, together with the pharmacokinetic/pharmacodynamic models already implemented for Okedi®, mean that this clinical trial will clearly predict the final range of steady-state concentrations

[11] *Long-acting injectables.*

that will be achieved and, therefore, the expected clinical response to this formulation.

The general success of the whole clinical programme will have very high visibility when this study has been completed successfully.

5.3. Letrozole LEBE

In addition, the Company is continuing development of a long-acting letrozole injection that could provide a significant advance in the treatment of hormone receptor-positive breast cancer.

The need for continuous hormone suppression in the treatment of HR+ breast cancer, combined with the early interruption of treatment and the non-adherence that is common with these oral medicines, makes letrozole a perfect candidate for our ISM® technology.

Patient non-adherence to treatment is a real problem and the market is much in need of a long-acting injectable that guarantees adherence.

- Bibliographical evidence suggests that, after 6 months, oestradiol (E2) is not inhibited in 51% of early breast cancer patients treated with aromatase inhibitors.
- The lack of inhibition is related to a significant risk of suffering breast cancer and death.

The positive results of the LISA-1 trial, which ROVI reported to the market in 2022, showed that the first development of letrozole (annual Letrozole ISM®) allows an oestrogen suppression higher than that of Femara® to be predicted (with an initial dose of 100 mg plus a further 100 mg after 8 weeks, and annual maintenance doses of 100 mg, compared with daily oral doses of 2.5 mg), maintaining plasma levels of letrozole significantly lower than those reached with daily oral doses of 2.5 mg of Femara®. The inhibition of the enzyme aromatase and, therefore, a reduction in oestrogen synthesis is the only known pharmacological mechanism of letrozole.

ROVI sought the advice of the United States FDA with a view to using the suppression of the plasma oestrogen levels (oestradiol and oestrone) as a surrogate efficacy endpoint in a clinical trial on the superiority of Letrozole ISM® over Femara® in oestrogen inhibition in parallel groups of post-menopausal women with early hormone-dependent breast cancer. The proposal was based on the fact that oestrogen inhibition is letrozole's only pharmacological mechanism. However, the FDA rejected the use of this variable as a surrogate efficacy endpoint.

ROVI contacted the FDA again on 26 October 2022 to reach an agreement on the clinical development of the product. As reported at the Capital Markets Day of November 2022, the FDA required ROVI to perform a clinical efficacy trial in women with advanced breast cancer using Progression Free Survival (PFS) or the Objective Response Rate (ORR) as the key variable. Likewise, the FDA suggested that ROVI should request further advice ("End of Phase 2 meeting") after completion of said clinical trial to discuss a new study that supported registration of the product.

As a consequence of this advice from the FDA, the clinical development that would foreseeably be required to obtain marketing authorisation (at least in the United States) for the annual formulation of Letrozole ISM® would entail, first, a phase 2 clinical trial on Letrozole ISM® vs Femara®, both combined with CDK 4/6 inhibitors, in post-menopausal women with advanced breast cancer and, subsequently, a phase 3 trial in women with early breast cancer. This clinical path would require more than ten years and a much higher investment than initially foreseen before the dossier to apply for marketing authorisation for the product could be filed. Therefore, ROVI has decided to place the clinical development of annual Letrozole ISM® on hold for the time being.

However, the knowledge acquired with the results of the LISA-1 trial have enabled ROVI to progress, during this time, with the preclinical development of a new three-monthly formulation of letrozole (Letrozole LEBE), which aspires to obtain plasma levels equivalent to those obtained with daily oral doses of 2.5 mg of Femara®.

Currently, ROVI is conducting a phase I clinical trial in Europe to evaluate the pharmacokinetic, safety and tolerability of single increasing doses of Letrozole LEBE, at different concentrations, in healthy post-menopausal women volunteers (LEILA-1 study). This first clinical trial of Letrozole LEBE commenced in July 2023.

The objective of this trial is (i) to validate the findings obtained in the pre-clinical development of the product regarding its capacity to be bioequivalent to the oral formulation and (ii) to identify the doses of Letrozole LEBE necessary in humans to obtain steady-state plasma levels equivalent to Femara®.

Summary of ISM® technology

Product	Potential indication	Current status	Key milestones
Risperidone ISM® Risperidone, monthly	Schizophrenia	Approved	Marketing phase in Europe and in process of approval in USA
Letrozole ISM®, Letrozole, annual	Breast cancer	Clinical development on hold	Phase 1: oestrogen suppression superior a Femara®
Letrozole LEBE, three-monthly	Breast cancer	Phase 1	
Risperidone, three-monthly	Schizophrenia	Phase 1	

4.4 Materiality

[GRI 2-29, 3-1, 3-3]

Identification of and relations with stakeholders

ROVI, aware of the repercussions of its activity in the social area, wishes to improve people's health and quality of life through technical excellence in its day-to-day, always taking the needs and expectations of its stakeholders into account. To do so, one of the key factors is the existence of proactive dialogue with the stakeholders that seeks to generate significant impacts and make a positive contribution to the environment in which the Group operates.

Therefore, due to ROVI's commitment to society derived from its important research work and the manufacture of pharmaceutical products, the Company has identified six groups to which it has acquired a responsibility to create value by establishing a series of goals.

1. Employees

Goal

To strengthen the feeling of belonging and corporate identity among the employees, seeking their best development and performance.

Relationship mechanisms

- Suggestion boxes placed at the Company's facilities in order to make it easier for employees to submit anonymous communications concerning any improvements they have identified
- Confidential communication channels (canaletico@rovi. es, APP ROVI Rocks, mail service at the Pozuelo offices), through which any irregularities considered unlawful or criminal or that constitute a breach of the principles set out in ROVI's Code of Ethics may be reported
- Training, tutorials and meetings
- On-boarding process for new employees
- Annual and quarterly publications
- Skills and knowledge assessment
- Human Resources Department
- *Corporate website*

2. Suppliers

Goal

To seek services and products that provide the highest value-added to the Company under contracts that observe the Code of Ethics that ROVI has created for its suppliers.

Relationship mechanisms

- Meetings, phone calls and e-mails with suppliers and contractors
- Visits to the ROVI facilities by suppliers and vice versa
- Sending newsletters
- Sector conferences
- Quality assurance platforms, such as the EcoVadis Platform
- *Corporate website*

3. Shareholders

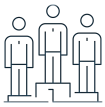
Goal

To create sustainable value in the short, medium and long terms.

Relationship mechanisms

- Policy for Communication with Shareholders, Institutional Investors and Proxy Advisors
- Direct investor communication channels (ir@rovi.es and the web form at www.rovi.es/contact)
- Automatic sending of relevant information on the company by e-mail
- Annual and quarterly reports
- Investor Relations Department
- *Corporate website: section for investors and shareholders*

4. Customers, patients and professionals



Goal

To provide products and services based on quality, safety and the Group's experience.

Relationship mechanisms

- Yearly and half-yearly publications
- *Corporate website*

5. Society and environment

Goal

To make an active contribution to social progress and environmental protection.

Relationship mechanisms

- Environmental Policy
- Corporate procedure (SOPc813 "Communication, participation and consultation") for queries, complaints, etc.
- Participation in environmental and medical research forums to encourage or prevent certain activities
- Quarterly and annual publications
- Meetings with local representatives
- Corporate website (where the different quality, environmental and health and safety certifications appear)

6. Public authorities

Goal

To create channels for cooperation with the authorities to favour people's health.

Relationship mechanisms

- Transparency and Continuous Communication Policy
- Annual and quarterly publications
- Cooperation through alliances with governmental bodies, especially the health authorities, at local, regional, autonomous community and national level
- Membership of sector associations at national and international level
- *Corporate website*

Encouraging active communication with stakeholders

The ROVI Group promotes permanent, constructive dialogue with its stakeholders as a key factor in developing its business strategy.

In this respect it has the different communication channels described above, which not only allow the company to maintain and strengthen the relationship with its stakeholders, but are also used as a way to identify the issues most important to the latter in relation to the Company's activity.

In the light of the foregoing, ROVI published 17 press releases in 2023 with relevant information regarding:

- Financial statements
- Buy-back programmes
- New developments related to the Group's research programmes
- Evolution of the evaluation process to obtain marketing authorisation for Risvan® in the United States
- ROVI's results in the Sustainalytics Sustainability Ranking
- Initiatives that form part of the strategy to reduce ROVI's carbon footprint
- Institutional activities and collaborations

Continuing the trend that began some years ago, ROVI remains active in its official social media profiles (Facebook, Twitter and YouTube), where it publishes new developments as a supplementary channel for sharing relevant information on the Group.

Material aspects of the activity

In 2022, ROVI updated its materiality analysis, in line with the best sustainability practices and pharmaceutical sector trends in this area. This exercise showed the Group's sustainability context and the main ESG aspects on which strategy will focus over coming years.

The purpose of the update was to define the significant priority ESG impacts for the company and its main stakeholders, which were then used as a basis to establish the strategic priorities set out In the ESG Master Plan 2023-2025 and, at the same time, provide information transparency and appropriate accountability to the stakeholders.

For this task, ROVI received support from the external consultant PricewaterhouseCoopers S.L., involving its stakeholders and taking their interests into account through interviews and ad hoc questionnaires to find out the importance of each one of the potential material topics identified.

Methodological approach: double materiality

In the new global business environment, where there is an increase in sustainability demands and requirements, market positioning through integrated sustainability and business management in line with the expectations of the regulators and stakeholders is of fundamental importance to companies. Therefore, identification of a company's material issues in relation to sustainability is an essential element in meeting stakeholder demands.

In this respect, since the Non-Financial Reporting Directive (NFRD) in the European Union was introduced and, currently, in its revision in the Corporate Sustainability Reporting Directive (CSRD), as well as the drafts of European standards prepared by the European Financial Reporting Advisory Group (EFRAG), the concept of materiality is expanding and developing towards "double materiality".

The concept of "double materiality" involves analysing both the organisation's impact on the environment and society (inside-out perspective or materiality of the impact) and the impact of certain matters on the organisation's value creation potential (outside-in perspective or financial materiality). In this context of change, where the trend is towards "double materiality", ROVI wishes to reinforce its analysis by integrating this new concept. A topic is considered material if it falls within any of the following three scenarios:

1

Impact materiality perspective

A topic is material from the impact perspective if it generates significant impact(s) on people and/or the environment. These impacts may be:

- Real or potential impacts
- Short-, medium- and/or long-term impacts
- Direct or indirect impacts derived from the Company's activity

Likewise, two factors must be taken into account:

- Severity of the impact: scale, scope and irremediable nature
- Probability of the impact

ROVI → Society and environment

2

Financial impact perspective

A topic is material from the financial perspective if it provokes or can provoke significant financial effects for the company that, as a final result, may affect the company's development, performance and/or positioning.

A topic is considered material from this perspective if it:

- Can affect the company's capacity to continue using or obtaining the necessary resources in its business processes, as well as the quality and price of said resources
- Can affect the company's capacity to rely on its necessary relationships in business processes in acceptable terms

ROVI ← External conditions

3

Materiality from both perspectives

Phases of the update of the materiality analysis

Phase 1

Preliminary identification of ROVI's stakeholders

Review of ROVI's principal stakeholders and their expectations and needs, since this is an essential element in order to conduct a sound materiality analysis.

Phase 2

Analysis of the sustainability context

Understanding of the sustainability context facing the Group, both internally (strategic priorities) and externally (trends, risks and opportunities in the sector)[12].

Phase 3

Preliminary list of material topics

Definition of a preliminary list of material topics based on the analysis of the internal and external sustainability context.

Phase 4

Concept of double materiality

Contextualisation of the concept of double materiality and definition of the new methodological approach.

Phase 5

Identification of impacts

Interviews with different groups of stakeholders involved in the analysis in order to identify any possible impacts on them caused by the material topics.

Phase 6

Internal and external analysis

Distribution of questionnaires to internal stakeholders (the persons responsible for 9 areas of the Group: Legal, Compliance, Human Resources, Safety and Environment, R&D, Financial Department, Investor Relations, Quality and Communication) and a selection of external stakeholders (analysts, suppliers, customers, patients and healthcare professionals, shareholders) in order for them to rate (scale of 01 to 05) each one of the material topics from the perspectives of impact materiality and financial materiality.

Phase 7

Prioritisation and materiality matrix

Consolidation of the results obtained in the previous phases and prioritization of the topics in accordance with the scores obtained, in order to define ROVI's materiality matrix.

In 2023, ROVI began to work on a new update of the double materiality study in order to include in the analysis the information on the impacts, risks and opportunities considered material from the impact materiality and financial materiality perspectives and thus adapt to the requirements of the CSRD.

[12] *To correctly identify material topics, ROVI's peers were benchmarked, sustainability standard setters such as SASB, GRI, WBCSD and WEF were consulted, and applicable national regulations were taken into account (Law 11/2018 on Non-Financial Information and Diversity), as well as future legislation that will apply to the Group (European Sustainability Reporting Standards proposed by the EFRAG).*

Identification of material topics

After this exhaustive analysis, the materiality matrix was prepared, representing the 17 topics selected in accordance with their economic, social and environmental importance for both ROVI and the other interested parties. The topics considered material are discussed in different chapters of this Report in accordance with the disclosure requirements established in Law 11/2018 on Non-Financial Information and Diversity and the Global Reporting Initiative (GRI) Standards.

The results of the materiality analysis were discussed with the persons responsible for the nine areas of ROVI involved in the analysis and were shared with the Nomination and Remuneration Commission and the Audit Committee of the ROVI Group.

Materiality matrix

E = Environment

S = Social

G = Governance

Topic prioritisation	ESG dimension
Critical	
1 Ethics and compliance	G
2 Product safety and quality	S
3 Continuity and accountability in the value chain	S
4 Risks and crisis management	G
5 Research and development	S
6 Attracting, retaining and developing talent	S
Important	
7 Responsible governance	G
8 Ethical marketing	S
9 Intellectual property	G
10 Employee health, safety and well-being	S
11 Privacy, data protection and cybersecurity	G
12 Circular economy and waste management	E
13 Atmospheric emissions and climate change	E
Relevant	
14 Sustainable growth	Transversal
15 Human rights	S
16 Drug pollution	E
17 Efficient water management	E

4.5 ESG Master Plan

[GRI 2-22]

In 2022, ROVI drew up its ESG Master Plan 2023-2025, which was approved by the Board of Directors in December. This Plan has allowed the company to establish the strategic priorities to be established in relation to sustainability, transparently demonstrating the commitment to stakeholders as defined in both the Group's Sustainability Policy and the ROVI's Mission, Vision and Values.

With a three-year horizon, from 2023 to 2025, the Master Plan focuses on 5 priority pillars, which are composed of 19 ESG strategic goals that materialise in 45 follow-up indicators to be monitored. These goals and indicators were defined by the ESG Department in close collaboration with the heads of ROVI's different areas. Furthermore, by creating an ESG Committee, the Plan defines the processes for monitoring the follow-up indicators. The Board will receive annual reports on the progress made.

The starting point of the Master Plan is the double materiality analysis updated in 2022 (see Chapter 4.4 Materiality), which identified the relevant priority ESG topics for the Group and its main stakeholders.

With the information resulting from (i) the double materiality analysis, through which the company focuses on its material topics, (ii) the ESG aspects evaluated by the rating agencies, (iii) the disclosure requirements within the different non-financial reporting frameworks and (iv) present and future regulations, ROVI drew up its Master Plan 2023-2025 with the intention of boosting sustainability in the company, highlighting its contribution to attainment of 11 of the 17 Sustainable Development Goals (SDGs) of the United Nations Agenda 2030

The actions taken in 2023 are described below. They represent 60% attainment of the 45 indicators that form the Master Plan. In 2024 and 2025, work will continue to attain the rest of the goals through specific, defined and measurable actions.

Aspiring to become a leader in governance committed to sustainability	
Betting on sustainable management to combat the global environmental challenges: fight against climate change, promotion of the circular economy and efficient water management	
Positioning itself as a key player in caring for persons and integrating specialised and diverse talent	
Promoting responsible management of the supply chain, ensuring ethical and environmental standards in each one of its links	
Promoting R&D&I activities by establishing partnerships with key players	

1. Leader in governance

In 2023, ROVI took the following actions within the framework of good corporate governance:
Strategic goals:

I.Boost sustainability in the corporate governance model.

- Creation of a Sustainability Committee that determines the guidelines, criteria and general principles for action in order to implement ROVI's Environmental and Social Sustainability Policy approved by the Board of Directors in November 2022 and report, at least once a year, to the Audit Committee and/or Nominations and Remuneration Commission on the degree to which the strategic goals that form the ESG Master Plan have been met.

II. Implement sustainable management of ESG risks

- Identification and financial quantification of climate risks. In 2023, the exercise initiated in 2022 continued with the quantification of the water stress risk, which is included among chronic risks, and the identification and quantification of the transition risks (see section 6.1.5 Global management and risk control).

III. Ensure the quality and reliability of the non-financial information.

- Development and implementation of an internal control system for non-financial Information, intended to ensure the transparency and reliability of the processes to generate, prepare and report non-financial information (see section 6.1.5 Global management and risk control).

IV. Adapt to the new sustainable financing models

- With the objective of constantly improving the ratings received from the main ESG rating agencies, in 2023, for the second year running, ROVI was placed first in the global sustainability ranking of the 431 companies in the pharmaceutical sector evaluated by the rating agency Sustainalytics (see section 6.2.4 Commitment and contribution to the environment in which we operate).

V. Promote good ethical conduct and compliance practices.

- Reinforcement of the ethical conduct systems by approving an Ethical Marketing Policy and providing training on the subject to both ROVI professionals who have relationships with healthcare organisations and professionals in the course of their work and recurring suppliers.

2. Sustainable management to combat global environmental challenges

From the point of view of continuing improvement and mitigation of impacts on the environment, the following actions were taken in 2023:

Strategic goal:

I. Attain climate neutrality.

- Installation of LED technology on the outside of the five production plants.
- Inclusion of the emissions produced by the ROVI subsidiaries in the Scope 3 certification.
- Installation of solar panels for the self-consumption of renewable energy at the five production plants.
- Compensation of 10% of the Scope 3 CO_2 emissions and, for the third consecutive year, compensation of all the Scope 1 and 2 CO_2 emissions.

II. Integrate circularity into the activities and waste management.

- Prioritisation of recycling over the recovery of non-hazardous waste.
- Prioritisation of the recovery of hazardous waste over treatments to destroy it and dispose of it in landfills.

III. Promote sustainable water management.

- Installation of additional meters at the San Sebastián de los Reyes plant to facilitate the monitoring of consumption and enable measures to reduce it to be established in the future.

3. Key player in caring for persons and integrating specialised and diverse talent

Strategic goals:

I. Ensure that specialised and diverse talent is attracted and retained

- Activities to implement standard ISO 45001 necessary to include all ROVI's non-production centres within the scope of the certification.

II. Encourage the development and continuous training of employees.

- Development of a training policy the implementation of which, together with the general training programme and the area training programmes, led to a higher number of hours of training for Group employees

III. Ensure equality, diversity and inclusion.

- All the ROVI personnel involved in selection processes received external training on equality.
- Increase in women on the Management Committee (see section 6.1.1. Our corporate governance model and structure).

4. Responsible management of the supply chain, ensuring ethical and environmental standards in each one of its links

Strategic goals:

I. Promote supplier alignment with the company's Sustainability Policies.

- Increase in the number of suppliers evaluated on the EcoVadis platform by 16% in 2023 vs. the previous year (see section 6.2.3.2 Ensuring the safety and quality of the supply chain).
- Increase in the communication with suppliers in order to encourage them to manage their business responsibly.

5. Promotion of R&D activities by establishing partnerships with key players

Strategic goals:

I. Establish and renew strategic partnerships.

- Signature of new collaboration agreements and renewal of existing ones with national and European research centres and universities.

II. Increase R&D investment.

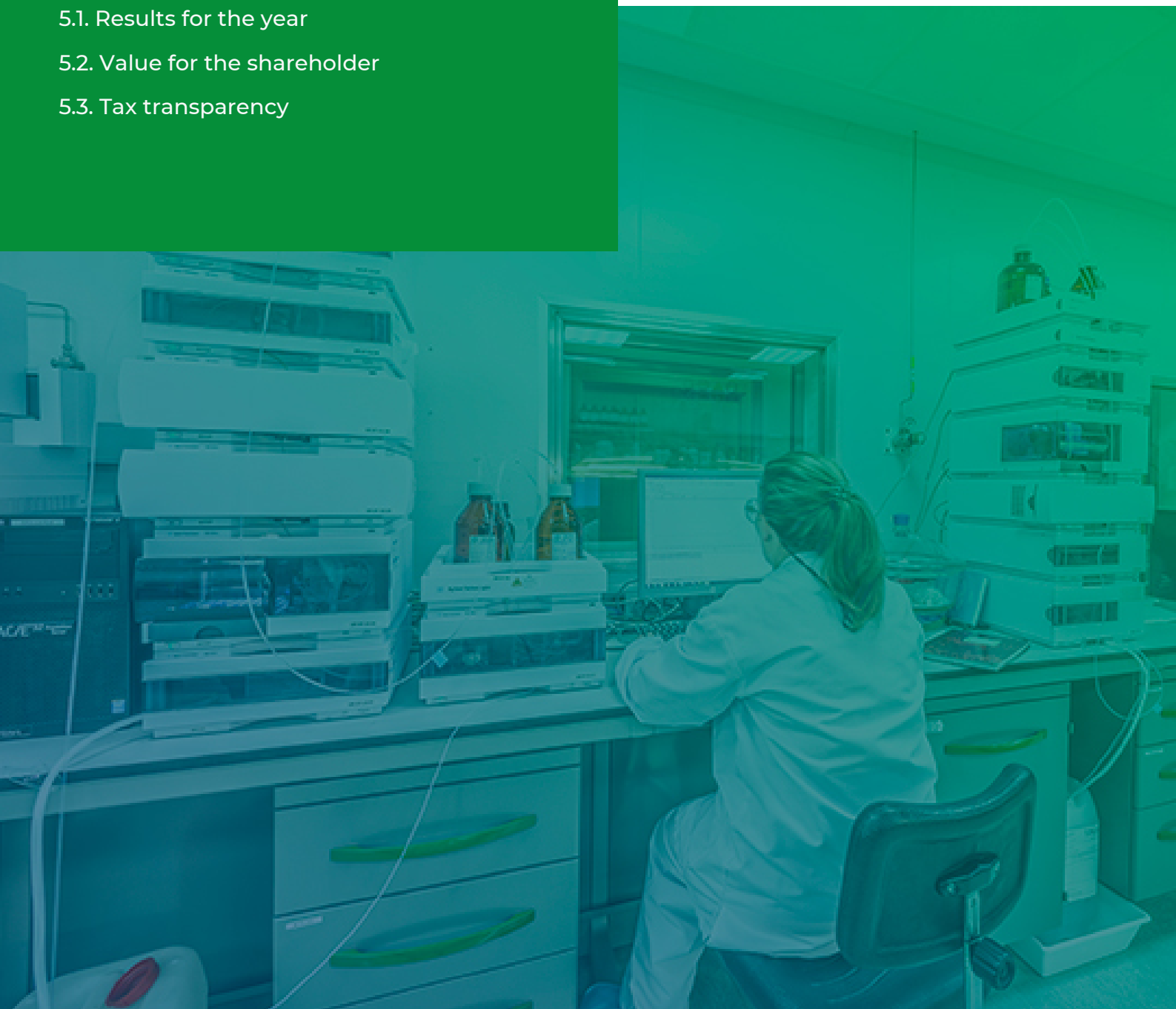
- 19% increase in R&D expenses in comparison with the average for 2020-2022

III. Foster the transparency of clinical trial results.

- Development of a procedure to regulate the public registration of clinical trials and their results in the European Union

Through implementation of this Master Plan, ROVI is confident that it will continue to be a pharmaceutical sector leader considering five basic aspects that ensure integration of ESG aspects into the Company's strategy.

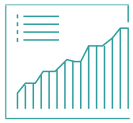
05 Our Financial performance in 2023



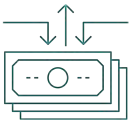
Key financial figures

Operating revenue
829.5 million euros

EBITDA
244.5 million euros



EBIT
220.1 million euros

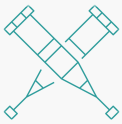


Net profit
170.3 million euros

Net debt position
38.6 million euros

Capital expenditure (Capex)
55.2 million euros

Key milestones 2023



Launch of Okedi® in Europe.

1% growth in CDMO sales

Approval of the injectables manufacturing plants by the FDA

1% growth in specialty pharmaceutical sales

5.1 Results for the year

2023 is the first year of a new endemic scenario, in which COVID-19 has become a seasonal disease and the vaccine is administered once a year.

2023 is the first post-pandemic year, a year of transition in which a great investment effort has been made to increase current capacities and enable us to produce more pharmaceutical units in the future. In this context, we were able to increase total revenue by 1% to 830.3 million euros

At present, we are in a growth phase focused, firstly, on reinforcing the Company's internationalisation through the launch of Okedi® in Europe and the expansion of our enoxaparin biosimilar and, secondly, on strengthening our CDMO manufacturing area as a result of the heavy expansion in our production capacity, which furnishes us with a significant growth opportunity in this division.

There is no doubt that one of our main achievements in 2023 was the FDA's approval of ROVI's injectables manufacturing plants for the fill-and-finish of syringes with the Moderna COVID-19 mRNA vaccine. This approval means that we can produce this vaccine for distribution in the United States from 2023 onwards.

Likewise, in January 2024, the FDA inspected the active substance manufacturing plant in Granada with a satisfactory result. The inspection focused on the processes of manufacture and control of the active substance for use in the manufacture of the Moderna COVID-19 mRNA vaccine.

Operating revenue

Operating revenue rose 1% to 829.5 million euros in 2023 versus 2022 as a result of the strength of the CDMO business, which grew 1% to 409.3 million euros, and the specialty pharmaceutical business, whose sales increased by 1% on the preceding year.

Sales outside Spain remained stable at 556.2 million euros in 2023 compared to 2022, mainly due to the CDMO business. Sales outside Spain accounted for 67% of operating revenue in 2023 compared to 68% in 2022.

829.5M€
Operating revenue

420.2M€
Specialty pharmaceuticals

409.3M€
CDMO

Specialty pharmaceutical business

The specialty pharmaceutical business grew 1% on the preceding year, totalling 420.2 million euros in 2023.

Million euros	2023	2022	Growth
Prescription pharmaceuticals	**373.5**	**372.6**	—
Low-molecular-weight heparins	242.1	256.6	-6%
Enoxaparin biosmilar	147.9	152.9	-3%
Bemiparin	94.2	103.8	-9%
Sales in Spain	61.6	66.9	-8%
International sales	32.6	36.9	-12%
Neparvis®	45.5	39.1	16%
Volutsa®	12.4	17.8	-30%
Vytorin® & Orvatez®*	26.6	32.1	-17%
Other products	47.1	36.0	31%
Okedi®	14.4	2.0	n.a.
Rebates to National Health System	-14.5	-11.0	32%
Contrast imaging agents and other hospital products	**45.7**	**40.1**	**14%**
Other	**1.0**	**1.5**	**-29%**
Total specialty pharmaceuticals	**420.2**	**414.2**	**1%**

*2022 includes sales of Absorcol®

In the specialty pharmaceutical business, sales of prescription pharmaceutical , which are products with high strategic value for ROVI, remained stable at 373.5 million euros in 2023.

ROVI's prescription pharmaceuticals include its heparin division. Sales of this division (low-molecular-weight heparins and other heparins) reached 250.6 million euros in 2023, a drop of 5% in comparison to 2022. Heparin sales represented 30% of operating revenue in 2023, versus 32% in 2022.

Sales of low-molecular-weight heparins (LMWHs) decreased 6% to 242.1 million euros in 2023, mainly as a result of the difference between the 2022 increase in partners' orders related to COVID-19 treatment and a lower volume of orders from partners in 2023, since they had held higher stocks of the products since 2022.

ROVI aspires to become a world leader in the low-molecular-weight heparin field with its two products, bemiparin and the enoxaparin biosimilar.

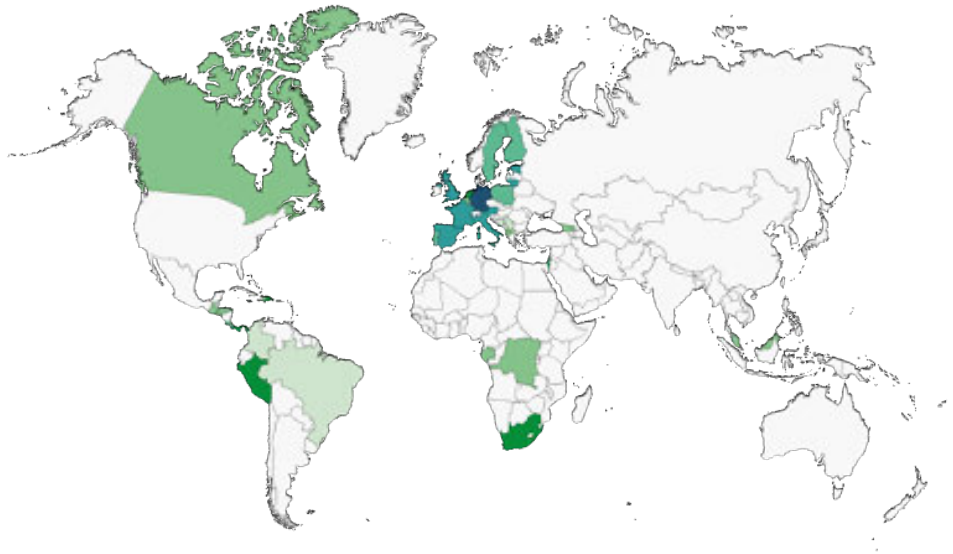
Sales of bemiparin, ROVI's low-molecular-weight heparin, dropped by 9% versus 2022, with a total of 94.2 million euros in 2023. International bemiparin sales decreased by 12%, to 32.6 million euros, in comparison with 2022, principally due to (i) a sales decrease in the Russian market, (ii) the political and economic instability in some of the countries where we are present, such as Turkey, (iii) the lower volume of orders from partners, and (iv) lower sales related to COVID-19.

Bemiparin sales in Spain (Hibor®) decreased by 8% versus 2022, dropping 61.6 million euros in 2023, mainly due to a lower penetration of the product in the prophylaxis segment.

Sales of the enoxaparin biosimilar in 2023 dropped 3% on 2022 to 147.9 million euros. However, sales of the product in 2023 showed a 19% increase versus 2021, a year in which sales rose 22% compared to 2020 due the increased use of the product to treat COVID-19. Likewise, this product's sales increased 18%, to 39.8 million euros, in the fourth quarter of 2023 compared to the third quarter of the year, and also increased by 18% in the fourth quarter of 2023 compared to the fourth quarter of 2022.

Commercialization of the enoxaparin biosimilar

2017	2018	2019	2020	2021	2022	2023
Germany	United Kingdom	Portugal	South Africa	Canada	Brazil	Jordan
	Italy	Poland	Israel	Belgium	Luxembourg	Sri Lanka
	Spain	Costa Rica	Peru	Malaysia	Colombia	
	France	Finland	Netherlands	Albania	Bosnia and Herzegovina	
	Austria	Sweden	Panama	North Macedonia	Kosovo	
	Latvia		Dominican Republic	Guatemala		
	Estonia			El Salvador		
				Honduras		
				Georgia		
				Bahamas		
				Jamaica		
				Gabon		
				Democratic Republic of the Congo		
				Trinidad and Tobago		



On 4 October 2022, ROVI presented Glicopepton Biotech, S.L., a joint venture with Carniques Celrà, S.L. and Grupo Empresarial Costa, S.L., which entailed the creation of one of the first national structures for the self-supply of heparins and products of high nutritional value to be used in the composition of animal feed and fertilisers

The Company's focus on the heparin division is materialised in the opening of a new production plant for the active substance of heparins in Escúzar (Granada) in 2023. Also in 2023, ROVI continued to invest in the construction of a new plant to transform pig mucosa into crude heparin, in order to achieve a greater vertical integration of its value chain and be, in the future, more self-sufficient in obtaining such an essential medicine as low-molecular-weight heparins.

Regarding other prescription pharmaceuticals, Neparvis® and Orvatez® led the growth.

Sales of Neparvis®, a prescription product from Novartis that ROVI has been marketing since 2016, indicated for the treatment of adult patients with symptomatic chronic heart failure and reduced ejection fraction, increased 16% to 45.5 million euros in 2023, compared to 39.1 million euros in 2022.

Sales of Vytorin® and Orvatez®, prescription products from Merck Sharp & Dohme ("MSD") indicated as adjunctive therapy to diet in patients with hypercholesterolemia, decreased 17% on the preceding year to 26.6 million euros in 2023. ROVI ceased to distribute Absorcol® as of 31 December of 2022 and Vytorin® as of 31 January 2023. Orvatez® sales rose 8% to 26.5 million euros in 2023, compared to 24.5 million euros in 2022. Sales of Absorcol® and Vytorin® accounted for 24% of total sales of the products indicated to treat hypercholesterolemia in 2022.

Sales of Volutsa®, a prescription product from Astellas Pharma indicated for the treatment of moderate to severe storage symptoms and voiding symptoms associated with benign prostatic hyperplasia, which ROVI has been distributing in Spain since February 2015, decreased by 30% to 12.4 million euros in 2023, mainly due to a price reduction of 47% in the second quarter of 2023.

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 14.4 million euros in 2023. Okedi® sales increased by 42% in the fourth quarter of 2023 compared to the third quarter of the year. In 2022, it was launched in Germany, UK and Spain and, in 2023 it was launched in Portugal, Italy, Austria, Greece and Serbia. The following aspects should be highlighted:

- In Germany, the product was very positively received during medical education activities carried out by ROVI. The product is now present in more than 70% of hospitals and interaction with psychiatrists was favourable, with doctors' attendance at product events doubling compared to the previous year.
- In the United Kingdom, the product is still in the introduction phase in the "trusts" (entities that manage the health areas).
- In Spain, the product is available in 100% of the autonomous communities. In 2023, it was being marketed in 90% of hospitals and 75% of psychiatrists had been trained, 40% of whom have since acquired experience in its use.
- In Portugal, since its launch in January 2023, the product has gained prescriptions and future prospects are favourable.
- In Italy, access to doctors was very positive. 92% of targeted psychiatrists were trained and 64% of them received three or more visits. In addition, the product was being marketed in 13% of the main hospitals. We expect sales to accelerate quickly and reach all significant hospitals by the end of 2024.

ROVI will cease to promote and distribute Xelevia® (sitagliptin) and Velmetia® (sitagliptin and metformin), two antidiabetic drugs from Merck Sharp and Dohme ("MSD"), as of 31 January 2024. Sales of the two products totalled 12.1million euros in 2023.

Sales of contrast imaging agents and other hospital products increased by14% on the previous year to 45.7 million euros in 2023. This increase shows the strong recovery of Spanish and Portuguese hospital activity during this year after the effects of lockdowns during the pandemic.

CDMO business

The future outlook for the CDMO business is extremely good. According to the report of *GlobeNewswire*, this market is expected to show a growth rate of over 7% between 2023 and 2028, derived from the growth of biopharmaceuticals (biosimilars and biologics) and the increasing trend among pharmaceutical companies to outsource their production activities. Biologics have acquired greater importance in the treatment of many diseases, such as cancer, autoimmune disorders and infectious diseases. And ROVI plays a significant role in this context.

CDMO sales increased by 1% to 409.3 million euros in 2023, in comparison with 2022, mainly 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 products with a higher value-added.

Due to the results obtained and the focus on a growing market, ROVI is investing to expand its production capacity, not only to manufacture the COVID-19 vaccine and other future Moderna mRNA vaccine candidates, but also to offer capacity to new customers.

There is no doubt that one of the key achievements of 2023 was the U.S. Food and Drug Administration (FDA)'s approval of ROVI's injectables manufacturing plants for the fill-and-finish of syringes with the Moderna mRNA COVID-19 vaccine. This approval means that this vaccine can also be produced for distribution in the United States. The Company has confidence in its capacity, as a CDMO manufacturer of high-value-added injectables, to take part in the manufacture of new vaccine candidates using mRNA technology in the future.

Likewise, in January 2024, the FDA inspected the active substance plant in Granada with a satisfactory outcome. The inspection focused on the processes for the manufacture and control of the active substance for use in the Moderna mRNA COVID-19 vaccine.

Profit

Gross profit decreased 6% to 489.2 million euros in 2023 compared to 2022. Gross margin showed a decrease of 4.5 percentage points, from 63.5% in 2022 to 59.0%, in 2023. This drop is mainly due to (i) the higher contribution to the CDMO business of the income related to the activities to prepare the plant for drug production under the agreement with Moderna, which adds lower margins to group sales; and (ii) the lower margin from the manufacture of the COVID-19 vaccine in 2023 compared to 2022.

In the fourth quarter of 2023, low-molecular-weight heparin (LMWH) raw material prices decreased by around 35% in comparison to the fourth quarter of 2022. ROVI expects this decline to accelerate in 2024. Nevertheless, despite this price decrease, the impact on gross margin remained negative in 2023 due to the length of the LMWH manufacturing process, where the raw material currently being used has been stocked for several months and was purchased at higher prices. However, a positive impact on gross margin is expected to be seen from 2025 onwards.

EBITDA decreased by 12% in 2023 compared to 2022, dropping to 244.5 million euros, reflected in a 4.6 percentage point decrease in the EBITDA margin, which was down to 29.5% in 2023 from 34.1% in 2022.

EBIT decreased by 14% to 220.1 million euros in 2023, reflected in a 4.8 percentage point decline in the EBIT margin, which was down to 26.5% in 2023 from 31.3% in 2022.

Net profit totalled 170.3 million euros in 2023, a 15% decrease on the 2022 profit, which had been 199.7 million euros.

Non-controlling interests refer to ROVI's partners in Glicopepton Biotech, S. L.

Gross profit	Net profit
489.2M€	**170.3M€**
-6% vs 2022	-15% vs 2022

R&D expenses

R&D expenses, mainly related to the ISM® technology platform, increased 4% on the previous year, rising to 24.9 million euros in 2023.

These R&D expenses are mainly related to the following:

(i) development of phase I of Letrozole LEBE and

(ii) development of phase I of the new three-monthly formulation of Risperidone ISM®.

Selling, general and administrative expenses

Selling, general and administrative expenses increased 2% on the previous year, totalling 219.7 thousand euros in 2023, mainly due to the increase in expenses related to the launch of Okedi® in Europe.

Income statement

€ Million	2023	2022	Growth %
Operating revenue	829.5	817.7	1%
Other income	0.8	2.1	-63%
Total revenue	**830.3**	**819.8**	**1%**
Cost of sales	(341.1)	(300.9)	13%
Gross profit	**489.2**	**518.9**	**-6%**
% margin	59.0%	63.5%	-4.5pp
R&D expenses	(24.9)	(23.9)	4%
Selling, general and administrative expenses	(219.7)	(216.3)	2%
Share in profits of joint ventures	(0.1)	0.2	n.a.
EBITDA	**244.5**	**278.9**	**-12%**
% margin	29.5%	34.1%	-4.6pp
EBIT	**220.1**	**256.0**	**-14%**
% margin	26.5%	31.3%	-4.8pp
Finance income/(costs)	0.3	1.9	-85%
Profit before income tax	**220.4**	**258.0**	**-15%**
Income tax	(50.1)	(58.3)	-14%
Effective tax rate	22.7%	22.6%	0.1pp
Net profit	**170.3**	**199.7**	**-15%**
Profit attributed to parent company	**170.3**	**199.7**	**-15%**
Profit attributed to non-controlling interests	**(0.04)**	**0.00**	**n.a.**

Sound financial position

One of ROVI's main goals is to have a low leverage capital structure. At 31 December, 2023, the Company had a gross cash position of 26.8 million euros, compared to 126.4 million euros at 31 December, 2022.

At 31 December 2023, ROVI had net debt of 38.6 million euros compared to net cash of 54.2 million euros at 31 December 2022.

At 31 December 2023, ROVI's total debt had decreased to 65.4 million euros. Debt with government entities at a 0% interest rate accounted for 14% of total debt at 31 December 2023.

As of December 31, 2023, bank borrowings had decreased by 6.4 million euros. 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 December 31, 2023, 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 4.816% in January 2024) 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 3.4 million euros. In February 2023, repayment of the fixed-interest loan commenced (quarterly repayments) and its current balance is 34.3 million euros. The variable-interest loan matures in 2028 and the fixed-interest loan matures in 2029. Both include a grace period of 3 years.

In July 2022, ROVI announced that the European Investment Bank (EIB) had granted it a new loan to support its investments in Research, Development and Innovation. The loan is for 50 million euros with a repayment period of 10 years and a three-year grace period. It may be drawn down over a term of two years. At 31 January 2024, ROVI drew 10 million euros of this credit at a variable rate of Euribor at 3 months + 0.655% (the interest rate for the first repayment is 4.625%).

Capital expenditure (CapEx)

In relation to CapEx, the Group invested 55.2 million euros in 2023, compared to 51.4 million euros in 2022. Attention should be drawn to the fact that 42.2 million euros of this amount is CapEx related to investment in our facilities and 13.0 million euros is linked to maintenance CapEx and other.

Investment CapEx 42.2M€		Maintenance CapEx and other 13.0M€	
Industrialisation of ISM® 9.1M€	New filling lines and expansion of operations 24.0M€	Madrid injectables plant 2.6M€	San Sebastián de los Reyes injectables plant 2.6M€
+2.4M€ vs. 2022	+6.9M€ vs. 2022	+0.5M€ vs. 2022	(0.4)M€ vs. 2022
Construction of a second LMWH active substance (API) plant in Escúzar (Granada) 6.3M€	The Glicopepton joint venture to construct a plant to produce heparins from pig mucosa 2.8M€	Granada plant 1.2M€	Alcalá de Henares plant 4.3M€
(7.5)M€ vs. 2022	+0.9M€ vs. 2022	+0.6M€ vs. 2022	+0.9M€ vs. 2022
		Maintenance investment and other 2.2M€	
		(0.4)M€ vs. 2022	

5.2 Value for the shareholder

ROVI's goal is to align the Company's interests with those of the shareholders in order to construct and consolidate a relationship of mutual trust that allows a strong performance and the creation of value in the long term.

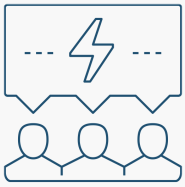
To this end, ROVI manages its relationship with shareholders and potential investors through the Investor Relations Department and its Shareholder, Institutional Investor and Proxy Advisor Communication Policy, which governs the actions taken by the Department and is applied actively, in order to maintain regular, smooth communication on all its activities.

Likewise, the Investor Relations Department is in constant communication with the rest of the areas of the Company, which allows any information requests from ROVI's investors and analysts to be satisfied.

Shareholder, Institutional Investor and Proxy Advisor Communication Policy

ROVI guarantees transparency, accuracy, immediacy, equality and symmetry in the information it provides to shareholders, institutional investors and the markets in general.

The main goal is to foment sharing information with shareholders on an ongoing and regular basis, not only when Ordinary General Shareholders' Meetings are called, but also by making effective channels available for them to receive constant information on any proposals that may be made in relation to the management of the Group, as required by Law or following corporate governance recommendations.



Communication channels

ROVI offers all its shareholders the possibility of automatically receiving all the Company's financial information through a system of e-mail alerts, while regular, one-off and important information on the Company, such as presentations and legal, economic, financial and corporate governance documents, may be consulted on the Group's portal.

Furthermore, it has three social media profiles (X –formerly Twitter-, LinkedIn and YouTube), through which it informs on new developments in the Group and shares its significant information, such as press releases and other activities related to corporate social responsibility.

Treasury shares

During 2023, ROVI acquired a total of 2,864,301 treasury shares (3,076,940 in 2022), paying 133.9 million euros for them (177.0 million euros in 2022). Likewise, a total of 1,312,404 treasury shares were resold (1,598,794 in 2022) for an amount of 52.7 million euros (77.8 million euros in 2022). Said shares had been transferred at a weighted average portfolio cost of 53.8 million euros (80.6 million euros in 2022), giving rise to a loss of 1.1 million euros on the sale (loss of 2.7 million euros in 2022), which was taken to reserves. At 31 December 2023, there were 2,196,011 treasury shares (2,111,339 at 31 December 2022).

Buy-back programme for ROVI shares

On 26 July 2023, ROVI announced the start of a new buy-back programme effective as of the same date, 26 July 2023, with the following terms:

I. Purpose and scope. The purpose is to redeem own shares of ROVI (share capital reduction) and, at the same time, boost the remuneration of the ROVI shareholder by increasing the profit per share

II. Term: from 26 July 2023, and for a period of 12 months

III. Maximum monetary amount: up to 130,000,000 euros, provided that the maximum price per share may not exceed that provided for by article 3.2 of Delegated Regulation 2016/1052

IV. The authorization granted by the General Shareholders' Meeting of the Company on 17 June 2021 established (a) a minimum price for the acquisition corresponding to the nominal value of the acquired shares and (b) a maximum price for the acquisition corresponding to a price not above the highest between (i) the last transaction carried out on the market by independent parties and (ii) the highest price of a purchase order amongst those contained in the orders book

V. Maximum number of shares to be acquired: 2,700,000 shares of the Company, representing approximately 5% of the Company's share capital on 26 July 2023

VI. Trading volume to be taken 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 buy-back program shall be 25% of the average daily volume of ROVI's shares on the trading venue on which the purchase is carried out during the twenty trading days prior to the date of the purchase

As of 31 January 2024, ROVI had executed approximately 74.85% of the buy-back programme, having acquired 1,808,392 shares for an amount of 97.3 million euros.

Stock market information

ROVI is positioned as the IBEX-35 share with the greatest price increase in 2023, with a rise of 67% in the share value vs 2022.

ROVI's shares are listed on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia with the ticker symbol ROVI and, since December 2021, ROVI has been included in the major index of the Spanish stock exchange, the IBEX-35.

Since that date, the Company has increased its assets and revenue by 10% and 13% (CAGR 2021-2023). Likewise, its EBITDA has increased at a CAGR 2021-2023 of 10% and its net profit at 5%, improving its financial soundness. Additionally, ROVI has achieved strategic milestones that are key for the business's growth, such as the expansion of its enoxaparin biosimilar, the agreement with Moderna for manufacture of the COVID-19 vaccine, the launch of Okedi® (the first candidate based on its ISM® platform) in Europe, and the expansion of its production capacity in the CDMO business, not only to manufacture the COVID-19 vaccine and future mRNA candidate vaccines, but also to enable it to offer capacity to new customers.

At the end of 2023, the ROVI share had risen 66.9%, from 36.06 euros at 30 December 2022 to 60.20 euros at 29 December 2023. This is higher than the general aggregates: (i) the Ibex-25 rose 22.8% to 10,102.1 points and (ii) the Euro Stoxx 50 rose 19.2% to 4,521.7 points.

ROVI's stock market capitalisation at 31 December 2023 was 3,252 million euros (1,948 million euros in 2022).

The average daily trading volume from January to December 2023 on the Spanish stock exchanges was 131,346 shares (165,713 shares in 2022), including the volume traded on the block market and special transactions.

The average daily trading volume from January to December 2023 on the Spanish stock exchanges was 131,304 shares (159,350 shares in 2022), including the volume traded on the block market.

If only the volume (average) traded on the Spanish stock exchanges is considered, it was 123,940 shares (vs 131,035 in 2022).

€ million	2023
Ticker symbol	ROVI
Bloomberg ticker symbol	ROVI:SM
Reuters ticker symbol	ROVI.F
ISIN	ES0157261019
Number of shares in issue (31 Dec. 2023)	54,016,157
Closing price (31 Dec. 2023)	€60.20
Type of shares	Common shares (par value €0.06)
Capitalisation (31 Dec. 2023)	3,252M€
Market	Continuous market

Dividends

In 2023, ROVI distributed 35% of the consolidated profit for the year 2022 attributed to the parent company.

ROVI's General Shareholders' Meeting held on 14 June, 2023 resolved to distribute a gross dividend of 1.2938 euros per share entitled to receive it. This dividend showed an increase of 35% on the dividend charged to the 2021 profit (0.9556 euros/share) and represents the distribution of an amount equivalent to approximately 35% of the consolidated net profit for 2022 attributed to the parent company. This dividend was paid on 5 July 2023.

ROVI's Board of Directors will put a proposal to the General Shareholders' Meeting for the distribution of a dividend of 59,617,632.48 euros, equivalent to 1.1037 euros per share entitled to receive it and representing an amount equivalent to approximately 35% of the consolidated net profit for 2023 attributed to the parent company, broken down as follows:

- As application of profit, the whole of the profit of Laboratorios Farmacéuticos Rovi, S.A. for 2023, 12,071,013.68 euros, will be distributed as dividends, and
- Additionally, dividends of 47,546,618.80 euros charged to the freely-available reserves recognised under the "Retained earnings" caption will be distributed.

Investor relations activity

The Department's core strategy is to satisfy the demands and expectations of the Group's shareholders and investors. To this end, true to its principles of a close and transparent relationship, ROVI maintained constant activity throughout the year through meetings, forums and events with investors.

Furthermore, the Investor Relations Department, together with the Company's Senior Management, takes part in roadshows, multi-sectoral conferences, and meetings at the Madrid offices, while also organising other actions, such as Investors' Day, visits to ROVI's production plants, webinars and presentations at different financial and healthcare sector forums.

At these meetings, members of ROVI's Senior Management explain the evolution of the Company to investors and other stakeholders from an economic, financial, and strategic standpoint. Thus, investors can enjoy smooth and transparent communication with the Company. Following the recommendations of the National Securities Market Commission (CNMV), ROVI announces the meetings with analysts and investors in advance and provides the documentation that will be used at the meetings.

Additionally, ROVI holds a press conference when the General Shareholders' Meeting takes place, at which Senior Management attends the media that have attended the meeting, in order to promote transparency regarding the Company's strategy and foster the good business practices recommended by the CNMV.

In 2023, ROVI took part in 154 calls with investors and attended 15 face-to-face and virtual conferences, which, overall represented attention to 520 investors at 169 events at the end of 2023 (compared to 560 investors and 125 events in 2022).

	2023	2022
Roadshows	**0**	11
Calls with investors	**154**	95
Conferences	**15**	19

The most important events that ROVI attended in 2023 were the following:

BME, Foro MedCap 2023
Caixabank BPI Iberian Conference
Capital Markets, Pharmaceutical CDMO & Bioprocessing Conference
Credit Suisse, London Global Healthcare Conference
Exane BNP, Mid Cap CEO Conference
Exane BNP, Spain Investor's Day
Jefferies, Pan-European Mid-Cap Virtual Conference
Jefferies, Healthcare Conference
Jefferies, "Back to School" (Fireside Chat)
JP Morgan, Pan-European Small/Mid Cap CEO Conference
Kepler, Digital Autumn Conference
ODDO, BHF Iberian Forum
ODDO, BHF Iberian Digital Forum
RBC Capital Markets, Pharmaceutical CDMO & Bioprocessing Conference
Santander, Iberian Conference

Likewise, at its meetings with investors, the topics that aroused the most interest were the following:

CDMO business

- The business opportunity continuing beyond 2023 as a result of the ten-year agreement signed with Moderna and the FDA's approval of ROVI's injectables manufacturing plants for the fill-and-finish of syringes with the Moderna mRNA COVID-19 vaccines, which means that this vaccine will also be produced for distribution in the United States
- The investment in new lines to increase the Group's capacity
- The opportunity to manufacture other future candidate vaccines of Moderna (RSV, flu, combination vaccines...) from 2024 onwards and other products for other companies from 2025 onwards

R&D

- Information on new developments in the ISM® technology developed by ROVI, as well as the candidate products based on this technology: Okedi®, Risvan®, Letrozole LEBE and three-monthly Risperidone ISM®

LMWH

- Information on ROVI's performance in the low-molecular-weight heparin market and its future lines of growth with the enoxaparin biosimilar Becat®
- Information on the evolution of heparin raw material prices and their positive effect on the division's gross margin

Sector trends

- Information on the long- and medium-term trends in the pharmaceutical sector and how ROVI is adapting to them

ESG

- Information on how ROVI is integrating ESG criteria into its management and its relationships with its main stakeholders
- Information on ROVI's ESG risk positioning according to the annual evaluation conducted by Sustainalytics

Likewise, the Investor Relations Department establishes a direct relationship with the analysts who cover ROVI. At 31 December 2023, ROVI was being covered by 12 analysts. In 2023, the consensus of the analysts was a buy recommendation with an average target price of 62.25 euros, 3% higher than the closing price of the share on 31 December, 2023, which was 60.20 euros.

Santander	Alejandro Conde
BESTINVER	Patricia Cifuentes
ALANTRA	Álvaro Lenze
BPI	Guillherme Macedo
Sabadell	Luis Arredondo
bankinter	Pedro Echeguren
JBCapitalMarkets	Joaquín García-Quirós
renta4	Álvaro Arístegui
Jefferies	James Van-Tempest
Kepler Cheuvreux	Pablo de Rentería
ISANI	Francisco Ruiz
ODDO BHF	Juan Ros Padilla

Shareholders' and investors' website

ROVI has a corporate website (*www.rovi.es*) through which a specific section addressed to its shareholders and investors may be accessed (*https://www.rovi.es/es/accionistas-inversores*), where economic and financial information is provided on the Group's activity and results, as well as any other information that the Group deems to be of interest to its stakeholders.

Likewise, ROVI uses other means of communication, such as webcasts and conference calls, to stream the presentation of quarterly results or any other communication that may be important to the market.

Additionally, in order to maximise the dissemination and quality of the information as much as possible, ROVI's official profiles on X (formerly Twitter) and LinkedIn makes information on the Group's activities available to its stakeholders.

5.3 Tax transparency

[GRI 3-3, 201-4, 207-1]

Tax strategy

ROVI's Tax Strategy establishes the principles that govern the tax function in the Group and impregnate the tax processes that are applied in ROVI:

- Compliance. The sustainability of the processes followed by the Group requires an unwavering commitment to contribute to the economic and social development of the different markets in which it operates. In the tax area, this commitment materialises primarily through compliance with all the Group's tax obligations and payment of all the taxes, levies and duties that accrue as a result of its trading activity, in accordance with the applicable local and international tax legislation
- Ethics and responsibility. Compliance with ROVI's tax obligations must be conducted using ethical and responsible practices, always meeting the highest standards of integrity, honesty, diligence and equity established in its Code of Ethics
- Value creation. The Group's corporate profile is a determining factor when defining its tax strategy, which is fully directed to attaining the Group's business goals and is integrated with the aforementioned corporate management model, seeking to create value for the shareholder

The main implications of applying the principles mentioned in tax-related decision-making are the following:

- Applying tax regulations in accordance with interpretation criteria established and published by the competent tax authorities and/or other official bodies responsible for regulating matters that have a direct influence on the tax area
- Not using opaque structures for tax purposes
- Informing the Board of Directors, before it adopts the relevant decisions, on transactions that could impair transparency and tax compliance, as well as the tax consequences of transactions involving high sums of money or with special characteristics
- Valuation of transactions between Group companies and any other type of related-party transaction at market prices
- Formal and substantive compliance with tax obligations
- Interaction and collaboration with the tax authorities to resolve any issues that might arise in the area of tax compliance on the part of either the Company or a third party
- Existence of a whistle-blower channel, ROVI's Ethics Channel, which allows any financial or accounting irregularities to be reported to the Audit Committee and is decisive in detecting and preventing any possible tax irregularities

Anti-tax fraud measures

Non-compliance with tax regulations is one of the risks that ROVI assesses regularly within the framework of the Risk Control and Management Policy, which is the Group's main mechanism to identify, assess and hierarchise the risk that could affect the organisation, including tax-related risks.

The structure and organisation of ROVI's tax function, as well as the existence and continuous implementation of a large number of controls to ensure the different tax processes are executed appropriately, make it easier to monitor the risk of failing to comply with tax regulations and ensure that it is always at an acceptable level that does not affect attainment of the Group's goals. In 2023, no event took place that involved the materialisation of the risk of non-compliance with tax regulations.

The tax function reports to the Financial Department, which is directly responsible for:

I. Controlling and overseeing the effective implementation of the basic aspects of the tax strategy

II. Continuously analysing and evaluating all the legal changes that are constantly being made with regard to taxation to ensure due compliance with these changes and studying new types of taxation that are established by the different national and international bodies that hold legal competences in this specific area

III. Establishing the procedures and control measures that guarantee that tax-related risks are assessed in the Group's decision-making process

IV. In the event that the level of risk is higher than acceptable, putting action plans in place to reduce the level of risk and monitoring the degree of compliance with said action plans

Additionally, ROVI receives independent tax advice from an external source that guarantees the Group's compliance with its tax obligations, increases the Company's transparency in relation to said obligations, ensures that tax returns are filed meticulously on a timely basis, keeps Company Management updated on tax issues and helps solve any queries or evaluates the criteria to be applied when there are differences in interpreting how the regulations should be applied.

Tax information

ROVI pays special attention to compliance with the tax obligations that are applicable in each territory where it operates.

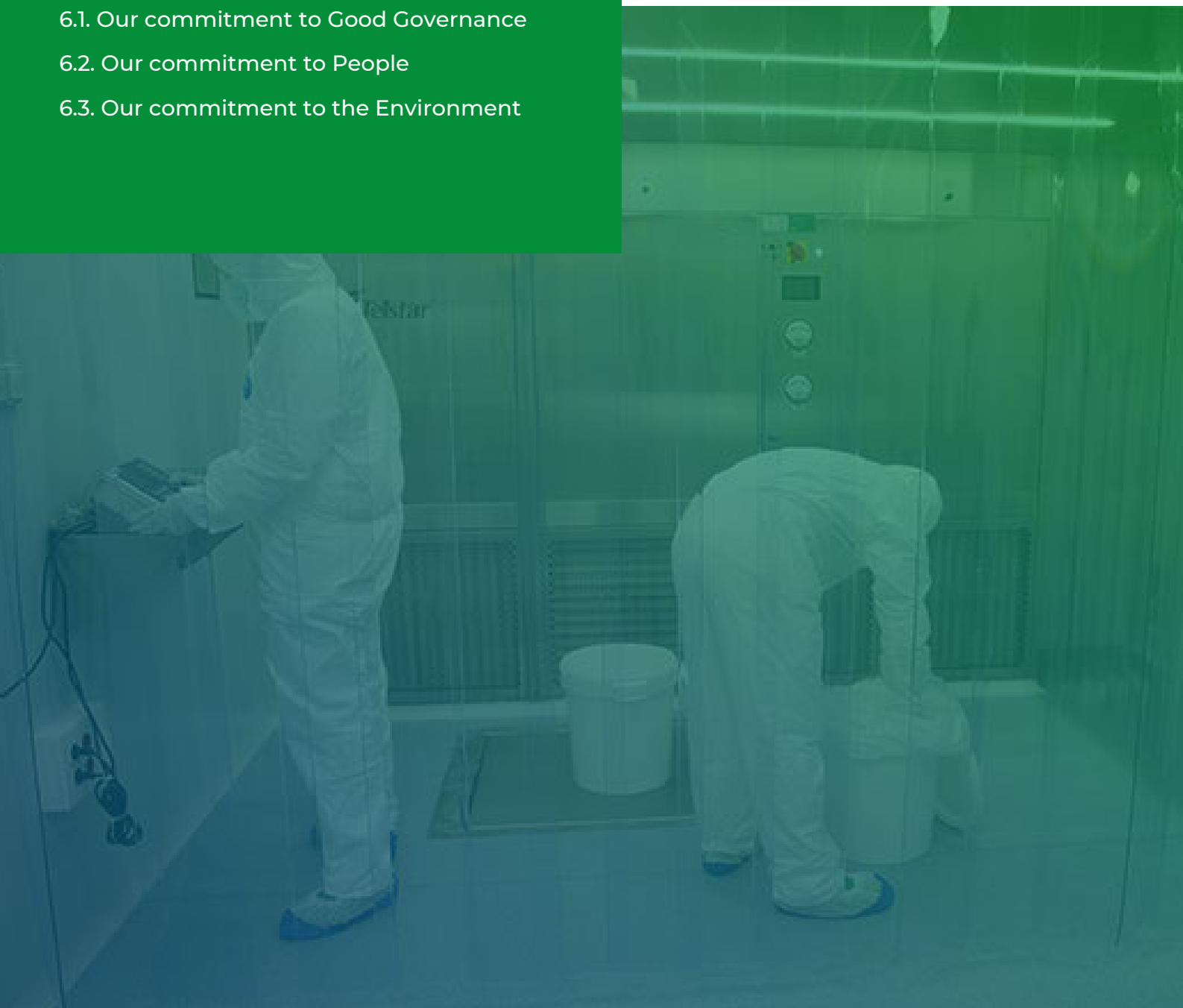
The following is the tax information of the entire Group for 2023 and Appendix I hereto sets out the tax contribution by Company.

Profit before tax:
199,522 thousand euros

Government grants received:
781 thousand euros

Income taxes:
45,257 thousand euros

06 Our Responsible and Sustainable Management



ROVI, as a Company that enjoys a sound position in the pharmaceutical industry at both national and international level, is striving to become a socially responsible company that makes an active contribution to sustainable development.

To this end, ROVI ensures it remains in the vanguard of industry trends by integrating all the aspects that may generate value for its main shareholders in the short, medium and long terms into its day-to-day. ROVI shows its firm belief in its contribution to the environment by establishing a business model founded on differential values, such as Sustainability, Quality, Research, Development and Innovation, and Environmental Protection.

The Group's belief in value materialises through its management in the three components of ESG, establishing its commitment and the principles that inspire it in this respect, which are set out in its policies, procedures and standards, as well as the goals and challenges in each one of the areas, which will be described in the chapters of this Integrated Report.

6.1 Our commitment to good governance

[GRI 2-24]

Key indicators

Percentage of women on the Board

42.86 % (3 of 7)

Percentage of independents on the Board

42.86 % (3 of 7)

100%

of the workforce knows
ROVI's Code of Ethics

Average remuneration of members of the Board of Directors:

Women: **80 thousand euros**

Men: **105 thousand euros**

Note: The average remuneration of the members of the Board of Directors is shown distinguishing between men and women, unlike the figure included in the 2022 Integrated Report, which showed the aggregated remuneration of the board members in their capacity as such.

Associated Internal Policies

In addition to ROVI's internal regulations, which include the Regulations of the General Shareholders' Meeting, the Regulation of the Board of Directors, the regulations of the commission and the internal regulations on conduct, the Group has other associated internal policies including, among others, the following:

- Director Remuneration Policy
- Policy on the Composition of the Board of Directors
- Environmental and Social Sustainability Policy
- Environmental and Social Sustainability Policy
- Policy on the communication of financial, economic and non-financial information and communication and contacts with shareholders, investors and proxy advisors
- Senior Management Remuneration Policy
- Anti-Bribery and Anti-Corruption Policy
- Supplier Selection Policy
- Supplier Payment Policy
- Succession Plan for the Chairman, Chief Executive Office and Senior Management
- Policy on the Internal Information System and Whistleblower Protection
- Policy on Rules of Use of the Rovi Group's ICT Resources
- Regulatory Compliance Policy
- Information Security Policy
- Competition Policy
- Policy on Access to Medicines
- Policy on Animal Testing
- Policy on Preventing Conflicts of Interest

2023 MILESTONES

The General Shareholders' Meeting was held in a hybrid format (physical presence with the possibility of attending remotely).

In 2023, the marketing suppliers received training to ensure that they meet the ethical marketing commitments acquired by ROVI when providing their services..

Internal launch and implementation of the telematics platform for the management, oversight and communication of transactions with marketable securities and fulfilment of other obligations by the persons subject to ROVI's Internal Code of Conduct.

Goals 2024

Training on the new Ethical Marketing Policy for 100% of the employees it affects.

Contribution to the SDGs

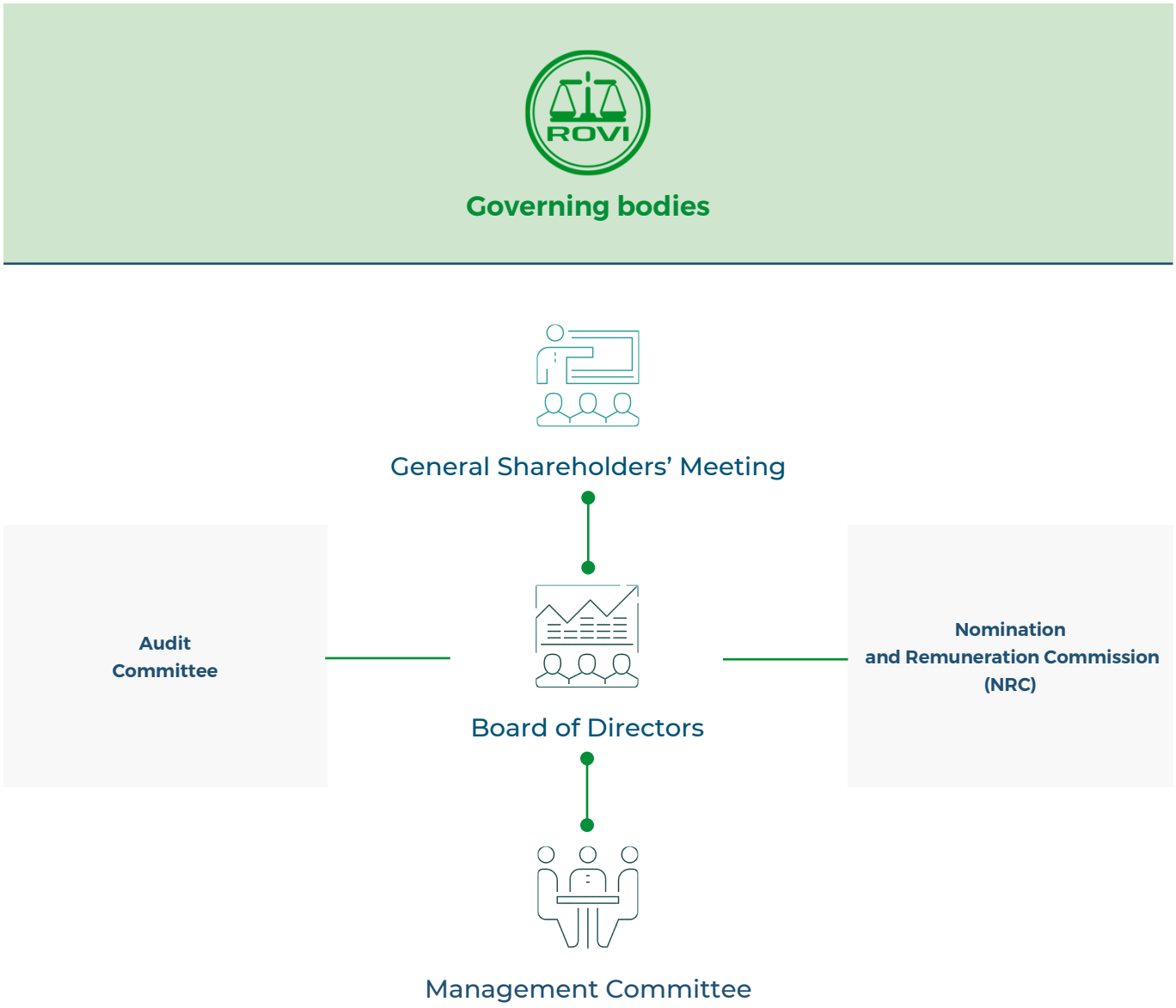
6.1.1. Our corporate governance model and structure

[GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-18, 2-28, 405-1]

The corporate governance of ROVI takes the updated recommendations applicable to the company into account. In particular, the company's internal regulations are adapted to the Good Governance Code of Listed Companies approved by the National Securities Market Commission (CNMV) in February 2015 and last revised in June 2020 (the "Good Governance Code"), as well as the CNMV's Technical Guide 3/2017 on audit committees at public-interest entities and Technical Guide 1/2019 on nomination and remuneration committees.

This model helps foster honest conduct on the part of ROVI in its relations with its stakeholders, building up a relationship of mutual trust that contributes to satisfying their interests, needs and expectations.

Within the framework of the 2023 evaluation process, ROVI decided to engage PricewaterhouseCoopers, S.L. as an independent expert as provided for in the Regulations of the Board of Directors, article 5.7. As a result of this process, it was found that ROVI's Board of Directors operates efficiently and the company has adopted a plan that consists of measures intended to enhance corporate governance practices.



General Shareholders' Meeting

Role	The company's highest decision-making and control body for the matters within its competence.
Regulation	Its powers and operation are regulated by the Bylaws and the Regulations of the General Shareholders' Meeting.
Meetings	It meets at least once a year at the Ordinary General Meeting within the first six months of each year.
Competences	The competences attributed to this body by law include approving the governance body's corporate management and the annual financial statements for the preceding year and deciding on application of the profit, as well as appointing directors and account auditors, although it may likewise deliberate and decide on any other item on the agenda that falls within its competence.
Right to attend	All holders of at least one ROVI share recorded in their name in the relevant account entry register five days before the General Shareholders' Meeting is held may attend the meeting.

The most recent Ordinary General Shareholders' Meeting of Laboratorios Farmacéuticos Rovi S.A. was held in Madrid on 14 June 2023 on the first call. It reached the necessary quorum with the attendance of a total of 46,584,352 shares (30,899,073 present and 15,685,279 represented), representing 86.242% of the share capital (57.203% present and 29.038% represented) . The following resolutions were passed at the meeting:

I. Approval of the individual annual accounts of the company and the consolidated annual accounts of the company and its subsidiaries for the year ended 31 December 2022

II. Approval of the statement of non-financial information included in the consolidated management report of the company and its subsidiaries for the year ended 31 December 2022.

III. Approval of the proposed application of the individual profit for the year ended 31 December, 2022, which was 39,116,103.39 euros, and approval of the motion to pay a supplementary dividend. A resolution was passed to pay a gross dividend of 1.2938 euros per share to each of the 54,016,157 ordinary shares in issue that was entitled to receive it on the pay-out date (69,886,103.93 euros).

IV. Approval of the management and activities of the Board of Directors in the year ended 31 December 2022

V. Approval of the ratification and re-election of Ms Teresa Corzo Santamaría as an independent external director for the bylaw-stipulated term of four years and approval of the re-election of Mr Marcos Peña Pinto as an independent external director for the bylaw-stipulated term of four years

VI. Approval of the maximum annual remuneration of the members of the Board of Directors in their capacity as such for the year 2023, fixed at 1,000,000 euros

VII. Re-election of the account auditors of the company and its consolidated group, KPMG Auditores S.L., for the year 2023.

VIII. Approval of the company's Annual Director Remuneration Report on a consultative basis.

Board of Directors

Role	The company's highest decision-making, oversight and control body, except in matters reserved to the General Shareholders' Meeting.
Regulation	Its powers and operation are regulated by the Bylaws and the Regulations of the Board of Directors.
Meetings	The Board of Directors met on 9 occasions in 2023. The percentage attendance (including proxies granted with precise voting instructions) was 100% of total votes.
Competences	The competences that this body holds by law or in accordance with the Bylaws or the Regulations of the Board of Directors include: I. Preparing the annual accounts and management report and proposing the application of the company's profit II. Approving the Company's general policies and strategies, in particular the strategic plan, as well as the management objectives and annual budget III. Overseeing and verifying that management meets the goals fixed, respects the corporate purpose and promotes the Group's corporate interests IV. Overseeing the preparation of the financial and non-financial information V. Calling the General Meeting and drawing up an agenda and the motions to be put to the meeting, as well as publishing the announcements of the meeting
Composition	In 2023, the Board of Directors was composed of seven members: three executive directors, three independent directors and one proprietary director, in accordance with the Good Governance Code recommendations on size, which state that the number of members should not be less than five or more than fifteen, and composition, which state that there should be a majority of external directors.
Board Committees	Bodies for information and consultation: • Audit Committee • Nomination and Remuneration Commission (NRC)

Nomination and Remuneration Commission (NRC)	
Role	Consultative commission of the Board of Directors
Meetings	This commission met on 8 occasions in 2023
Competences:	I. To report on and submit proposals for the appointment and dismissal of directors and senior management to the Board of Directors II. To assess the skills, knowledge and experience necessary on the Board, as well as the time and dedication required from Board members for the proper fulfilment of their duties III. To prepare and review the criteria that should be followed regarding the composition of the company's management team and strive to ensure observance of the remuneration policy it has established for directors and senior management and the transparency thereof
Composition	Formed by three independent directors, appointed on the basis of their knowledge, skills and experience in the tasks they are to undertake

Audit Committee	
Role	Consultative committee of the Board of Directors
Meetings	It meets quarterly to review the financial information which, as a listed company, the Company must publish regularly, as well as the mandatory non-financial information. In 2023, this Committee met on eight occasions
Competences	I. Oversight of the process of preparing the financial information, ensuring that it is comprehensive II. Regular review of the information and internal control systems and the Risk Control and Management Policy III. Oversight of corporate risks IV. Oversight of the Crime Prevention Model V. To report on related-party transactions, ensure the independence of the statutory auditors and ensure the independence and efficacy of the internal audit service
Composition	Formed by three independent directors, appointed on the basis of their knowledge and experience in accounting, auditing or risk management, as well as their knowledge, skills and experience in the other tasks undertaken by the Committee

Composition of the Board of Directors at 31 December, 2023

Mr Juan López-Belmonte Encina

Chairman and Chief Executive Officer | Executive director

Graduated in Economic and Business Sciences from CEU San Pablo, Madrid, in 1993

Joined ROVI in 1994

Appointed General Manager in 2001

Chief Executive Officer of the company since 2007

Chairman of the Board of Directors since July 2021

Chairman of the R&D&I Committee of the of the CEOE (Spanish Confederation of Business Organisations) from March 2015 until the end of 2018

Appointed President of Farmaindustria in October 2020, holding the position until October 2022

Shareholder of Norbel Inversiones, S.L. (ROVI's controlling shareholder)

Mr Javier López-Belmonte Encina

First Deputy Chairman | Executive director

Graduated in Economic and Business Sciences from Colegio Universitario de Estudios Financieros (CUNEF), Madrid, specialising in Financing, in 1998

- Joint Executive MBA from Brown University and the Instituto de Empresa in Madrid in 2017
- Joined ROVI in 2000
- General Manager of Industrial Operations and Chief Financial Officer since 2001
- Director of the company since 2007
- He has been Vice President of the CEIM (Madrid Business Confederation-CEOE), a member of its Management Board and Chair of its Health Commission
- He has been a member of the Social Council of the Universidad Autónoma de Madrid representing the CEIM and a member of the Board of Trustees of Fundación Universidad Autónoma de Madrid, representing the Social Council of the Universidad Autónoma de Madrid
- Shareholder of Norbel Inversiones, S.L. (ROVI's controlling shareholder).

Mr Iván López-Belmonte Encina
Second Deputy Chairman | Executive director

Graduated in Economic and Business Sciences, specialising in Auditing, from CEU San Pablo, Madrid in 1994

Diploma in Advanced Studies, obtained in 2008, which recognised his research proficiency in the Financial Economics and Accounting area

Joined ROVI in 1995

General Manager, Commercial and Development since 2007

Director of the company since 2007

Shareholder of Norbel Inversiones, S.L. (ROVI's controlling shareholder)

Mr Marcos Peña Pinto
Coordinating director | Independent director | Chair of the Audit Committee |
Member of the Nomination and Remuneration Commission

Law degree from Universidad Complutense de Madrid and passed the official examination to become a Technical Labour and Social Security Inspector

He was co-opted as an independent director of the company effective 9 May 2019 and most recently re-elected as a director at the General Shareholders' Meeting of 14 June 2023

From 1984 to 1989, he held the position of Labour Attaché at the Spanish Embassy in Italy

From 1991 to 1996, he was the Secretary-General for Health at the Ministry of Health and Consumer Affairs and Secretary-General for Employment and Labour Relations at the Ministry of Labour

Between 2005 and 2006, he was appointed an expert member of the Economic and Social Council, which he presided until April 2020

He has been a member of the Council of State due to his position as president of the Economic and Social Council

He has held the position of chair of the bargaining committee for many collective labour agreements (e.g. Telefónica, RENFE, Repsol, Alcatel, Endesa, Astilleros, etc.)

In April 2020, he was appointed to the Board of Trustees of the Fundación CEOE (Spanish Confederation of Business Organisations Foundation)

Ms Fátima Báñez García
Board member | Independent director |
Chair of the Nomination and Remuneration Commission |
Member of the Audit Committee

Degree in Law and Economic and Business Sciences from Universidad Pontificia de Comillas (ICADE E-3)

Postgraduate degree in Company Administration from the University of Harvard, Boston, MA.

Public Management Leadership Programme at the IESE Business School

She was appointed as an independent director of the Company by co-option effective 20 December 2019

From November 1997 to June 2000, she was a member of the Board of Directors of Radio Televisión de Andalucía

She was Minister of Employment and Social Security in the Spanish Government from December 2011 to June 2018, and provisional Minister of Health, Social Services and Equality from August to November 2016

She was a member of the Spanish Congress of Deputies for Huelva (2000-2019) and chair of the Foreign Affairs Commission of the Lower House (2018-2019)

She has extensive international experience, having represented Spain on the EPSCO Council, at the G-20, the Ibero-American Summits and meetings of the OECD and ILO, as well as international employment forums

Ms Bañez is currently on the Board of Directors of Avangrid, INC., chairing its Governance and Sustainability Commission, and chair of the Fundación CEOE (Spanish Confederation of Business Organisations Foundation)

Ms Marina del Corral Téllez
Board member | Proprietary director

Law degree from the University of Granada and Master in European Communities from the Universidad Politécnica de Madrid

Graduated in Management and Administration of Foundations and Nonprofit Organisations from New York University and completed the Senior Business Management Programme (PADE) of the University of Navarra (IESE) and the Good Corporate Governance Programme of the Instituto de Consejeros y Administradores (IC-A)

She began her professional career in 1988 with the law firm Cuatrecasas at its Brussels and Barcelona offices, where she remained until 1993. She practised in the areas of European Union law, company law and commercial contracting

Subsequently, until 2000, she joined the pharmaceutical multinational Sanofi-Aventis as head of the Legal Services Department in Spain

She held the position of Secretary General for Immigration and Emigration of the Spanish Government from 2012 until 2018

She has represented Spain in a number of European and international forums and, at present, is Director General of CEAPs (Business Circle for Attention to Persons) and is a member of the Madrid Bar Association and the Instituto de Consejeros y Administradores

Ms María Teresa Corzo Santamaría
Director | Independent director |
Chair of the Audit Committee |
Member of the Nomination and Remuneration Commission

Degree in Economic and Business Sciences from the Universidad Pontificia de Comillas (ICADE)

Doctorate in Economic and Business Sciences from the University of Navarra

Chartered Financial Analyst (CFA) credential and member of CFA Spain and the CFA Institute

She was appointed as an independent director of the company by co-option effective 14 December 2022 and re-elected at the General Shareholders' Meeting of 14 June 2023

She worked at Renta 4, Sociedad de Valores y Bolsa, S.A. for six years, performing the functions of investment and financial analyst and other functions related to asset management, including the portfolios of derivatives and international investment funds

Since 2005, she has been a lecturer at the School of Economics of the Universidad Pontificia de Comillas (ICADE-ICAI), where she lectures in the Financial Management Department, and, since 2017, she has been the Dean of the Faculty of Economic and Business Sciences of the Universidad Pontificia de Comillas (ICADE).

From August 2018 until August 2022, she was a member of the Board of Directors of Deutsche Bank SAE and of its Risk, Audit and Nomination and Remuneration Committees

Currently, she is the non-executive chair of the Board of Directors of Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR) and has been a member of said company's Remuneration Committee since February 2020.

Mr Gabriel Núñez Fernández
Non-director secretary

Mr Ignacio Zarzalejos Toledano
Non-director deputy secretary

Percentage of women on the Board

(as of 31 de December 2023)

42.86%

0.00 pp vs 2022

Percentage of independents on the Board

(as of 31 de December 2023)

42.86%

0.00 pp vs 2022

Management Committee	
Role	To represent the main areas of the ROVI organisation and conduct the Company's day-to-day management
Composition	In 2023, it had 13 members, 31% of whom were women and 69%, men

Members of the Management Committee

Juan López-Belmonte Encina
Chief Executive Officer

Javier López-Belmonte Encina
General Manager of Industrial Operations and Chief Financial Officer

Iván López-Belmonte Encina
General Manager, Commercial and Development

Francisco Javier Angulo García
Human Resources Manager

Pedro Carretero Trillo
Hospital Network Manager

Miguel Ángel Castillo San Román
International and Business Development Manager

Ibón Gutierro Adúriz
Corporate R&D Manager

Fernando Martínez Garijo
Sales Effectiveness Manager

Beatriz Ávila Alcalde
Sales Manager

Mercedes Benítez del Castillo Sánchez
Legal Department Manager

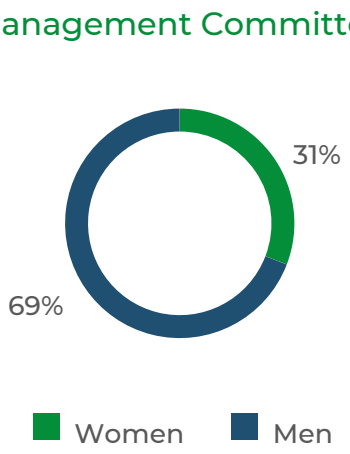
Miguel Ángel Ortega Sánchez
Industrial Manager

Mª Rosario Perucha Pérez
Marketing Manager

Marta García Molyneux
Regulatory Affairs Manager

The Management Committee reflects ROVI's commitment to promoting a policy of equal opportunities, avoiding any discrimination based on gender or other forms of discrimination in wages, training, promotion opportunities or any other aspect within its sphere of action.

Special mention should be made of the fact the presence of women on ROVI's Management Committee is 31%, 11 pp higher than the IBEX-35 average, which is 20%.



Source: VII Study prepared by WomenCEO at 31 December 2022.

Integration of ESG criteria into management by the highest governance bodies

ROVI integrates ESG criteria into its day-to-day management and activity. Specifically, ESG strategy and policy are the responsibility of ROVI's highest decision-making body, the Board of Directors, which oversees and ensures that these aspects are applied transversally throughout the organisation.

To integrate ESG criteria into the different levels of the organisation, ROVI begins its task with the composition of the Board of Directors itself, which is committed to diversity defined in the broadest sense: age, gender, culture, knowledge and experience.

In this respect, ROVI has a Policy on the composition of the Board of Directors, the objective of which is to help ensure that proposals for the appointment and re-election of ROVI's directors are based on a prior analysis of the Board's needs and that the candidate selection process favours diversity, in such a way that decision-making is enriched and plural viewpoints are contributed to the debate on the matters that fall within the Board's competence.

ROVI promotes gender diversity on the Board of Directors, which has three women among its seven members, meaning that female directors represent 42.85% of total board members at the date of publication of this report.

Likewise, mention should be made of the fact that the remuneration of the Board members who perform executive functions takes ESG criteria into account. Specifically, their remuneration is linked to the attainment of individual objectives, based on, among other things, non-financial social, environmental and climate change indicators and compliance with corporate governance rules, codes of conduct and ROVI's internal procedures (such as risk control and management policies). Since 2021, in addition to these objectives, the variable long-term remuneration has included certain qualitative parameters associated to goals related to the pharmaceutical industry (GMP– Good Manufacturing Practices), applied to guarantee the quality and safety of the products manufactured at the Company's industrial plants, and, likewise, objectives related to certifications under the standards ISO 14001, on environmental management, and ISO 45001, on occupational health and safety management, at the Company's industrial plants.

For 2023, the short-term social, environmental and corporate governance qualitative targets materialised in:

i. Revision and updating of the "Protocol for the prevention and handling of cases of workplace and sexual harassment in the ROVI Group"

ii. Compensation of the ROVI Group's scope 1 and 2 CO2 emissions

iii. Internal audits of compliance with the Code of Good Practice for the Pharmaceutical Industry

At corporate level, ROVI manages ESG aspects through its internal codes of conduct and corporate policies, which establish shared principles and serve as a guide for the company's performance in the social, environmental and governance areas.

Specifically, the Environmental and Social Sustainability Policy, approved by the Board of Directors in 2022, governs the Group's actions with the maxim that ROVI's economic development must be compatible with its conduct as regards ethics, society, employment, the environment and respect for Human Rights.

ROVI is a member of the United Nations Global Compact.

United Nations Global Compact

Likewise, all the areas are aligned with ROVI's mission, vision and values and are responsible for rolling out the ESG actions that respond to the commitments reflected in the company's Sustainability Policy. In this respect, all the areas are aware that the ultimate purpose of their actions is to work for the well-being of society and improve the patients' quality of life and the assistance provided to them.

Additionally, the different areas of the company, aware that ESG factors influence some of the challenges which they could potentially face, such as, for example, those associated to attracting and retaining talent, innovation, the incorporation of new technologies, or supply problems, have identified a series of risks related to ESG criteria that have been included on the corporate risk map in order to define an action plan to manage the risks identified (for further details, see section 6.1.5 Global management and risk control).

Information transparency and accountability to stakeholders

Integration of ESG criteria into the strategy approved by the Board of Directors

Integration of ESG criteria at the other levels of the organisation

Identification of ESG risks through the Risk Control and Management Policy

At all levels of the organisation, there is a strong commitment to information transparency and accountability to stakeholders, guaranteeing that the important issues related to ESG criteria are disclosed to the market in accordance with the applicable regulations, be it through corporate reporting, press releases, meetings with analysts and *investors*[13], etc., helping to create active dialogue with the stakeholders in this respect.

[13] *Shareholders and investors. https://www.rovi.es/es/accionistas-inversores*

6.1.2. Ethics and integrity in the business model

[GRI 2-23, 2-26, 3-3]

Ethical principles

Compliance with ROVI's Code of Ethics must be present in all professional decisions made by ROVI employees and, therefore, all members of the company must adapt their professional conduct to the following principles, which are set out in the Group's Code of Ethics:

I. **Professionalism:** defined as acting diligently, responsibly and efficiently, seeking quality, excellence and innovation

II. **Integrity:** conduct shows integrity when it can be described as loyal, honest, in good faith and in line with the Group's values and interests

III. **Self-checking:** all decisions must be based on four premises:

- The action must be ethically acceptable
- It must be legally valid
- It must be desirable for the Group
- The person making the decision must be willing to be accountable for it

Ethics framework

At ROVI, the integration of ethics starts with the highest control body, the Board of Directors, which is responsible for approving the Code of Ethics, and is transmitted to the other levels of the company's organisation by providing information to all employees when they join the workforce.

In 2023, the Code of Ethics was updated to adapt the section concerning the Ethics Channel to the changes it was agreed to make to apply Law 2/2023, which regulates the protection of persons who report breaches of law and the fight against corruption. During the year, communication activities were carried out to share the new developments in the Code of Ethics with the employees. Furthermore, the Compliance area, responsible for ensuring compliance with the *Code of Ethics*[14], continued to provide ROVI personnel with training on this topic. The training had two main goals:

I. To reiterate that all ROVI employees and the members of the governance bodies are subject to this Code and that compliance is mandatory

II. To reaffirm the key principles set out in the Code of Ethics and their possible applications or interpretations

Likewise, the ROVI Group has a *Code of Ethics for Suppliers*[15], which regulates the principles that suppliers must observe while performing their contracts with the Group. This Code also informs suppliers of the existence of the Code of Ethics (see the 2022 Report; see section 6.2.3 (Commitment to our value chain).

ROVI often promotes the knowledge and use of Code of Ethics through both its Campus ROVI app and continuing training.

Likewise, ROVI has a communication channel in place so that both employees and any other interested parties, including suppliers, may report any irregularity they observe in respect of regulatory compliance or ethics: the ROVI Group's Ethics Channel.

Anyone, including employees, may communicate with the Ethics Channel using a tool that has been specifically designed for this purpose, which may be accessed through the ROVI Group's website under the "*Ethics Channel*" tab[16].

In order to guarantee confidentiality for whistleblowers, ROVI has put the following mechanisms in place:

I. Policy on the Internal Information System and Whistleblower Protection, approved by the Board of Directors and published on the Group's website. This Policy recognises the confidentiality of all the communications sent through the Ethics Channel

II. Channel users are protected by the rights to confidentiality and no retaliation

III. ROVI has appointed an external manager of the Ethics Channel, who receives all the communications. This allows whistleblowers to remain anonymous if they so wish. Furthermore, the tool employed to manage the Ethics Channel allows reports to be submitted anonymously and has a secure mailbox

IV. Reports are subsequently investigated by the Ethics Channel Managing Committee, formed by the head of the department responsible for the Risk Control and Management System, the head of Compliance and the Human Resources Manager.

The content of the Ethics Channel is submitted to the Audit Committee every four months and an annual summary is submitted to the Board of Directors.

[14] *Code of Ethics. https://www.rovi.es/sites/default/files/Codigo_Etico.pdf.*
[15] *Code of Ethics for Suppliers. https://www.rovi.es/pdf/Codigo_Etico_para_Proveedores_ de_ROVI.pdf*
[16] *Code of Ethics. https://www.rovi.es/es/canal-etico*

100% of ROVI employees are familiar with the Code of Ethics from the moment they join the company.

In 2023, ROVI received 9 reports that were duly processed by the Managing Committee. The reports received were classified into the following types:

- 1 report related to conduct classified as alleged sexual harassment,
- 4 reports related to conduct classified as alleged moral harassment,
- 1 report related to alleged infringement of competition rules,
- 2 reports related to alleged infringement of labour regulations and
- 1 report related to alleged infringements of administrative regulations.

Of the 9 reports submitted, the Managing Committee completed its investigations into 7 of them, while two reports of alleged moral harassment remained pending. From among the reports resolved, infringement of the administrative regulations of the sector was found to exist in one case. In the remaining cases, no evidence of moral or sexual harassment, infringement of competition regulations or infringement of labour regulations was found to exist. .

ROVI, as a member of Farmaindustria in Spain and the European Federation of Pharmaceutical Industries & Associations, EFPIA, observes the standards of conduct that the industry has established in each territory.

Therefore, in Spain, all employees are obliged to comply with the Code of Practice for the Pharmaceutical Industry (CBPIF) and, in the other countries where ROVI carries on its activity, ROVI employees must comply with one of the following codes:

I. The Code of Conduct drawn up by the EFPIA
II. The Code of Conduct drawn up by the International Federation of Pharmaceutical Manufacturers & Associations, IFPMA
III. The Code of Conduct drawn up by the Pharmaceutical Research and Manufacturers of America, PhRMA
IV. The Code of Conduct drawn up by the professional association to which ROVI belongs in each territory

Likewise, ROVI does not make direct or indirect contributions to political campaigns, political parties or candidates.

Furthermore, it is a member of EFPIA in Europe, Farmaindustria in Spain, Asociación AKG in Germany and Apifarma in Portugal. Additionally, ROVI has engaged the consultancy services of service providers specialised in institutional relations.

Respect for human rights

ROVI, as a socially-responsible group, undertakes to actively support the Universal Declaration of Human Rights and requires its employees to comply with said principles in their day-to-day activity in the company.

Likewise, as a member of the United Nations Global Compact, ROVI supports, by adopting and transmitting them, the incorporation of the principles of said Compact, as well as other international instruments, such as the Core Conventions of the International Labour Organisation (ILO), related to respect for freedom of association and the right to collective bargaining.

In addition, the commitment acquired by ROVI extends throughout its value chain, ensuring that Human Rights are respected in the relationships established with suppliers. Specifically, through the Code of Ethics for Suppliers, with which compliance is mandatory, the following principles are established:

I. Elimination of forced labour
II. Elimination of child labour
III. Respect for the right of association and collective bargaining
IV. Equal opportunities and non-discrimination
V. Fostering a just work environment, free of any kind of violence
VI. Respect for current legislation on working hours and remuneration

During 2023, no reports were received through the Ethics Channel in relation to possible Human Rights violations.

ROVI holds a firm commitment to protecting Human Rights. Therefore, it strives to ensure that the activities carried out within its sphere of influence, i.e. both those performed directly and those performed through third parties, do not violate Human Rights.

ROVI has a platform, EcoVadis, to evaluate its suppliers. The aspects evaluated include respect for workers' rights and human rights.

Animal Testing

Since studies using animals represent a small but vital part of research, ROVI firmly believes that it is essential to ensure animal welfare during the research phases of its products.

ROVI's Animal Testing Policy, approved by the Chairman and CEO, states that, although animal testing cannot be fully eliminated, the company undertakes to replace, reduce and refine studies conducted with animals ("replacement, reduction and refinement").

In addition, all the studies that ROVI conducts with animals must be approved by an external Ethics Committee on Animal Experimentation that guarantees animal welfare, reducing their stress and suffering to a minimum.

ROVI adheres voluntarily to the Programme for Compliance with Good Laboratory Practices, promoted by the Spanish Agency for Medicines and Medical Devices.

In this respect, to draw up the Animal Testing Policy and ensure that it is applied correctly, ROVI has a Quality Manual that defines the procedures to follow so that animal testing is conducted in compliance with Good Laboratory Practices (GLP).

Since 2021, ROVI has been certified as GLP compliant, having been inspected by the competent authorities to verify its compliance with the applicable requirements.

6.1.3. Regulatory compliance

[GRI 2-27, 3-3]

Role, functions and responsibilities of the Regulatory Compliance Department

The Regulatory Compliance Department holds the main responsibility for defining and applying ROVI's corporate strategy, in order to ensure that its activity is conducted in compliance with the highest standards of ethics, quality, professionalism and know-how of good practices in the pharmaceutical industry.

One of the essential activities carried out by this area, together with the Deontological Supervision Department, is to ensure compliance with the Code of Practice for the Pharmaceutical Industry (CBPIF), reviewing, both internally and externally (with the assistance of an independent third party), 100% of the marketing and health activities carried on by ROVI. In order to better assure these functions, the compliance structure, which is specific to each country, may be formed by internal and/or external resources.

Additionally, the Regulatory Compliance Department works directly with the pharmacovigilance and medical areas on reviewing their processes for requesting studies and complying with data protection regulations.

ROVI's Regulatory Compliance System includes a Crime Prevention Model, a Competition Law Compliance Model and a Data Protection Risk and Control Framework. Furthermore, the ROVI Group's Compliance Policy ensures that compliance principles are applied mandatorily to all areas of the organisation.

The Regulatory Compliance Department strives to ensure compliance with the Group's Code of Ethics and corporate policies.

Lastly, the head of the Compliance Department is the secretary of the Compliance Committee, whose purpose is to advise the Company and the Audit Committee on all aspects related to regulatory compliance.

ROVI's manufacturing area has its own head of regulatory compliance and quality, always ensuring direct communication between the corporate compliance function and the manufacturing compliance function, fostering an interconnection between them when required.

100% of the marketing and health activities are verified as compliant with the Code of Practice for the Pharmaceutical Industry.

Anti-bribery and anti-corruption mechanisms

ROVI has a "zero tolerance" policy towards bribery and corruption and rejects any activity that includes these practices as a way to pursue its own interests.

No ROVI employee may offer a third party any direct or indirect benefit that is able or intended to unlawfully influence the third party's capacity to adopt objective and lawful business decisions. Likewise, ROVI employees are expressly prohibited from accepting any form of corruption or bribery offered by a third party.

Anti-bribery and anti-corruption mechanisms

Code of Ethics

Sets out ROVI's commitment to combatting corruption and bribery, as well as how its employees should act if they observe any situation where this is a risk of corruption.

Anti-Bribery and Anti-Corruption Policy

Sets out the guidelines for action and the precautions that all Group employees should adopt to prevent or mitigate risks related to corruption and bribery.

Ethics Channel

Through which all employees must notify any situation that could involve an infringement of current legislation, the standards and codes to which ROVI has adhered voluntarily, internal policies, the Crime Prevention Model or accounting and financial regulations.

Likewise, the Ethics Channel enables any third party that has information on corruption-related issues to submit a communication that allows the ROVI Group to take action.

Per Diem and Expense Policy

ROVI has a Per Diem and Expense Policy in order to ensure that any expenses incurred by employees due to their work in the company are authorised and traceable.

Code of Good Practice for the Pharmaceutical Industry

Guarantees consistency with good sector practices, ensuring that interactions with healthcare professionals are in line with the Code.

Deontological Supervision Department

Intended to monitor compliance with the Code of Practice for the Pharmaceutical Industry with quarterly audits by the Internal Audit department.

Contract Approval Procedure

Rovi has a procedure for reviewing contracts in which a number of departments take part, including the Legal Department, the Intellectual Property Department and the Regulatory Compliance Department.

Audit Committee & Compliance Committee

Governance bodies that ensure crime risks are managed and supervised.

Crime Prevention Model

The Crime Prevention Model was drawn up taking account of the Group's main business activities: the promotion and sale of medicines and the manufacture of both its own products and those of third parties.

Every two years, ROVI entrusts a review of the Model to an independent third party to assess whether it is operating correctly.

Anti-money-laundering mechanisms

ROVI is considered a non-obligated entity in the terms of article 2 of Spanish Law 10/2010 on the Prevention of Money Laundering and Terrorist Financing. However, in order to strengthen its commitment to transparency and good governance, ROVI has various procedures in place to combat money laundering, adapted to each one of the stakeholder groups to which they are applicable.

Registration of new customers

Completion of the new customer registration template, which requires the corporate name, corporate address, contact particulars and banking details.
For medicine sales customers, a copy of their authorisation as a pharmaceutical product distributor is requested, as well as a copy of their tax identification number or equivalent document.

Employees – Per Diem & Expense Policy

Reimbursement of expenses is preceded by the corresponding expense note, which must be accompanied by documentary support of the expenses. Employees must preferably settle the expenses they incur due to their work with the corporate credit card and cash payments must be kept to a minimum.

Suppliers

Supplier Selection Policy

Sets out the criteria to follow for the selection of each type of group supplier, establishing an initial evaluation and subsequent regular evaluations in order for the suppliers to be approved.

Registration process for new suppliers

All new suppliers must complete a registration form and show their tax ID card or, in the case of foreign suppliers, their Spanish tax residency card, as well as their bank account holder certificate.

Supplier Payment Policy

Stipulates that suppliers with an annual volume of over 100,000 euros must always hold a duly- signed contract, as well as how invoices should be sent and recorded, and the accepted means of payment.

6.1.4. Remuneration policy

[GRI 2-19, 2-20]

Board of Directors

ROVI has a Director Remuneration Policy for the Company's Board members, in accordance with article 529 novodecies of the Capital Companies Law. The latest Policy was approved at the General Shareholders' Meeting of ROVI held on 14 June 2022 and will be in force until 2024, unless the General Meeting adopts a resolution to change or replace it while it is in force.

The Director Remuneration Policy is based on the following principles:

I. **Moderation and adaptation to best market practices:** ROVI ensures that the remuneration of its directors is moderate and in line with the trends and practices regarding remuneration in its sector of activity or in companies that are comparable due to their size, activity or structure, in such a way that it is consistent with best market practices

II. **Proportionality:** the remuneration of the external directors will be as necessary to remunerate the dedication, qualifications and responsibilities required by the position, but not so high as to jeopardise the independence of the criteria of the non-executive directors

III. **Compatibility:** the remuneration received by the directors for performing their functions on the Board will be compatible with and independent of the remuneration or compensation established for those directors who carry out executive duties in the company or its group

The 2024 Annual Director Remuneration Report, which ROVI published after the Board meeting of 26th February 2024, states that:

I. The maximum total amount that the Company may pay its directors overall, in their capacity as such, may not exceed 1,000 thousand euros in each of the years to which the Policy is applicable

II. Consequently, the Board of Directors distributed 660 thousand euros of said maximum total of 1,000 thousand euros among its directors

III. Likewise, the Board decided to distribute a fixed global annual sum of 1,243 thousand euros among its executive directors, at the proposal of the Nomination and Remuneration Commission

IV. Regarding the short-term variable incentive for the executive directors, the Board approved distribution of 447 thousand euros at the proposal of the Nomination and Remuneration Commission, taking account of the Company's 2023 results and the goals established for each director

Revision of the Director Remuneration Policy

In 2022, the remuneration criteria for the members of the Board of Directors were updated to include the most usual and best considered criteria in the pharmaceutical industry. Thus, as part of the long-term incentive plan, in addition to taking account of the increase in the share value considering the evolution of comparable companies in the sector and the evolution of the consolidated EBITDA, some qualitative parameters were included (relating to social, environmental and corporate governance matters) that promote ROVI's sustainability. Likewise, criteria concerning the quality and safety of the products manufactured at the company's industrial plants were included, complying with GMP regulations.

When assigning the variable amounts to the executive directors, the following criteria are considered:

I. Evolution of the operating revenue of the ROVI Group in accordance with the targets budgeted and set out in the Business Plan

II. Achieving the strategic goals established in said Plan

III. Investment transactions performed

IV. Attainment of strategic partnerships during the year that have helped the company to reinforce its present and future bases for growth

V. ESG metrics already mentioned in the section "Integration of ESG criteria into the management of the highest governance bodies"

VI. Financial criteria such as the evolution of the ROVI Group's consolidated EBITDA and the quoted price of the company shares

VII. Criteria related to sustainability and the environment, such as meeting the standards ISO 14001, on environmental management, and ISO 45001 on occupational health and safety management, at the company's industrial plants

VIII. Criteria related to compliance with applicable GMP legislation to guarantee the quality and safety of the products manufactured at ROVI's industrial plants

The average remuneration of the members of the Board of Directors[17] in 2023 for their work as directors was 105 thousand euros for men and 80 thousand euros for women.

Except for the Chairman (who receives higher remuneration due to the functions associated to his role), all the directors receive the same remuneration in their capacity as such, with no discrimination on the grounds of gender, age, culture, religion or race.

[17] *The director remuneration is set out individually in detail in the company's Annual Director Remuneration Report.*

Senior management

As stated in article 14 of the company's Regulations of the Board of Directors, ROVI has a Senior Management Remuneration Policy, approved in 1918 and in force since then. This Policy was prepared by the Nomination and Remuneration Commission and approved by the Board of Directors.

Total remuneration paid to members of senior management in 2023 (including the head of the department responsible for the Risk Control and Management System and excluding the remuneration received by the executive directors) was 1,926 thousand euros (1,877 thousand euros in 2022).

6.1.5. Global management and risk control

[GRI 2-12, 3-3]

Global management and risk control model

Risk management process

ROVI considers that risk control and management helps achieve greater efficiency and efficacy in its operations and in reaching its corporate goals. Therefore, it has a Risk Control and Management System that allows any possible risks that could affect attainment of said goals to be identified, classified and assessed and the response to each one of them to be determined and monitored.

An essential part of the Risk Control and Management System is the Risk Control and Management Policy, approved by the Board of Directors, which defines responsibilities and establishes the process to follow in risk assessment and management. Applying this policy, ROVI fixes the risk level it deems acceptable, identifies the different types of financial and non-financial risk, assesses them, determines the measures to tackle them, and oversees said measures.

ROVI's Risk Control and Management System operates comprehensively and continuously, consolidating the management by area, business unit or activity, subsidiary, geographical region or support area at corporate level.

ROVI's risk management model is based on three lines of defence:

First line

Formed by the Group's different operating areas, which, in the course of their day-to-day operations, must identify, classify, assess and monitor the risks in accordance with the risk level accepted by ROVI.

Second line

Comprises the risk control and management function. This function is responsible for implementation of the Risk Control and Management System, cooperating in initially establishing it and, once it is in place, helping to enhance it, monitoring its performance and coordinating its development.

Third line

Internal audit, which supervises the internal control and risk management systems

The steps ROVI follows in the risk management process are the following:

1. Fixing the risk level

The Audit Committee establishes the risk level considered acceptable, taking account of the risk appetite (level of risk ROVI is willing to accept to pursue its strategic goals) and tolerance (degree of variation on the risk appetite accepted in attaining the goals). Additionally,the Audit Committee approves the scales to assess the risks annually.

2. Risk identification and classification

The different areas of ROVI identify the internal and external risks that could affect attainment of their objectives. The risks are classified into:

I. **Strategic:** those that affect goals related to ROVI's Strategic Plan

II. **Operational:** they affect goals related to the efficiency and efficacy of the operations, including performance- and profitability-related objectives

III. **Reporting:** they affect the objectives related to the reporting of the information provided both internally and externally

IV. **Compliance:** those that affect compliance with the different applicable regulations and laws

3. Risk assessment

Each risk is assessed in accordance with the variables of probability of occurrence and impact on the attainment of ROVI's goals, applying assessment scales approved by the Audit Committee. This assessment allows decisions to be made on the actions to be taken.

4. Determination of the response to the risk

Once the risks have been assessed, the measures to tackle the risks identified as efficiently and economically as possible are determined and adopted, minimising exposure.

At the same time, mechanisms and procedures are put in place to allow management to oversee the implementation of the measures to neutralise the risks and verify their efficacy.

5. Monitoring risk management

All the departments have both periodic and continuous information systems, capable of duly capturing any changes that have already occurred or are going to take place that could prevent meeting the goals under the forecast conditions, as well as the viability, efficiency, efficacy and sufficiency of the responses established for the risks.

6. Information to the Audit Committee

The Audit Committee is informed regularly on the following aspects of risk management:

I. Operating efficacy of the Risk Control and Management System

II. Changes in the Risk Control and Management System

III. Updating (if applicable) of the risk map

IV. Key risk indicators (KRIs)

V. Risks materialised and events that have a significant effect on assessment of the risks

ROVI has a risk management tool that records the assessments that the heads of the Group's different areas periodically assign to each one of ROVI's risks, as well as the strategies to respond to said risks. This tool provides greater internal control over the risks, since it continuously monitors the Group's business processes, allowing safer decision-making.

Risk management governance

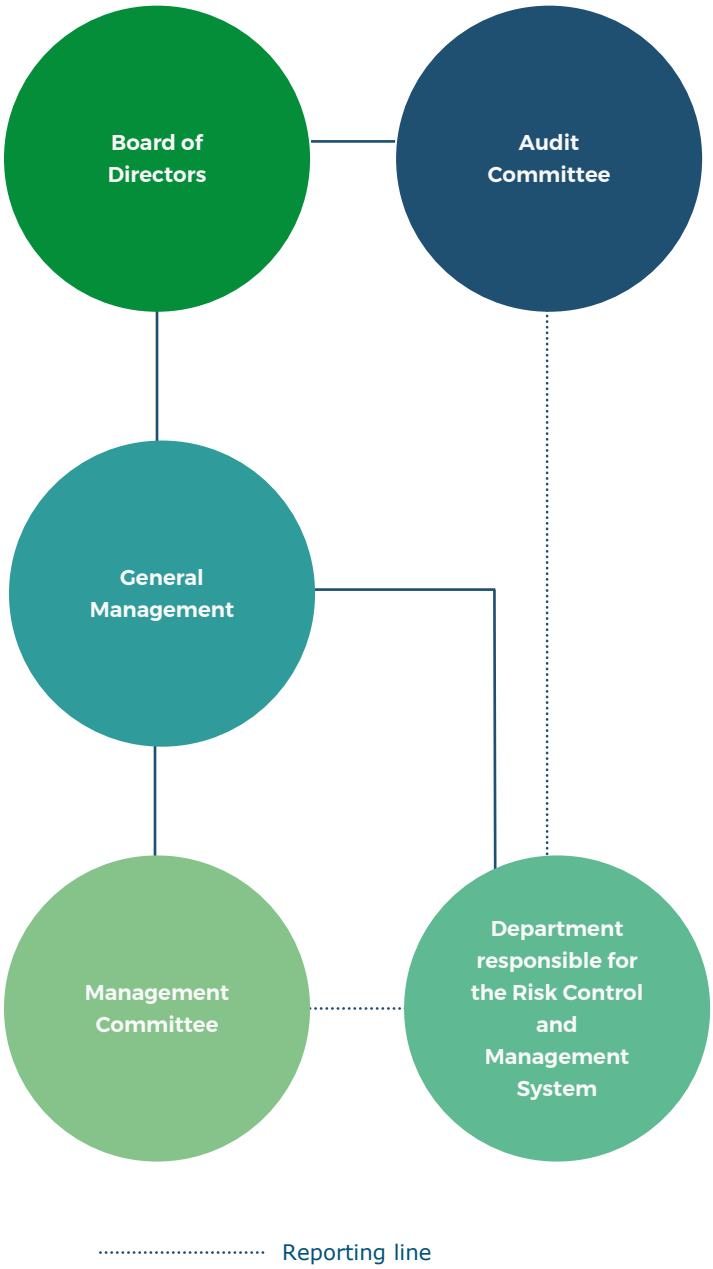
According to ROVI's Risk Control and Management Policy, the bodies involved in risk management are those listed below, shown in the accompanying organisation chart:

Board of Directors: governance body responsible for approving the Risk Control and Management Policy for both financial and non-financial risks, as well as regular monitoring of the internal information and control systems.

Audit Committee: body responsible for overseeing the Risk Control and Management System. To this end, it regularly reviews and oversees the internal risk control and management systems and the efficacy thereof, so that key risks are identified and managed correctly. Likewise, it is the body responsible for fixing the acceptable levels of risk, identifying the measures in place to mitigate the impact of the risks identified and the information and internal control systems that will be used to control and manage said risks.

Management Committee: a body reporting to the General Manager, responsible for identifying, classifying, assessing and monitoring the risks, taking account of the categories and acceptable risk levels fixed by the Audit Committee, in order to apply the measures necessary to mitigate the impact of the risks in the event that they materialise.

Department responsible for the Risk Control and Management System: responsible for implementing the Risk Control and Management System, helping to enhance it, monitoring its operation and coordinating its development. Likewise, it must report to the Audit Committee at each of the latter's meetings on the correct operation of the System and, if applicable, any risks that have materialised.



Risk management is a continuous global process that involves all levels of the company and all the company's professionals.

Risk map
Risk summary

Strategic Risks

Concentration of operations
Concentration of operations in certain customers.

Prices and rebates
Changes in the prescription criteria or market regulations intended to contain pharmaceutical spending.

Research and Development
Failure to conclude successfully – or as expected – the Research & Development projects that ROVI is conducting

Geopolitical and socioeconomic situation
Impact of the present geopolitical, socioeconomic and macroeconomic threats.

Supply chain
Changes in supply conditions of the necessary manufacturing materials or the products that ROVI markets.

Competition
Actions by the competition that could have an adverse effect on ROVI.

Climate change
Risk derived from adapting to climate change-related requirements and regulations.

Operational Risks

Quality
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.

Cybersecurity
Attacks against ROVI's information systems.

Human capital management
Difficulty in attracting, motivating or retaining personnel.

Compliance Risk

Compliance
Failure to comply with the regulations applicable to the industry and/or ROVI's activities.

Emerging Risk

Emerging
Regulatory changes. Entry into force of stricter regulations in financial, tax-related and/or operational terms.

The importance of cybersecurity and how ROVI responds

ROVI is aware of the importance of cybersecurity in all areas of the company. This is due to the growing use of collaboration tools, the digitalisation of operating processes and the implementation of teleworking in the business sphere. ROVI has been working to minimise the possible risks arising from these activities for years, monitoring and assessing them and putting prevention measures and action protocols in place to respond to any cyberattack.

In this respect, the company has internal rules and protocols in place for the use of TIC resources, e-mail and confidential information, backed by a multidisciplinary work team composed of the head of IT Security, the Industrial Property Manager and the Compliance Manager. This team is responsible for overseeing the effective and efficient management of any risks or incidents involving information security and promoting plans and policies to safeguard it. Likewise, there is a documentary and procedural framework in accordance with the standard ISO27000, which ensures information security.

ROVI has an Information Security Policy that governs, guides and expands the cybersecurity activities in place in the company. Its main function is to protect people and technological and information assets against possible harm, cyberattacks and bad practices, conserving and fostering a security culture that minimises the risks. ROVI management supports this Security Policy by providing the company with an organisational structure for information security, whose mission is to establish and promote measures to protect the company's security pillars in such a way that they are firmly based on reason, risk aversion and respect for the Code of Ethics and business goals.

Measures adopted

I. Securing the IT/OT networks throughout the company

II. Implementing technologies that warn of anomalous behaviour in our IT/OT networks and systems

III. Continuous cybersecurity training

IV. Reinforcement of the security area with the Technical Security Office that reports to IT

V. Assiduous penetration testing to discover any possible vulnerabilities in our infrastructure or systems

Goals

I. ISO27000 certification

II. To continue incorporating both process and business improvements into our networks and systems in the short and medium term to enhance their performance and security

Identification, quantification and management of the risks and opportunities of climate change

ROVI recognises the importance of informing its stakeholders on the impact of climate change on the company and the measures in place to manage the associated risks and opportunities.

Beginning in 2022 and continuing throughout 2023, ROVI analysed its management of climate change by identifying and quantifying its risks and opportunities following the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), based on its four pillars: Governance, Risk Management, Strategy and Establishing Metrics and Goals.

I. Governance

ROVI recognises the severity of the threat that global warning represents and, in 2020, updated its corporate Climate Change Policy, signed by the company Chairman. Through this policy, the company undertakes to promote a corporate culture oriented towards raising the awareness of all its stakeholders of the magnitude of the challenge and the benefits associated to tackling its solution. identifying specific actions in the area of mitigating and adapting to climate change. In this respect, ROVI has identified four key principles to guide it when putting its commitment to mitigating climate change into practice. Reduction in greenhouse gas emissions. Reduction in non-greenhouse gas emissions. Carbon neutrality and promotion of renewable energy (for further details, see section 6.3.5 Mitigation of Climate Change).

Approval and oversight of the commitments acquired to minimise and manage climate risks is the responsibility of the Board of Directors,which approved the ESG Master Plan 2023-2025 in December 2022. This Plan includes the KPIs aimed to reduce emissions in the three scopes and compensate the emissions it has been impossible to avoid, as well as promote the use of renewable energy.

In addition, the functions of ROVI's Sustainability Commission, created in 2022, include monitoring the goals set out in the Master Plan and reporting at least once a year to the Board committees with functions in the environmental and social areas on the degree to which the goals have been met and any other matter deemed relevant in relation to climate change or sustainability.

Regarding risk control and management, ROVI has a corporate system that allows any possible risks that could affect the attainment of corporate goals to be identified, classified and assessed and the response to each one of them to be decided and monitored.

An essential part of the Risk Control and Management System is the Risk Control and Management Policy, approved by the Company's highest governance body, the

Board of Directors. It defines responsibilities and establishes the process to follow in risk assessment and management. Applying this policy, ROVI fixes the risk level it deems acceptable, identifies the different types of financial and non-financial risk, assesses them, determines the measures to tackle them, and oversees said measures.

Likewise, as a sign of the commitment of the company's senior management to the fight against climate change, special mention should be made of the fact that the remuneration of the Board members who perform executive functions takes ESG criteria into account. Specifically, their remuneration is linked to the attainment of individual objectives, based on non-financial social, environmental and climate change indicators (see section .6.1.1. Integration of ESG criteria into management by the highest governance bodies).

II. Strategy

Following the recommendations of the TCFD, ROVI has analysed its climate risks and opportunities in the short, medium and long terms, taking different climate scenarios into account.

First, the Company conducted a qualitative identification of the climate change-related risks and opportunities that could affect ROVI's business. To do so, two types of risks and opportunities were analysed:

I. **Physical risks** derived from weather events (acute) or the long-term impact of the change on the characteristics of the climate (chronic).

II. **Transition risks** derived directly or indirectly from the process of adjusting to a lower-carbon and more sustainable economy from the environmental point of view.

Physical climate risks

Acute physical climate risks

In 2022, the acute physical climate change risks were identified for each one of the five production plants that the company owns in national territory. Among the physical risks identified and analysed were extreme heat and wind events, freeze-thaw events, floods and ground movements, among others.

When selecting scenarios, the criteria proposed by the Intergovernmental Panel on Climate Change (IPCC) in its latest report of August 2021 were considered, taking a scenario with global warming of 2°C or less (RCP "Representative Concentration Platform" 2.6.). Likewise, a scenario of more than 2°C has also been included, specifically scenario RCP 8.5, which represents global warming of between 3.2°C and 5.5°C relative to pre-industrial temperatures, which is the most unfavourable scenario from a climate standpoint. For both scenarios, the probability of occurrence and the potential impact for each one of the climate risks identified were evaluated. The years 2030, 2045 and 2070 were fixed as the horizons for materialisation of these risks. The time horizons for the scenarios to materialise were fixed for the years 2030, 2045 and 2070.

Chronic physical climate risks

In 2023, the water stress risk was identified and quantified as the potential chronic physical climate risk that could affect ROVI's industrial facilities, since all of them are located in Spain, which is in the high hydraulic stress category. The drought could cause a water shortage and potential supply cuts that would affect the production process at ROVI's industrial facilities. The scenarios were selected in the same way as for the acute physical risks, taking the scenarios RCP 2.6 and 8.5 as a reference and the time horizons of 2030, 2045 and 2070. The results of this analysis revealed that the most crucial region where ROVI's production centres are located in relation to the water stress risk is Granada, where a significant increase in the risk is expected in the medium and long terms in the conditions described in scenario 8.5, i.e. the scenario that represents the most unfavourable case, where the emissions continue to increase throughout the 21st century, also known as the "*business as usual*" scenario. The two Granada plants currently have a significant climate risk of water stress, which would become significant in 2050 and could lead to interruptions in the activity due to a potential lack of supply.

Transition risks

Likewise, in 2023, ROVI identified the climate-related transition opportunities and risks described below:

Regulatory risks

- New, stricter climate change-related regulations that could affect both operating costs and the supply chain, for example in the increase in the reporting obligations
- New carbon taxes
- Mandatory reporting and regulation of the existing products and services (net-zero health systems)

Technological risks

- Costs of transition towards low-emission technology

Reputational risks

- Inability to respond to the requests for enhanced reports on climate change management and goals (in particular, from banks and funds)
- Increase in the stakeholders' demand for information and their concerns and expectations, which requires the company to devote increased resources to responding to them

Market risks

- The increase in efforts to adapt to customers' growing interest in environmental and climate-change problems, which leads to a potential increase in the demand for sustainable products, especially sustainable packaging
- The greater demand for raw materials driven by the transition towards a low-carbon economy decreases their availability, increasing competition and prices. This leads to higher supply cost of, for example, materials derived from petrochemical products (e.g. organic molecules used as raw materials and pharmaceutical reagents)

Regulatory opportunities

- Use of energy sources that generate less emissions and more efficient technology may be considered opportunities to decarbonise the company
- Designing more efficient distribution processes that lead to a reduction in scope 3 emissions and the consequent reduction of the costs associated to purchasing fossil fuels

Reputational opportunities

- Improvements in the design of packaging by reducing the amount of plastic material and incorporating more ecological materials, given the increasing demand on the part of society and the regulation of the use of plastics

Once the risks and opportunities had been identified, they were evaluated through a probability and impact matrix, where one of the most significant risks was the risk arising from the price increase in GHG emissions (carbon mechanisms).

Risk of price increase in GHG emissions

According to the socioeconomic scenarios presented by the International Energy Agency (IEA), a continued increase in carbon prices is expected over upcoming years. Although the pharmaceutical sector is not directly affected by the carbon mechanisms, the increase in carbon prices may entail indirect operating costs due to the price of energy and the materials that ROVI will continue to acquire in the future. The quantification of the carbon mechanism has been estimated as the increase in the costs of fuel, electricity and key raw materials resulting from the carbon price increase applicable to GHG-intensive companies.

A financial quantification was made of the impact of this risk, to which ROVI's business has significant exposure. For the analysis, two scenarios were compared: the Stated Policies Scenario (base scenario: Stated Policies Scenario – STEPS) and the Net Zero Emissions by 2050 Scenario (NZS) of the IEA, for two time horizons: 2030 and 2050. These two scenarios were chosen following the recommendations of the TCFD, one of them being the most ambitious scenario possible (Net Zero), which meets the goals set in the Paris Agreement.

III. Risk management

The department responsible for ROVI's Risk Control and Management System coordinates with the different areas of the company in the processes to identify ESG risks, including climate risks and opportunities. Once the risks have been identified, ROVI has a risk management tool, which compiles the assessments that the heads of the Group's different areas periodically make of each one of the risks, as well as the plans for mitigating them.

The department responsible for the Risk Control and Management System handles the implementation of the Risk Control and Management System and, once the system is in place, helps to improve it by monitoring its operation and coordinating its development. Likewise, it must report to the Audit Committee at all the latter's meetings on the correct operation of the System and, if applicable, any risks that have materialised.

Financial estimation of the risk

ROVI has conducted a deeper analysis of the physical and transition risks identified as significant by carrying out a quantitative analysis in order to estimate to potential financial implications associated to ROVI's business. Furthermore, the company has drawn up physical climate change risk mitigation plans.

Physical climate risks

Acute physical risk: equipment failure derived from extreme temperature events:

The result of the scenario analysis described above allowed ROVI to assess the financial impact of acute physical risks at each one of ROVI's production plants, finding that, even in the most unfavourable scenario, RCP 8.5, only 0.1% of the total economic value of the five production plants would be affected by the set of risks analysed in any of the three time horizons evaluated. Only equipment failure due to extreme temperature events was considered a significant climate risk for ROVI's plants, in both the short term and the medium and long terms.

In this respect, the company has drawn up a Mitigation Plan in which all the equipment and facilities whose operation could be affected when temperatures of 42.3°C are exceeded for the Madrid plants and 43.5% for the Granada plants. For each piece of equipment and facility, a set of specific prevention and/or mitigation measures have been proposed and will be implemented over the next few years, in order to increase the company's resilience in the event of future extreme heat-related events.

resulting from the increase in carbon prices applicable to GHG-intensive companies.

To estimate the additional cost that ROVI would have to pay in 2030 and 2050 due to the carbon mechanism, the IEA's projections of carbon prices and the carbon content of each fuel and material extracted from ROVI's 2022 carbon footprint have been used.

The results of this estimate indicate that the total cost increase associated to the carbon mechanism in the different scenarios (STEPS and Net Zero) and time horizons analysed is insignificant.

The following table shows a summary of the classification of the financial impact arising from the significant risks identified, as well as the time horizon at which these risks could potentially materialise. Regarding the time horizon, the period until 2030 is classified as short term, the period from 2030 to 2040 as medium term, and from 2040 onwards as long term.

Chronic physical risk: water stress

Regarding the financial quantification of the risk at ROVI's five production plants in Spain, it has been estimated that, for 2050, under the conditions of an RCP 8.5 scenario, the most unfavourable climate scenario, the Granada plants could undergo a reduction in their revenue due to a decrease in production capacity as a result of cuts in the water supply for approximately one month per year. The financial impact has been estimated as the volume of sales lost due to a potential production stoppage.

An increase in the risk is also expected under an RCP 2.6 scenarios, but it would be more moderate than in the RCP 8.5 scenario. For the three Madrid plants, it would not be until 2070, under the conditions of the most unfavourable scenario, RCP 8.5, that the water stress risk would begin to be considered significant. Therefore, it has been decided not to quantify it.

ROVI is working on a water stress risk mitigation plan for the two Granada plants through contacts with the water company, EMASAGRA, and the Andalusian Regional Government, evaluating the scope of their drought plans. In addition, the engineering team of the Granada and Escúzar plants has begun to assess possible scenarios and the viability of associated mitigation measures, including the possibility of increasing the volume of water stored.

Transition risks

Increase in the cost of CO_2 emissions

The financial quantification of this risk has been estimated as the cost increases in fuels, electricity and key raw materials

Relevant climate risks	Potential financial impact	Classification of financial impact	Time horizon
Physical risks			
Extreme temperature events	Equipment failure	Low	Short-, medium- and long-term
Water stress	Interruption of production activity due to a potential lack of water supply for the process	Low Moderate	Short-term Medium-term
Transition risk			
Cost increase in CO2 emissions	Operating cost increase due to price increase in fossil fuels	Insignificant	Short-, medium- and long-term

To classify the financial impact of each one of the climate risks identified as relevant, ROVI's corporate financial risk classification has been used, as follows:

Very severe	Severe	High	Moderate	Low	Insignificant
>73.6 million euros / > 10% of revenue	[44.2 - 73.6) million euros / [6% - 10%) of revenue	[22.1 - 44.2) million euros / [3% - 6%) of revenue	[11.0 - 22.1) million euros / [1.5% - 3%) of revenue	[1.8 - 11.0) million euros / [0.25% - 1.5%) of revenue	<1.8 million euros / < 0.25% of revenue

IV. Goals and metrics

ROVI monitors the CO2 emissions from the consumption of natural gas and diesel fuel that come from electricity production and the use of the company's own vehicles, as well as emissions of other particles and gases with a noxious impact that destroys the ozone layer.

This monitoring allows the company to find out and evaluate the advances that are being implemented with regard to emissions and establish the best measures to reduce atmospheric emissions (for further details of the calculation of the carbon footprint, as well as the monitoring of emissions and the goals and measures for reducing them, please see sections 6.3.3 Sustainable use of resources and 6.3.2. Sustainable use of resources.

Risks materialised in 2023

During 2023, several of the risks considered in ROVI's corporate risk map materialised. Specifically:

I. **Start of clinical development of a three-monthly formulation of letrozole (Letrozole LEBE) and suspension of clinical development of annual Letrozole ISM®**

As a consequence of the contacts with the United States FDA initiated by ROVI in October 2022 to agree on the clinical development of annual Letrozole ISM®, the FDA required ROVI to conduct Phase 2 and Phase 3 clinical trials, which would probably have meant a period of over 10 years and an investment very much higher than the amount initially forecast.

After these contacts, in April 2023, ROVI reported that it had decided to start the clinical development of a new three-monthly formulation (Letrozole LEBE in the future), rather

than the initially-planned annual formulation of Letrozole ISM®. With this new clinical programme for Letrozole LEBE, ROVI estimates it could reduce the research times in comparison to those for an annual formulation, thus making it likely that the three-monthly formulation could be marketed several years earlier and, furthermore, reduce the investment necessary to attain the objectives of this project.

II. Customer concentration

For ROVI, the collaboration with Moderna represents an opportunity that furnishes it with financial and operating advantages but, at the same time, entails an increase in the risks associated to customer concentration, principally in financial and operating terms.

III. Delay in the marketing authorisation for Risvan®

In July 2023, the FDA had issued a Complete Response Letter in which it stated that it considered the replies to the evaluation of the Risvan® dossier to be complete and that there were no additional observations. Likewise, the letter said the ROVI should close the observations made by the FDA during its May 2023 inspection.

On 21 September 2023, ROVI received the Establishment Inspection Report from the FDA with four outstanding issues regarding the FDA's inspection of the plant. ROVI provided the responses on 29 September 2023 and the FDA notified a new user fee goal date: 29 March 2024.

Internal Control over Financial Reporting (ICFR)

ROVI has a system of Internal Control over Financial Reporting (ICFR) whose ultimate purpose is to ensure a reasonable degree of certainty that the financial reporting is reliable. The bodies responsible for ICFR are:

I. **Board of Directors**: responsible for the existence and continuity of an appropriate and effective ICFR.

II. **Senior Management:** responsible for implementing and designing the ICFR.

III. **Audit Committee**: responsible for overseeing the ICFR.

IV. **Internal Audit:** responsible for the Risk Control and Management System: supports the Audit Committee in overseeing the ICFR.

V. Those responsible for processes involved in generating financial reporting.

The five components on which the efficacy and efficiency of ROVI's ICFR system are based are:

Control environment

Appropriate organisational structure: the different responsibilities for preparing and overseeing the financial reporting are assigned.

ROVI's Code of Ethics: applicable to all the workers, it is the basis of the company's ethical principles and includes a specific section on financial integrity and protection of assets, whereby ROVI and its employees undertake to apply the highest standards of ethics and transparency in their communications, information records and reports on products and activities.

ROVI's Anti-Bribery and Anti-Corruption Policy: establishes that books, records and accounts that show the Group's assets and transactions accurately and in detail must be kept and preserved and an appropriate system of internal control over financial reporting must be maintained.

Control activities

Compliance: for each one of the significant processes involved in preparing and issuing the financial reporting, there are controls to ensure compliance with the goals of comprehensiveness, assessment, management, breakdown, comparability, existence, occurrence, and rights and obligations in financial reporting.

Review: ROVI reviews its ICFR system regularly and updates the controls and risks related to the financial reporting in the event that any changes that so require have taken place in the processes involved or the applicable regulations.

Information and communication

Manual of accounting policies: includes the key accounting principles to be taken into account when preparing the financial reporting.

Audit Committee: receives quarterly information, before it is submitted, on, among other aspects, compliance with regulatory requirements, the proper delimitation of the perimeter of consolidation and the correct application of accounting principles in the regular information.

Assessment of financial reporting risks

Risk control and management system: the risks managed include error or fraud in the financial reporting. The main details of the Risk Control and Management System appear in the Risk Control and Management Policy.

Risk identification by area: for each area with a significant financial impact due to its quantitative or qualitative importance, the relevant processes and sub-proccesses are identified, as well as the risks that could cause errors in the financial reporting or fraud in the transactions, together with the control activities that mitigate these risks.

Oversight

Audit Committee: meets quarterly to review the regular financial information sent to the National Securities Market Commission. It oversees the process of preparing the quarterly, half-yearly and annual individual and consolidated financial information and ensures that it is comprehensive.

Internal Audit: supports the Audit Committee in overseeing internal control of financial reporting..

System for Internal Control of Non-Financial Reporting

ROVI likewise has a System for Internal Control of Non-Financial Reporting, which was developed during 2023. The development of this system has involved the whole organisation and will allow the company to:

- Systematise and formalise controls over non-financial reporting that detect any potential irregularities and their remedies.
- Provide reasonable security to the Board of Directors in its role as the body responsible for issuing the Statement of Non-Financial Information each year.
- Ensure the transparency and reliability of the processes for generating, preparing and reporting the non-financial information.
- Ensure compliance with the applicable regulations.

The System for Internal Control of Non-Financial Reporting is being designed and implemented as an extension of the current System for Internal Control of Financial Information (ICFR), following the COSO13 methodological framework. Its objective is to contribute to accurate reporting of the information in accordance with international benchmarks.

To ensure the implementation and traceability of the System for Internal Control of Non-Financial Reporting, in 2023, ROVI implemented a technological platform for comprehensive and consistent management, which will allow the different areas of the company involved in the reporting process to:

- Mitigate the risk of error when processing the information and guarantee both the quality and reliability of the data.
- Centralise and optimise the compilation of data and supporting documents for the verification process.
- Calculate indicators and generate reporting automatically.
- Monitor the compliance of the control model defined in real time.

6.1.6. Commitment and contribution to the SDGs regarding good governance

SDG and Goal	Key messages on ROVI's contribution in 2023	Goals	Key contributions
 **Gender equality** Achieve gender equality and empower all women and girls	ROVI integrates its commitment to this SDG by establishing equality as a basic principle for good governance, offering the same opportunities of access to work and professional promotion.	**GOAL 5.5**	Promoting the inclusion of women on the Board of Directors and the Management Committee, where women account for 42.86% and 30% of the members, respectively.
 **Decent work and economic growth** Promote inclusive and sustainable economic growth, employment and decent work for all	From Group management, ROVI promotes and strives to ensure inclusive and sustainable long-term growth.	**GOAL 8.3** **GOAL 8.7**	Approval of internal policies and procedures such as the Code of Ethics, the Code of Ethics for Suppliers or the whistleblower channel.
 **Peace, justice and strong institutions** Promote just, peaceful and inclusive societies.	ROVI operates in compliance with national and international ethical practices when conducting its activities.	**GOAL 16.2** **GOAL 16.10.b**	Zero tolerance of any kind of bribery or corruption, rejecting any action that includes these practices, thanks to a number of control mechanisms (Crime Prevention Model, Code of Practice for the Pharmaceutical Industry, Audit Committee, Compliance Committee, Ethical Marketing Policy, etc.). Regular review and adaptation of the Group's corporate polices to keep them in line with regulatory requirements, best market practices and the values promoted by the Group through democratic and inclusive processes. Support of the Universal Declaration of Human Rights.

6.2 Our commitment to People

Key indicators

Claims from customers/million units distributed: **7.18.**

Queries from customers/million units distributed: **17.29.**

Total workforce: **2,111 employees.**

New hires at year end: **448.**

Women on payroll: **54%.**

Permanent contracts: **91.2%.**

Employee turnover: **8.01%.**

Hours' training per employee: **29.78.**

Training investment per employee:

- **Women: 488€**
- **Men: 574€**

2,262 suppliers from **42 countries.**

Average payment period to suppliers: **54,70 days.**

Milestones 2023

I. increase in workforce: 6%

II. Digitalisation of selection process for new candidates commencing in the first quarter of 2023.

III. New agreements with universities and training colleges.

IV. ROVI obtained an ESG rating from Sustainalytics of 16.4 (low sustainability risk), the best score in its sector for the second year running.

V. 16% increase in the number of suppliers evaluated by the EcoVadis platform.

Goals 2024

I. Maintain the service level through the highest standards in responding to any claims from customers, patients and healthcare professionals (2023 and upcoming years).

II. Implementation of a system that digitalises the selection and management of human capital, making it more flexible (2023-2024).

III. Development and implementation of a new performance evaluation system (2024).

IV. Continue developing active listening and engagement with local communities in the area where ROVI operates (2024).

Associated internal policies

I. Quality Management Policy of the Marketing and Distribution Division.

II. Quality Management Policy of the Development, Manufacturing and Control Division

III. Integrated Policy for Environmental and Occupational Risk Prevention Management

IV. Code of Ethics

V. Anti-Corruption and Anti-Bribery Policy

VI. Code of Ethics for Suppliers

VII. Medicine Access Policy

VIII. Supplier Engagement and Payment Policy

IX. Environmental and Social Sustainability Policy

X. Regulatory Compliance Policy

XI. Ethical Marketing Policy

XII. Communication and Transparency Policy

Contribution to the SDGs

6.2.1. Commitment to our customers, patients and healthcare professionals

Ensuring the health and safety of customers, patients and healthcare professionals is the key element that guides ROVI's development. To this end, the Group has internal and external control tools that guarantee aspects such as the quality, lawfulness and proper performance of its procedures.

ROVI has acquired a triple commitment to consumers, since these include customers, patients and healthcare professionals. The core of ROVI's day-to-day activity and its principal goal is to provide them with the highest degree of satisfaction, based on a long-term relationship of mutual trust.

Customers

Wholesalers who distribute the product manufactured by ROVI to the pharmacies..

Healthcare professionals

Doctors, nursing staff and pharmacists.

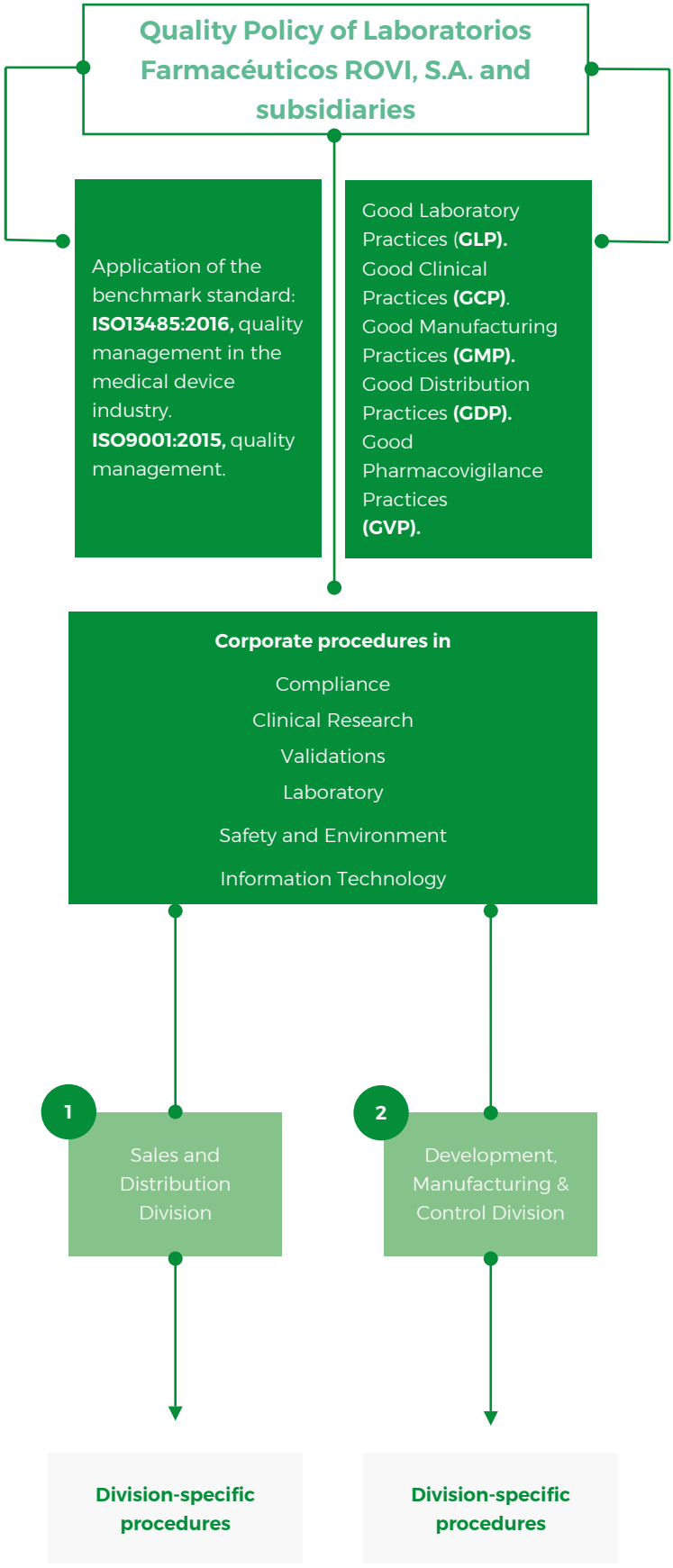
Patients

Final consumers who acquire ROVI's products.

ROVI's products include both the provision of à la carte services in its CDMO area and the contact with the healthcare professionals to whom the best treatment options are offered, not forgetting the patients who can benefit from the latest advances and the best medicines to treat their complaints.

ROVI's commitment in this area is implemented through the Quality Policy, which sets the goal of continuous improvement in the service to customers, patients and healthcare professionals, always maintaining a high level of efficacy while, at the same time, striving to ensure health and safety in the workplace and promoting respect for and protection of the environment.

ROVI's senior management is responsible for implementing the Quality System (QS) and furnishing the organisation with adequate resources to enable it to operate properly, always transmitting the importance of achieving, satisfying or surpassing the expectations placed on the development of new medicines while complying with legal and regulatory requirements.



6.2.1.1. Ensuring product quality and safety

The core of quality management at ROVI is to pay special attention to the protection of the health and safety of its customers and patients throughout the entire life cycle of its products through strict compliance with both the company's internal requirements and the applicable legislation established by the regulatory bodies.

To assess compliance with the product quality and safety procedures, internal audits are conducted regularly at all Group facilities and the Management Committee also conducts annual reviews in which the main points to be improved are analysed. Likewise, all ROVI professionals and associated third parties whose activities form part of the Quality System have the necessary product quality and safety training.

Internally

All group companies have procedures in place that describe the measures applied and the controls performed in all phases of the processes, including product research and development, the reception of raw materials, packaging materials, production, storage and distribution, until the product is received by the final consumer.

These internal procedures take account of Good Manufacturing Practice (GMP) for medicines, ensuring that the production and control of the products meet the quality level appropriate for their intended use and satisfy the requirements of the relevant authorities.

Likewise, Good Distribution Practice (GDP) is considered, ensuring that the company has a robust quality system that includes risk management principles and appropriate tracing, as well as the organisational structure, procedures, processes, resources and activities necessary to guarantee that the product supplied maintains the necessary level of quality and good condition and remains within the legal supply chain during storage and transport.

Externally

ROVI guarantees the safety of the product acquired by the consumers after passing a strict quality control through the following external audits:

I. Inspection by the Spanish Agency of Medicines and Medical Devices (AEMPS) every 3 years

II. Inspection by the health authorities of the country to which ROVI exports its products under the applicable legislation

III. ISO13485:2016 on medical devices

IV. ISO9001:2015 on quality management

V. ISO14001:2015 on environmental management

VI. SA8000 on socially-accepted practices in the workplace

VII. Audits of partners: with the frequency established in the audit programme, ROVI conducts regular audits of its partners to ensure compliance as established

As soon as any falsified medicine is identified or there is any suspicion of falsification, ROVI is under the obligation to notify the competent authorities and the holder of the marketing authorisation if the latter is not ROVI itself. To this end, ROVI has approved a procedure to identify falsified medicines and, if any are detected, investigate their possible origin, which it keeps updated. Any falsified medicines found in the supply chain will, furthermore, be physically separated immediately and stored in a specific area away from other medicines.

In 2023, there were no recall procedures involving ROVI products.

Furthermore, demonstrating its commitment to the safety of its products, ROVI conducts an annual drill to ensure that, if any incident were to take place, the departments involved would know how to act in the least time possible.

6.2.1.2. Ensuring patient safety in clinical trials

ROVI shares information on its clinical trials in available public registers

EU Clinical Trials Register	US Clinical Trials Register
www.euclinicaltrials.eu	www.clinicaltrials.gov

ROVI is especially committed to ensuring the safety of the patients who take part in its clinical trials. These studies are essential to ensure that new treatments have been properly tested and are sufficiently safe and effective for the general public.

The Quality Management Policy of ROVI's Development, Manufacturing and Control Division, which focuses on controlling medicines from the time they are manufactured until they enter the market, including the preclinical trial and clinical trial phases, ensures the existence of an efficient quality management system in the trials and their compliance with the relevant regulatory and safety requirements in the interests of the patients and the population, seeking effective and safe medicines.

As part of the quality system, ROVI has the following documents:

Informed consent form from the participant: document in which the subjects and/or their representatives confirm that they agree to take part in a clinical trial. The term "informed" refers to the fact that the subject has received full information on the clinical trial in a prior interview and through the Patient Information Sheet.

Clinical trial protocol: describes the goals, design, methodology, statistical considerations and organisation of the trial itself.

Clinical report on trial: contains a detailed description of any therapeutic, prophylactic or diagnostic agent used on human beings, with the clinical and statistical description, the presentations and the analyses fully integrated into a single report.

Likewise, ROVI complies with Good Clinical Practice (GCP)[18], which encompasses a series of practices aimed to guarantee the rights of patients who participate in a clinical trial, ensures the quality of the data and avoids clinical research errors. It includes ethical principles and rights obtained throughout history (Nuremberg Code, Belmont Report, Declaration of Helsinki) and is defined as an international scientific and ethical quality standard for designing, recording and reporting clinical trials in which human beings participate.

Likewise, ROVI has developed specific internal policies for processing and protecting the personal data that are handled due to the clinical trials and studies that ROVI conducts. ROVI's internal policy allows regulatory compliance with personal data protection regulations to be guaranteed.

Additionally, in 2023, ROVI updated its work procedures to adapt them to the new requirements on registering and publishing clinical trials on the European CTIS platform. The adaptations that have been made include those necessary to ensure the protection of personal data in any documentation published.

[18] *See guide ICH E6(R2) https://www.ema.europa.eu/en/documents/scientific-guideline/ich-guideline-good-clinical-practice-e6r2-step-5_en.pdf*

6.2.1.3. Promoting responsible marketing

[GRI 3-3, 417-2]

As a pharmaceutical company, ROVI guarantees ethical and responsible marketing, strictly observing the laws and standards of conduct established for promoting, marketing and selling its products. Specifically, in 2023, the company approved an Ethical Marketing Policy for the whole group. Likewise, it is a member of EFPIA and, therefore, applies the EFPIA Code of Practice in all its activities. Additionally, in Spain, it is subject to the Code of Practice for the Pharmaceutical Industry, which regulates, among other aspects, the promotion of prescription medicines in Spain.

Codes that ROVI takes as a reference in its activity related to promoting medicines

Farmaindustria

Code of Practice for the Pharmaceutical Industry

www.codigofarmaindustria.org/sites/sarfi/elcodigo.html

World Health Organization (WHO)

Ethical Criteria for Medicinal Drug Promotion

www.paho.org

European Federation of Pharmaceutical Industries and Associations (EFPIA)

EFPIA Code of Practice

www.efpia.eu/media/fg2n40ks/efpia-code.pdf

Arzneimittel und Kooperation im Gesundheitswesen (AKG)

Code of Conduct of the Members of Arzneimittel und Kooperation imGesundheitswesen e.V. (AKG e.V.)

www.ak-gesundheitswesen.de/wp-content/uploads/AKG-Verhaltenskodex-22-04-2015-en-2.pdf

Associação Portuguesa da Indústria Farmacêutica (APIFARMA)

Deontological Code and Code of Conduct

https://apifarma.pt/deontologia-apifarma/

Deontological Code and Code of Conduct

The promotion of prescription medicines may only be addressed to healthcare professionals and, therefore, ROVI has internal procedures in place to ensure that all promotional materials and any scientific activities that take place are reviewed and approved. Likewise, 100% of the engagements of healthcare professionals are reviewed and there are approval criteria for all kinds of hospitality to doctors. To consolidate its commitment to responsible marketing, ROVI holds annual training on the Code of Practice for the Pharmaceutical Industry and corporate policies, addressed to all marketing professionals, the sales network, the international department and the medical department. Specifically, In 2023, both classroom and on-line training was imparted to these groups. The training was intended to review the ethical marketing rules of the Code of Practice for the Pharmaceutical Industry in Spain.

Furthermore, in 2023, the review of marketing activities for the subsidiaries continued using internal and/or external personnel. This means that, as in Spain, there are procedures that allow all promotional materials and scientific activities to be reviewed. Likewise, various types of ethical marketing training were given to the sales network and marketing professionals of the subsidiaries with the help of different specialised training providers in each territory.

In relation to our product information and promotion, in 2023 no breaches of the regulations or voluntary codes to which ROVI has adhered were identified in relation to medicine advertising.

6.2.1.4. Maintaining active communication with our customers, patients and healthcare professionals

[GRI 2-29]

Having appropriate and efficient channels of contact with customers, patients and professionals and smooth active communication is essential to achieving ROVI's goal of providing the highest levels of transparency and integrity in all its interactions.

Pharmacovigilance system

As part of its commitment to active communication, ROVI has a pharmacovigilance system, the aim of which is to identify, quantify, assess and prevent risks associated with the use of the medicines once they have been commercialised.

ROVI's Pharmacovigilance Department has a communication channel in place by e-mail (farmacovigilancia@rovi.es) or telephone (+34] 91 761 75 61), both of which may be accessed through the company's website (www.rovi.es).

When a notification is received concerning an adverse reaction or any safety information related to the ROVI products, this Department enters the information into a database, analyses whether it may be due to a safety problem and proceeds to make the relevant notification to the heath authorities on a due and timely basis in accordance with the regulations.

In this respect, the Pharmacovigilance Department provides training to all new recruits in the onboarding package, where the procedure for notifying an adverse reaction or any other safety information related to ROVI products is explained. Additionally, people belonging to the Quality Department, Marketing, Customer Service, Registrations, the Medical Department, switchboard, Supply Chain, Business Development, the Legal Department, Compliance and Sales receive face-to-face training.

Continuing online training is also sent annually to all employees, irrespective of the department to which they belong.

Furthermore, as part of ROVI's commitment to the safe use of its medicines and patient protection, the Pharmacovigilance Department continuously monitors its medicines through regular safety reports, sign identification reports and other activities to confirm that that benefit-risk balance is maintained.

The efficacy of the Pharmacovigilance System is reviewed annually by ROVI's senior management.

In all its communications, ROVI ensures the protection, completeness, confidentiality, availability and privacy of personal information processed by the company (on customers, patients and professionals). To this end, it is supported by its Data Protection Officer (DPO), responsible for advising on compliance with the applicable regulatory framework and implementing the specific procedures that regulate personal data processing, privacy policies and consent mechanisms for the use of personal data.

6.2.2. Commitment to our employees

ROVI, aware of the fundamental role played by the professionals in its workforce, strives constantly to consolidate its commitment to human capital and, therefore, looking after its employees and their development and performance forms an essential pillar of its business strategy. Since its activity began, ROVI has striven to create and maintain appropriate, safe and comfortable environments, with good treatment and tolerance. To this end, it promotes the personal and professional growth of its employees with a dual purpose: first, to achieve their well-being and, second, to meet individual and group expectations by seeking the greatest potential and the best skills and abilities.

Likewise, ROVI promotes a diverse, committed and ethical human team, where not only the know-how of its workforce is important, but also the existence of a team of professionals who project values to others.

To promote these values, which are intrinsic to the company and the way it acts with its employees, it seeks inclusion and access to equitable conditions for candidates, as well as effective equality between men and women.

Additionally, the best workplace practices are promoted at all ROVI work centres through the adoption of measures that enhance the work-life balance and enable all the employees to reconcile their responsibilities at work and at home.

Moreover, the Company benefits from its ongoing regular participation in different forums and meetings, such and Farmaindustria and PDFarma, which allows it to monitor the best sector practices for managing the people who form part of its business activity.

At the same time, aware of the importance of developing internal talent, as part of the training and development plans adapted to meet the needs noted in the talent management process, ROVI has a mentoring programme, which generates a flow of knowledge and mutual enrichment between professionals with a long track record at ROVI and new talent with drive, a renewed vision and training in the most modern technologies.

In order to continue developing the skills of the people who form the ROVI Group, different programmes, measures and actions, which will be discussed in this chapter, have been implemented, allowing talent management, based on six major areas, to become a cornerstone of ROVI's day-to-day business activity.

Ensuring workforce stability	Attracting and retaining talent	Ensuring health and safety	Fostering equal opportunities, diversity and inclusion	Driving training and development	Achieving employee well-being
Fomenting quality and mostly permanent employment.	Selecting professionals aligned with Group values. Support and guidance in their time with the Group to promote their personal and professional development.	Active management of occupational risks to ensure the Health and Safety of its employees.	Creating workspaces where diversity and inclusion prevail and where all employees receive the same opportunities through equal treatment.	Training and development plans adapted to the needs observed in the talent management process.	Proactive listening with the employees in order to adopt the best measures in terms of work-life balance and employee well-being.

6.2.2.1. Ensuring the stability of our workforce

[GRI 2-7, 3-3, 401-1, 405-1]

Ensuring the Company's stability is a key factor for ROVI. At the end of 2023, the company had over 2,111employees with 21 different nationalities. This shows a 6% increase in comparison with the preceding year, driven by the continuous development and growth of the business, explained, to a large extent, by the increase in the number of employees in the subsidiaries and the industrial projects and the start-up of production at the new plant in Escúzar (Granada) in the fourth quarter of the year.

Likewise, in 2023, the gender balance among professionals was maintained, with women accounting for 54% of the workforce and men accounting for 46% as of 31 December 2023. (For further details on the distribution of employees, see Appendix II.)

Along the same lines, ROVI is committed to good management of its human capital and promotes the stability of its employees, reflected in the percentage of the workforce that holds permanent contracts (91%). The total number of dismissals in 2023 was 40.

Features of employment at ROVI: mainly permanent jobs, low turnover rate and unaffected by seasonality.

1,023
women with permanent contracts

902
men with permanent contracts

91%
permanent contracts

8.01%
turnover rate

6%
increase on 2023 workforce

Diversity:
54% women
46% man
21 nationalities

Digitalisation and cultural change through the human resources function

Implementation of Workday

In 2023, work continued on the implementation of Workday, a digital platform that meets ROVI's needs in relation to the management of human teams and provides the possibility of global, simple and personalised organisation. Furthermore, Workday allows new challenges and business opportunities in the sector to be undertaken.

It is intended to complete the implementation of this digital space at ROVI in 2024. This will be a milestone in the way the company understands talent management and will expand the corporate culture on a unified basis.

This tool provides us with key information on all the organisation's professionals in real time. Thus, the people responsible for Human Resources, as well as the heads of the different departments, have greater details of the skills of the employees, and can optimise talent management. At the same time, professionals have greater visibility of the opportunities they have in the company. Workday is, therefore, an enabler for the global strategy of the Human Resources Department, since it provides the possibility of finding out the skills needed for each position.

Management of cultural change

At the same time as the implementation of Workday, ROVI is working on a project focused on managing the change. This project analyses the employee's experience and their interest in communicating with Human Resources.

These activities are conducted through meetings and dynamics led by the Human Resources Department in collaboration with PricewaterhouseCoopers. Thus, the subject is not only the implementation of software, but a transversal change at all levels of corporate culture that entails a new model for the employee's interaction with ROVI and its culture.

In the analysis of the employee's experience, the life cycle is used as a starting point at which the employee's first stage with ROVI is represented. A map has been drawn up of the times at which there is interaction with Human Resources, be it directly with the department, through the employee's manager or using any kind of tool.

In addition to analysing the experience from the angle of the different points of contact, four pillars have been defined (process agility, access to Information, user-friendliness of the tool and talent management) that group the topics of the questions and the level of cover and satisfaction of the needs of the archetypes analysed..

The archetypes are fictitious persons created in order to analyse the experience of a group of people. The archetypes analysed at ROVI are as follows: manual worker, office personnel, sales personnel, managers and human resources.

6.2.2.2. Seeking to attract and retain talent

[GRI 3-3, 401-1]

Attracting the best professionals and helping them reach their greatest potential is the basis of talent management at ROVI. Therefore, the Human Resources Department designs and manages policies to attract and retain talent, applying the following principles:

Equal opportunities

Objectivity and impartiality in selection processes, which are conducted on the basis of merits and skills.

Recruitment includes young people, people from excluded groups and differently-abled people.

Prioritisation of internal candidates.

Confidentiality of the process.

448
new hires in 2023

34
vacancies filled internally

As a result of this attitude and likewise driven by the company's growth in 2023, there were 448 new hires during the year. Additionally, whenever circumstances so permit, the company favours internal promotion as a way to retain talent and reinforce professional development, leading to 34 internal promotions in 2023.

As a result of the high recruitment volume over recent years, ROVI has adapted its employee management from two standpoints:

New opportunities for growth, diversification and interaction

In 2023, work continued on the process to make attracting talent more flexible, based on a higher degree of digitalisation. This consisted of creating ROVI's own platform to record and monitor the process from the time the candidate is selected until he or she joins the company. The progress made in 2023 included the implementation of a video interview system, which makes selection processes faster and more flexible.

The employees, one of the Company's essential assets

Regarding retaining talent, in order to ensure the greatest well-being of the workforce, the position of manager has become especially important and, therefore, it has been the subject of special development plans and managers have been given the tools necessary for improved team management. This is to encourage a closer relationship and a more individualised treatment when measuring performance.

As an example of its commitment to attracting and retaining talent, ROVI has given talented young people the opportunity to train and develop in the company. To furnish them with this opportunity, it collaborates with universities and professional training centres, which increased by 9% in 2023 to a total of 102 agreements, so that undergraduate students in their final year, students studying for a master's degree or doctorate and professional training students can carry out their practical training in different areas of the Group.

Universidad de Alcalá | uc3m Universidad Carlos III de Madrid
UAX Universidad Alfonso X el Sabio | Universidad Politécnica de Madrid
Comillas Universidad Pontificia | Universidad de Salamanca
Universidad de Granada | Universidad Complutense Madrid

100%
of scholarships are remunerated

94%
of scholarships are full time

85%
of scholarships last 6 + 6 months

During 2023, 65 training contracts were signed and 47 scholarships were awarded.

6.2.2.3. Protecting Health and Safety

[GRI 3-3, 403-1, 403-4, 403-5, 403-9, 403-10]

The main commitments acquired by ROVI to protect the Health and Safety of its workers are to minimise the occupational hazards at the facilities and encourage healthy conduct in the workplace. To this end, through its Risk Control and Management Policy, ROVI has implemented a corporate procedure that has allowed it to identify a series of health and safety risks, mainly linked to the industrial activity, such as contact with and exposure to chemical products, noise exposure and overexertion, among others. As a result, through active management of its occupational hazards, which falls within the duties of the Safety, Health and Environment Department, ROVI strives to safeguard the health and safety of its employees through the following mechanisms:

- Integrated Policy for the Environment and Occupational Risk Management, updated in December 2023 and applicable to the whole Group, which sets out the principles for protection of the lives, physical integrity and health of the workers of both ROVI itself and its contractors.
- Certification of the Health and Safety Management System under the standard ISO 45001:2015 at the industrial plants of Alcalá de Henares, Julián Camarillo. Granada and San Sebastián de los Reyes.
- The Escúzar plant is working to implement the system in order to be certified in 2024.

The following table lists the internal and external audits at each plant in 2023:

Audits 2023	
Alcalá de Henares	
Internal	**External**
12-13 April 2023.	24-27 April 2023.
Result: 3 minor non-conformities.	1 minor non-conformity. 9 observations.
Granada	
Internal	**External**
7-8 March 2023	22-23 March 2023
Results: 2 observations	Results: 2 observations
Julian Camarillo	
Internal	**External**
8-9 June 2023	28-30 June 2023
Result: 2 minor non-conformities and 13 observations	Result: 1 minor non-conformity and 17 observations
San Sebastián de los Reyes	
Internal	**External**
15-16 March 2023	11-18 April 2023
Result: 1 minor non-conformity and 18 observations	Result: 2 minor non-conformities and 11 observations.

- Preventive activities and procedures that minimise the likelihood of occupational risks materialising.
- Training plans, which are reviewed and updated annually. In this respect, in 2023, a total of 62,415 hours of training were given and materialised principally in job-specific risk prevention courses and courses on how to act in an emergency, as well as first aid. Additionally, training on workplace harassment and leadership from a psychosocial risk standpoint is planned.
- Emergency drills were conducted using various scenarios (fire outbreak, total evacuation of the building, etc.) in order to assess the actions of the technical and human resources available at each of ROVI's industrial plants and offices.
- Vaccination campaign in October, in which the entire workforce was offered the possibility of a flu vaccination.
- Health and Safety Committees, where 66% of ROVI's employees are represented.
- Specific procedures to control and monitor actions, such as regulation of work permits, safety inspections, identification and application of legal requirements, etc.
- Psychosocial risk assessment by collecting quantitative data and interviewing the workforce in order to establish preventive measures. In 2024, there will be a follow-up of the actions derived from the results of the assessment.

Likewise, the company establishes specific health and safety goals annually, which are summarised below:

	Alcalá de Henares plant	Degree of attainment of goals for 2022-2023	New goals proposed for 2023-2024
Alcalá de Henares plant	I. Identification of ergonomic improvements in the Triptizol manufacturing tasks and phosphate preparation. II. Reduction in exposure to chemical agents in Automatic Zone 2 and Plenum to a value that is acceptable as per the Corporate Guide on Exposure to Chemical Agents. III. Increase the first aid team personnel by 50%.	I. The ergonomic risks of the tasks were studied, together with the technical/ economic viability. Efficacy assessment: – adaptation of equipment – reorganisation of equipment and the layout of personnel in the areas – rotation of personnel around other tasks that do not involve the same repetitive movements – specific information and training II. Replacement of equipment and improvement in the design of the contention device. III. The defined percentage is reached by designating personnel and providing them with information and first aid training.	I. Establish ergonomic improvements in two manufacturing tasks to reduce the risk from moderate to tolerable. II. Reduce the risk of exposure to chemical agents from moderate to tolerable in Automatic Zone 2 and Plenum. III. Reduce the risk of exposure to chemical agents from moderate to tolerable in Automatic Zone 2 and Plenum.
Granada plant	I. 40% increase on 2022 in the first intervention team for maintenance technicians with permanent contracts.	• Comparing the training percentage of the previous year and considering the total number of employees, the percentage increased by 42.85%.	• 30% increase on 2022 in the first intervention training of maintenance technicians with permanent contracts. • Increase on 2022 of 5% (of the total) of the Engineering/Maintenance and Production Area workers trained in prevention. • Increase on 2022 of at least 10% (of the total) of workers trained in first aid.
Julián Camarillo plant	I. Implementation of a dead man's switch.	• Identification of tasks where it was necessary to implement a dead man's switch. • Implementation of the switches at the plant. • Preparation of a work instruction to explain how the switches work.	• 7% increase in the personnel who form part of the emergency team with the position of zone head.
San Sebastián de los Reyes plant	I. 50% increase in the Emergency Plan personnel trained in first aid.	• Identify the plants training needs • Impart the training. • Designate the personnel trained as a component of the Emergency Plan. • Assess the efficiency: at the end of 2022, the number of trained personnel was 100% higher than the previous year.	• 50% increase in the plant's prevention resources versus 2022. • 2dB reduction in the noise generated in the vial packaging centres. • 100% increase in training actions aimed to improve the personnel's handling of and actions with chemical products.

In spite of its good results, ROVI strives to identify the main causes of accidents and absence among its workers, in order to foster specific measures to improve these rates. In this respect, the Company monitors a series of indicators that allow it to monitor the accident and absence rates classified by type.

The accident rates consider the figures relating to accidents that occurred in the workplace (in itinere accidents are excluded)

Accident rate

Work-related accidents*

2023		2022		2021	
19 Men	20 Women	12 Men	15 Women	13 Men	7 Women
TOTAL 39		TOTAL 27		TOTAL 20	

No. of work-related accident in itinere

2023	2022	2021
11	8	14

Work-related accident frequency rate*

2023		2022		2021	
7.051 Men	6.423 Women	4.833 Men	5.389 Women	5.956 Men	2.937 Women
TOTAL 6.715		TOTAL 5.127		TOTAL 4.380	

Work-related accident severity rate**

2023		2022		2021	
0.209 Men	0.299 Women	0.136 Men	0.211 Women	1.559 Men	0.763 Women
TOTAL 0.257		TOTAL 0.176		TOTAL 1.142	

Incidence rate of work-related accidents with sick leave** *(Corporate objective of accidents with sick leave < 1%)*

2023		2022		2021	
1.946 Men	1.762 Women	1.273 Men	1.429 Women	1.799 Men	1.854 Women
TOTAL 1.847		TOTAL 1.355		TOTAL 1.828	

Fatal accidents

2023	2022	2021
0	0	0

Occupational diseases

2023	2022	2021
0	0	0

(*) There was an increase in the number of accidents in working hours. The causes will be analysed in the first quarter of 2024 to establish actions plans to reduce the number.

(**) Information on personnel hired through temporary employment companies is excluded.

Absence rate

Days worked	Days of sick leave
737,572	27,055
Absence rate vs ROVI	**Sector absence rate**
3.67 %	4.24 %

6.2.2.4. Promoting equal opportunities, diversity and inclusion

[GRI 3-3, 405-1, 405-2]

ROVI fosters a business culture based on equal opportunities, diversity and inclusion in all the countries where it is present.

54 %
of the workforce was formed by women at 31 December 2023

32 %
of managerial roles held by women

31 %
presence of women on the Management Committee

37,439 €
average remuneration for women (**39,980 €** for men)

Equal opportunities

Given its firm commitment to genuine equal treatment and opportunities, ROVI fosters the absence of discrimination based on gender, race, social origin, age, civil status, sexual orientation, ideology, political ideas, religion or any other personal characteristic in any activity the company performs (selection process, promotion, remuneration plans, etc.).

This commitment to equal opportunities is implemented through four broad mechanisms.

Equality Plan and Joint Monitoring Commission

- Equality Plan (2022-2026) in accordance with Royal Decree 901/2020.
- The Joint Monitoring Commission is responsible for ensuring that the Plan's goals are met and that the measures agreed are implemented on a timely basis with the necessary resources and, likewise, with the indicators, timelines and persons responsible for evaluating them.

Protocol for the Prevention and Handling of Cases of Moral and Sexual Harassment

- It is compulsory for all members of ROVI and anyone related to the company to know and respect this Protocol.
- ROVI does not tolerate harassment and rejects any form of violence, physical, sexual, psychological or moral violence, the abuse of authority in the workplace and any other form of harassment or conduct that generates an atmosphere that is intimidatory or offensive with respect to the employees' rights.

Code of Ethics

- Document in which respect for equality and non-discrimination materialises.

Ethics Channel

- Mechanism implemented to manage and process the reports and notifications received.
- Handles and responds to reports of breaches of policies, protocols or the Code of Ethics appropriately.
- Guarantees a meticulous, efficient and diligent response in accordance with the values of ROVI.

Equality Plan[19]

The Equality Plan (2022-2026) continues to enhance the application of the principle of equality between women and men at ROVI and has the following goals:

I. To collect information on the characteristics and management of ROVI's workforce in order to make a transversal analysis from a gender perspective

II. To identify possible incidents in human resource management that imply the existence of possible inequalities or discrimination

III. To identify possible changes in human resource management that can optimise the way it operates in general from the point of view of equal opportunities for women and men

IV. To construct an objective basis on which to implement measures aimed to improve equality within the Group

To reach these goals, after making a diagnosis of the situation, the Plan sets out a series of measures to be implemented, classified into the following topics: recruitment and hiring; professional classification and promotion; training; remuneration; working conditions; work-life balance and co-responsibility; under-representation of women; awareness and communication; prevention of sexual harassment and gender violence; and occupational health.

In 2023, a new Equality Committee was created at the Alcalá de Henares plant to strengthen the relations with the workers' representatives. The creation of this committee was one of the goals included in the Equality Plan (2022-2026) mentioned above.

In 2023, 33% of the actions that seek to meet the goals set in the Equality Plan were initiated.

Equal remuneration

ROVI contributes to equal remuneration opportunities through the commitment acquired to equal remuneration for work of the same value, which it takes as a basis for defining its remuneration policy, applied to fix the salary both when the employee joins the company and in subsequent salary reviews.

Average remuneration

In 2023, the average employee remuneration increased 4.6% due to the wage increase for all employees in accordance with the collective agreement, as well as a salary review for certain jobs in order to improve the company's positioning versus its competitors through more competitive salaries (see Appendix II Our commitment to people.

Pay gap

For many years, ROVI has been regularly analysing and monitoring its gender-based pay gap. In this context, in 2022, PricewaterhouseCoopers Auditores S.L conducted an audit in compliance with the obligation set out in article 7 of Royal Decree 902/2020 of 13 October, which establishes the obligation for companies to conduct a remuneration audit. This audit is intended to obtain the information necessary to verify that the company's remuneration system, transversally and comprehensively, effectively applies the principle of equal pay for men and women.

The remuneration audit entails the following obligations for the company:

I. **Making a diagnosis of the remuneration situation in the company**, which requires: (i) the evaluation of jobs, taking account of the content of article 4 of the aforementioned Royal Decree in relation to both the remuneration system and the promotion system; and (ii) the relevance of other factors that provoke a difference in remuneration, as well as any possible shortfalls or inequalities that might be observed in the company in measures to favour the work-life balance and co-responsibility, or any difficulties derived from other factors that workers may encounter in relation to obtaining professional promotion or pay rises, such as arbitrary actions on the part of the company regarding mobility or unjustified availability requirements.

II. **Establishing an action plan to correct any remuneration inequalities**, fixing goals, specific actions, timelines and the person or persons responsible for implementing and monitoring them.

To calculate the potential pay gap in all the group companies for its remuneration registers, the following criteria are used:

- The remuneration received by the entire ROVI Group payroll during the last year is taken as a basis.
- To make a calculation that allows the remuneration of each person to be compared, the salaries received by the whole payroll are extrapolated to a full working day and a complete year. This allows a comparison to be made between the salaries of the whole payroll, since, otherwise, any differences

[19] *The Equality Plan was signed by both ROVI and the workers' representatives in accordance with article 87 of the Workers' Statute on collective bargaining to establish group labour agreements, to which article 2.6 of Royal Decree 901/2020 refers.*

would be affected by temporary work, working hours and employee turnover.

- The formula for calculating the salary differences proposed by the Institute of Women's Affairs in its Guía para el autodiagnóstico de brecha salarial the género ("Guide for Self-Diagnosis of Gender-Based Pay Gap") is used. This formula is (Men's pay-Women's pay/Men's pay . Consequently, positive results mean that men are more highly remunerated and negative results mean a higher remuneration of women.
- When calculating the remuneration, zeros are not taken into account because they would affect the average value of the amounts. Notwithstanding, the tables always indicate the number of people who receive each salary supplement .
- The differences are calculated for jobs of equal value, which are the result of the assessment of jobs of equal value conducted in the course of the negotiations on the Equality Plan. In this respect, ROVI must keep its registers using these groups, as stipulated in article 28.5 of the Workers' Statute and article 6 of Royal Decree 902/2020.
- A justification must be provided when the result obtained in any of the groups shows a difference in excess of 25%.
- The remuneration registers are shared with the legal representatives of the workers through the Equality Plan Monitoring Commission

Using this methodology, PwC verifies, in each of the companies that form the ROVI Group, whether or not there are salary differences that represent a pay gap.

At the date of publication of this Report, the analysis of the 2023 figures has not been completed. Therefore, the 2022 data is provided.

According to the calculations for 2022, the differences of over 25% do not correspond to pay gaps, since they are specific cases that have been analysed and justified.

The following tables show the data of the remuneration audits of the different group companies. The data of ROVI Escúzar have been excluded because the company was incorporated after the negotiating table to draw up the 2022 Equality Plan had been set. Therefore, these data are not currently available.

The pay differences are shown by company to ensure that any potential significant differences are not diluted in the consolidated data of the ROVI Group.

Laboratorios ROVI
Total remuneration

Jobs of equal value	No. women	No. men	Average pay gap	Average women	Average men	Median pay gap	Median women	Median men
Group 9		3	0		526,464.83	0		372,033.85
Group 8	6	5	0.29	147,695.35	206,605.16	0.11	161,979.72	181,860.51
Group 7	27	22	0.14	84,555.62	97,895.61	0.10	91,179.68	101,574.42
Group 6	113	94	0.02	53,932.19	55,181.30	0.06	53,906.66	57,259.03
Group 5	121	71	-0,1	37,965.83	34,567.46	-0.10	36,081.12	32,692.51
Group 5	23	18	0.14	24,854.62	29,012.26	0.09	24,540.48	26,978.25
Group 3	27	7	0.18	32,004.05	38,806.74	0.11	33,287.11	37,608.75
Group 2	50	63	-0.07	24,766.71	23,062.27	0.04	22,933.91	23,851.04
Total	**367**	**283**	**0.13**	**45,044.90**	**51,781.79**	**-0.02**	**38,206.40**	**37,549.37**

Differences equal to or higher than 25%

Equal or higher differences are only found in group 8. They are due to the fact that this group includes positions that are very important to the business, such as Hospital Division Manager, Research Manager and Research Development Manager, which are held by men.

ROVI Pharma Total remuneration								
Group	**No. women**	**No. men**	**Average pay gap**	**Average women**	**Average men**	**Median pay gap**	**Median women**	**Median men**
Group 9		1	-	-	-	-	-	-
Group 8	2	7	19%	-	-	19%	-	-
Group 7	10	16	1%	72,416.05	73,437.12	-1%	75,954.14	75,431.85
Group 6	50	33	-2%	44,815.40	43,877.68	-2%	43,516.63	42,516.11
Group 5	122	177	9%	31,255.30	34,307.75	7%	30,938.97	33,360.09
Group 5	79	46	-19%	30,196.84	25,385.27	-5%	25,854.22	24,515.50
Group 3	301	283	-1%	24,833.73	24,553.71	2%	23,131.30	23,494.57
Total	**564**	**563**	**7%**	**29,909.83**	**32,116.62**	**6%**	**26,017.07**	**27,708.26**

Differences equal to or higher than 25%

No differences equal to or higher than 25% were found in any of the equal-value groups.

Pan Química Farmacéutica Total remuneration								
Jobs of equal value	**No. women**	**No. men**	**Average pay gap**	**Average women**	**Average men**	**Median pay gap**	**Median women**	**Median men**
Group 8	1		-	-	-	-	-	-
Group 7	4	3	36%	80,681.93	125,769.10	12%	89,315.52	101,891.77
Group 6	30	31	0%	61,976.33	62,045.05	0%	61,786.16	62,003.84
Group 5	1		-	-	-	-	-	-
Group 5	2		-	-	-	-	-	-
Group 3	4		-	18,666.02	-	-	18,673.65	
Total	**42**	**34**	**13%**	**57,980.21**	**67,667.76**	**-2%**	**61,361.12**	**62,635.49**

Differences equal to or higher than 25%

The only differences noted were in group 7 and are due to the fact that one of the three men holds the position of sales manager, which, because of its business impact, enjoys higher remuneration.

Diversity of nationalities

Although most of ROVI's activity takes place in Spain and, therefore, the majority of its employees are Spanish nationals, the company has employees from different origins and races, thus promoting cultural diversity as a source of enrichment of the relations between its employees.

Likewise, in order to foster the sense of belonging to the company, one of ROVI's priorities is to ensure that all its employees, irrespective of their location, have the same conditions and level of well-being at work.

Number of employees by nationality

1,943 Spanish nationals	5 British nationals	54 German nationals	57 Italian nationals
9 French nationals	5 Polish nationals	2 Portuguese nationals	1 Chilean national
6 Romanian nationals	8 Venezuelan nationals	1 Turkish national	1 Argentinian national
1 Moroccan national	7 Colombian nationals	4 Austrian nationals	1 Mexican national
1 Croatian national	1 Salvadoran national	2 Peruvian nationals	1 Parguayan national
1 Bulgarian national			

Inclusion, protection and integration of people with disabilities

As a socially responsible company, ROVI maintains its commitment to the workplace integration of people with disabilities and has various measures in place that provide synergies between the parties involved.

Overall, ROVI endeavours to raise awareness among its employees as a tool to combat both the discrimination and the barriers experienced by people with disabilities. In this respect, it carries out corporate volunteering activities in collaboration with non-profit organisations, allowing the employees to see, in situ, the barriers that these people have to tackle in their everyday life

Finally, as a way to make it easier to use the products it markets, ROVI labels them in Braille.

Recruitment

By enabling persons with disabilities to join the workforce, ROVI reduces their risk of social and financial exclusion.

For this reason, the company holds agreements whereby it conducts support programmes intended to enable people with intellectual disabilities to find work.

ROVI firmly believes that, when people with intellectual disabilities receive the necessary training and support, they achieve an improvement in their personal, social and job skills.

35

employees with disabilities as of 31 December (**32** internal employees and **3** external employees) (**37** in 2022).

Financial collaboration

ROVI collaborates financially with a number of non-profit organisations that are active the field of the social integration of people with intellectual and/or physical disabilities by organising leisure and sports activities.

Likewise, it collaborates with several special employment centres for the personnel required for several services (see point 6.2.4.2. Promoting social action).

Accessibility

In order to achieve full workplace and social integration of people with disabilities, ROVI has taken measures to bring two kinds of barriers to an end:

I. Physical obstacles to workplace access

II. The use of objects and products necessary for the job itself

ROVI is constantly working to ensure that the work centres where its activity takes place are accessible to everyone safely, comfortably and autonomously.

This is why all new plans for renovation works include this idea and, at the same time, care is taken to .adapt the workstations and tools to the employees who are going to use them.

An example of this is the work executed in 2023 to expand the Packaging 2 building in Alcalá de Henares, with the installation of an automatic door at the main office access, as well as a double access ramp for people with reduced mobility, or the new entrance ramp to Building B at the Madrid production plant.

6.2.2.5. Boosting training, development and performance evaluation

[GRI 3-3, 403-5, 404-1, 404-2]

ROVI is gradually implementing training and development plans and systems to conduct the performance evaluation process as part on its support for a business culture based on its greatest asset: human capital.

Training and development

Training policies and plans

ROVI has a Training and Development Policy intended to describe and establish the steps to be followed by the Human Resources Department, jointly with the other areas and departments, in the process of identifying the needs for and planning of training actions, establishing the actions required to implement them successfully, and developing, organising and imparting the training courses. Furthermore, the different levels and methods to evaluate and verify the training are defined, as well as the aspects to be evaluated before, during and after the training process.

The scope of application relates to the following areas within the Group:

I. Human Resources Department and the rest of the departments, including the Group General Management Department.
II. Human Resources Department for the global training established in the Annual Training Plan.
III. Management and department managements for monographic training sessions (conferences, seminars, talks, etc.) requested specifically throughout the year.
IV. Human Resources Department and the heads of the other management and business departments in relation to the processes to evaluate the training actions.

To draw up the Annual Training Plan, the following steps are followed:

- Definition of the organisation's training and professional development needs in accordance with strategic goals and values.
- Identification of strong points of the people who form the company and the areas where they have room for improvement, using skill evaluation methodologies.
- Training and development of people in accordance with the results of their performance evaluation

The preparation of the Training Plan requires a prior study to detect the needs and show the points where ROVI personnel have room for improvement and the duties they have to perform. To collect this information, the following methods are used:

I. Definition of the organisation's training and professional development needs in accordance with strategic goals and values.
II. Identification of strong points of the people who form the company and the areas where they have room for improvement, using skill evaluation methodologies.
III. Training and development of people in accordance with the results of their performance evaluation

The preparation of the Training Plan requires a prior study to detect the needs and show the points where ROVI personnel have room for improvement and the duties they have to perform. To collect this information, the following methods are used:

I. Annual Training Plan: questionnaire drawn up so that the different departments can indicate specific training options
II. Individual Development Plans: specific development plans for certain employees established for a three-year period, which set out the training actions recommended to favour their development
III. Human Resources Proposal: in accordance with the organisation's goals (equality), market trends or areas considered relevant to the employees' performance at corporate level.
IV. Direct requests from teams: needs detected by employees individually or for the area as a whole , after the training plan has been drawn up.

The Annual Training Plan is established and updated based on the following key principles:

Extensive training catalogue

Useful, diverse and updated training on offer, respecting the current regulatory framework. A :wide range of training material, including:

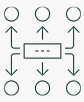
Human rights

Equality and non-discrimination.

Health and safety

Current regulations and legislation

Quality



Alignment with Group values

Fostering the ethics culture of ROVI

Fostering self-accountability and commitment

Flexible training format

Adaptation to the existing context and employee needs (on-line, classroom, through feed-back, mentors, external associations, etc.).

40%
through classroom and/or virtual training.

20%
through feedback, observation or with the support of mentors, coaches, professional associations, spaces for reflection, conversations with others, leaders, etc.

40%
through on-the-job learning (applying real cases, problem-solving, participation in projects).

Knowledge sharing

Fostering the spreading and sharing of the knowledge existing in the company

Continuous learning and cultural exchange.

In 2023, development of the Campus ROVI training platform continued. In coming years, this will be the key element for managing and recording employee training activity.

Additionally, as part of the technical training provided by Campus ROVI, special mention should be made of the specific training in the products manufactured, global, local and corporate procedures, quality courses (ISO 9001, GMP, GDP and GDL), environmental and corporate social responsibility courses, pharmacovigilance courses, courses on SAP, quality agreements with external manufacturers and clinical trials.

ROVI also participates in the programme to assist qualification and re-qualification training actions financed by the regional Ministry of Economy, Finance and Employment with funds transferred from the Ministry of Education and Professional Training within the framework of the Recovery, Transformation and Resilience Plan financed by the European Union (Next Generation EU). (CR8-07/2022/5372EMP)

Training at ROVI in 2023

(For further details on the training data, see Appendix II).

100%
of employees received some kind of training
(**100%** in 2022)

62,415
total hours of training
(**56,885** in 2022)

29.78
hours of training per employee
(**28.54** in 2022)

100%
of employees with e-mail access received on-line training on the Code of Ethics
(**100%** in 2022)

€261.95
average training expense per employee
(**€240.30** in 2022)

€552,987
total investment in training
(**€478,926** in 2022)

Performance evaluation

In some areas of ROVI, such as the sales and industrial areas, there are skill evaluation programmes that allow the professionals responsible for managing teams to monitor the skills established by the Company.

These evaluations are conducted jointly by the managers/supervisors and the team, analysing overall performance and the development of both generic and technical-functional skills. Additionally, commitment to the HSE (Health, Safety and Environment) culture and regulatory compliance will be evaluated.

ROVI's corporate policies include criteria for flexibility and disconnection from work, as well as work-life balance measures.

6.2.2.6. Achieving the well-being of our employees

[GRI 2-29, 3-3, 403-6]

Ensuring an appropriate quality of life for its employees is a priority for ROVI. Therefore, it is developing a business model committed to a satisfactory work-life balance and strives to prevent professional development from hindering the balance with the personal and family lives of its workers.

In this respect, ROVI offers its professionals competitive remuneration and a series of services and social benefits adapted to the country and work centre, endeavouring to create a workplace atmosphere that foments the well-being and satisfaction of its professionals. Likewise, the company includes criteria for flexibility and disconnection from work, as well as work-life balance measures, in the corporate policies.

Disconnection from work

Measures in line with Royal Decree-Law 8/2019 on Social Protection and Combatting Labour Insecurity in the Working Day.

- Actively avoid communication with employees outside working hours, unless there is an urgent, unforeseen need that cannot be met otherwise
- Avoid scheduling meetings in the later part of the working day to avoid overstepping working hours at the end of the day
- Protocol on disconnection from work, included in ROVI's working day register policies, whereby employees are not required to connect to the digital systems after working hours

Flexible remuneration

- Nursery school vouchers
- Restaurant vouchers
- Medical, life and accident insurance

Working day register

This ensures compliance with the limits on working hours in a framework of legal certainty where workers are protected against abuse of their working time, as well as measures to avoid fraud in overtime and paying the related social security contributions.

- Rules on clocking in, which are a continuation of the policy already in place
- Generalised use of teleworking adapted to the activity of each job
- Elimination of overtime

Organisation of working hours

ROVI carries on its economic activities in three different environments: the industrial production area, the sales area and the industrial structure/offices area. The activity of each one of them has different dynamics, requiring different working hours and ways of organising working time.

- Creating a quality work environment by fostering the work-life balance
- Flexible starting and finishing times in certain areas
- Changing shifts with co-workers (especially in the industrial area)
- Flexibility in scheduling time off
- Working hours adapted to the needs of each person
- Laptop that connects to the ROVI network for all employees who so require

Maternity

- Improvement on government benefits (ROVI pays a wage supplement to complete the benefit received from the Social Security to 100% of the salary)
- Teleworking in the last weeks of pregnancy if the job so permits
- At centres where parking is difficult, pregnant women have parking spaces

Internal communication

ROVI strives to furnish close and transparent communication that is accessible to all employees, using different channels that allow it to provide information on matters of general interest, company milestones, agreements or organisational changes.

Additionally, ROVI has a corporate procedure on communication, participation and consultation through which communications (queries, complaints, etc.) related to the environment and occupational health and safety can be processed.

ROVI has internal channels to receive and review any suggestions, complaints or consultations from employees. To this end, it has physical and digital mailboxes through which the communications may be sent.

ROVI's Quality Department is responsible for checking these mailboxes regularly and sharing the communications with the departments responsible for evaluating or resolving the consultations submitted through the channel. The communications may also be sent directly to the employees who form part of the Social Performance Team, which meets quarterly and shares and reviews them with the management representatives who form part of the team.

A report is prepared annually with all the suggestions received and the replies or treatment that has been agreed, which are shared with the employees through the internal channels. 95 consultations were received in 2023

ROVI's internal communication channels

I. Internal television channel

II. Notice boards

III. E-mail.

IV. Mobile app ROVI Rocks:

- Keeps people updated on new developments in the Group, in addition to including useful information on directories
- Provides access to the confidential consultation channel, Ethics Channel and the Ideas ROVI section, where employees can submit proposals for improvements in the Group
- Offers the possibility of entering an area of discounts and groups exclusive to ROVI employees
- Includes a virtual library section (called ROVIteca), with access to a catalogue of more than 2,000 titles of all kinds: novels, learning, magazines, children's literature, classics, etc.

Internal communication campaigns 2023

ROVI's Equality Plan

Awareness campaign related to the new ROVI Equality Plan 2022-2026, a document that provides tools for the analysis of human resource management over the next few years from a comprehensive standpoint. In addition to information on the Plan itself, the campaign included actions concerning issues such as the Presence of Women and Girls in Science (13 February), Wage Equality (22 February), International Women's Day (8 March) or the Elimination of Violence against Women (25 November).

World Day for Health and Safety at Work (28 April)

In order to promote a health and safety culture among ROVI workers, the World Day for Health and Safety at Work was celebrated, reminding our employees of the importance of preventing musculoskeletal disorders, which are the cause of 42% of the accidents recorded at ROVI. To this end, a video was prepared with simple stretching exercises that help to prevent injuries and can be performed at work.

Code of Ethics

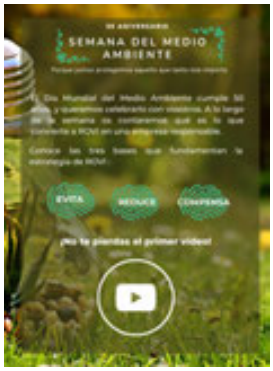
Information campaign on the new Code of Ethics, approved in July, with the installation of ethics points at all work centres, where summarised information can be found on both ROVI's Code of Ethics and the Ethics Channel and its new reporting procedure.

Energy management system

Campaign to share ROVI's performance in energy management at the Granada plant in 2022, related to the ISO 50001 certification.

Environment Week (5-11 June)

Coinciding with World Environment Day (5 June), ROVI held a one-week campaign to raise awareness and report on Group strategy to reduce the environmental effect of its activity (Avoid, Reduce and Compensate). The campaign included both written communications and videos explaining ROVI's actions, such as corporate volunteering in relation to ROVI's Forest.



Cybersecurity

Promoted by the IT Security Department, "The Cyberactive Principle" is a campaign to raise employee awareness of cybersecurity and includes specific training on detecting and identifying IT malpractices that could jeopardise the security of ROVI's information.

6.2.2.7. Ensuring social dialogue

[GRI 2-30, 3-3, 402-1, 403-4]

Relations with the workers' representatives

Social dialogue followed its normal course at ROVI in 2023, with numerous meetings held with the main social partners for negotiation, information and consultation. The company continues to base its labour relations on transparency, legal compliance and respect for and permanent dialogue with the social partners and workers' representatives, implementing these relations through smooth communication using all the means available, especially regular (in accordance with a planned schedule) and one-off (at the request of either the company or the workers' representatives) meetings. This allows the status of the agreements signed to be monitored and any possible incidents that arise in the company's day-to-day to be solved efficiently. When pursuing solutions, it is always sought to negotiate the best outcome for both parties, reach agreements and avoid conflicts. Matters are only taken to court as a last resort.

The Group's Workers' Councils

The Group's Workers' Councils are the key mechanism to ensure dialogue on labour-related matters, since, through them, the company's actions in a number of areas are consulted, debated and proposed.

In this respect, special mention should be made of the highly representative nature of the Health and Safety Committees and employee participation in them. These committees principally discuss the evaluation and assessment of occupational risks and any incidents that may take place, together with the measures to adopt in this respect, the provision of personal protective equipment, protection facilities, and information and training on occupational risks.

In addition, as in 2021, employee participation in the Workers' Council was encouraged regarding equality issues, particularly in the industrial area.

Employees covered by collective agreements

The whole of ROVI's workforce in Spain works under the conditions regulated by the Collective Agreement of the Chemical Industry, in force until 2023. At European level, the employees of the subsidiaries are also covered by the collective agreement of each geographic location, except in jurisdictions where local legislation establishes the application of general labour law. This occurs in places where the subsidiary has very few workers.

6.2.3. Commitment to our value chain

Ensuring that the ESG commitments that ROVI has acquired are respected throughout its value chain is the maxim that governs its relations with suppliers and subcontractors. To this end, ROVI makes every effort to promote ESG-related values among its suppliers and creditors before, during and after the production of its product portfolio.

Since suppliers are an essential group, ROVI promotes supplier relations based on solvency, commitment and alignment with the company's principles and values. These contractual relationships are based on financial requirements, as well as ESG requirements set out the ROVI's corporate policies:

- Supplier Engagement and Payment Policy, the geographic scope of which covers the entire Group. It includes issues that go beyond ESG, such as the methodology to follow for sending and recording invoices, the means of payment, etc., which guarantee that accounting with suppliers is homogeneous and efficient.
- Code of Ethics for Suppliers.
- Environmental and Social Sustainability Policy.

6.2.3.1. Ensuring sustainability in the supply chain

[GRI 2-6, 204-1]

In order to ensure sustainability in the supply chain, ROVI monitors its value chain and, consequently, its suppliers and the other components of the chain. Before this monitoring can take place, it is necessary to determine a framework that reflects the conduct that ROVI requires of it suppliers and, therefore, since 2017, it has had a Code of Ethics for Suppliers, which was last revised in 2023.
This Code sets out the compulsory requirements for any service provider who works with the Group. Its content is similar to that of ROVI's internal Code of Ethics.
Monitoring supplier ESG performance has become essential to ROVI's activity as a key element in the value chain and its contribution to the Group's sustainability.

Monitoring supplier ESG performance has become essential to ROVI's activity as a key element in the value chain and its contribution to the Group's sustainability.

Code of Ethics for Suppliers

Human and labour rights

It urges suppliers to observe the protection of internationally-recognised human and labour rights and the principles of elimination of forced and child labour.

- Respect for the right of association and collective bargaining.
- Equal opportunities and non-discrimination.
- Promotion of a fair work environment, free of any type of violence, that strictly observes current legislation on working hours and remuneration.

Environment

It refers to respect for and care of the environment. ROVI, in collaboration with the components of the supply chain, undertakes to combine efforts to reduce the impact of its activities on the environment to a minimum, placing emphasis on:

- Observing environmental protection regulations.
- Continuous updating of authorisations, permits and licences.
- Implementation of systems that ensure that emissions, liquid effluents and leaks are managed correctly and safely.

Health and safety

Emphasis on health and safety, requiring compliance with labour and risk prevention laws.
Likewise, it promotes a healthy and safe work environment where the workers are trained in the prevention of workplace risks.

Management system

It expects its suppliers to implement a management system that ensures compliance with the Code of Ethics for Suppliers as well as to adopt the best practices in accordance with current legislation and the most demanding standards, such as the SA8000 or SGE-21 certifications.

Business ethics

It strives to ensure that activities are conducted in compliance with the principles of business ethics. It requires transparent, responsible management that follows good marketing practices, with no type of corruption or conflicts of interest.

ROVI'S supply chain in figures

Regarding the volume of suppliers, in 2023, ROVI worked with more than 2,200 suppliers from 42 countries.

The Group's average payment period to suppliers was 54.70 days in 2023 and 54.42 days in 2022, within the maximum periods provided for in Law 3/2004 of 29 December and its subsequent amendments. This figure has been calculated applying the criteria set out in the Third Additional Provision of Law 15/2010 of 5 July, amending Law 3/2004 of 29 December, which established measures to combat late payment in trading transactions,

2,262
suppliers

from
42
countries

91%
of suppliers from European Union countries

Spanish suppliers account for
75%
of the global total
and
82%
of the European total

6.2.3.2. Ensuring the safety and quality of the supply chain

[GRI 2-29, 3-3]

ROVI has taken a further step in its commitment to the supply chain. Not only has it established an internal regulatory framework with the requirements its suppliers must meet, but it also carries out 360-degree monitoring of the supply chain).

The Group has a supplier selection procedure. The type and scope of the control applied to the supplier will depend on the risk/impact of product or process purchased or subcontracted. Additionally, ROVI checks the relevant certificates of both suppliers and raw materials.

The initial evaluation of the supplier includes a risk assessment depending on the type of activity to be performed, since said activity may have a special impact on the product quality and/or the regulatory compliance status of the product itself and/or ROVI's internal processes. In these cases, the risk assessment may include an audit at the supplier's facilities and the inclusion of specific clauses in the quality agreements signed between the two parties. Thus, a list of approved suppliers is drawn up and kept by the Quality Department.

Attention should be drawn to the fact that the Group not only evaluates its suppliers in respect of quality, but also promotes the best sustainability practices through two broad mechanisms:

I. Audits

The control mechanisms used by ROVI include on-site and remote audits, which ensure strict control over suppliers whose activities directly affect product quality and safety.

Through these audits, there is regular monitoring of compliance with both ROVI's requirements and regulatory standards.

ROVI has an Annual Plan managed through a risk analysis performed on all the suppliers with whom it works. The methodology is based on the analysis and assessment of its suppliers using different metrics. When the results are known, depending on the outcome, ROVI monitors each supplier more or less frequently.

Additionally, ROVI has an annual evaluation mechanism that provides information for the risk analysis, thus facilitating the process of auditing third parties. In this case, the evaluation consists of finding out the extent to which a supplier may have caused problems, such as any potential unfit lots, impacts on the Company's reputation, etc.

II. ECOVADIS plataform

Since 2020, ROVI has adhered to the EcoVadis Platform, a tool that assesses ESG aspects of its suppliers:

- Environment
- Human rights and labour practices
- Ethics
- Sustainable purchasing

This platform allows traceability of the performance of its suppliers and its methodology receives information from two sources:

- The suppliers must complete a questionnaire of over 80 questions, providing evidence to support their answers.
- The platform itself makes an external study, considering issues such as data on complaints or public information in the press.

After the analysis, each supplier is rated with score of between 0 and 100, where the degree of ESG commitment is measured. This monitoring allows ROVI to detect possible non-compliances and thus request measure that provide solutions for the values and topics with low scores.

In this respect, the company has fixed a goal in its ESG Master Plan in relation to the progressive increase in the number of suppliers evaluated in accordance with environmental criteria, ethics and good governance, basing its prioritisation criteria on whether a supplier is located in a country where there is concern about respect for human rights and, likewise, on the invoicing volume.

18.3% of ROVI Group suppliers were evaluated on the EcoVadis platform in 2023.

6.2.3.3. We monitor the life cycles of our products

ROVI, aware that the health and safety of its patients is a priority, has implemented a broad management and control framework that guarantees the safety and quality of its products during the production chain (see section 6.2.1. Commitment to our customers, patients and healthcare professionals).

Additionally, ROVI has put in place a series of mechanisms that reinforce this commitment in the rest of the stages of the product's life cycle. The COVID-19 pandemic has brought a significant increase in the distribution of falsified medicines in the market, which already showed alarming figures. In the period 2016-2020, the Pharmaceutical Safety Institute reported 38% growth in incidents related to falsifications. Although ROVI was aware of this problem previously, it has reinforced its control in recent years, in order to prevent this possible risk.

In 2022, due to the growing importance of the digitalisation of the process as a critical point in identifying falsified products quickly, ROVI implemented a CRM (Customer Relationship Management) mechanism to manage any incidents that might be detected in this or any other field.

Likewise, ROVI takes part in initiatives for the destruction of medicines, including the engagement of managers responsible for treating "non-compliant" medicines, such as those returned by customers, those detected during production, or those that have expired before entering the sales channel. These initiatives include ROVI's adhesion to "Punto SIGRE", which strives to ensure proper environmental management of medicine packaging and medication waste generated at home through close collaboration between the pharmaceutical industry, pharmaceutical establishments and pharmaceutical distribution companies.

These initiatives include ROVI's adhesion to "Punto SIGRE", which strives to ensure proper environmental management of medicine packaging and medication waste generated at home through close collaboration between the pharmaceutical industry, pharmaceutical establishments and pharmaceutical distribution companies.

Internal procedures to combat product falsification

ROVI has a number of procedures in relation to the falsification of medicine, such as:

- Procedure SOP-216 "Procedure for the Identification and Treatment of Falsified Medicines".
- SOP-209: "Management of Deviations and Corrective and Preventive Actions at ROVI", which establishes an action plan if any possible infringement is detected.

Traceability: EMVO system

Since 2019, the European Medicines Verification System (EMVS), promoted by the European Medicines Verification Organisation (EMVO), has existed. This system arose as the result of a broad catalogue of measures adopted by the European Union through Directive 1011/62/UE, set out in detail in Delegated Regulation 2016/161. The system has been a pioneering mechanism to guarantee the reliability of the medicines received by the final patient in terms of both handling and falsification.

ROVI operates under this system, the basic mechanism of which is the serialisation of each pack by marking it with a unique safety code so that each product can be identified individually:

- The inclusion of tamper evidence on each pack. This is an inviolability measure consisting of a security seal on each pack that guarantees that a product has not been opened previously.
- Allocation of a safety code to each pack. This code is recorded in the EMVO system so that, when a pharmacy or hospital dispenses the medicine, it uses the code to verify that the laboratory has registered the pack in the system.

6.2.3.4. Promoting active communication with our suppliers

[GRI 2-29]

ROVI's relations with its suppliers are based on sound and exhaustive selection criteria and transparent information. None of this would be possible if, at the same time, regular communication were not generated through appropriate channels (see section 4.3.3. Dialogue with our stakeholders). Likewise, ROVI takes a series of measures to reinforce this communication:

- ROVI's Ethics Channel, which is also open to suppliers. This is so much the case that the Code of Ethics for Suppliers establishes the obligation to notify any breach thereof to the Company, and it obliges suppliers to inform their employees and subcontractors of the existence of this channel. In this respect, various mechanisms are in place to enable suppliers to communicate with ROVI (see section 6.1.2 Ethics and integrity in the business model)
- In 2023, as in previous years, ROVI imparted internal training to company personnel who interact with suppliers, mainly on accounting and tax topics

- ROVI has a Policy on Communication and Transparency with Suppliers, which ensures information is provided to this group of stakeholders. In 2023, the company continued to be in constant communication with all its suppliers in order to guarantee that their invoices were handled and paid on due and timely basis.

In July 2023, for the second year running, ROVI obtained the best ESG rating among the 431 companies in the pharmaceutical industry category whose ESG Risk Score was evaluated. Through this, as a result of an exhaustive analysis of ESG questions, Sustainalytics rates companies on a scale from 0 to 100, 100 being the maximum sustainability risk.

6.2.4. Commitment and contribution to the environment in which ROVI operates

ROVI assumes the commitment to contribute to the sustainable development of the environment in which it operates by promoting its economic, environmental and social progress. This environment is a reality that is taken into consideration for the Group's development and day-to- day decision-making.

The Group takes into consideration the social impact of its activity beyond its contribution to enhancing society's quality of life and health through its products. It has taken a wide range of actions that take account of the local community as an essential element.

ROVI is involved in a series of priority spheres of social action, such as mainstreaming disability in the workplace, fomenting health, commitment to training and corporate volunteering. Furthermore, it strives to assess and manage non-financial, ethical, reputational, social and environmental risks, making a commitment to those initiatives that benefit society.

This is shown by the recognition obtained by ROVI in the Sustainalytics evaluation, to which it submits itself voluntarily. Said company is a leader in providing studies, ratings and analytical data on environmental, social and governance aspects.

In addition, ROVI obtained the beset ESG rating with 16.4 points, thus improving on the 17.3 points obtained in 2022. In addition to being first in its category, the company was 22nd out of a total of 895 companies in the sector, which includes biotech companies, pharmaceutical laboratories and medical device companies..

Among the actions that allowed the rating to improve in 2023, ROVI can highlight the sound management of ESG risks related to product quality and safety, corporate governance, business ethics, human capital, climate change, waste management an anti-corruption and anti-bribery practices, as a result of the implementation of programmes to reduce greenhouse gases and the use of renewable energy. Additionally, ROVI obtained an above-average evaluation in topics such as the Board of Directors' involvement in the company's environmental and social aspects, the implementation of the environmental policy and a robust quality and safety programme for products and services, as well as the integration of ethical practices at all levels of the organisation.

MSCI

Likewise, the Company's ESG aspects were evaluated by MSCI, a rating agency that is highly respected among the investor community, having obtained an "A" rating since 2021[20]. MSCI ESG Research provides ESG ratings of companies on a scale that runs from AAA ("leader") to CCC ("laggard") according to their exposure to ESG risks and how well they manage those risks relative to peers.

[20] *The use by ROVI of any MSCI ESG RESEARCH LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of ROVI by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.*

ESG Rating			Sub-industry (pharmaceutical companies)			Industry group (biotechnology + laboratory equipment + pharmaceutical companies)			Global universe		
2023	2022	2021	2023	2022	2021	2023	2022	2021	20232	2022	2021
16.4	17.3	18.4	1[a]	1[a]	2[a]	22[a]	22[a]	17[a]	2,217	2,319	2,309
(low risk between 10 and 20)			of 431	of 458	of 432	of 895	of 970	of 866	of 15,673	of 14,913	of 13,573

Recognition received during the year

6 February

The Romanian Health Minister, Alexandru Rafila, visited ROVI's Alcalá de Henares plant within the framework of a series of institutional meetings between the private and public health sectors in Spain. Also present at the visit were the head of the office of the Romanian Ministry of Health, Raluca Puiu, and the Romanian ambassador to Spain, George Gabriel Bologan. The Romanian authorities were accompanied by the Chairman and Chief Executive Officer of ROVI, Juan López-Belmonte, the Industrial Manager, Miguel Ángel Ortega, and the manager of ROVI's Alcalá de Henares plant, Pilar García-Morato Saro.

20 June

The Asociación Española de Contabilidad y Administración de Empresas (AECA) (Spanish Association of Accounting and Business Administration) awarded ROVI "Best Integrated Report" in the "IBEX 35-listed" category at the XXII gala of the AECA Awards for Business Transparency (2023).

At the gala, held in Madrid, the entity acknowledged the Spanish companies with the best results in information transparency in the last year.

26 June

ROVI received the award for "Best Shareholder Attention by a Listed Company" at the 20th anniversary of the portal Rankia, which specialises in financial information. This award recognises a commitment to assertive, direct and transparent communication to shareholders.

6.2.4.1. Guaranteeing access to medicines

In view of its commitment to managing the Group under ESG criteria, ROVI takes account of the need to promote access to medicines. Said access is considered essential to the Right to Health, inherent to all and recognised internationally since 1946. Therefore, the equitable access to safe and affordable medicines is vital to achieve the highest level of health possible for everyone.

ROVI bases its raison d'être and business culture on this idea, promoting health to achieve the well-being and quality of life of its patients and the assistance provided to them as part of its mission. Therefore, it has undertaken actions to meet this goal:

Policy on Access to Medicines

ROVI, aware of the key role of the pharmaceutical industry in responding to society's healthcare needs, has a policy that establishes its commitment to reducing healthcare disparities. This policy, approved by the highest level of the company's organisation (CEO), sets out the different principles for action, as well as the existing mechanisms to ensure access to healthcare and medicines.

In this respect, ROVI updated this policy in 2022, undertaking to ensure production continuity, as well as the global distribution of its medicines at all times.

Likewise, in the event of emergencies and/or exceptional situations, ROVI works with international and local entities to ensure a swift response to specific demands for its medicines, supplying them through non-governmental organisations deployed in the area affected by the emergency.

One-off exportations of medicines for humanitarian reasons

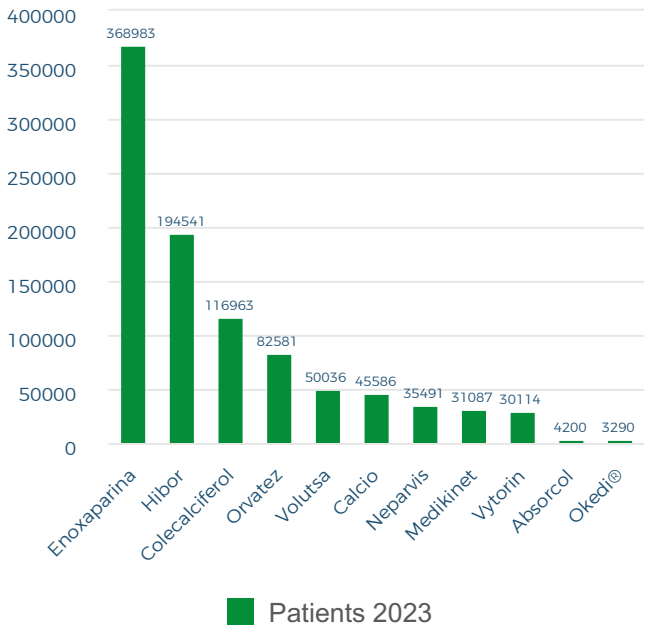
In exceptional situations, ROVI has a procedure in place to favour and expedite one-off dispatches of its products through third parties with strict and exhaustive regulatory compliance. Distribution may take place through either local distributors or international partners.

In 2023, ROVI granted a request made by Fundación Recover for the donation of low-molecular-weight heparins that were used in the centres run by the foundation in Cameroon. Furthermore, in 2023, ROVI continued with this commitment by sending healthcare material to Morocco for the population affected by the September earthquake. In the latter case, the first aid and medical material was sent through Fundación ONCE in a campaign co-ordinated with the Emergency Military Unit (UME) deployed in the affected areas.

From its International Department, in constant communication with the Group's Quality and Compliance areas, ROVI ensures the lawfulness of the process, ensuring the health and safety of its patients. ROVI verifies and evaluates the distributors with whom it works through audits. Likewise, it supervises and checks the existence of an official document that permits distribution of the medicine in the destination country.

In addition, ROVI monitors the number of patients its reaches through its products in order to measure the real impact it generates on society through a new methodology that was implemented in 2021. This methodology uses the figure of sales to pharmacies of some of the company's main own and licensed products as a source. It likewise uses the experience of the Medical Department to estimate the patient profiles most adapted to each medicine, taking account of the duration of the treatment, the dose, and an estimate of treatment adherence.

ROVI reached approximately 962,872 patients through its main products in 2023, showing a considerable increase in the number when Okedi® and Colecalciferol joined its portfolio.



Note: *Figures are shown for products representing 73.4% of ROVI's portfolio (in terms of billing in Spain). In 2023, the products Okedi® and Colecalciferol were included within the scope of the analysis.*

6.2.4.2. Enhancing social action

[GRI 3-3, 413-1]

In 2023, ROVI made active contributions to social progress, the promotion of health, the fostering of research and commitment to training and environmental protection through its catalogue of activities and collaborations with non-profit organisations and foundations, making a positive impact on local communities.

In general, ROVI contributes to sustainable development through a global institutional strategy that engages its stakeholders and promotes the design and implementation of awareness programmes. Likewise, it puts measures in place to allow a contribution to be made to development through volunteering, sponsorships, collaborations and other actions.

To develop its social action, ROVI seeks partnerships with national non-profit entities that are well established and have an impact in the areas where the Group is present with its production plants and offices. Likewise, ROVI seeks to promote local employment in the international projects with which it collaborates, such as the voluntary initiatives to compensate CO2 emissions.

Corporate volunteering

One of the fundamental elements of ROVI's social action is its corporate volunteering programme, through which employees have the chance to play a leading role in change by co-operating with the different NGOs and foundations with which the Company works.

In 2023, ROVI scheduled various activities aimed to foster interaction and mainstream disability using sport and play as connecting links.

Novelties in 2023 included the ROVI's Forest environmental volunteering. ROVI's Forest is a reforestation project in the Madrid Sierra through which the Group compensates part of the emissions generated by its industrial activity. Coinciding with World Environment Day, celebrated on 5 June, a group of ROVI employees helped plant some of the 2,000 trees that form part of ROVI's Forest in the Sierra de Rincón (Madrid).

In addition, in 2023, ROVI began to collaborate with the Summer Campus organised by Unión Deportiva San Sebastián de los Reyes to enable young people with disabilities or at risk of social exclusion to take part in the leisure and sports activities held in July.

In 2023, ROVI and the Universidad Pontificia Comillas created the Chair of Digital Innovation and Mental Health, designed to study and respond to the psychological effects of digitalisation on the mental health of society. This new chair provides a scenario for dialogue and inter-relations between the academic, healthcare and labour spheres, allowing deeper knowledge to be obtained on the impact of the new technologies on people's mental health, as well as the current models for mental health detection, prevention and intervention.

To celebrate "World Mental Health Day", the first *conference "Mental Health of Children and Adolescents: the Pros and Cons of Digitalisation"*[21] was held, where technology's risks and benefits for young people's mental health were discussed.

[21] *I conference "Mental Health of Children and Adolescents: the Pros and Cons of Digitalisation"* https://www.rovi.es/es/content/creada-catedra-para-estudiar-impacto-psicologico-digitalizacion-beneficios-tecnologia-para

Activities

5 February 2023. XI Race for Mental Health

Organised by Fundación Manantial and sponsored by ROVI, a group of almost 50 company employees formed part of the more than 2,000 athletes who participated in one of the three routes (2 km, 5 km and 10 km) through the centre of Madrid.

3-5 March 2023. Adaptive Ski-ing Campus in Sierra Nevada (Granada)

Together with Fundación También, a group of 20 ROVI employees enjoyed a ski-ing weekend on the slopes of Sierra Nevada (Granada). The ROVI employees accompanied the participants from Fundación También in learning or improving their adaptive ski-ing.

11 June 2023. ROVI's Forest

ROVI, in collaboration with Retree, has planted 2,000 trees belonging to native species in Robledillo de la Jara (Madrid) to help recover an area of the Sierra del Rincón. A group of employees, accompanied by their families, spent a day carrying out tasks to maintain the forests, such as constructing insect hotels, planting species that protect the trees and burying hydrogel in the soil to provide water reserves to combat the drought.

30 July 2023. XXII Adaptive Descent of the River Sella

11 volunteers from ROVI participated in the XXII Adaptive Descent of the River Sella, sharing canoes with members of Fundación También with some kind of disability to cover the 15 kilometres that separate the towns of Arriondas and Llovió.

16 September 2023. Inclusive canoeing on the Cubillas Reservoir (Granada)

Together with Fundación También and Fundación Granada Integra, a group of ten employees from ROVI in Granada participated in a day of inclusive leisure on the banks of the Cubillas Reservoir. Canoeing, archery and zip-line descent were some of the activities they enjoyed.

30 September 2023. Day of cycling on the Anillo Verde (Madrid)

A group of 13 ROVI employees and their families took part in this cycling day with members of Fundación Deporte y Desafío. Together, the completed a route of 10 kilometres on the Anillo Verde ("Green Ring") in Madrid.

15 October 2023. Multi-activity day in Somontes

With Fundación Deporte & Desafío, a group of 14 ROVI employees, accompanied by their children, took part in a multi-activity day designed to raise awareness of functional diversity through handicraft workshops, dog-assisted activities and volleyball classes.

5 November 2023. 12th Madrid También Solidario Race

52 ROVI employees, accompanied by relatives and friends, took part in the 12th edition of the Madrid También Solidario Race, a competition that seeks to create an inclusive sports community.

17 December 2023. Companies Race

ROVI participated in the traditional Madrid Companies Race with a group of 101 runners, distributed into 31 teams.

Sponsorship, patronage and donations

In 2023, ROVI contributed a total of

380,170 €

(225,587 € in 2022)

to foundations and non-profit organisations, in respect of:

Donations:
222,081 €
(125,747 € in 2022)

Sponsorship:
134,540 €
(56,840 € in 2022)

Patronage:
23,549 €
(€43,000 in 2022)

As in previous years, ROVI continued to support different associations for the social integration and inclusion of differently-abled groups through contributions and maintained its support of social and environmental causes.

Mainstreaming Disability

Fundación Manantial

ROVI has a programme with Fundación Manantial for the employment of people with mental illnesses to carry out activities related to the secondary packaging of medicines. It began in 2019 when the first recruits joined the Alcalá de Henares production plant. In 2020, it was extended to the Julián Camarillo plant (Madrid) and, in 2021, to the San Sebastián de Los Reyes plant.

Likewise, ROVI was the main sponsor of the 2023 Race for Mental Health promoted and organised by Fundación Manantial.

Down Granada

This association works helping young people in Granada with Down's Syndrome to enter the labour market in local companies and co-operated with ROVI in training one of its young women to perform administrative tasks at the plant in the Health Technology Park (Granada).

Fundación Prodis

ROVI has an employment programme for young people with intellectual disabilities at the Pozuelo and Julián Camarillo offices (Madrid). Additionally, the Special Employment Centre has printed corporate material, such as training brochures or T-shirts for activities organised by ROVI's CSR area.

Fundación Deporte y Desafío

A non-profit organisation dedicated to mainstreaming disability sport. In 2023, ROVI continued to strengthen its co-operation agreement for adaptive skiing courses in Sierra Nevada (Granada) and held various volunteering activities in Madrid.

Fundación También

Non-profit organisation that works to include people with disabilities in sport. As it does each year, ROVI collaborated to acquire adaptive skiing material for the association. It also carried out several volunteering activities involving ROVI employees in Granada and Madrid and sponsored the Madrid También Solidario Race (November).

ISS Facility Services (Gelim)

Provides cleaning services at ROVI's offices.

Ilunion

A company whose purpose is to generate high-quality employment for people with disabilities. ROVI collaborates with this company for the laundry services for plant clothing.

Fundación A la par

A foundation engaged in the social and workplace integration of people with intellectual disabilities. It cleans the pallets used at the plants of ROVI Pharma Industrial Services S.A.U.

Social Protection

ROVI continued with its support of social and environmental causes.

Cruz Roja Granada

ROVI continued to support social and environmental causes.

Once again, ROVI collaborated with "Flag Day" in 2023. This year, it focused on giving visibility to the important role that employment plays in the social inclusion process for vulnerable people.

Fundación Cofares

In 2023, ROVI maintained its collaboration with Fundación Cofares through the Charity Golf Tournament and the Christmas Charity Concert. The funds collected in these activities were used in the foundation's "Sanemos Internacional" programme, which is intended to provide basic medicines and healthcare products to people with no financial resources or access to these items.

Solidarity Pantry of San Sebastián de los Reyes

ROVI completed its first year of collaboration with the Solidarity Pantry of San Sebastián de los Reyes, through which it periodically donates essential articles and food and healthcare items to be distributed to low-income families in the town.

Donations Committee

In addition to the activities mentioned above, in 2023, ROVI continued with the work of the Donations Committee, which channels the requests for co-operation that ROVI receives from healthcare organisations and social or humanitarian entities. Its mission is to review each application and check that it complies with current legislation, the Code of Practice for the Pharmaceutical Industry, ROVI's Code of Ethics, and the Social and Environmental Sustainability Policy.

From among the social and humanitarian proposals received, ROVI continued to support causes approved by the Donations Committee. In 2023, the following were chosen:

International co-operation:

Fundación Recover

ROVI co-operates with its programmes to improve healthcare in Africa, such as the Nutri-M project and the telemedicine programme. The foundation supports the local community in healthcare matters both in situ and through a platform on which doctors in Spain train, and also diagnose, people located in Africa (Telemedicine Programme).

Furthermore, ROVI has donated low-molecular-weight heparins to the centres in Cameroon where the foundation is present.

Fundación para el Desarrollo Integral de los Pueblos

ROVI collaborates in actions aimed to promote the integral development of the inhabitants of less industrialised countries with high poverty rates through participation, making the individual an agent in their own self-sustained development through cultural, productive and social education.

Beyond Suncare

Donation to the NGO Beyond Suncare, whose activity focuses on improving the quality of life of people with albinism in Sub-Saharan Africa (Tanzania, Malawi, Senegal, South Africa, Rwanda and Uganda), mainly by working directly with this stigmatised group, together with providing education and a raising awareness in local communities. In 2023, it collaborated with the Project for the Defence and Promotion of Social and Healthcare Rights of people with albinism in Bugisu, Uganda.

Social protection:

Fundación Empresa y Juventud (Aldeas infantiles)

Collaboration with the Serendipia Project to accompany and support people with intellectual disabilities through sheltered housing, where the beneficiaries learn basic skills to enable them to live an independent life.

Proyecto Hombre Granada

In 2023, ROVI collaborated with the Liberta Project, a comprehensive support project for the treatment of especially vulnerable women coordinated by Proyecto Hombre Granada and addressed to homeless women with addiction problems and no family support network, gender violence victims with a dual pathology (addiction problems and a mental disorder and/or intellectual disability) and trafficking victims who are or have been prostitutes.

Fundación ONCE

ROVI donated healthcare products to the collection campaign organised by Fundación ONCE in coordination with the Emergency Military Unit (UME) to provide attention to victims of the earthquake in Morocco and Mauritania.

Norte Joven

The association Norte Joven works to promote the personal development and social and workplace integration of disadvantaged people through education and access to employment. ROVI collaborated in the "Ready, Steady, Go" programme addressed to young people, to whom a personalised training itinerary is offered.

Asociación Con P de Parkinson

ROVI collaborated with the association Con P de Parkinson in its "Pedalling with Parkinson" initiative, a bicycle ride between Valencia and Barcelona organised to give visibility to the disease coinciding with the World Parkinson Congress, which was held in Barcelona from 2-7 July 2023.

ROVI +Solidario

In 2023, ROVI launched the initiative ROVI +Solidario, in which its employees proposed and choose five solidarity projects for the company to collaborate with.

After more than 80 proposals had been received and close to 400 votes cast, the NGOs chosen were:

Fundación Aladina

Ambulancia del Deseo

Soñar Despierto

Feder

Grandes Amigos

6.2.4.3. Evolution of key R&D&I projects

Commitment to research

To ensure it always remains in the vanguard, ROVI is committed to Research, Development and Innovation, since they are strategic factors that enable the company to act in a changing market environment and differentiate itself in the pharmaceutical sector.

The Group holds agreements with different universities to strengthen scientific, technological, training and knowledge-sharing activities in Spain, thus showing its support for research at an academic level. In this context, ROVI collaborates with the University of Granada, fostering research and training activities of scientific personnel through projects within the framework of the incentives awarded by the Technological Corporation of Andalusia.

During 2023, ROVI reaffirmed its presence in the National Strategic Research Council through the project "Hidrogeles como herramientas para el desarrollo de Antieméticos de Liberación Prolongada. HERA" ("Hydrogels as tools for the development of prolonged-release antiemetics") (CPP2022-010119), which joined the other project of the same type initiated in 2022, "Biorreactores and Biotintas con heparin para la regeneración de Tejidos Elásticos" ("Biorreactores and Biotintas with heparin for elastic tissue regeneration").

In addition, ROVI receives support from the Ministry of Science and Innovation through the State Research Agency with the Torres Quevedo Programme (PTQ), the objective of which is to promote the recruitment of doctors to carry out industrial research and experimental development projects or prior viability studies. Its aim is to further the professional careers of the researchers and stimulate private-sector demand for personnel who are sufficiently qualified to undertake R&D programmes and projects, as well as helping to consolidate recently-created technological companies. The Group likewise receives support from leading entities such as the Industrial Technological Development Centre and the Technological Corporation of Andalusia.

GOBIERNO DE ESPAÑA
MINISTERIO DE CIENCIA E INNOVACIÓN

UNIÓN EUROPEA
Fondo Europeo de Desarrollo Regional
"Una manera de hacer Europa"

In 2023, ROVI received funding for its lines of research and development of the following projects:

- IDI-20210292 – "Definition of the profile of physicochemical characteristics of the Letrozole ISM® formulation" (2020–2023). Project led from the Granada R&D Centre and co-financed with ERDF funds.

- IDI- 20210941 – "Development of an innovative process to obtain a new low-molecular-weight heparin biosimilar" (2021–2023).
- IDI- 20220026 - "Evaluation of chronic toxicity in Quarterly Risperidone ISM® (2021-2023).
- IDI- 20220026 - "Phase I study to evaluate the pharmacokinetics, safety and tolerability of an intramuscular injection of Quarterly Risperidone ISM® in schizophrenia patients (2022 - 2025).
- IDI-20230842 - "Phase I clinical trial with single ascending doses of Letrozole LEBE using a prolonged-release injectable system" (2023 - 2025).

Likewise, in 2023, three Torres Quevedo grants remained active:

- PTQ2019-010712 - "Project to improve the purification process in low-molecular-weight heparins" (2020-2023).
- PTQ2021-011676 - "Novelties in the development of long-acting antipsychotics" (2022 - 2024).
- PTQ2021-011677 - "RESHAPE (Risperidone ISM effectiveness in schizophrenia patients hospitalised due to a relapse: a prospective non- interventional evaluation)" (2022 - 2024).

Due to the patent system and the protection of business secrets and R&D&I results, ROVI has a portfolio composed of 750 patent dossiers, 623 of which have already been granted, while 128 are in the examination and evaluation phase.

ROVI coordinates all its R&D&I activity in Spain, distributing it among the Madrid and Granada centres, with three R&D&I centres and two pilot plants for the manufacture of injectable medicines on which research is in progress.

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Laboratorios Farmacéuticos ROVI, S.A.

The ROVI facilities located in Pozuelo de Alarcón and Madrid typically carry out the following activities:
Research and development of medicines and medical devices
Control of the manufacture of medicines and healthcare devices
Marketing of medicines and healthcare devices

Certifications

ISO 9001	ISO 13485	ISO 14001
✓	✓	✓

SA 8000
✓

Madrid injectables plant

R&D&I - Production
Annual production capacity
165 Mill.
syringes

Certifications

ISO 13485	ISO 14001	ISO 45001
✓	✓	✓

SA 8000
✓

Alcalá de Henares plant

R&D&I centre - Production

Annual production capacity:

3,000 Mill.

tablets

30 Mill.

sachets

Certifications

ISO 14001	ISO 45001	SA 8000
✓	✓	✓

LMWH production plant (Granada)

R&D&I centre - Production

Annual production capacity:

120,000

million international units (MIUs)

Certifications

ISO 50001	ISO 14001	ISO 45001
✓	✓	✓

SA 8000
✓

San Sebastián de los Reyes injectables plant

R&D&I centre - Production

Annual production capacity:

215 Mill.

syringes

80-100 Mill.

vials

Certifications

ISO 13485	ISO 14001	ISO 45001
✓	✓	✓

SA 8000
✓

LMWH production plant (Escúzar)

Plant to manufacture the active substances of low- molecular-weight heparins. Validation lots have been manufactured for approval of the plant by the regulatory authorities.

The manufacture of commercial lots commenced in the fourth quarter of 2023

R&D&I centre - Production

Annual production capacity:

120,000

million international units (MIUs)

6.2.4.4. Dialogue with local communities
[GRI 2-29, 413-1]

ROVI, committed to the environment that surrounds it and the impact its activity generates on that environment, is aware of the importance of developing firm links with the communities in which the Group carries on its activity.

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Given that most of its activity is carried on at its facilities, attention should be drawn to the fact that, to construct and/or modify any of its plants, ROVI conducts a detailed study of the impact that this activity has on the surroundings in both environmental and social terms. Therefore, a basic aspect of the study is to meet the requirements of the community in which it operates and, to do so, it is indispensable to establish permanent and constructive dialogue with those who surround it.

In 2023 the ROVI manufacturing plants in the Autonomous Community of Madrid and Andalusia received visits of all kinds:

- Nearby training centres and secondary schools, which are provided with information on the kind of professional openings that can be found in the pharmaceutical industry.
- Meeting with healthcare professionals organised through the Marketing Department, which provide doctors with an overview of how medicines are produced.
- Institutional visits, such as the visit of the Romanian Health Minister, Alexandru Rafila, to the Alcalá de Henares plant.

6.2.5. Commitment and contribution to the SDGs regarding people

The following is a brief description of ROVI's contribution to attaining the most significant Sustainable Development goals concerning people:

SDG and goals	Key messages of ROVI's contribution 2023	Goals	Key contributions
 **Good health and well-being** Ensure healthy lives and promote well-being for all at all ages	ROVI prioritised the Safety and Health of all the people it interacted with in its day-to- day operations (customers, patients, employees, suppliers, etc.), applying all the measures recommended by the experts and authorities to protect their health and improve their quality of life, thanks to the combined action of the pharmaceutical industry in producing medicines, which has accounted for 73% of the increase in life expectancy achieved over recent decades.	**GOAL 3.4** **GOAL 3.8** **GOAL 3.9.b**	Broad portfolio of products, including Risperidone ISM® for the treatment of schizophrenia in acute patients. Active role in producing the COVID-19 vaccine. Collaboration with different organisations (among them, Fundación Recover) to promote access to healthcare, especially in territories with conditions that make medicines and quality healthcare difficult to access. Internal and external audits to guarantee quality, health and safety during the product's life cycle, especially from the design and research of the product until it is launched in the market (ISO 9001:2015; ISO14001:2015; ISO 13485:2016, AEMPS, EMA, etc.). Strong Occupational Health and Safety System, certified under standard ISO 45001:2015, which helps keep occupational accidents and diseases to a minimum. Mechanism for "one-off dispatches" in exceptional situations in order to favour access to medicines.
 **Quality education** Ensure inclusive and equitable quality education and promote lifelong learning for all	ROVI actively supports the implementation of a quality education system, both at corporate level and externally,through its collaboration with different educational centres and organisations, offering an extensive training portfolio that covers different areas, among which the following may be highlighted: Leadership abilities, time management, stress management and a wide range of technical training related to the pharmaceutical industry: Green Belt, Lean Six Sigma, GMPs, calibration, etc.	**GOAL 4.3** **GOAL 4.4** **GOAL 4.5** **GOAL 4.7**	Active collaboration with foundations and NGOs such as Down Granda, Fundación Prodis and Fundación para el Desarrollo Integral de los Pueblos, whose raison d'être is the inclusion of vulnerable people by promoting knowledge-sharing. Knowledge shared with local communities through smooth communications, especially with the authorities of the location in which it is operating. Fostering quality education. 50% of ROVI's workforce holds a university degree. Collaboration agreements with organisations and academic centres to promote access to education and employability. Training plans adapted to the needs of each employee, maximising their skills and strengthening their professional development: 62,415 hours of training in 2023, corresponding to a total of 29.78 hours/employee (average)

Gender equality

Achieve gender equality and empower all women and girls

ROVI meets its commitment to this SDG by establishing equality as a basic principle for action and, consequently, striving to offer equal opportunities for access to work and professional promotion for all professionals, ensuring that there is no kind of gender discrimination in the course of its activity.

GOAL 5.5
GOAL 5.2
GOAL 5.c

Regular monitoring of the gender gap.

Approval of corporate policies and internal mechanisms such as the Equality Plan, the Equal Opportunities Commission or the Protocol for the Prevention and Handling of Cases of Moral and Sexual Harassment.

Decent work and economic growth

Promote inclusive and sustainable economic growth, employment and decent work for all

ROVI provides its employees with a work environment committed to respect, stability and workplace safety, in addition to developing work-life balance measures for its employees.

This is in line with the best practices in the pharmaceutical industry, the leader in R&D investment and one of the sectors that drives developed economies.

GOAL 8.2
GOAL 8.3
GOAL 8.5
GOAL 8.6
GOAL 8.7
GOAL 8.8

Promotion of favourable work environments, which is established in the Internal Code of Conduct and the Code of Conduct for Suppliers.

Training of employees to ensure the health and safety of the workforce.

Stable workforce with 89% permanent contracts

Development of work-life balance measures, adjustments to workloads and measures for the disconnection from work of its workers.

Commitment to employment for young people: 26% of the workforce is under 30.

100% of the employees are covered by collective labour agreements.

Industries, innovation and infrastructure

Build resilient infrastructures, promote sustainable industrialisation and foster innovation

ROVI promotes innovation and technology to increase the productivity of its activities, discover new drugs and improve those that already exist in order to enhance the service it provides to its customers, patients and healthcare professionals. The implementation of these projects allows the company to adapt to the needs of society and maximise value creation for all its stakeholders

GOAL 9.1
GOAL 9.2
GOAL 9.5

Contribution to employment and the GDP in the countries where it operates, thanks to the technology and innovations in its products and the way it produces them.

Investment in R&D&I activities.

Increase in its workforce as a result of the manufacture of the COVID-19 vaccine.

Reduced inequalities

Reduce inequalities within and between countries

ROVI is committed to reducing inequalities by fostering inclusive workplace environments, guaranteeing equal opportunities for all its workforce, always guided by the principle of no discrimination based on gender, race, social origin, age, civil status, sexual orientation, ideology, political opinions, religion or any other personal characteristic.

GOAL 10.2
GOAL 10.3
GOAL 10.4

Diversity in the nationalities of the members of the workforce.

Contractual and economic collaboration agreements to provide employment and opportunities to differently-abled people (Fundación Manantial, Fundación Prodis, Ilunion, Fundación a la Par, etc).

Promoting equal wages for work of the same value.

Fomenting the accessibility of its workstations.

 **Responsible production and consumption** Ensure sustainable consumption and production patterns	ROVI promotes the rational and respectful use of natural resources throughout its supply chain. It boosts the circular economy and bioeconomics through an exhaustive process to select and monitor its suppliers and creditors.	**GOAL 12.6**	Promotion of sustainability throughout the supply chain, monitoring the suppliers by using, among other tools, EcoVadis. Adhesion to the System promoted by the European Medicines Verification Organisation (EMVO).
 **Climate action** Take urgent measures to combat climate change and its impacts	ROVI, aware of the needs of the environment to mitigate Climate Change, promotes active awareness among its stakeholders, particularly among its employees and suppliers. regarding the adoption of measures to foster care of the environment.	**GOAL 13.3**	Training portfolio on environmental issues. Adhesion to Punto SIGRE for the recycling of packaging with our without medicines. "ROVI's Forest" project.
 **Peace, justice and strong institutions** Promote just, peaceful and inclusive societies	ROVI operates observing national and international regulatory compliance and, committed to human rights, urges all its stakeholders to respect and foster them.	**GOAL 16.** **GOAL 16.10.b**	Code of Ethics that reflects the Company's commitment to acting in accordance with the law, human rights and internationally-accepted ethical practices in all its operations. Availability of a whistleblower channel through which anyone may report activities that violate the Company's ethical and/or regulatory framework.
 **Partnerships for the goals** Revitalise the global partnership for sustainable development	ROVI collaborates actively with different organisations and institutions whose action focuses on achieving and promoting the United Nations Agenda 2030.	**GOAL 17.17**	Collaboration and support with public and private institutions, including the Ministry of Science and Innovation.

6.3 Our commitment to the environment

Key Indicators

Environmental management system certified in accordance with the standard

ISO 14001:2015

Recycling of

26%

of non-hazardous waste.

Recovery of

100%

of the waste from medicines rejected by the industrial plants

Compensation of more than

9,500 tonnes of CO_2.

100% of the Scope 2 CO_2 emissions generated by the industrial plants are prevented

Milestones 2023

Production of renewable energy through the photovoltaic panels installed in Alcalá de Henares and Granada since 2022 and, during 2023, at the Julián Camarillo and San Sebastián de los Reyes plants

Compensation of **100%** of the Group's Scope 1 and 2 emissions (7,895 tonnes).

Certification and registration of the Scope 1, 2 and 3 carbon footprint with the MITECO in 2023.

Compensation of 15 % of tonnes of Scope 3.

Associated internal policies

Integrated Management Policy for the Environment and Occupational Risk Prevention.

Environmental and Social Sustainability Policy.

Climate Change Policy

Energy Policy of Laboratorios Farmacéuticos ROVI, S.A. Granada Plant.

Contribution to the SDGs

6.3.1. Environmental policy, goals and commitments

[GRI 3-3]

ROVI is committed to being an environmentally sustainable company. This is why, aware of the potential impacts that its activity could generate on the environment, it has rolled out a series of mechanisms to protect the environment, which materialise in the following policies:

Integrated management policy for the environment and occupational risk prevention	Approved in 2020 and updated in December 2023, it guides the Company's sustainable management and action in environmental terms.
Environmental and social sustainability policy	Approved in 2020, whereby ROVI materialises its commitment to sustainability from an environmental and social standpoint, promoting the conservation of and respect for the environment in the different business areas.
Climate change policy	Approved in 2020 and updated in 2022, whereby ROVI undertakes to assume a leading role in the fight against climate change, promote a corporate culture oriented towards raising its stakeholders' awareness of the magnitude of this challenge and the benefits associated to seeking a solution, and identify specific actions to mitigate and adapt to climate change.
Energy policy of Laboratorios Farmacéuticos ROVI, S.A. at the Granada plant	In force since December 2020 and aimed to reduce greenhouse gas emissions related to energy consumption and implement an energy management system that allows awareness of the use of energy resources.

**Taking the policies mentioned above as a reference,
ROVI carries on its day-to-day activity taking three broad perspectives into account:**

Efficient resource management

The principle of preventing pollution derived from its activity

Promoting environmental responsibility among its stakeholder

Additionally, through said policies and perspectives, ROVI has defined a series of goals at corporate level that allow it to carry on its activity with a firm commitment to continuous and progressive improvement in terms of environmental impact:

I. Achieve efficient energy management by rationalising the use of its natural resources.

II. Promote the best waste management guidance, including waste minimisation and recycling in its activity whenever possible

III. Implement a series of systems and measures that minimise the environmental impact

In addition, since ROVI's main activity takes place in industrial facilities, the company has established "plant-dependent goals". To this end, it has considered the situation at each plant and the room for improvement that exists, as well as the best sector practices in this area.

Note: The environmental goals are not established for the calendar year 1 January to 31 December but, rather, are fixed mid-year.

	Goals 2022-2023	Degree of attainment of 2022-2023 goals	New goals proposed for 2023-2024
Alcalá de Henares plant	Compensate 100% of the CO2 emissions generated in 2022 due to electricity and fuel consumption (Scope 1 and 2 of the carbon footprint),	• 100% of the energy used at the industrial plants was obtained from renewable sources to avoid the tonnes of Scope 2 CO2 emitted. • Compensation of the Scope 1 tonnes emitted through VER (Voluntary Emission Reduction) projects.	• Maintain the 100% compensation of CO2 emissions generated in 2023 due to electricity and fuel consumption (Scope 1 and 2 of the carbon footprint).
	70% increase in the reuse of biosanitary containers versus 2021.	• 98.7% of the bins used to deposit biosanitary waste were reused.	• Not to increase electricity consumption by more than 5% or natural gas consumption by more than 3%.
	Separation of "contaminated filter" waste into "contaminated filters and "non-contaminated filters".	• Before waste is treated, its correct labelling for proper segregation into "contaminated filters" and "non-contaminated filters" is checked.	
	44-tonne reduction in total CO2 emissions. Reduce global energy (electricity and gas) consumption by 1% versus the 2021 real consumption.	• For gas, global energy consumption was reduced 1% (10.4%). However, the expected reduction in electricity was not achieved but, rather, consumption increased 5.6%, while global energy consumption rose 4.8%.	

Granada plant

Goals 2022-2023	Degree of attainment of 2022-2023 goals	New goals proposed for 2023-2024
Reduce the frequency of transport (and, therefore, greenhouse gas emissions) for removing non-hazardous waste (cardboard and plastic) in 2022 versus 2021.	• Installation of compactors that allowed the number of cardboard collections to be reduced 20% and the number of plastic collections, 30%.	• Generation in 2023 of at least 200,000 kWh/year more energy for self-consumption with respect to the total energy consumed at the plant in 2022.
10% reduction in the paper used in the photocopier versus 2020.	• Design and implementation of a card system in the plant's printers to control printing costs.	• Eliminate, versus 2022, the management of clean waters from production and laboratory as non-hazardous waste (LoW 161002).
		• Maintain the levels of VOC emissions at the 2023 year end 12% below the legal limits set in Royal Decree 117/2003 on the limitation on emissions of volatile organic compounds due to the use of solvents in certain activities (20mg/m3).

San Sebastián de los Reyes plant

Goals 2022-2023	Degree of attainment of 2022-2023 goals	New goals proposed for 2023-2024
Compensate 100% of the Scope 1 and 2 emissions generated in 2022.	• 100% of the energy used at the industrial plants was obtained from renewable sources to avoid the tonnes of Scope 2 CO2 emitted. • Compensation through VER (Voluntary Emission Reduction) projects of the Scope 1 tonnes emitted.	• Compensate 100% of the Scope 1 and 2 CO2 emissions generated in 2023 that could not be avoided.
Reduction of 5% tonnes/Mn units in the generation of the "laboratory waters" and "basic solutions" wastes versus 2021.	• 85% reduction in the generation of "laboratory waters" waste and 60% in "basic solutions" waste.	• 10% reduction in paper consumption for printing in the offices versus 2022 (by decreasing copies wasted per worker).
		• Improve the segregation of non-hazardous waste to improve the final treatment of the fractions.

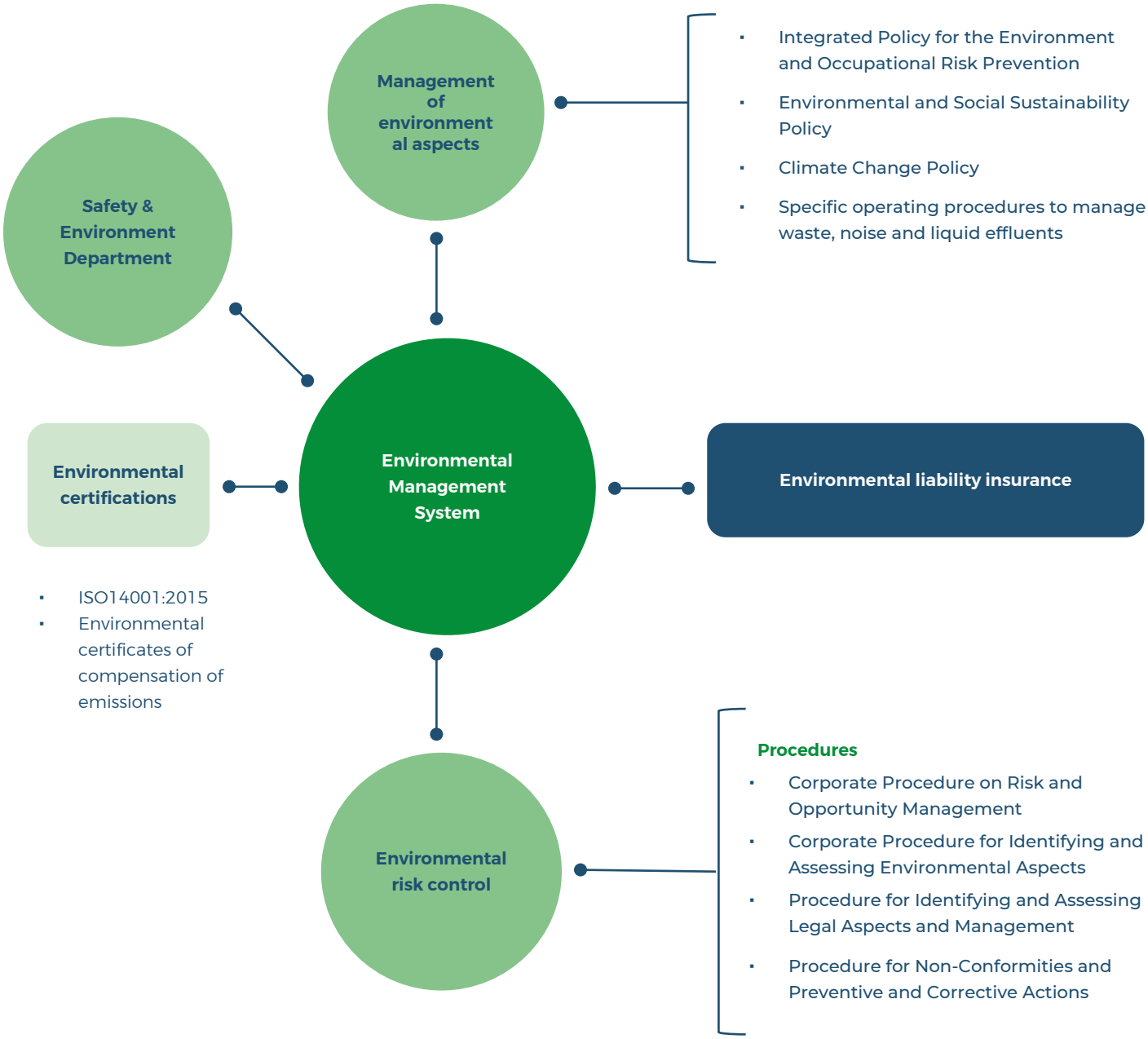
Julián Camarillo plant

Goals 2022-2023	Degree of attainment of 2022-2023 goals	New goals proposed for 2023-2024
Reduce the incidence of the environmental aspect of the generation of medicine and mixed medicine waste to be inertized.	• The incidence of the environmental aspect of the generation of medicine waste and mixture of medicines to be inertized was reduced.	• Compensate 100% of the Scope 1 and 2 CO2 emissions generated in 2023 that could not be avoided.
Compensate 100% of the Scope 1 and 2 CO2 emissions generated in 2022.	• 100% of the energy used at the industrial plants was obtained from renewable sources to avoid the tonnes of Scope 2 CO2 emitted. • Compensation of the Scope 1 tonnes emitted through VER (Voluntary Emission Reduction) projects.	• Reduce the plastic consumption associated to the medical waste containers by 20% in the period from August to December 2023 (and, thus, reduce the generation of mixed medicine waste to be inertized).
Obtain a 2% reduction in Scope 1 CO2 emissions versus 2021.	• Scope 1 CO2 emissions were reduced 7% versus 2021.	
Not to increase electricity consumption by more than 4% in 2022 versus 2021.	• Work was carried out to implement measures aimed to avoid an increase in electricity consumption. However, the goal was not achieved due to the implementation of a new packaging line, which led to a 13% increase in consumption versus 2021.	

6.3.2. Environmental management system

[GRI 3-3]

Given its undertaking to conserve, preserve and protect the environment. ROVI has drawn up an Environmental Management System, implemented and certified under ISO 14001:2015, with a scope that encompasses the whole Group except the new Escúzar plant, which is working to implement the system in order to be certified in 2024. The proper supervision of said system is the direct responsibility of ROVI's Safety and Environment Department.



The Safety and Environment Department, in collaboration with ROVI management, has developed the Environmental Management System on the basis of solid internal regulations, most of which cover direct environmental aspects through the following policies and procedures:

i. Integrated Policy for Environmental and Occupational Risk Prevention Management.

ii. Environmental and Social Sustainability Policy.

iii. Specific operating procedures to manage waste, noise and liquid effluents, intended to establish the methodology for controlling the waste, outdoor noise levels and liquid effluents generated at ROVI's production plants.

In addition, ROVI monitors and analyses possible indirect environmental aspects resulting from its activity, such as those arising from trading relations and relations with its suppliers. The company makes an analysis of the product life cycle and process at each production plant. Thus all possible environmental impacts can be identified and exhaustive checks can be performed on the suppliers in relation to whom ROVI is able to take action.

ROVI's Safety and Environment Department has sufficient resources to ensure the correct operation and oversight of the system. In 2023, it managed a budget of 3 million euros allocated to safety and the environment at each one of the plants and the associated prevention services, in compliance with the legal and voluntary requirements that ROVI has acquired.

This Department's team is formed by a total of 13 people, who are responsible for monitoring, analysing and assessing the company's environmental matters in order to adopt the best measures in relation thereto, always co-ordinating with the rest of the departments.

Likewise, ROVI has an environmental risk control framework, integrated into the Environmental Management System, in order to identify any possible risks that could harm the environment and act in accordance with the following approved procedures:

- Corporate Risk and Opportunity Management Procedure, which considers, among other aspects, environmental risk management (for further details, see section 6.1.5 "Global management and risk control").
- Corporate Procedure for Identifying and Assessing Environmental Aspects, the application of which allows the main environmental risks related to ROVI's own activity to be identified, notified and quantified, as well as those concerning regulatory issues and possible administrative restrictions when accessing new markets.
- Procedure for Identifying, Accessing and Assessing Legal and other Requirements, intended to identify the regulatory requirements regarding safety and the environment, as well as the requirements necessary to receive the relevant environmental authorisations.
- Management Procedure for Non-Conformities and Preventive and Corrective Actions, the application of which allows any possible deviations from the Environmental Management System to be identified, establishing procedures intended to prevent them and implement corrective actions.

In 2023, to ensure that the Environmental Management System was managed correctly in accordance with the standard ISO14001:2015, internal and external audits of the plants that are certified were conducted.

Alcalá de Henares	
Internal	**External**
12-13 April 2023	24-27 April 2023
Result: 3 minor non-conformities	Result: 1 minor non-conformity and 9 observations

Granada	
Internal	**External**
7-8 March 2023	22-23 March 2023
Result: 2 observations	Result: 2 observations

Julián Camarillo	
Internal	**External**
8-9 June 2023	28-30 June 2023
Result: 2 minor non-conformities and 13 observationss	Result: 1 minor non-conformity and 17 observations

San Sebastián de los Reyes	
Internal	**External**
15-16 March 2023	11-18 April 2023
Result: 1 minor non-conformity and 18 observations	Result: 2 minor non-conformities and 11 observations

The Escúzar plant is working to implement the system in order to be certified in 2024.

Environmental risks

Implementing and maintaining an Environmental Management System allows ROVI to identify the risks that could potentially have an impact on the environment.

01

Failure to comply with legal requirements caused by defective identification of legal requirements regarding the environment or environment- or emergency-related aspects which could lead to possible penalties or unsatisfied stakeholders

02

Failure to adapt to applicable changes in legislation or new regulations on a timely basis.

03

Possible administrative restrictions due to location.

04

Impact on material and human resources due to an environmental incident involving neighbours and/or employees

05

Bad environmental practices on the part of external companies providing services on a permanent basis or the ROVI personnel supervising them

06

Failure to comply with noise requirements that leads to contingencies or administrative penalties

07

Pollution due to exceeding the upper limits on pollutant boiler emissions or discharges into groundwater that could lead to an administrative penalty

08

Incidents in transporting hazardous waste that lead to penalties

09

Shortcomings in employee training in environmental matters

10

Not filing the annual declaration of waste and minimisation plan on a timely basis

11

Atmospheric emissions due to lack of mechanisms to prevent product leaks from the equipment

12

Not checking consumption invoices, leading to inappropriate consumption of water or energ

13

Deficient waste segregationy

14

Absence of energy-efficiency certifications

15

Climate change risks

An exhaustive analysis of environmental risks in accordance with the regulations does not result in the need to implement any kind of mandatory financial guarantee. Even so, ROVI has decided to take out voluntary environmental liability insurance, which is renewed annually and acts as a financial guarantee for each one of the production plants.

Lastly, environmental protection is also included in the Corporate Communication, Participation and Consultation Procedure, whereby internal and external environment-related communications (queries, complaints, etc.) are managed.

When the company receives these communications, it enters them into the communications register and initiates the assessment and analysis process to provide a response and solution to the issue raised in the communication. In this respect, ROVI did not receive any serious penalties related to environmental harm in 2023.

6.3.3. Sustainable use of resources

[GRI 3-3, 301-1, 302-1, 303-5]

Efficient management and awareness in the use of resources are key elements in ROVI's business vision within its commitment to protect and conserve the natural environment.

To minimise the impact of the industrial processes and ensure that any activity is conducted in a manner that respects the environment, monthly checks are carried out at all ROVI's industrial plants, with reports of the water, electricity and gas consumption indicators (the last two through an energy monitoring programme).

Correct monitoring and detection of possible significant deviations that should be reduced allows the sustainable and responsible use of the products to be guaranteed, as well as the exhaustive monitoring of different environmental indicators (*) that may be consulted in the following sections of this report.

Energy consumption

Considering the changes in national and international legislation and the situation of the international energy market, a number of energy-saving measures were adopted in 2023 in order to create a positive environmental impact.

To adopt these measures, each plant has a multidisciplinary team responsible for defining, implementing and monitoring the actions necessary to help attain the plant-dependent goals fixed in previous years.

In 2023, as in the preceding year, 100% of the energy was purchased from renewable sources.

(*) The environmental indicators are calculated for the production plants and the distribution business, thus allowing a comparison between them.

Notwithstanding, it should be remembered that the measurement units are different for each of them, taking the following points into account:

I. The tonnes produced by the Granada manufacturing plant were determined by adding the units of the active substance of enoxaparin and bemiparin (MIUs) to the units of the active substance of the Moderna vaccine (litres). The conversion into tonnes was carried out using a conversion factor of 100 IU/mg for enoxaparin and bemiparin and a density of 1.03 kg/l for the Moderna units.

II. The Escúzar plant, whose production units are measured in MIUs (millions of international units), produces bemiparin, enoxaparin and the active substances of the main products from ROVI's own research.

III. In the case of the injectables production plants in San Sebastián de los Reyes and Madrid, the units produced are expressed in individual units packed, while in Alcalá de Henares the packs of packaged oral solid forms (tablets and sachets) are used as the production unit.

IV. The distribution business of Laboratorios Farmacéuticos Rovi, S.A. and its subsidiaries, which markets medicines and medical devices, uses the units distributed.

V. Due to the difference in units between the Granada plant (tonnes) and the rest of the plants (MIUs), the ratios of the indicators by production units are given solely for the plants for both 2022 and 2023.

Energy efficiency measures

Alcalá de Henares production site

I. Replacement of luminaires with LED lights at several points of the plant.
II. Monitoring of the condensate evaporation tank and automation of boilers.
III. Installation of water meters to monitor consumption and determine the capacity of the steam boiler, in order to generate hot water more efficiently than the current existing heat exchanger.
IV. Installation of meters and implementation of a platform to monitor consumption in the new areas of Buildings 2, F5 and U-700.

Granada production site

I. Work on awareness campaigns to promote a continuous improvement in energy performance.
II. Implementation of improvements in the insulation of the whole system of valves and control elements of the steam and condensate network.
III. Installation of sunscreen vinyl on the building's glass windows to moderate the temperature of the offices, reducing the energy used in air-conditioning.
IV. Reduction in energy consumption during the temporary of line A by:
- Stopping of Air Treatment Unit 7
- Adjusting the airflows of Air Treatment Unit 6
- Turning the luminaires in the room off
- Decrease in the industrial steam consumption of the equipment that does not need steam during the temporary standstill.

V. Adjusting the operating mode of the compressed air adsorption dryer in accordance with production needs and the energy efficiency of the equipment.

Julián Camarillo production site (Madrid)

I. Monitoring and analysis of energy consumption data through the Monitoring and Invoice Platform.
II. Implementation of regression models to predict energy consumption based on variables such as: production volume, number of autoclave cycles, hours worked, temperature, days of air-conditioning and heating.
III. Installation of new monitoring points for greater control of the plant's consumption.
IV. Replacement and optimisation of LED luminaires at the Supply Chain offices in Building C and the technical rooms in Building A.
V. Installation of LED-type outdoor luminaires with presence sensors.
VI. Replacement of the pneumatic solenoid valves of the steam boilers.
VII. Automatic programming of different air treatment units in Building D at weekends.
VIII. External review of site steam system traps.
IX. Casing of valves and filters in the water treatment room of Building A to prevent heat loss.
X. Installation of a buffer tank to reduce the number of starts and stops of the chillers in Building E.
XI. Thermal insulation of valves and tubes in the technical zones.
XII. Monitoring to regulate the temperature in office areas in accordance with Royal Decree 14/2022.

In 2023, the Julián Camarillo site obtained energy certification for the office buildings (Buildings B and H) in accordance with Royal Decree 390/2021.

San Sebastián de los Reyes production site (Madrid)

I. Monitoring and analysis of energy consumption data through the Monitoring and Invoice Platform.
II. Monitoring of the electricity, steam and water consumption of the new equipment in the new Building L.
III. Replacement of luminaires with LED lights in Buildings A, D and F.
IV. Repair of steam traps.
V. Installation of insulated casing for the steam valves.
VI. Installation of condensate recovery tanks in Buildings A and L.
VII. Autoclave water recirculation system for packaging lines DARA 1, 2 and 3.
VIII. Replacement of the HVAC P1 heat exchanger.

In spite of the implementation of the energy efficiency measures listed, energy consumption rose slightly in 2023, mainly due to:

- Extension of the scope of reporting to include the consumption of the subsidiaries in the Distribution business for the first time.
- Increase in ROVI's internal fleet.
- Implementation and qualification of Building L at the San Sebastián de los Reyes plant so that it can house new production lines.
- Start-up of production activities at the new Escúzar plant in the fourth quarter.

Electricity consumption indicators

2023*	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
kWh electricity consumed	2,983,371	4,801,172	5,329,336	8,466,253	9,899,920	765,892	**32,245,944**
kWh electricity consumed / units produced and distributed	29	394,141	42,798	85,530	122,676	38,726	–
kWh natural gas consumed	3,067,326	4,470,233	4,147,383	8,235,082	13,895,302	0	**33,815,326**
kWh natural gas consumed / units produced and distributed	30	366,973	33,306	83,194	172,185	0	–
Litres fuel stationary sources (power generators, etc.)	1,338	900	480	0	3,448	0	**6,166**
Litres fuel mobile sources (vehicles)	0.00	633.76	2,497.23	0.00	6,759.76	478,611.00	**488,501.75**

(*) *Note I: Some of the data for the last month of 2023 are estimates based on the information from previous periods.*
Note II: The TOTAL/AVERAGE column shows, in the case of consumption, the total sum of each plant or business unit and, in the case of the ratios of consumption per million units produced or distributed, the average of all the plants or business units.
Note III:There may be discrepancies in the totals or averages due to rounding up or down.
Note IV: In 2023 the figures for electricity consumed and fuel consumed from mobile sources of the offices of the subsidiaries were reported for the first time.

2022	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
kWh electricity consumed	2,364,210	4,965,916	5,149,723	6,484,326	9,325,119	646,549	**28,935,843**
kWh electricity consumed / units produced and distributed	120	205,884	44,672	51,803	146,529	48,382	–
kWh natural gas consumed	1,925,593	4,462,606	3,821,715	6,944,536	13,463,612	0	**30,618,062**
kWh natural gas consumed / units produced and distributed	98	185,017	33,152	55,480	211,559	0	–
Litres fuel stationary sources (power generators, etc.)	500	135	676	288	2,000	0	**3,599**
Litres fuel mobile sources (vehicles)	0	862	0	0	6,390	367,669	**374,921**

2021	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
kWh electricity consumed	n.a	3,707,332	4,593,953	5,188,822	8,867,576	634,789	**22,992,472**
kWh electricity consumed / units produced and distributed	n.a	8	37,548	69,737	136,424	36,540	**0**
kWh natural gas consumed	n.a	4,325,551	4,085,211	5,078,398	14,960,320	0	**28,449,480**
kWh natural gas consumed / units produced and distributed	n.a	10	33,390	68,253	230,159	0	**0**
Litres fuel stationary sources (power generators, etc.)	n.a	1,000	0	0	5,164	360,614	**366,778**
Litres fuel mobile sources (vehicles)	n.a	n.d.	n.d.	n.d.	n.d.	n.d.	**n.d.**

Variation 2022-2023	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
kWh electricity consumed	26.19%	-3.32%	3.49%	30.56%	6.16%	18.46%	11.44%
kWh electricity consumed / units produced and distributed	-75.74%	91.44%	-4.20%	65.11%	-16.28%	-19.96%	—%
kWh natural gas consumed	59.29%	0.17%	8.52%	18.58%	3.21%	—%	10.44%
kWh natural gas consumed / units produced and distributed	-69.38%	98.35%	0.46%	49.95%	-18.61%	—%	—%
Litres fuel stationary sources (power generators, etc.)	167.60%	566.67%	-28.99%	-100.00%	72.40%	—%	71.33%
Litres fuel mobile sources (vehicles)	—%	-26.48%	—%	—%	5.78%	30.17%	30.29%

Photovoltaic energy production and self-supply indicators

In 2023, the production and self-consumption of photovoltaic energy produced at the ROVI plants increased significantly, since the existing installations at the Alcalá de Henares and Granada plants were expanded. Additionally, photovoltaic panels were installed at the Julián Camarillo, San Sebastián de los Reyes and Escúzar plants.

2023	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/ AVERAGE
KWh of photovoltaic energy produced	48,004	245,290	21,412	47,933	395,157	0	757,796
Total electricity consumed	2,983,371	4,801,172	5,329,336	8,466,253	9,899,920	765,892	32,245,944

2022	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	Total
KWh of photovoltaic energy produced	n.a.	159,971	n.a.	n.a.	286,516	n.a.	446,487
Total electricity consumed	—	4,965,916	—	—	9,325,119	—	14,291,035

2021	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribución	Total
KWh of photovoltaic energy produced	n.a	169,828	n.a.	n.a.	232,533	n.a.	402,361
Total electricity consumed	—	3,707,332	—	—	8,867,576	—	12,574,908

Water consumption indicators

ROVI integrates sustainable water management into its normal course of business, considering it a basic natural resource in pharmaceutical manufacturing. Therefore, the company establishes measures regarding the use, reutilisation and discharge of water.

2023*	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
m3 water consumed **	22,314	30,973	34,816	64,408	58,458	7,615	218,584
m3 water consumed / units produced and distributed	0.2	2,542.7	279.6	650.7	724.4	385.0	—

2022	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
m3 water consumed ***	18,070	28,652	34,430	71,773	54,647	3,517	206,487
m3 water consumed / units produced and distributed	0.9	1,187.9	0.0	0.0	858.7	0.0	—

2021	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
m3 water consumed ***	n.a	27,509	38,431	50,128	56,547	9,616	182,230
m3 water consumed / uunits produced and distributed	n.a	0.1	314.1	637.7	870.0	553.5	—

Variation 2022-2023	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
m3 water consumed	23%	8%	1%	-10%	7%	117%	6%
m3 water consumed / units produced and distributed	-76%	114%	—	—	-16%	—	—

(*) *There may be discrepancies in the totals or averages due to rounding up or down.*

(**) *Includes both the water consumption of the offices in Spain and those of the subsidiaries abroad, together with the consumption related to ROVI's production process.*

(***) *Includes the water consumption of the offices and the water consumption linked to the production process.*

The variations in the water consumption by plant in 2023 versus 2022 are basically due to an increase or decrease in production. The increase the consumption of the Distribution business in particular is because, in 2023, the scope of the reporting was extended to include consumption by subsidiaries, in addition to the consumption of a meter in Pozuelo that was not previously included in the calculations.

At the San Sebastián de los Reyes plant, additional meters were installed to facilitate measuring and establishing reduction goals.

Raw materials consumed indicators

For ROVI, raw materials are an essential element in its value chain Therefore, good raw material management and control is vital from the moment the supplier is selected until the materials are received and used and finally leave the Group's facilities. The main raw materials used are active substances, excipients and solvents for manufacturing.

Tonnes of raw materials consumed

	2023	2022	2021	Variation 2022-2023
Granada	1,345	1,468	996	-8%
Madrid (JC)	19	318	114	-94%
SSRR	1,893	2,370	53	-20%
Alcalá de Henares	404	609	430	-34%
Escúzar	337	163	n.a	107%

The decrease in raw material consumption at the Julián Camarillo plant relates to a change of reporting criteria that meant that the consumption of purified water for processes was not considered in 2023.

Biodiversidad

ROVI, aware of the importance of looking after the environment in which it operates from a number of standpoints, considers issues related to biodiversity and protected areas by drawing up Environmental Impact Assessment Studies, which are outsourced to third parties in accordance with legal requirements, before building any new facilities or in the event of a future renovation of existing ones.

The results of the environmental impact studies conducted at each one of the plants and production centres show that ROVI's activity does not represent a risk to the biodiversity in the areas where it operates. Additionally, ROVI actively collaborates on reforestation projects, thus responding to the need to safeguard biodiversity (for further information on these projects, see section 6.3.3. Mitigation of climate change).

6.3.4.Waste management and circular economy

[GRI 306-2, 306-3]

Waste management, treatment and recycling

ROVI is aware that waste generation is an element inherent to the activity it carries on. Therefore, not only does it strive to manage waste correctly, but it has also established a number of processes related to waste treatment, mostly oriented to minimising it in the production processes or recovering that which has been generated.

This is so much the case that, as far as possible, the Group, together with the authorised waste managers it works with, always seeks for the waste removed to be recovered, rather than destroyed.

In 2023:

- 100% of the waste from rejected medicines (hazardous waste) at the industrial plants was recovered.
- 15% of the non-hazardous waste generated was recycled. The types of waste recycled are paper, cardboard and the plastic trays for syringes and vials (polypropylene and polystyrene).
- Possible strategies were established to replace certain types of packaging by others with a percentage of recycled material.

2023*	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
Tonnes hazardous waste generated	181	4,209	243	359	146	25	5,163
Tonnes non-hazardous waste generated	756	1,277	283	792	1,103	4	4,215
Total waste	**936**	**5,486**	**526**	**1,151**	**1,249**	**29**	**9,377**
Tonnes hazardous waste / units produced and distributed	0.002	345.540	2.0	3.6	1.8	1.2	–
Tonnes non-hazardous waste / units produced and distributed	0.007	104.810	2.3	8.0	13.7	0.2	–
Total waste / units produced and distributed	**0.009**	**450.350**	**4.2**	**11.6**	**15.5**	**1.5**	**–**
Tonnes non-hazardous waste recycled	0.03	16	238	250	584	4	1,093
Tonnes non-hazardous waste recovered	1.6	18	s.d.	541	514	0	1,076
Tonnes hazardous waste recovered	170.9	2,173	s.d.	277	83	24	2,729
Total non-hazardous waste recycled/units produced and distributed	**n.a**	**1.3**	**1.9**	**2.5**	**7.2**	**0.2**	**–**
Total non-hazardous waste recovered/units produced and distributed	**n.a**	**1.5**	**0.0**	**5.5**	**6.4**	**0.01**	**–**
Total hazardous waste recovered/units produced and distributed	**0.002**	**178.4**	**0.0**	**2.8**	**1.0**	**1.2**	**–**

2022	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
Tonnes hazardous waste generated	148	4,413	144	344	161	14	**5,223**
Tonnes non-hazardous waste generated	241	1,508	366	523	1,061	4	**3,703**
Total waste	**389**	**5,921**	**510**	**867**	**1,222**	**18**	**8,926**
Tonnes hazardous waste / units produced and distributed	0.008	182.943	1.3	2.7	2.5	1.0	**–**
Tonnes non-hazardous waste / units produced and distributed	0.012	62.520	3.2	4.2	16.7	0.3	**24.3**
Total waste / units produced and distributed	0.020	245.463	4.4	6.9	19.2	1.3	**–**
Tonnes non-hazardous waste recycled	0.220	13.830	132.8	84.3	311.4	3.8	**546.4**
Tonnes non-hazardous waste recovered	**n.a.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**
Tonnes hazardous waste recovered	**n.a.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**
Total non-hazardous waste recycled/units produced and distributed	**1.100**	**0.573**	**1.1**	**6.7**	**4.9**	**2.8**	**–**
Total non-hazardous waste recovered/units produced and distributed	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**4.89**	**n.a.**	**n.a.**
Total hazardous waste recovered/units produced and distributed	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**4.89**	**n.a.**	**n.a.**

2021	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
Tonnes hazardous waste generated	n.a	2,355	111	426	117	9	**3,017**
Tonnes non-hazardous waste generated	n.a	1,341	207	1,019	853	5	**3,425**
Total waste	**n.a**	**3,695**	**318**	**1,445**	**970**	**13**	**6,441**
Tonnes hazardous waste / units produced and distributed	n.a	0.005	0.9	5.7	1.8	0.5	**–**
Tonnes non-hazardous waste / units produced and distributed	n.a	0.003	1.7	13.7	13.1	0.3	**5.8**
Total waste / units produced and distributed	n.a	0.000	2.6	19.4	14.9	0.8	**–**
Tonnes non-hazardous waste recycled	n.a	n.d.	n.d.	n.d.	n.d.	n.d.	**n.d.**
Tonnes non-hazardous waste recovered	**n.a**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**
Tonnes hazardous waste recovered	**n.a**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**
Total non-hazardous waste recycled/units produced and distributed	**n.a**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**
Total non-hazardous waste recovered/units produced and distributed	**n.a**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**
Total hazardous waste recovered/units produced and distributed	**n.a**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**

Variation 2022-2023	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	TOTAL/AVERAGE
Tonnes hazardous waste generated	22%	-5%	69%	4%	-9%	78%	**-1%**
Tonnes non-hazardous waste generated	213%	-15%	-23%	51%	4%	17%	**14%**
Total waste	**141%**	**-7%**	**3%**	**33%**	**2%**	**65%**	**5%**
Tonnes hazardous waste / units produced and distributed	-77%	89%	56%	32%	-28%	20%	**–**
Tonnes non-hazardous waste / units produced and distributed	-40%	68%	-29%	91%	-18%	-21%	**-100%**
Total waste / units produced and distributed	-54%	83%	-5%	68%	-19%	12%	**–%**
Tonnes non-hazardous waste recycled	-86%	17%	79%	197%	88%	13%	**100%**
Tonnes non-hazardous waste recovered	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Tonnes hazardous waste recovered	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Total non-hazardous waste recycled/units produced and distributed	**n.a.**	**131%**	**74%**	**-62%**	**48%**	**-92%**	**n.a.**
Total non-hazardous waste recovered/units produced and distributed	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**30%**	**n.a.**	**n.a.**
Total hazardous waste recovered/units produced and distributed	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**-79%**	**n.a.**	**n.a.**

(*) *Note I: There may be discrepancies in the totals or averages due to rounding up or down*

Nota II: In 2023, the data on waste generated by the offices of the subsidiaries were reported for the first time

The increase in hazardous waste generated in the distribution business was because, in 2023, products from returns in 2021 and 2022 that had not been managed were collected.

In the case of non-hazardous waste, the increase at the San Sebastián de los Reyes plant was due to a specific collection of building and demolition waste from building works, LED lamps and sludge from cleaning treatment plants.

Lastly, regarding waste management and circular economy, mention should be made of the fact that food waste has not been identified as a material issue for the Group

6.3.5. Mitigation of climate change

[GRI 302-4, 305-1, 305-2, 305-4, 305-7]

Climate change policy and goals

Climate change will be one of the most important challenges that humanity will face in the 21st century. Since there are no borders that restrict or delimit its causes and consequences, the adoption of actions and measures aimed to mitigate it is an essential aspect, which will require the collaboration of all the global players and in which ROVI is participating.

The company acknowledges the magnitude of the problem, identifying the need to tackle it from inside the Group on a combined and coordinated basis with governments, multilateral bodies, the private sector and society overall.

ROVI assumes its role as an organisation that strives to mitigate and adapt to climate change and, therefore, has an internal Climate Change Policy, updated in 2022 to include the commissioning of the Escúzar plant in 2023, whereby ROVI seeks to play a leading role in the fight against climate change. Likewise, through this Policy, ROVI undertakes to promote a corporate culture oriented towards raising awareness among all its stakeholders of the magnitude of the challenge and the benefits associated to tackling its solution, identifying specific actions in the area of mitigating and adapting to climate change.

In this respect, ROVI has identified four key principles to guide it when putting its commitment to mitigating climate change into practice.

Reduction in greenhouse gas emissions

Gradually reduce the emissions of tCO_2 eq emissions originating from the production activities of the facilities and the Group's own vehicle fleet.

Reduction in non- greenhouse gas emissions

Reduction in non- greenhouse gas emissions

Reduce non-greenhouse gas emissions that affect air quality.

To do so, harmful gases will be identified and controlled, taking measures to reduce or eliminate these emissions.

Carbon neutrality

Achieve a carbon footprint of 0, meaning that the same amount of carbon dioxide as is released into the atmosphere is removed from it using different methods

Renewable energies

Maintain the percentage of renewable energy consumed at the facilities and increase self-consumption until the total energy consumed comes from renewable sources.

Management of climate matters

ROVI is aware of the global problem arising from the growth over recent decades in the use of fossil fuels, whose combustion for electricity generation, transport, heating, industrial activities, etc. gives rise to greenhouse gas emissions, which have accelerated global warming and, consequently, increased the climate change problem.

To tackle this problem, ROVI has a strategic framework called "**AVOID, REDUCE, COMPENSATE**", aimed to optimise energy consumption in the course of its activities and based on the following principles:

- **AVOID** the generation of CO_2 emissions as far as possible by purchasing renewable energy for the electricity supply required at the production plants. In this respect, in both 2023 and the preceding year, all the industrial plants avoided 100% of the Scope 2 emissions of the carbon footprint relating to energy acquisition.
- **REDUCE** consumption of key resources, essentially in the industrial area, where most of the emissions and, therefore, the greatest impact, are generated. For this reason, ROVI has monthly check procedures in place which analyse any possible deviations in water, electricity or gas consumption, thus allowing the company to establish specific energy-saving or electricity or fuel consumption targets in collaboration with a multidisciplinary team that defines, implements and monitors the actions necessary to reach said targets.
- **COMPENSATE** voluntarily the CO_2 emissions that it has not been possible to either avoid or reduce during the year.

  ROVI has initiatives to compensate the direct emissions encompassed in Scope 1 of the carbon footprint produced in fuel consumption, such as the natural gas needed to start industrial boilers or the gas purification treatment system, as well as the Scope 2 indirect emissions from electricity consumption and 10% of the indirect emissions of Scope 3 of the carbon footprint.

These initiatives not only help tackle the adverse effects of climate change but also favour the transition to a low-carbon economy.

As a result of this strategic framework, ROVI undertook the compensation of 100% of the Scope 1 and 2 CO2 emissions it was unable to avoid in 2023 through its collaboration in three large projects based on actions aligned with the United Nations Sustainable Development Goals, particularly contributing to those pivoting on respect and care for the environment.

Through these projects, with its goal of becoming a carbon-neutral company, ROVI compensated all the Scope 1 and 2 CO2 emissions, in addition to 15% of the tonnes of Scope 3 CO2 emissions, with a total of 9.587 tonnes compensated.

Compensation projects

ROVI's Forest

ROVI has participated in a CO2 absorption project called "Valle de los Sueños" ("Valley of Dreams), consisting of planting 2,000 trees in a 12-hectare forest in the Madrid Sierra (Spain) in order to restore the tree cover in "Cerro Porrejón" and "Peña Zamara", located in the municipality of Robledillo de la Jara.

This project is registered with the Ministry for the Ecological Transition and the Demographic Challenge, whose participation is 15%, and 434 tonnes of CO2 were absorbed in 2023, 86.8 tonnes of which can be compensated. This will be reflected In the compensation stamp when the 2023 carbon footprint calculation has been registered.


CERTIFICADO DE INSCRIPCIÓN EN LA SECCIÓN DE PROYECTOS DE ABSORCIÓN DEL REGISTRO DE HUELLA DE CARBONO, COMPENSACIÓN Y PROYECTOS DE ABSORCIÓN DE DIÓXIDO DE CARBONO

VALLE DE LOS SUEÑOS

Solar Energy Project in India

The main goals are to implement renewable energy projects in different regions of the country, guarantee energy security, diversify the energy mix, and the sustainable growth of the region by providing clean energy.

From a social standpoint, this project leads to the development of infrastructures and roads and promotes local trading transactions. Furthermore, it helps create job opportunities during the construction and operation phases in several Indian states. By participating in this project, ROVI compensated 6,134 tonnes of CO_2.


Verified Carbon Standard

Certificate of Verified Carbon Unit (VCU) Retirement

Improved Cookstove Project in Bangladesh

The project to install and maintain Bondhu Chula improved cookstoves allows a reduction in the greenhouse gas emissions originating from the current 3-stone cooking practice in Bangladesh by replacing non-renewable fuels with renewable ones.

With this project, ROVI successfully compensated a total of 3,366 tonnes of CO_2.

Measuring the carbon footprint

In 2023, with the help of an independent external consultant, the total carbon footprint for 2022 was calculated (Scope 1, 2 and 3) and registered with the Ministry for the Ecological Transition and the Demographic Challenge (MITECO). As a result, ROVI received the stamps of (1) Calculate and (2) Compensate. Its next goal is to obtain the full certificate with the (3) Reduce stamp.

In June 2023, ROVI obtained independent verification through a firm accredited to calculate the 2022 carbon footprint under the standard ISO14064:2018. The scope of the verification covers categories 1, 2, 3 and 4 of the carbon footprint.

The calculation of the total carbon footprint was possible because the CO2 emissions from the different emission sources were monitored, allowing us, not only to evaluate and ascertain the progress in relation to emissions, but also to implement measures to reduce our emissions into the atmosphere.

To determine the tonnes of CO2 eq emitted into the atmosphere in accordance with the standard ISO 14064-1:2018, a "Greenhouse Gas Inventory Procedure" is being drawn up in order to document the method that permits a correct organisation-wide inventory of greenhouse gases. In this procedure, the boundaries of the organisation are identified. In this respect, the GHG emission inventory is consolidated using a control approach, the purpose of which is based on including 100% of the emissions of operations controlled directly by the organisation. In addition, the boundaries of the report are identified, quantifying the direct and indirect emissions and aggregating them in different categories.

Before making the GHG calculations, the indirect emissions that are to be included in the GHG emissions inventory are determined through a significance evaluation, the methodology for which is based on Annex H of the standard ISO14064-1:2018. According to the result of the evaluation, the following are considered emissions that are not significant for the study: emissions from upstream transport of raw materials due to the acquisition of materials, waste transportation, outsourced products and hotel nights. All of these are included in Scope 3.

Greenhouse gas emission inventory

2023*	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	Subsidiaries	TOTAL/ AVERAGE
Tonnes of Scope 1 CO2 eq emitted	618	1,036	951	1,502	2,601	1,120	31	**7,859**
Tonnes of Scope 2 CO2 eq emitted						27	9	**36**
Tonnes of Scope 2 CO2 eq avoided (**)	814	1,311	1,455	2,311	2,703	158	s.d.	**8,752**
Tonnes of Scope 3 CO2 eq emitted	—	—	—	—	—	—	—	**11,059**
Tonnes of CO2 eq / units produced and distributed	**0**	**85**	**8**	**15**	**32**	**57**	**s.d.**	**–**

2022	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	Subsidiaries	TOTAL/ AVERAGE
Tonnes of Scope 1 CO2 eq emitted	356	914	699	1,268	2,492	964	s.d.	**6,693**
Tonnes of Scope 2 CO2 eq emitted	612	0	0	0	0	4	s.d.	**616**
Tonnes of Scope 2 CO2 eq avoided	0	1,286	1,334	1,679	2,415	167	s.d.	**6,881**
Tonnes of Scope 3 CO2 eq emitted	—	—	—	–	—	—	s.d.	**10,352**
Tonnes of CO2 eq / units produced and distributed	0.049	37.894	6	10	39	91	s.d.	**–**

2021	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	Subsidiaries	TOTAL/ AVERAGE
Tonnes of Scope 1 CO2 eq emitted	n.a	790	744	924	2,738	1,034	s.d.	**6,230**
Tonnes of Scope 2 CO2 eq emitted	n.a	0	0	0	0	1.4	s.d.	**1.4**
Tonnes of Scope 2 CO2 eq avoided	n.a	927	1,148	1,297	2,217	157	s.d.	**5,746**
Tonnes of CO2 eq / units produced and distributed	n.a.	0.002	6	12	42	60	s.d.	**–**

Variation 2022-2023	Escúzar	Granada	Madrid (JC)	SSRR	Alcalá de Henares	Distribution	Subsidiaries	TOTAL/ AVERAGE
Tonnes of Scope 1 CO2 eq emitted	74%	13%	36%	18%	4%	16%	s.d.	**17%**
Tonnes of Scope 2 CO2 eq emitted	-100%	–%	–%	–%	–%	585%	s.d.	**-96%**
Tonnes of Scope 2 CO2 eq avoided	–%	2%	9%	38%	12%	-5%	s.d.	**27%**
Tonnes of Scope 3 CO2 eq emitted								**3%**
Tonnes of CO2 eq / units produced and distributed	-88%	124%	27%	52%	-17%	-38%		**-**

(*) Note I: To calculate the tonnes of CO2 emitted into the atmosphere, the emission factors used were those provided by the Ministry for Ecological Transition and Demographic Challenge on electricity, natural gas and diesel oil published in 2023, DEFRA 2023, Catalan Climate Change Office 2023 and SimaPRO.

Note II: There may be discrepancies in the totals or averages due to rounding up or down.

(**) The increase in the tonnes of CO2 equivalent avoided was because the new Escúzar plant held a 100% renewable energy supply certificate in 2023.

Since all ROVI's production plants and the main offices hold 100% renewable energy supply certificates, the emission of the tonnes of CO2 mentioned is avoided. Scope 2 emissions were reported for the first time in 2020 to reflect the Group's investment in clean energy.

The following breaks down the data by emission source:

Carbon footprint of Spain

Scope	Subcategory	Emission source	tCO_2eq. Total	tCO_2eq. per scope
1	Combustion stationary sources	Natural gas	**6,169.54**	**7,827.94**
		Diesel oil	**19.07**	
	Combustion mobile sources	Fossil fuels	**1,119.71**	
	Fluorated gas leaks	Leaks and refills of refrigerant gas	**519.62**	
2		Electricity consumed	**27.38**	**27.38**
3		Internal mobility	**1,492.76**	**10,674.61**
		External mobility	**642.86**	
		Downstream transport	**379.20**	
		Waste transport	**139.03**	
		Raw materials	**5,762.48**	
		Hotel stays	**29.84**	
		Waste management	**2,228.44**	
			Tn CO2e Total	**18,523.30**

Carbon footprint of subsidiaries

Scope	Sub-category	Emission source	Germany	France	Italy	Poland	United Kingdom	Portugal	Partial tCO_2eq.	Total tCO_2eq. total
1	Fluorated gas leaks	Fluorated gas leaks	0	0	0	0	0	0	0	31.09
	Combustion mobile sources	Combustion fossil fuels	12.84	5.41	5.53	2.35	0	4.95	31.09	
2		Electricity consumption	3.86	0.53	1.45	0.06	0.45	2.44	8.78	8.78
3		Internal mobility	67.34	0	73.37	0	2.12	66.41	209.24	384.15
		External mobility	10.85	0	26.97	0	2.66	0	40.49	
		Upstream transport							128.75	
		Hotel stays	2.31	0.07	2.39	0	0.2	0	4.96	
		Waste management	0.28	0.07	0.25	0	0	0.12	0.71	

The increase in Scope 1 of direct greenhouse gas emissions was mainly due to an increase in natural gas consumption at the San Sebastián de los Reyes plant as a result of the start-up of new manufacturing lines and the related validations, which require steam. Likewise, at the Julián Camarillo plant, natural gas consumption increased due to the increase in production.

According to the data compiled on activity and the emission factors listed in Note 1 of the above emission inventory table, to calculate the carbon footprint, uncertainty is evaluated taking the International Wine Carbon Calculator Protocol (IWCC) as a reference. This establishes a quality range (A-F, X), where A is an excellent emission source, F an uncertain source and X an unknown value.

Scope	Data of activity	Data source	Range
1	Natural gas	Primary data	A
	Diesel oil from stationary sources	Primary data	A
	Refrigerant gas	Primary data	A
	Internal fleet	Secondary data	B
2	Electricity consumption	Primary date	A
3	Internal mobility	Mobility survey for employees	B
	External mobility	Secondary data	B
	Downstream transport	Secondary data (internal control sheet) and estimates made by supply chain	B-C
	Raw material consumption	Secondary data	B
	Waste management	Secondary data	B

Other emissions of noxious gases into the atmosphere*

The emission sources of these gases come from natural gas combustion in the boilers.

2023	Granada	Madrid (JC)	SSRR
NOx (kg/año)	3,243	1,402	4,944
CO (kg/año)	0	27	1,418

2022	Granada	Madrid (JC)	SSRR
NOx (kg/year)	1,716	1,402	6,641
CO (kg/year)	2	27	1,522

2021	Granada	Madrid (JC)	SSRR
NOx (kg/year)	2,222	1,402	4,316
CO (kg/year)	65	27	213

Variation %	Granada	Madrid (JC)	SSRR
NOx (kg/year)	89%	—%	-26%
CO (kg/year)	-100%	1%	-7%

(*) The data stated are those used in the PRTR calculation tool. At plants where the PRTR does not require measurements be taken during the year, the data of the latest measurement are used.

6.3.6. Commitment and contribution to the SDGs regarding the environment

SDG and goals	Messages on ROVI's contribution in 2023	Goals	Key contributions
 **Clean water and sanitation** Ensure availability and sustainable management of water and sanitation for all	ROVI implements its commitment to this SDG by establishing sustainable management of water resources. For ROVI, water is a basic natural resource in medicine manufacturing and, therefore, it establishes measures for the use, treatment, reutilisation and discharge of water.	**GOAL 6.3** **GOAL 6.4**	Reduction in the production of harmful effluents (basic solutions) derived from production of the COVID-19 vaccine. Reutilisation of water rejected by the vial washing machines for watering at the San Sebastián de los Reyes plant.
 **Affordable and clean energy** Ensure access to affordable, safe, sustainable and modern energy	ROVI promotes clean energies and technologies by fixing energy-efficiency targets and measures at each one of its production plants, the ultimate aim of which is to reduce environmental impacts on the surroundings.	**GOAL 7.2**	Production of renewable energy through the panels installed at the five ROVI plants.
 **Decent work and economic growth** Promote inclusive and sustainable economic growth, employment and decent work for all	ROVI promotes efficient production, placing responsible resource management as the linchpin of its activities and striving to separate economic growth from the degradation of the environment.	**GOAL 8.4**	Signing contracts for 100% renewable energy for the totality of its manufacturing plants and the Group's main offices and subsidiaries.
 **Industries, innovation and infrastructure** Build resilient infrastructures, promote sustainable industrialisation and foster innovation	ROVI operates by developing technologies and processes that optimise the sustainable performance of industrial plants, generating less environmental impact through the reduction of emissions, efficient use of resources and minimising and optimising the waste generated.	**GOAL 9.4**	Implementation of energy efficiency projects at the plants, including, among others: Optimisation of the climate control and boiler control systems at some of the plants. Change in the lighting systems of some plants, adopting energy-efficient measures, such as the use of LED bulbs. Installation of new-generation electricity and steam meters that allow better monitoring of consumption and emissions.

Responsible consumption and production

Ensure sustainable consumption and production patterns

ROVI acts with the intention of becoming a company with a sustainable production model. It prioritises waste recovery before it is finally disposed of, applying the principles of the circular economy, as well as reducing its raw material consumption.

GOAL 12.2
GOAL 12.4
GOAL 12.5

Monthly checks and preparation of reports on water, electricity and gas indicators at all its production plants.

Climate action

Take urgent measures to combat Climate Change and its impacts

In order to meet its commitment to combat Climate Change, ROVI establishes different lines of action to follow, placing priority on efficient environmental management based on fostering the best environmental practices in the sector.

GOAL 13.2

Compensation of 100% of the Group's Scope 1 and 2 emissions and 15% of Scope 3 emissions.

Measurement of the three scopes of the carbon footprint.

Certification and registration of the totality of the Carbon Footprint (Scopes 1, 2 and 3) for 2020 and 2021 in 2022.

Integrated Policy for Environmental and Occupational Risk Prevention Management.

Environmental and Social Sustainability Policy.

Climate Change Policy

Certification of Environmental Management System.

Energy audits

Preventive maintenance of machinery

Efficient lighting and computer equipment.

Fostering the fight against climate change in all corporate areas.

Life on land

Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

ROVI is committed to and promotes care of land ecosystems, ensuring their viaility for future generations.

GOAL 15.2

Commencement of the ROVI's Forest project to compensate emissions.

Environmental Impact Study for all the production plants.

07 European Union Taxonomy

Background

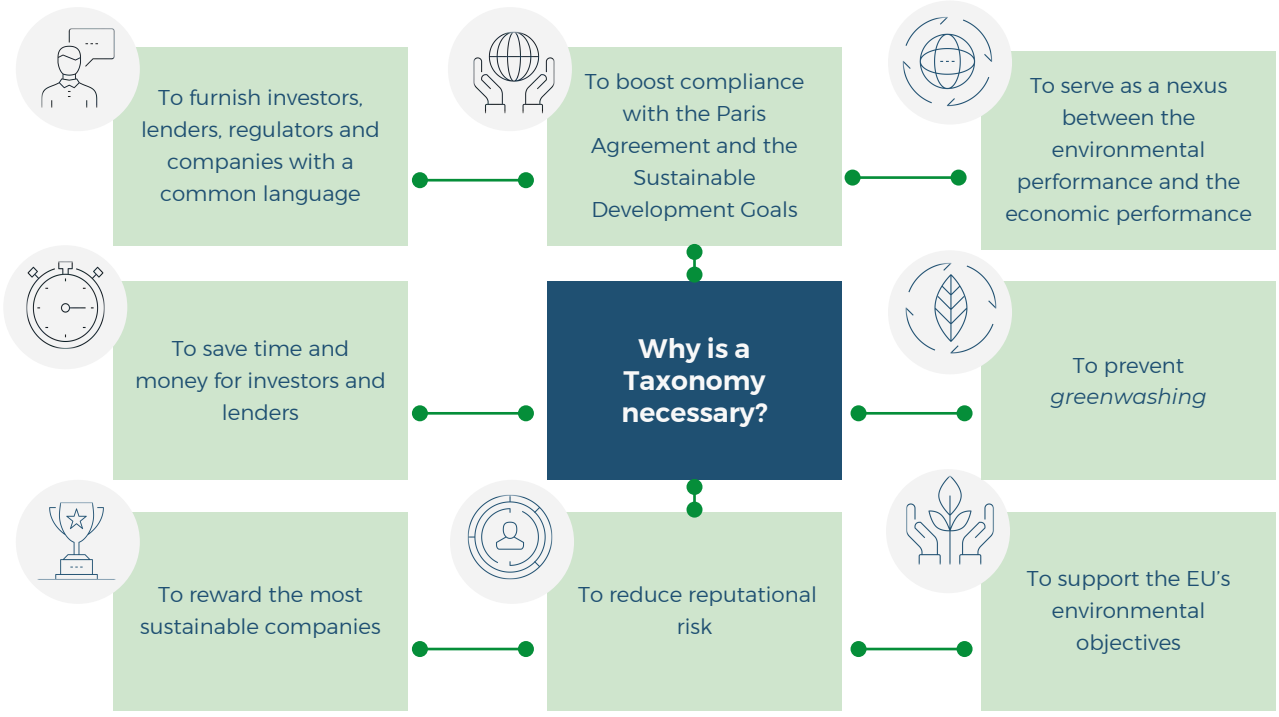
In its package of initiatives of 11 December 2019 known as the European Green Deal, the European Commission adopted an ambitious set of general measures to help improve the flow of money towards sustainable activities throughout the European Union. Since they allow investments to be redirected towards more sustainable technologies and companies, these measures will help Europe achieve climate neutrality by 2050.

One of these measures is the Taxonomy Regulation, Regulation (EU) 2020/852, which was followed by two delegated regulations to supplement it. First, Delegated Regulation 2021/2139 of 4 June 2021, which established a list of economic activities that qualify as contributing substantially to climate change mitigation or climate change adaption while causing no significant harm to any of the other environmental objectives. Second, Delegated Regulation 2021/2178 of 6 July 2021 described the key indicators to be disclosed by companies subject to the obligation to publish Non-Financial Statements under articles 19a and 29a of Directive 2013/34. As a result of the foregoing, a classification system for sustainable economic activities was established, defining what is and what is not sustainable on the basis of objective criteria. Thus, a common language was constructed for investors and companies in order to, first, direct investments towards more sustainable technologies and companies with a substantial positive impact on the climate and the environment and, second, promote compliance with the EU's climate objectives, the Paris Agreement and the Sustainable Development Goals of the United Nations.

In 2023, various changes were made to the EU taxonomy regulatory framework. First, Delegated Regulation (EU) 2023/2485 was approved, establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation[22].

Additionally, on 27 June, Delegated Regulation 2023/2486 was published, establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems

In short, the EU taxonomy establishes a series of harmonised criteria to determine whether an activity is sustainable taking account of existing market practices and advice from a group of technical experts, thus laying the foundations for a series of standards and labels for sustainable financial products.



[22] *We highlight the fact that none of the activities reported by ROVI in 2023 changed as a result of the Delegated Regulation mentioned.*

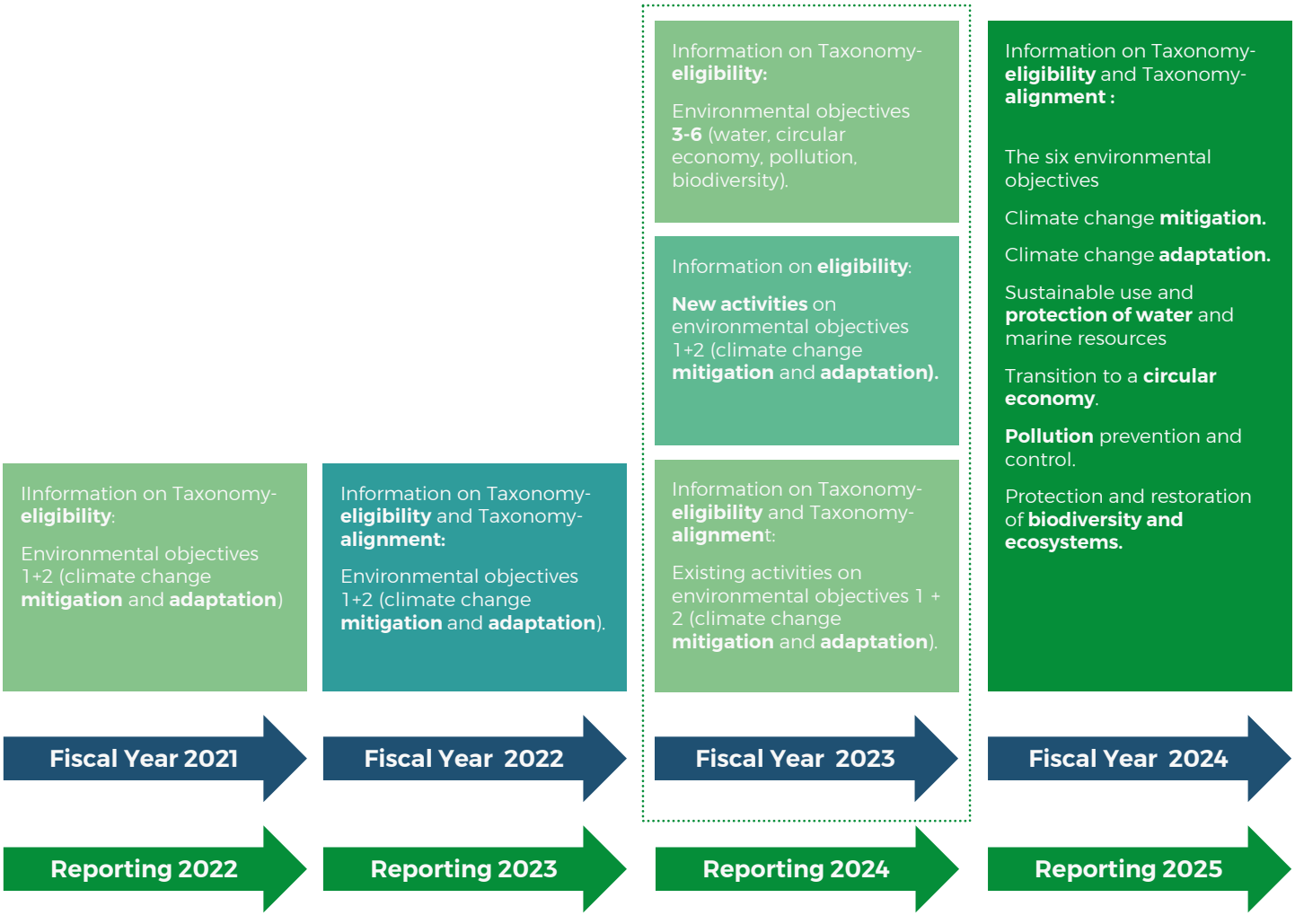
The Taxonomy establishes two screening criteria:

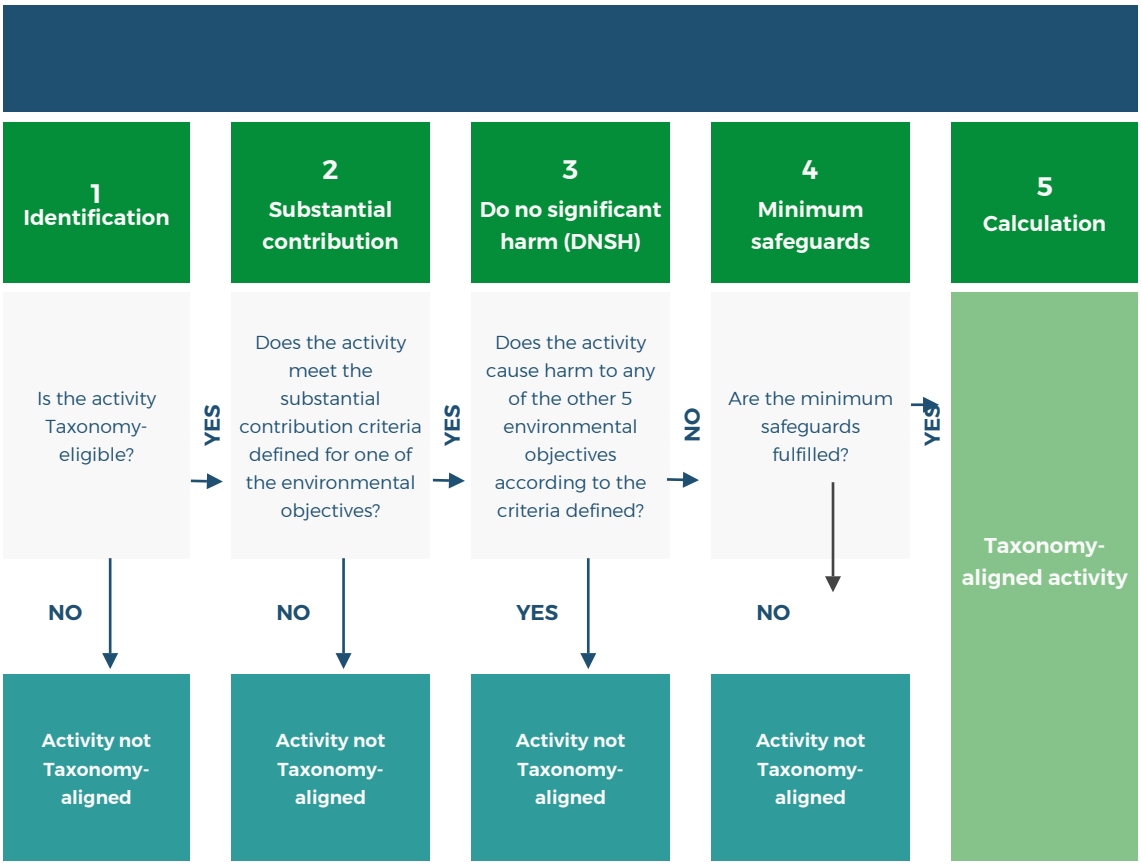
- **Eligible activities:** an economic activity carried on by a company is eligible when it meets the description of one of the activities listed in the annexes of Delegated Regulation 2021/2139 of 4 June 2021 or one of the activities listed in the annexes of Delegated Regulation 2023/2486 of 27 June 2023. Eligibility is potential in nature, i.e. an eligible activity is one that could be green in accordance with the EU taxonomy.
- **Aligned activities**: the alignment of an activity indicates its substantial contribution to one or more of the environmental activities defined by the European Commission. This concept is the result of meeting, not only the requirements contained in the definitions of the activities, but also the technical screening criteria of a substantial contribution, the principle of doing no significant harm (DNSH) to any other objectives (depending on the objective of the activity being screened) and some minimum social safeguards.

Likewise, Regulation 2021/2178 establishes the key economic indicators must that be disclosed: the percentages of the company's turnover, CapEx and OpEx represented by eligible or aligned activities.

For the 2022 reporting, non-financial companies (which include the ROVI Group) had to disclose their KPIs considering the eligibility and alignment of their taxonomy activities pursuant to the Climate Change Mitigation Annex.

For the 2023 reporting, the ROVI Group must disclose the eligibility and alignment of all its economic activities related to compliance with the Climate Change Mitigation and Adaptation objectives. Notwithstanding, in relation to the rest of the objectives, the ROVI Group need only screen the eligibility of the new activities included in the annexes of Delegated Regulation 2023/2486.





Timing and requirements

From 1 January 2022

% of Taxonomy-eligible activities (turnover, CapEx and OpEx)

Qualitative information on accounting principles

From 1 January 2023

For each Taxonomy-aligned activity

Turnover

CAPEX

OPEX

CAPEX plan

Qualitative information on accounting criteria

Contextual information

Eligibility screening

After publication of the activities of the rest of the environmental objectives in 2023, the eligibility screening has been conducted by segregating in accordance with the annexes applicable to the ROVI Group. Likewise, the eligibility screening of the activities was conducted considering the information provided by different departments of ROVI in the different business areas.

Eligible activities

In this respect, the activities that are considered eligible for ROVI in 2023 in accordance with the Delegated Regulation of 4 June 2021 and its Climate Change Mitigation Annex are the following:

- **Activity 5.4**: *"Renewal of waste water collection and treatment"*.
- **Activity 7.3**: *"Installation, maintenance and repair of energy efficiency equipment"*.
- **Activity 7.4**: *"Installation, maintenance and repair of charging stations for electric vehicles in buildings"*..
- **Activity 7.5**: *"Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings"*.
- **Activity 7.6**: *"Installation, maintenance and repair of renewable energy technologies"*.

In addition, the activities that are considered eligible for ROVI in 2023 in accordance with the Delegated Regulation of 27 June 2023 and its Pollution Prevention Annex are the following:

- **Activity 1.1**: *"Manufacture of active pharmaceutical ingredients (API) or active substances"*.
- **Activity 1.2**: *"Manufacture of medicinal products"*.

Once the eligibility of the above mentioned activities has been determined, the main novelty for the 2023 reporting is the inclusion of the KPI of turnover from the activities listed in the Pollution Prevention Annex that generate revenue for the ROVI Group.

Approach and assumptions

The approach and assumptions applied to determine the eligibility of the activities listed above are set out below. In this respect, the starting point should be the fact that ROVI's main activity is the production and marketing of pharmaceutical products and, therefore, a large part of its

turnover, as well as its CapEx and OpEx, is linked to the Group's production process itself.

Climate Change Mitigation Annex

Activity 5.4: *"Renewal of waste water collection and treatment"*. As a result of the activity of its production plants, ROVI incurred maintenance expenses in 2023 in relation to the catch basins at several of its plants (specifically Alcalá de Henares, San Sebastián de los Reyes and Julián Camarillo). The aforementioned activity is determined on the basis of said maintenance expenses.

Activity 7.3: *"Installation, maintenance and repair of energy efficiency equipment"*. In 2023, ROVI, committed to the energy efficiency of its facilities, obtained equipment that allowed it to meet this commitment. In this respect, the principal actions taken were the installation of LED luminaires and the replacement of equipment by new, more efficient equipment (heat pumps and air-conditioning systems).

The criterion followed was for all the CapEx items related to replacements by more energy- efficient equipment were eligible, apart from those items that had the sole purpose of cooling related to the production process, "process cooling". In this connection, said cooling often affects the entire facility where the production process is taking place and, therefore, the Regulation on Thermal Installations in Buildings (RITE) is not met. In this situation, said items are not deemed eligible because they lose the potential measured through these indicators.

Likewise, ROVI incurred maintenance expenses for different types of equipment, such as coolers, boilers and air-conditioning systems, at its production plants. In the same way as for the CapEx items, ROVI carried out exhaustive screening to identify the specific ratios that can be applied at its facilities (offices and common areas, not including spaces solely for use in the production process).

Therefore, the investment made to implement said measures, except those linked solely to the production process, as well as the maintenance expenses incurred, contributed to determining the eligibility of this activity.

Activity 7.4: *"Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)"*. In 2023, ROVI installed charging points for electric vehicles at its Granada plant. Therefore, the investment made in said installation contributed to determining the eligibility of this activity.

Activity 7.5: *"Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings"*. In 2023, ROVI implemented controls such as presence detectors, room air-conditioning programmers and the use of a platform (DEXMA platform) to monitor energy consumption, in order to promote energy saving at its plants and offices. Likewise, ROVI incurred expenses in relation to the maintenance of the consumption monitoring platform and the maintenance of the energy management system at its Granada plant in accordance with ISO 50001.

Therefore, the investment made to implement said measures, together with the maintenance expenses, contributed to determining the eligibility of this activity.

Activity 7.6: *"Installation, maintenance and repair of renewable energy technologies"*. ROVI, committed to the use of renewable energy technologies, invested heavily in expanding the photovoltaic installations at most of its plants in 2023. Likewise, in order to make the installations more efficient, ROVI incurred maintenance expenses at the plants that have solar panels.

Therefore, both the maintenance expenses and the installation of new panels contributed to determining the eligibility of the activity.

Pollution Prevention Annex:

Activity 1.1: *"Manufacture of active pharmaceutical ingredients (API) or active substances"*. As a pharmaceutical company, ROVI generates revenue from the manufacture of active substances at its Granada and Escúzar plants. At these plants, ROVI manufactures, firstly, the active ingredient of the Moderna vaccine. Secondly, it manufactures the active ingredient of bemiparin and enoxaparin for the subsequent manufacture of its own products. Notwithstanding, the revenue from the sale of bemiparin and enoxaparin is intercompany revenue, since it is received by Laboratorios Farmacéuticos ROVI, which sells it to ROVI Pharma Industrial Services.

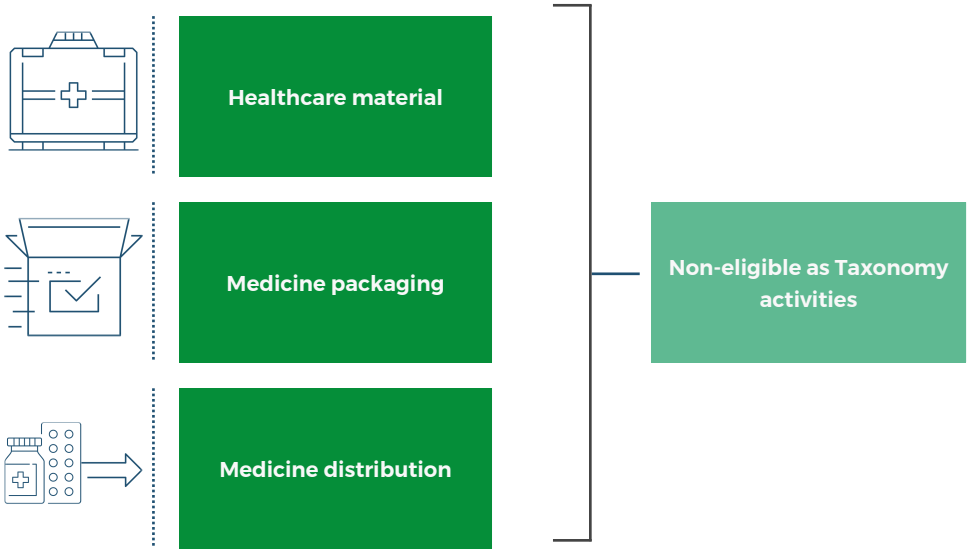
Activity 1.2: *"Manufacture of medicinal products"*. As a pharmaceutical company, ROVI generates revenue from the manufacture of medicines using its own active ingredients that it produces (bemiparin and enoxaparin) or using active ingredients produced by a third party, adding the required excipients.

In this respect, both activities generate revenue, in addition to having CapEx and OpEx associated to them. Consequently, the eligibility of the two activities is determined on the basis of the revenue obtained and the CapEx and OpEx incurred by the Group in 2023.

The following table shows the rationale applied by the Group to compute each one of the indicators to the taxonomy activity that is applicable as per the Pollution Prevention Annex:

		Turnover	CapEx	OpEx
Manufacture of active ingredients	For the Moderna vaccine	Activity 1.1.	Activity 1.1.	Activity 1.1.
	Bemiparin and Enoxaparin	Intercompany	Activity 1.2. (*)	Activity 1.2. (*)
Manufacture of medicinal products	Own API + added excipients	Activity 1.2.	Activity 1.2.	Activity 1.2.
	Third-party API + added excipients	Activity 1.2.	Activity 1.2.	Activity 1.2.

(*) *The assumption considered is that the CapEx items for for the manufacture of own API are computed in activity 1.2, since the purpose of this API is to manufacture a medicine (considering the activity overall).*



Summary of eligible activities by indicator

		Turnover	CapEx	OpEx
Climate Change Mitigation	*5.4. Renewal of waste water collection and treatment*	—	—	✓
	7.3. Installation, maintenance and repair of energy efficiency equipment	—	✓	✓
	7.5. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	—	✓	—
	7.6. Installation, maintenance and repair of renewable energy technologies	—	✓	✓
Pollution Prevention	*1.1. Manufacture of active pharmaceutical ingredients (API) or active substances*	✓	✓	✓
	1.2. Manufacture of medicinal products	✓	✓	✓

Alignment screening

After the process to identify the eligible activities pursuant to the Mitigation in Annex[23], the following were analysed:

- Technical criteria for substantial contribution to climate change mitigation/adaptation.
- Causing no significant harm to any of the other environmental objectives (DNSH).
- Minimum social safeguards.

The alignment screening of the activities was carried out considering the information provided by different departments of ROVI in different business areas.

Technical criteria for substantial contribution to climate change mitigation:

In accordance with Annexes I and II and Delegated Regulation 2021/2139 of 4 June 2021, for each CapEx and OpEx item associated to an eligible activity in 2023, compliance with the technical screening criteria for substantial contribution to climate change mitigation set out in said Annex was analysed for each activity. In this respect:

- **For activity 7.3.** *"Installation, maintenance and repair of energy efficiency equipment"*, eligible CapEx and OpEx items meet both the applicable minimum requirements set out in the national transposition of Directive 2010/31/ EU and the classification in the two highest classes of energy efficiency in accordance with Regulation (EU) 2017/1369, when applicable. Likewise, it was determined that each one of the items mentioned complies with at least one of the individual measures set out in the regulations (see activity 7.3 in Annex I of the Delegated Regulation of 4 June 2021, specifically the "Technical screening criteria" section).
- **For activity 7.4.** *"Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)"*, Annex I of Delegated Regulation 2021/2139 of 4 June 2021 does not establish any additional requirements.

[23] *For eligible activities under the Pollution Prevention Annex, no alignment screening is required for the 2023 reporting.*

- **For activity 7.5.** *"Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings"*, it was determined that each one of the CapEx and OpEx items complies with at least one of the individual measures established in the legislation (see activity 7.5 of Annex I of Delegated Regulation 2021/2139 of 4 June 2021, specifically the "Technical screening criteria" section).
- **For activity 7.6.** *"Installation, maintenance and repair of renewable energy technologies"*, it was determined that each one of the CapEx and OpEx items complies with at least one of the individual measures established in the legislation (see activity 7.6 of Annex I of Delegated Regulation 2021/2139 of 4 June, 2021, specifically the "Technical screening criteria" section).

DNSH:

Pursuant to Annexes I and II of Delegated Regulation 2021/2139 of 4 June 2021, for each CapEx and OpEx item linked to an eligible activity in 2023, compliance with the requirements ("Do no significant harm") established in said Annex for each activity was analysed. In this respect:

- **For activity 7.3**. "*Installation, maintenance and repair of energy efficiency equipment*", all the eligible CapEx and OpEx items comply with the requirements established in Appendix A[24] and Appendix C[25].
- **For activity 7.4.** *"Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)"*, all eligible CapEx items meet the requirements established in Appendix A (see footnote 24).
- **For activity 7.5**. *"Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings"*, all eligible CapEx and OpEx items meet the requirements established in Appendix A (see footnote 24).
- **For activity 7.6.** *"Installation, maintenance and repair of renewable energy technologies"*, all eligible CapEx and OpEx items meet the requirements established in Appendix A (see footnote 24).

Minimum social safeguards:

The minimum social safeguards are set out in article 18 of Delegated Regulation 2020/852, which states:

Minimum safeguards	
1	The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
2	When implementing the procedures referred to in paragraph 1 of this Article, undertakings shall adhere to the principle of 'do no significant harm' referred to in point (17) of Article 2 of Regulation (EU) 2019/2088."

In this respect, the requirements are divided into four core topics: Human Rights, Bribery/Corruption, Taxation and Fair Competition.

- **Human rights**: ROVI holds a firm commitment to protect human rights and strives to ensure that the activities carried out within its sphere of influence do not violate human rights. To this end, it has different tools and mechanisms intended to ensure that this commitment is met (for further details, see section 6.1.2. "Ethics and integrity in the business model")
- **Corruption:** ROVI is committed to "zero tolerance" of bribery and corruption, rejecting any action that includes these practices as a way to pursue its own interests (for further details, see section 6.1.3. "Regulatory compliance").
- **Taxation:** ROVI holds a commitment to meet all tax requirements and apply the best tax practices, always reporting transparently on its activities and meeting its tax obligations responsibly and efficiently (for further details, see section 5.3 "Tax transparency").

[24] *ROVI has an analysis of physical climate risks and an adaptation plan for the risks identified as material. For further details, see chapter 6.1.5 of this report, "Identification and management of climate change risks and opportunities".*
[25] *None of the activities has given rise to the manufacture, commercialisation or use of any of the substances listed in Appendix C.*

- **Fair competition:** ROVI is firmly committed to achieving long-term success through fair competition, not resorting to any practices that affect the free market, as stated in its own Code of Ethics. Therefore, it promotes ethical business management that respects competition law and avoids any unfair practice that means obtaining unfair advantages or that could affect free competition.

Calculation of key indicators

In line with the content of Annex I of the Delegated Regulation of 6 July 2021, non-financial companies must disclose the percentage of turnover, CapEx and OpEx of their eligible and aligned activities in 2023 for the Mitigation objective Likewise, they must disclose the three KPIs for the eligible activities of the Pollution Prevention objective in accordance with the new rules introduced by Delegated Regulation (EU) 2023/2486. Taking the first article of said Annex as a basis, ROVI has calculated these indicators.

Likewise, it should be noted that the factors necessary to avoid double accounting were taken into account throughout the work process:

- The main information sources were the accounting and management information used in the consolidated income statement, based on the external reporting format for the National Securities Market Commission (CNMV).
- To analyse this accounting information, the subtotals were checked to ensure that the complete information was included at all times.

Calculation of the percentage of turnover

The proportion of turnover to which article 8(2), point (a), of Regulation (EU) 2020/852 refers, shall be calculated as the part of the net turnover derived from products or services, including intangibles, associated with Taxonomy-aligned economic activities (numerator), divided by the net turnover (denominator) as defined in article 2, point (5), of Directive 2013/34/EU. The turnover shall cover the revenue recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82(a) as adopted by Commission Regulation (EC) No 1126/2008.

Revenue-generating activities for ROVI in 2023 were activities 1.1. "Manufacture of active pharmaceutical ingredients (API) or active substances" and 1.2. *"Manufacture of medicinal products"* from the Pollution Prevention Annex. In this respect, ROVI has considered the aggregate of the eligible turnover of these two activities to be the numerator.

The process to calculate the amounts of the numerator consisted of an exhaustive analysis of all the revenue generated by the companies Laboratorios Farmacéuticos ROVI, S.A. and ROVI Pharma Industrial Services, S.A.U. in 2023. Every item was examined individually, considering the reason why the revenue was received, discarding any items that did not fall within the description of the activities, with the ultimate purpose of finding out which specific items were eligible and to which activity they should be allocated.

The amounts used as the denominator correspond to the consolidated net turnover of the ROVI Group disclosed in its Consolidated Annual Accounts ("Consolidated Income Statement" section).

Calculation of the percentage of CapEx

It is calculated as the numerator divided by the denominator, the denominator covering the additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year, excluding fair value changes. The denominator shall also cover additions to tangible and intangible assets resulting from business combinations.

For non-financial undertakings applying international financial reporting standards (IFRS) as adopted by Regulation (EC) No 1126/2008, CapEx shall cover costs that are accounted based on:

- IAS 16 Property, Plant and Equipment, paragraphs 73, (3) point (i) and point (iii);
- IAS 38 Intangible Assets, paragraph 118, (e), point (i);
- IAS 40 Investment Property, paragraphs 76, points (a) and (b) (for the fair value model);
- IAS 40 Investment Property, paragraph 79 (d), points (i) and (ii) (for the cost model);
- IAS 41 Agriculture, paragraph 50, points (b) and (e);
- IFRS 16 Leases, paragraph 53, point (h).

For non-financial undertakings applying national generally accepted accounting principles (GAAP), CapEx shall cover the costs accounted under the applicable GAAP that correspond to the costs included in the capital expenditure by non-financial undertakings applying IFRS.

Leases that do not lead to the recognition of a right-of-use over the asset shall not be counted as CapEx.

The numerator equals to the part of the capital expenditure included in the denominator that is any of the following:

I. Related to assets or processes that are associated with Taxonomy-aligned economic activities;

II. Part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ('CapEx plan') under the conditions specified in the second subparagraph of point 1.1.2.2 of Annex I of the Delegated Regulation of 6 July, 2021 (relative to the 'CapEx plan');

III. Related to the purchase of output from Taxonomy-aligned economic activities and individual measures

enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably activities listed in points 7.3. to 7.6 of Annex I to the Climate Delegated Act, as well as other economic activities listed in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

For ROVI, the eligible activities with associated CapEx in 2023 were the following

Climate Change Mitigation Annex	Pollution Prevention Annex
Activity 7.3.	Activity 1.1.
Activity 7.4.	Activity 1.2.
Activity 7.5.	
Activity 7.6.	

To analyse the numerator, ROVI screened all the items added to CapEx in 2023.

- For CapEx items related to the Mitigation Annex, ROVI conducted an exhaustive screening, which consisted of verifying that each one of the invoices associated to the CapEx items added met the description contained in the Taxonomy regulations, therefore allocating the value shown on the invoices to the CapEx numerator[26].
- For CapEx items related to the Pollution Prevention Annex, ROVI calculated the totality of the CapEx items added without making a detailed screening at invoice level, since the CapEx added is, in its entirety, assumed to contribute to either the manufacture of the active substance or the manufacture of a medicine. This screening was performed by segregating each CapEx item added by cost centre.

In the course of the screening, double accounting of items was avoided, computing the items that are directly related to the description of each taxonomy activity with each activity[27].

The denominator corresponds to the Group's total CapEx, which includes investments in both property, plant and equipment and intangible assets, as well as right-of-use assets, disclosed in the Consolidated Annual Accounts (in the section "Increases in non-current non-financial assets"[28].

Calculation of the percentage of OpEx

The proportion of OpEx to which article 8(2), point b), of Regulation (EU) 2020/852 refers shall be calculated as the numerator divided by the denominator as specified in points 1.1.3.1 and 1.1.3.2 of the Annex 1 to the Delegated Regulation of 6 July, 2021, the latter covering direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Additionally, non-financial companies that apply national GAAP and are not capitalising right-of-use assets shall include lease costs in the OpEx.

The numerator equals to the part of the operating expenditure included in the denominator that is any of the following:

i. Related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resources adaptation needs, and direct non-capitalised costs that represent research and development;

ii. Part of the CapEx plan to expand Taxonomy-aligned economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned within a predefined timeframe as set out in the second paragraph of point 1.1.3.2 of Annex I to the Delegated Regulation of 6 July, 2021 relative to 'CapEx plan').

iii. Related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures as identified in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) or Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

For ROVI, the OpEx indicator considers solely costs related to research and development, short-term leases and maintenance and repairs. ROVI does not consider individual building renovation measures and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the company or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets as OpEx.

[26] *In cases where the invoices that make up the CapEx items are not related in their entirety with any activity described in the regulation.*
[27] *For example, LED luminaires of a new building constructed to expand ROVI's production capacity were computed to activity 7.3 of the Mitigation Annex, while the rest of the investment made was computed to activity 1.1/1.2 depending on whether it related to active ingredient or medicinal product manufacturing.*
[28] *The CapEx figure used includes the items related to rights of use recognised under International Financial Reporting Standard 16 "Leases" (IFRS 16).*

In this respect, for ROVI the eligible activities with associated OpEx in 2023 were the following:

Climate Change Mitigation Annex	Pollution Prevention Annex
Activity 5.4	Activity 1.1.
Activity 7.3.	Activity 1.2.
Activity 7.5.	
Activity 7.6.	

To analyse the OpEx numerator, ROVI screened the following accounts: "622. Repairs and maintenance" and "621 Leases and royalties", as well as the account relating to R&D equipment maintenance.

- To screen the activities included in the Mitigation Annex, ROVI worked with each one of the persons responsible for its production plants in order to identify items directly related to the activities mentioned in said Annex through an exhaustive screening.
- To screen the activities in the Pollution Prevention Annex, in line with the criterion followed to analyse the CapEx. ROVI segregated all the items that should be considered in the Taxonomy screening and discarded those that were not applicable. Likewise, mention should be made of the fact that the R&D-related operating expenses relate, in their entirety, to activity 1.2. "Manufacture of medicinal products".

In the course of the screening, double accounting of items was avoided, computing the items that are directly related to the description of each taxonomy activity with each activity.

The denominator includes total R&D expenses, repair and maintenance expenses and operating lease expenses disclosed in ROVI's consolidated Annual Accounts (sections "Other operating expenses" and "Research and Development").

Results

The proportion of eligible and non-eligible activities in accordance with European Union Taxonomy is shown below:

% Eligibility

Turnover	CapEx	OpEx
36.012 %	**70.661 %**	**25.595 %**
(298,723.50 thousand euros)	(43,090.45 thousand euros)	(9,297.50 thousand euros)

% Non-eligibility

Turnover	CapEx	OpEx
63.988 %	**29.339 %**	**74.41 %**
(530,785.50 thousand euros)	(17,891.55 thousand euros)	(27,028.50 thousand euros)

% Alignment

Turnover*	CapEx*	OpEx*
0 %	**2.145 %**	**0.136 %**
	(1,308.29 thousand euros)	(49.30 thousand euros)

% Non-alignment

Turnover*	CapEx*	OpEx*
100 %	**97.855 %**	**99.864 %**
	(59,673.71 thousand euros)	(36,276.70 thousand euros)

(*) *In 2023, ROVI does not report the alignment figures for activities 1.1. and 1.2. of the Pollution Prevention Annex since only eligibility reporting is required under the Regulation.*

Turnover

Financial Year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does not significantly harm"									
Economic activities	Code	Turnover (€)	Proportion of Turnover 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
A. Taxonomy - elegible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		- €	0%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	S	0%		
Of which Enabling		- €	0%	0%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	0%	F	
Of which Transitional		- €	0%	0%						S	S	S	S	S	S	S	0%		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of active pharmaceutical ingredients (API) or active substances (*)	PPC 1.1	22,790,234.49 €	2.747%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N/A		
Manufacture of medicinal products (*)	PPC 12	275,933,266.60 €	33.265%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N/A		
Turnover of Taxonomyeligible but not environmentallysustainable activities (not Taxonomy-aligned activities) (A.2)		298,723,501.09 €	36.012%	0%	0%	0%	36,012 %	0%	0%								N/A		
A Turnover of Taxonomy eligible activities (A.1+A.2)		298,723,501.09 €	36.012%	0%	0%	0%	36.012 %	0%	0%								N/A		
B . Taxonomy -Non-elegible activities																			
Turnover of Taxonomy non-eligible activities (B)		530,785,498.91 €	63.988%																
Total		**829,509,000.00 €**	**100%**																

(*) In 2022, this activity did not require eligibility screening.

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR (**)	0%	0%
CE (**)	0%	0%
PPC (**)	0%	36.0%
BIO (**)	0%	0%

(**) In 2023 alignment reporting on the activities included in said Annexes was not required.

CapEx

Financial Year 2023	2023			Substantial contribution criteria						DNSH criteria ("Does not significantly harm"									
Economic activities	Code	CapEx((€)	Proportion of Turnover 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
A. Taxonomy - elegible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	354,478.8 €	0.581%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.660%	F	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings	CCM 7.4	4,701.27 €	0.008%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.028%	F	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	60,331.00 €	0.099%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.057%	F	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	888,778.73 €	1.457%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.112%	F	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,308,289.80 €	2.145%	2.145%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	0.857%		
Of which Enabling		1,308,289.80 €	2.145%	2.145%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	0.857%	F	
Of which Transitional		- €	0%	0%						S	S	S	S	S	S	S	0%		T

CapEx

Financial Year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does not significantly harm"									
Economic activities	Code	CapEx(i€)	Proportion of Turnover 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of active pharmaceutical ingredients (API) or active substances (*)	PPC 1.1	17,989.80 €	0.030%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N/A		
Manufacture of medicinal products (*)	PPC 12	41,746,546.09 €	68.457%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N/A		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	17,621.07 €	0.029%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.004%		
CapEx of Taxonomy-eligible but not environmentallysustainable activities (not Taxonomy-aligned activities) (A.2)		41,782,156.96 €	68.516%	0.029%	0%	0%	68.487%	0%	0%								0.004%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		43,090,446.76 €	70.661%	2.714%	0%	0%	68.487%	0%	0%								0.860%		
B . Taxonomy -Non-elegible activities																			
CapEx of Taxonomy-noneligible activities (B)		17,891,553.24 €	29.339%	(*) In 2022, this activity did not require eligibility screening.															
Total		**60,982,000.00 €**	**100%**																

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomay-eligible per objective
CCM	2.15%	0.0289%
CCA	0.0%	0.0%
WTR (**)	0.0%	0.0%
CE (**)	0.0%	0.0%
PPC (**)	0.0%	68.487%
BIO (**)	0.0%	0.0%

(**) In 2023 alignment reporting on the activities included in said Annexes was not required.

OpEx

Financial Year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does not significantly harm"									
Economic activities	Code	OpEx (€)	Proportion of Turnover 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
A. Taxonomy - eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	29,481.97 €	0.081%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.020%	F	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5.	15,037.00 €	0.041%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.025%	F	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	4,784.00 €	0.013%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.009%	F	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		49,302.97 €	0.136%	0.14 %	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	0.054%		
Of which Enabling		49,302.97 €	0.136%	0.14 %	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	0.054%	F	
Of which Transitional		- €	0%	0%						S	S	S	S	S	S	S	0%		T

OpEx

Financial Year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does not significantly harm"									
Economic activities	Code	OpEx (€)	Proportion of Turnover 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of active pharmaceutical ingredients (API) or active substances (*)	PPC 1.1	481,355.37 €	1.325%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N/A		
Manufacture of medicinal products (*)	PPC 12	8,741,185.29 €	24.063%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N/A		
Renewal of waste water collection and treatment	CCM 5.4	22,207.39 €	0.061%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.059%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	3,453.34 €	0.010%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.017%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		9,248,201.39 €	25.459%	0.071%	0%	0%	25.388%	0%	0%								0.076%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		9,297,504.36 €	25.595%	0.206%	0%	0%	25.388%	0%	0%								0.131%		
B . Taxonomy -Non-elegible activities																			
OpEx of Taxonomy-noneligible activities (B)		27,028,495.6 €	74.41%	(*) In 2022, this activity did not require eligibility screening.															
Total		**36,326,000.00 €**	**100%**																

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomay-eligible per objective
CCM	0.136%	0.07%
CCA	0.0%	0.0%
WTR (**)	0.0%	0.0%
CE (**)	0.0%	0.0%
PPC (**)	0.0%	23.388%
BIO (**)	0.0%	0.0%

(**)In 2023 alignment reporting on the activities included in said Annexes was not required.

Nuclear related activities		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	**NO**
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	**NO**
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	**NO**
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	**NO**
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	**NO**
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	**NO**

08 About this report

8.1 Preparation and scope

[GRI 2-3, 2-4, 2-5, 3-1, 3-2]

This Integrated Report includes clear, concise and relevant information on ROVI (actions, advances and challenges) in the 2023 calendar year regarding financial, strategic and sustainability aspects that the Company has identified as material for both ROVI and its shareholders, following the annual pattern adopted by the company. In this respect, the last Integrated Report drawn up by the Group was published in February 2023 and included the information for the 2022 calendar year.

Additionally, this document represents the Statement of Non-Financial Information (SNFI) for 2023 and includes the information required by the Capital Companies Law. The previous report published by the company was issued in February 2023 with information on the 2022 calendar year. The Board of Directors of Laboratorios Farmacéuticos Rovi, S.A. approves this SNFI in accordance with Law 11/2018, which amended the Code of Commerce, the revised text of the Capital Companies Act, and the Account Auditing Act as regards disclosure of non-financial and diversity information. The external firm that has checked the Integrated Report 2023 is KPMG Asesores S.L.

The information published in this document refers to the ROVI Group in its entirety (see section 3.3 "Ownership and structure"), except when a different scope is specified. Likewise, in order to make the Group's evolution easier to understand, information on the years 2022 and 2021 is provided.

In terms of material scope and topics, this document does not contain any significant changes when compared with the Integrated Report for 2022.

This report was drawn up using the GRI Standards as a reference. Furthermore, the structure of the information contained herein follows the IR Framework of the Integrated International Reporting Council (IIRC). Appendix III hereto contains a table showing the correlation between the GRI Standards reported and the section where the relevant information appears. Appendix IV shows a table that sets out the correlation between the requirements of Law 11/2018 and the content of this report.

Likewise, the information contained herein represents the expectations and beliefs of ROVI at the date of preparation hereof. This information involves known and unknown risks, uncertainties and other factors which might cause the actual results, financial condition, performance, or achievements of ROVI, or its industrial results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Therefore, ROVI wishes to state that future events or developments may cause these expectations and beliefs to change. However, while ROVI may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. Additionally, these forward-looking statements should be considered to represent the company's expectations or beliefs at the publication date of this document and should not be relied upon at any date subsequent to the publication hereof.

The content is supplemented by the following public information on the year 2023:

I. Annual Corporate Governance Report.

II. Annual Director Remuneration Report.

III. Other relevant content that may be found on ROVI's website: : *https://www.rovi.es/es/home*

PRINCIPLES OF THE GRI STANDARDS FOR THE APPLICATION OF THE INTEGRATED LABORATORY REPORT ROVI

Accuracy	The information contained in this report is accurate in qualitative and quantitative terms in order to enable the principal stakeholders to assess the organisation's performance.	**Balance**	This Integrated Report includes both the positive aspects of ROVI's performance and those where there is room for improvement, in order to provide a complete view of the company and its activities.
Sustainability context	ROVI, committed to sustainable development, manages all the capital flows involved in its activity responsibly, continually seeking to generate value (economic value, employment, development, etc.) for all its stakeholders.	**Clarity**	The information is presented in a way that is understandable, so that the principal stakeholders have a reasonable knowledge of the company and its activities.
Timeliness	The Group issues its Integrated Report annually, so that the principal stakeholders may obtain a deeper knowledge of the company's performance and milestones in the year reported.	**Comparability**	The information provided contains references to previous years, so that the principal stakeholders can analyse the evolution of the organisation's performance and the performance can be analysed in comparison with that of other organisations.
Completeness	This Integrated Report provides a response to each one of the aspects identified as material, as well as the different aspects, measures and goals of ROVI, seeking to satisfy its stakeholders' information needs. This document discloses sufficient information on the activities, events and impacts in the period reported to allow their impacts to be assessed.	**Verifiability**	The company has processes in place to gather, record, compile and analyse the information set out in this document following recognised quality principles. Furthermore, this information is checked by a third party.

09 Appendix

I Financial performance

II Our commitment to people

III GRI content index

IV Content index: Law 11/2018 - GRI

V SDGs

Appendix I Financial performance

Laboratorios Farmacéuticos Rovi, S.A. and Subsidiaries

Consolidated Statement of Financial Position as of 31 December 2023 and 31 December 2022

THOUSAND EUROS	31 December, 2023	31 December, 2022
ASSETS		
Non-current assets		
Property, plant and equipment	253,652	215,541
Intangible assets	33,902	35,744
Investment in joint venture	567	2,193
Deferred tax assets	2,343	2,078
Financial assets at fair value through other comprehensive income	24	9
Financial receivables	65	65
	290,553	**255,630**
Current assets		
Inventories	337,968	311,944
Trade and other receivables	143,314	180,011
Current income tax assets	—	4,148
Prepaid expenses	2,727	2,025
Cash and cash equivalents	25,322	124,945
	509,331	**623,073**
Total assets	**799,884**	**878,703**

Laboratorios Farmacéuticos Rovi, S.A. and Subsidiaries

Consolidated Statement of Financial Position as of 31 December 2023 and 31 December 2022

THOUSAND EUROS	31 December, 2023	31 December, 2022
EQUITY		
Equity attributed to parent company	**539,387**	**520,012**
Share capital	3,241	3,241
Share premium	87,636	87,636
Legal reserve	673	673
Treasury shares	-107,676	-27,561
Retained earnings and voluntary reserves	385,199	256,362
Profit for the year	170,335	199,669
Consolidated other comprehensive income	-21	-8
Non-controllling interests	**4,107**	**1,367**
Total equity	**543,494**	**521,379**
LIABILITIES		
Non-current liabilities		
Financial debt	52,242	59,441
Deferred income tax liabilities	1,515	677
Contract liabilities	1,431	1,545
Deferred income	1,359	1,774
	56,547	**63,437**
Current liabilities		
Financial debt	13,185	12,725
Trade and other payables	141,895	165,776
Current tax liabilities	5,255	—
Contract liabilities	39,044	114,901
Deferred income	464	485
	199,843	**293,887**
Total liabilities	**256,390**	**357,324**
Total equity and liabilities	**799,884**	**878,703**

Laboratorios Farmacéuticos Rovi, S.A. and Subsidiaries

Consolidated income statement for 2023 and 2022

THOUSAND EUROS	2023	2022
Revenue	**829,509**	**817,698**
Changes in inventories of finished goods and work in progress	18,552	38,883
Raw materials and consumables used	-359,641	-339,824
Work carried out by the Group on non-current assets	3,865	2,856
Employee benefit expenses	-122,807	-106,522
Other operating expenses	-125,674	-136,482
Amortisation and depreciation	-24,331	-22,871
Impairment of non-current assets	—	-2
Recognition of government grands on non-financial non-current assets and other	781	2,112
Share in profits of joint ventures	-125	199
OPERATING PROFIT (EBIT)	**220,129**	**256,047**
Finance income	1,504	1,770
Finance costs	-948	-849
Impairment and gain or loss on measurement of financial instruments	-191	1,820
Foreign exchange differences	-86	-821
FINANCIAL INCOME/(COSTS) — NET	**279**	**1,920**
PROFIT BEFORE TAX	**220,408**	**257,967**
Income tax	-50,109	-58,302
PROFIT FOR THE YEAR	**170,299**	**199,665**
PROFIT ATTRIBUTED TO THE PARENT COMPANY	**170,335**	**199,669**
PROFIT ATTRIBUTED TO NON-CONTROLLING INTERESTS	**-36**	**-4**

Laboratorios Farmacéuticos Rovi, S.A. and Subsidiaries

Consolidated cash flow statements for 2023 and 2022

THOUSAND EUROS	2023	2022
Cash flows from operating activities		
Profit before income tax	**220,408**	**257,967**
Adjustments for non-monetary transactions		
Amortisation and depreciation	24,331	22,871
Finance income	-1,504	-1,770
Adjustments for impairment	3,232	5,160
Adjustments for changes in value of derivatives	-28	11
Gain (or loss) on derecognition of financial assets and liabilities	219	-1,831
Finance expenses	948	849
Foreign exchange differences	86	821
Grants, distribution licences and other deferred income	-1,119	-2,904
Share of profit in joint venture	125	-199
Changes in working capital		
Trade and other receivables	19,471	-26,820
Inventories	-29,294	-71,591
Other current assets (prepaid expenses)	-702	-234
Trade and other payables	-23,923	41,672
Other collection and payments:		
Proceeds from contract manufacturing services	-58,402	57,104
Proceeds from distribution licences	255	385
Income tax cash flow	-40,856	-43,889
Net cash flows generated from (used in) operating activities	**113,247**	**237,602**
Cash flows from investing activities		
Purchases of intangible assets	-1,393	-669
Purchases of property, plant and equipment	-53,794	-50,719
Proceeds from sale of property, plant and equipment	382	78
Purchases of other financial assets	0	-5,870
Proceeds from sale of financial investments	88	20
Investments in associates and joint ventures	-600	—
Proceeds from sale of interests in associates and joint ventures	1,800	—
Interest received	1,489	6
Net cash flows generated (used) in investing activities	**-52,028**	**-57,154**
Cash flows from financing activities		
Repayments of financial debt	-13,654	-6,768
Proceeds from financial debt	734	1,399
Interest paid	-388	-291
Purchase of treasury shares	-133,900	-177,008
Reissue of treasury shares	52,639	77,766
Dividends paid	-69,049	-51,007
Capital contributions to subsidiaries	2,776	1,371
Net cash flows generated from (used in) financing activities	**-160,842**	**-154,538**
Net (decrease) increase in cash and cash equivalents	**-99,623**	**25,910**
Cash and cash equivalents at the beginning of the year	**124,945**	**99,035**
Cash and cash equivalents at the end of the year	**25,322**	**124,945**

Tax information for 2023 by company (€ thousands)

Company	Country	Profit before tax	Income tax	Government grants received
Laboratorios Farmacéuticos Rovi, S.A.	Spain	10,080	1,959	514
Laboratorios Farmacéuticos Rovi, S.A. EP Portugal	Portugal	3	2	0
Laboratorios Farmacéuticos Rovi, S.A. EP Polonia	Poland	-82	0	0
Laboratorios Farmacéuticos Rovi, S.A. EP Alemania	Germany	110	0	0
Rovi Biotech GmbH	Germany	907	-239	0
Rovi Pharma Industrial Services, S.A.(*)	Spain	188,175	-46,596	267
Pan Química Farmacéutica, S.A.(*)	Spain	310	-78	0
Gineladius, S.L.(*)	Spain	-70	9	0
Rovi Escúzar, S.L.(*)	Spain	-944	236	0
Bertex Pharma GmbH	Germany	-9	0	0
Rovi Biotech, Limited	United Kingdom	131	0	0
Rovi Biotech, S.R.L.	Italy	932	-550	0
Rovi Biotech GmbH	Switzerland	-7	0	0
Rovi, S.A.S	France	152	0	0
Rovi Biotech Spólka z.o.o.	Poland	-90	0	0
Glicopepton Biotech, S.L.	Spain	-76	0	0
TOTAL		**199,522**	**-45,257**	**781**

This table shows the tax figures by company. The consolidated Group figures at 31 December, 2023 would be: Profit before tax: 220,408 thousand euros; Income tax: 50,109 thousand euros; government grants received: 781 thousand euros.

Tax information for 2022 by company (€ thousands)

Company	Country	Profit before tax	Income tax	Government grants received
Laboratorios Farmacéuticos Rovi, S.A.	Spain	44,982	-5,545	2,109
Laboratorios Farmacéuticos Rovi, S.A. EP Portugal	Portugal	-132	-20	0
Laboratorios Farmacéuticos Rovi, S.A. EP Polonia	Poland	-144	0	0
Laboratorios Farmacéuticos Rovi, S.A. EP Alemania	Germany	-25	0	0
Rovi Biotech GmbH	Germany	1,014	-241	0
Rovi Pharma Industrial Services, S.A.(*)	Spain	215,030	-53,048	3
Pan Química Farmacéutica, S.A.(*)	Spain	512	-128	0
Gineladius, S.L.(*)	Spain	-10	3	0
Rovi Escúzar, S.L.(*)	Spain	-692	173	0
Bertex Pharma GmbH	Germany	-1	0	0
Rovi Biotech, Limited	United Kingdom	-110	0	0
Rovi Biotech, S.R.L.	Italy	766	-334	0
Rovi Biotech GmbH	Switzerland	-75	0	0
Rovi, S.A.S	France	114	0	0
Rovi Biotech Spólka z.o.o.	Poland	-104	0	0
Glicopepton Biotech, S.L.	Spain	-9	0	0
TOTAL		**261,116**	**-59,139**	**2,112**

(*) These companies for part of tax group 362/07, the parent of which is Laboratorios Farmacéuticos Rovi, S.A.
Note: there may be discrepancies in the totals due to rounding up or down.

Tax information for 2023 by company (€ thousands)

Country	Profit before tax	Income tax	Government grants received
Spain	197,475	-44,470	781
Portugal	3	2	0
Poland	-172	0	0
Germany	1,008	-239	0
United Kingdom	131	0	0
Italy	932	-550	0
Switzerland	-7	0	0
France	152	0	0
Total	**199,522**	**-45,257**	**781**

Tax information for 2022 by company (€ thousands)

Country	Profit before tax	Income tax	Government grants received
Spain	259,813	-58,545	2,112
Portugal	-132	-20	0
Poland	-248	0	0
Germany	988	-241	0
United Kingdom	-110	0	0
Italy	766	-334	0
Switzerland	-75	0	0
France	114	0	0
Total	**261,116**	**-59,139**	**2,112**

Economic value distributed

€ THOUSANDS	2023	2022
Economic value generated	830,290	819,810
Economic value distributed:		
Shareholders	59,617	69,883
Suppliers	441,840	413,554
Society	50,109	58,302
R&D	24,923	23,869
Employees	122,807	106,522
Financial providers	-279	-1,920
Amortisation and depreciation	20,466	20,017
Reserves	110,807	129,583

Alternatives performance measures

In addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRSs") taken from the company's financial statements, this document includes certain alternative performance measures ("APMs") as defined by the European Securities and Markets Authority (ESMA) in the Guidelines on Alternative Performance Measures of 5 October 2015 (ESMA/2015/1415), as well as some non-IFRS financial indicators. The financial measures contained in this document that are considered APMs or non-IFRS financial indicators have been prepared on the basis of the ROVI Group's financial information but are not defined or set out in detail within the applicable financial information framework and have not been audited or reviewed by our auditors.

These APMs are considered figures that have been adjusted in respect of those that are presented in accordance with the International Financial Reporting Standards endorsed by the European Union (IFRS-EU), which form the accounting framework applicable to the consolidated financial statements of the ROVI Group. Therefore, the reader should consider them to complement the latter but not to replace them.

We use these APMs and non-IFRS financial indicators to plan, oversee and assess our performance. We consider the APMs and non-IFRS financial indicators to be useful to allow the management team and investors to compare the past or future financial performance, the financial situation and the cash flows. Notwithstanding, these APMs and non-IFRS financial indicators are considered complementary and are not intended to replace IFRS measures. Furthermore, other companies, including some in our sector, may calculate such measures differently, which reduces their usefulness for comparative purposes.

This document contains information on the APMs and non-IFRS financial indicators used. Therefore, the purpose of each APM is set out below as well as its reconciliation with the financial information presented in the consolidated financial statements prepared under IFRS. This document is available on ROVI's website and may be accessed on the following link: (*https://www.rovi.es/es/accionistasinversores/informacion-financiera-negocio*).

In this respect, in accordance with the Guidelines issued by the European Securities and Markets Authority (ESMA), in force since 3 July, 2016, in relation to the transparency of Alternative Performance Measures, ROVI provides below information concerning the APMs included in this document that it considers significant:

Operating revenue

This APM shows the revenue that the group generates from its main business activities.

Operating revenue refers to revenue.

Other revenue

Other revenue shows the grants obtained by the Group to develop its R&D&I and other projects.

Other revenue refers to the recognition of government grants on non-financial non-current assets and other.

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.

Cost of sales

The cost of sales shows the cost of producing or acquiring the products or services that ROVI sells.

It is calculated as the amount of raw materials and consumables used plus changes in inventories of finished goods and work in progress.

Gross profit

Gross profit is an indicator that measures the direct profit that ROVI obtains from carrying on its revenue-generating activities.

Gross profit is calculated as total revenue less cost of sales.

Gross margin or gross profit as % of operating revenue

The gross margin is a percentage indicator that measures the direct profit that ROVI obtains from its revenue.

The gross margin or gross profit as a % of operating revenue is calculated as the percentage that the gross profit represents in the net sales (operating 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 and it is an indicator that is often used in company analysis.

EBITDA is calculated as the profit before taxes, finance income/(costs), depreciation and amortisation.

EBITDA margin or EBITDA as % of operating revenue

This APM is a percentage indicator that measures the operating profit that ROVI obtains from its revenue before interest, taxes, impairment, depreciation and amortization are deducted.

The EBITDA margin or % EBITDA / operating revenue is calculated as the percentage the EBITDA represents in the net sales (operating revenue).

EBITDA "pre-R&D"

This APM is used to show the EBITDA obtained from ROVI's stable main business.

EBITDA "Pre-R&D" is calculated as EBITDA excluding:

- Research and development ("R&D") expenses; and
- Non-recurring expenses/income.

EBIT

EBIT ("Earnings Before Interest and Taxes") is an indicator that measures the operating revenue before deducting interest and tax. As with the EBITDA, management uses it to assess the results over time.

EBIT is calculated as profit before taxes and net finance costs.

EBIT margin or EBIT as % of operating revenue

The EBIT margin is a percentage indicator that measures the operating profit that ROVI obtains from its revenue before interest and taxes are deducted.

The EBIT margin or % EBIT/operating revenue is calculated as the percentage of sales (operating revenue) that the EBIT represents.

Net profit

The net profit is an indicator that measures the group's profit in the period.

Net profit is calculated as EBIT plus net finance income/(costs) plus income tax.

Net profit/operating revenue

This alternative performance measure is a percentage indicator that measures the profit that ROVI obtains from its revenue in the period.

Net profit/operating revenue is calculated as net profit as a percentage of sales (operating revenue).

Gross cash position

The gross cash position is an indicator that measures the cash held by the group at a specific point in time.

The gross cash position is calculated as equity securities plus deposits plus financial derivatives plus financial assets at amortised cost plus cash and cash equivalents.

CapEx

CapEx is an indicator used to provide a better understanding of the investments made by the Group in the course of its operations.

The CapEx is calculated as the acquisition of property, plant and equipment and intangible assets.

CapEx as % of operating revenue

This APM is a percentage indicator that measures the group's investments in property, plant and equipment, and intangible assets to its operating revenues.

CapEx as % of operating revenue is calculated as the percentage that the purchases of property, plant and equipment and intangible assets represents in the revenue (operating revenue).

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 financial assets at amortised cost, plus cash and cash equivalents, less current and non-current financial debt.

Reconciliation of financial figures not required under IFRS-EU (NON-GAAP)

€ MILLIONS	2023	2022
Operating revenues[1]	829.5	817.7
Other revenue[2]	0.8	2.1
Total revenue[3]	830.3	819.8
Cost of sales[4]	-341.1	-300.9
Gross profit[5]	489.2	518.9
% margin[6]	59.0%	63.5%
EBITDA[7]	244.5	278.9
% margin[6]	29.5%	34.1%
EBITDA ("pre-R&D")[8]	269.4	302.8
EBIT[9]	220.1	256.0
% margin[6]	26.5%	31.3%
Net profit[10]	170.3	199.7
Purchases of property, plan and equipment and intangible assets ("CapEx")[11]	55.2	51.4
Gross cash position[12]	26.8	126.4
Net debt[13]	38.6	-54.2

(1) Operating revenue refers to revenue.
(2) Other income includes the recognition of government grants on non-financial non-current assets and other.
(3) Total revenue calculated as revenue plus the recognition of government grants on non-financial non-current assets and other.
(4) Cost of sales 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.
(5) Gross profit calculated as revenue plus the recognition of government grants on non-financial non-current assets and other less change in inventories of finished goods and work in progress and raw materials and consumables used.
(6) The gross margin and the EBITDA and EBIT margins are calculated as the result of dividing the gross profit, the EBITDA and the EBIT, respectively, by revenue, expressed as a percentage.
(7) EBITDA calculated as profit before interest, taxes, depreciation and amortization.
(8) Pre-R&D EBITDA is calculated as EBITDA excluding research and development expenses (R&D) and non-recurring expenses/revenues.
(9) EBIT calculated as profit before taxes and interest.
(10) Net profit refers to profit for the year.
(11) Purchases of property, plan and equipment and intangible assets ("capex")
(12) Gross cash position calculated as equity securities plus deposits plus financial derivatives plus financial assets at amortised cost plus cash and cash equivalents.
(13) Net debt composed of equity securities, plus deposits, plus financial derivatives, plus cash and cash equivalents, less current and non-current financial debt.

Appendix II Our Commitment to people

[GRI 2-7, 2-8, 2-25]

Total number and distribution of employees by:

Gender

Gender	2023	2022	2021	Variation 2022-2023
Men	976	943	834	3%
Women	1,135	1,050	917	8%
Total	**2,111**	**1,993**	**1,751**	**6%**

Age and gender

Age	2023			2022			2021			Variation 2022-2023
	Men	Women	Total	Men	Women	Total	Men	Women	Total	
18-30 years	235	311	**546**	200	252	**452**	188	251	**439**	21%
31-40 years	266	307	**573**	261	297	**558**	244	258	**502**	3%
41-50 years	276	323	**599**	278	305	**583**	252	250	**502**	3%
51-60 years	179	159	**338**	180	154	**334**	133	136	**269**	1%
>60 years	20	35	**55**	24	42	**66**	17	22	**39**	-17%
Total	**976**	**1,135**	**2,111**	**943**	**1,050**	**1,993**	**834**	**917**	**1,751**	**6%**

Country and gender

Country	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain	912	1,031	**1,943**	894	979	**1,873**	816	893	**1,709**
UK	2	3	**5**	5	5	**10**	1	1	**2**
Germany	21	33	**54**	20	30	**50**	12	14	**26**
Italy	21	36	**57**	5	16	**21**	0	3	**3**
France	7	2	**9**	7	3	**10**	4	1	**5**
Poland	1	4	**5**	1	2	**3**	0	1	**1**
Portugal	0	2	**2**	3	8	**11**	1	4	**5**
Chile	1		**1**	1	0	**1**	0	0	**0**
Romania	2	4	**6**	3	3	**6**	0	0	**0**
Venezuela	2	6	**8**	3	1	**4**	0	0	**0**
Turkey	0	1	**1**	0	1	**1**	0	0	**0**
Argentina	0	1	**1**	0	1	**1**	0	0	**0**
Morocco	0	1	**1**	0	1	**1**	0	0	**0**
Colombia	4	3	**7**	1	0	**1**	0	0	**0**
Austria	0	4	**4**	0	0	**0**	0	0	**0**

Mexico	0	1	**1**	0	0	**0**	0	0	**0**
Croatia	0	1	**1**	0	0	**0**	0	0	**0**
El Salvador	1	0	**1**	0	0	**0**	0	0	**0**
Peru	1	1	**2**	0	0	**0**	0	0	**0**
Paraguay	0	1	**1**	0	0	**0**	0	0	**0**
Bulgaria	1	0	**1**	0	0	**0**	0	0	**0**
Total	**976**	**1,135**	**2,111**	**943**	**1,050**	**1,993**	**834**	**917**	**1,751**

(*) Professional group according to the XX Collective Agreement of the Chemical Industry.

Professional classification* and gender

	2023			2022			2021			Variation 2022-2023
	Men	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**	
1	1	6	**7**	1	6	**7**	1	5	**6**	–%
2	40	54	**94**	53	70	**123**	62	60	**122**	-24%
3	180	209	**389**	185	197	**382**	144	151	**295**	2%
4	159	135	**294**	164	125	**289**	145	122	**267**	2%
5	375	386	**761**	323	335	**658**	287	297	**584**	16%
6	102	146	**248**	103	134	**237**	98	128	**226**	5%
7	56	118	**174**	64	121	**185**	64	124	**188**	-6%
8	1	1	**2**	3	1	**4**	3	1	**4**	-50%
0	15	7	**22**	12	5	**17**	12	5	**17**	29%
Subsidiaries	47	73	**120**	35	56	**91**	18	24	**42**	32%
Total	**976**	**1,135**	**2,111**	**943**	**1,050**	**1,993**	**834**	**917**	**1,751**	**6%**

(*) Professional group according to the XX Collective Agreement of the Chemical Industry.

Distribution of contract types by:

Gender

	2023			2022			2021			Variation 2022-2023
	Men	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**	
Permanent full-time	897	965	**1,862**	828	882	**1,710**	632	669	**1,301**	9%
Permanent part-time	1	5	**6**	1	4	**5**	1	3	**4**	20%
Permanent reduced hours	4	53	**57**	7	45	**52**	3	36	**39**	10%
Total permanent	**902**	**1,023**	**1,925**	**836**	**931**	**1,767**	**636**	**708**	**1,344**	**9%**
Temp. specific project or service	0	0	**0**	0	0	**0**	1	0	**1**	–%

Temp. work backlog	34	40	**74**	46	37	**83**	135	118	**253**	-11%
Temp. substitution contract	3	13	**16**	4	11	**15**	6	10	**16**	7%
Training/ apprenticeship	30	35	**65**	47	43	**90**	47	57	**104**	-28%
Temp. part-time	7	24	**31**	10	28	**38**	9	24	**33**	-18%
Total Temp.	**74**	**112**	**186**	**107**	**119**	**226**	**198**	**209**	**407**	**-18%**
Total	**976**	**1,135**	**2,111**	**943**	**1,050**	**1,993**	**834**	**917**	**1,751**	**6%**

Age

	2023						2022						2021						Var. 2022 -2023
	18-30	31-40	41-50	51-60	>60	Total	18-30	31-40	41-50	51-60	>60	Total	18-30	31-40	41-50	51-60	>60	Total	
Total permanent	437	549	585	328	26	**1,925**	312	528	569	330	28	**1,767**	219	414	449	249	13	**1,344**	**9%**
Temp. specific project or service	0	0	0	0	0	**0**	–	–	0	0	0	**0**	1	–	0	0	0	**1**	**-%**
Temp. work backlog	43	18	9	3	1	**74**	53	18	10	2	0	**83**	116	74	48	15	0	**253**	**-11%**
Temp. substitution contract	6	1	5	3	1	**16**	8	1	4	1	1	**15**	4	6	5	1	0	**16**	**7%**
Training/ apprenticeship	59	5	0	1	0	**65**	78	11	0	1	0	**90**	97	7	0	0	0	**104**	**-28%**
Temp. part-time	1	0	0	3	27	**31**	1	–	0	0	37	**38**	2	1	0	4	26	**33**	**-18%**
Total	**546**	**573**	**599**	**338**	**55**	**2,111**	**452**	**558**	**583**	**334**	**66**	**1,993**	**439**	**502**	**502**	**269**	**39**	**1,751**	**6%**

Professional classification *

	2023										
	1	2	3	4	5	6	7	8	0	Subsidiaries	Total
Permanent	6	68	357	251	686	246	171	2	22	116	1,925
Temp. specific project or service	0	0	0	0	0	0	0	0	0	0	0
Temp. work backlog	0	23	14	1	32	0	0	0	0	4	74
Temp. substitution contract	0	3	3	3	6	1	0	0	0	0	16
Training/ apprenticeship	0	0	8	23	34	0	0	0	0	0	65
Temp. part-time	1	0	7	16	3	1	3	0	0	0	31
Total	**7**	**94**	**389**	**294**	**761**	**248**	**174**	**2**	**22**	**120**	**2,111**

	2022										
	1	2	3	4	5	6	7	8	0	Subsidiaries	Total
Permanent	6	86	337	236	580	229	183	4	17	89	**1767**
Temp. specific project	0	0	0	0	0	0	0	0	0	0	**0**
Temp. work backlog	0	32	20	3	25	1	0	0	0	2	**83**
Temp. substitution contract	0	5	4	1	5	0	0	0	0	0	**15**
Training/ apprenticeship	0	0	8	34	41	7	0	0	0	0	**90**
Temp. part-time	1	0	13	15	7	0	2	0	0	0	**38**
Total	**7**	**123**	**382**	**289**	**658**	**237**	**185**	**4**	**17**	**91**	**1,993**

	2021										
	1	2	3	4	5	6	7	8	0	Subsidiaries	Total
Permanent	6	24	169	219	399	179	190	4	17	38	**1245**
Temp. specific project	0	0	0	1	1	1	0	0	0	0	**3**
Temp. work backlog	0	64	63	11	45	12	0	0	0	3	**198**
Temp. substitution	0	4	8	1	4	2	1	0	0	0	**20**
Training/	0	0	8	15	49	18	0	0	0	1	**91**
Temp. part-time	0	1	9	12	8	0	1	0	0	0	**31**
Total	**6**	**93**	**257**	**259**	**506**	**212**	**192**	**4**	**17**	**42**	**1,558**

(*) Professional group according to the XX Collective Agreement of the Chemical Industry.

Number of dismissals by:

Gender

	2023	2022	2021	Variation 2022-2023
Men	21	18	10	17%
Women	19	15	11	27%
Total	**40**	**33**	**21**	**21%**

Age and gender

	2023			2022			2021			Variation 2022-2023
	Men	Women	Total	Men	Women	Total	Men	Women	Total	
18-30 years	3	5	8	2	2	4	3	1	**4**	100%
31-40 years	7	5	12	5	5	10	2	2	**4**	20%
41-50 years	7	6	13	6	5	11	1	6	**7**	18%
51-60 years	4	3	7	5	2	7	4	2	**6**	-%
>60 years	0	0	0	0	1	1	0	0	**0**	-100%
Total	**21**	**19**	**40**	**18**	**15**	**33**	**10**	**11**	**21**	21%

Professional classification * and gender

	2023			2022			2021			Variation 2022-2023
	Men	Women	Total	Men	Women	Total	Men	Women	Total	
1	0	0	0	0	0	0	0	0	**0**	–%
2	4	2	6	2	2	4	2	1	**3**	50%
3	7	11	18	2	3	5	1	0	**1**	260%
4	2	2	4	3	3	6	1	1	**2**	-33%
5	4	3	7	7	7	14	5	4	**9**	-50%
6	2	1	3	3	0	3	1	3	**4**	–%
7	2	0	2	1	0	1	0	2	**2**	100%
8	0	0	0	0	0	0	0	0	**0**	–%
0	0	0	0	0	0	0	0	0	**0**	–%
Subsidiaries	0	0	0	0	0	0	0	0	**0**	–%
Total	**21**	**19**	**40**	**18**	**15**	**33**	**10**	**11**	**21**	**21%**

(*) Professional group according to the XX Collective Agreement of the Chemical Industry.

Accident rate

Work-related accident frequency rate* by gender::

Gender	2023	2022	2021	Variation 2022-2023
Men	7.051	4.833	5.956	46%
Women	6.423	5.389	2.937	19%
Total	**6.715**	**5.127**	**4.380**	**31%**

*(*) Rate calculated as N° accidents / N° of hours worked * 1,000,000.*
The calculated data refer to accidents at the workplace.

Work-related severity rate* by gender:

Gender	2023	2022	2021	Variation 2022-2023
Men	0.209	0.136	1.559	54%
Women	0.299	0.211	0.763	42%
Total	**0.257**	**0.176**	**1.142**	**46%**

*(*) Rate calculated as N° of working days lost / N° of hours worked * 1,000.*
The calculated data refer to accidents at the workplace.

Work-related accident incidence rate* by gender:

Gender	2023	2022	2021	Variation 2022-2023
Men	1.946	1.273	1.799	53%
Women	1.762	1.429	1.854	23%
Total	**1.847**	**1.355**	**1.828**	**36%**

(*) Figures of ROVI Group employees are included. Information on personnel hired through temporary employment companies is excluded.

Number of work-related accidents* by gender:

Gender	2023	2022	2021	Variation 2022-2023
Men	19	12	13	58%
Women	20	15	7	33%
Total	**39**	**27**	**20**	**44%**

(*) Accidents and data of ROVI Group employees are included. Information on personnel hired through temporary employment companies is excluded. Additionally, a working day of 8 hours has been used to calculate the number of working days lost.

Absence rate

Summary of sick leave rates in the period

	2023	2022	2021	Variation 2022-2023
Total SL rate	3.67%	3.62%	3.31%	0.05 pp
SL rate: AW&OD	0.21%	0.10%	0.23%	0.11 pp
SL rate: CC	3.45%	2.21%	2.49%	1.24 pp
SL rate: COVID-19	0.01%	0.69%	0.60%	-0.68 pp

SL: *Stick leave | AW: Accident at work | OD: Occupational diseases | CC: Common contingencies*

Source: *Mutua de Accidentes de Trabajo FREMAP. Informe Anual de Absentismo Global GRUPO ROVI.*

	2023				2022				2021			
	Days sick leave	Days worked	Absence rate	Sector absence rate	Days sick leave	Days worked	Absence rate	Sector absence rate	Days sick leave	Days worked	Absence rate	Sector absence rate
Total	**27,055**	**737,572**	**3.67%**	**4.24%**	23,122	677,998	3.41%	4.68%	18,975	573,098	3.31%	4.30%

Days sick leave: *days of sick leave for AW+OD+CC+COVID-19 recorded*

Notional days worked: *days worked by each worker in companies with professional and common cover with a mutual society that collaborates with the Social Security. In the file of movements sent by the General Treasury of the Social Security, the days worked in the company by each worker are calculated and the days of all the workers are added together.*

Total absolute absence rate: *percentage ratio between the days of sick leave (AW+OD+CC+COVID-19) and the notional days worked by each worker in companies with professional and common cover with a mutual society that collaborates with the Social Security (Days sick leave AW+OD+CC+COVID-19 / notional days) * 100.*

Sector: *Data referring to the group protected by the mutual society that collaborates with the Social Security in the selected sector and/or area.*

Source: Mutua de Accidentes de Trabajo FREMAP. Annual Global Absence Report ROVI Group.

Average remuneration* by:

Gender

Gender	2023	2022	2021	Variation 2022-2023
Men	€39,980	€38,385	€36,868	4%
Women	€37,439	€35,647	€34,082	5%
Total	**€38,710**	**€37,016**	**€35,475**	**5%**

Age and gender

	2023			2022			2021			Variation 2022-2023
	Men	Women	Total	Men	Women	Total	Men	Women	Total	
18-30 years	€26,601	€28,337	**€27,469**	€24,470	€26,246	€25,460	23,834 €	25,446 €	**24,755 €**	8%
31-40 years	€33,705	€36,215	**€34,960**	€31,345	€34,217	€32,874	30,369 €	33,647 €	**32,053 €**	6%
41-50 years	€41,374	€42,851	**€42,113**	€39,157	€40,567	€39,895	42,676 €	39,149 €	**40,919 €**	6%
51-60 years	€61,723	€46,530	**€54,127**	€59,134	€44,054	€52,181	51,848 €	41,689 €	**46,712 €**	4%
>60 years	€66,789	€37,817	**€52,303**	€66,357	€35,610	€46,791	71,023 €	33,135 €	**49,650 €**	12%

Professional group** and gender

	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
1	€17,420	€18,658	€17,035	€18,266	16,657 €	18,277 €
2	€18,820	€19,083	€18,207	€18,397	17,777 €	17,995 €
3	€20,622	€21,415	€20,084	€21,022	19,493 €	21,004 €
4	€27,930	€26,641	€26,989	€26,475	27,118 €	26,098 €
5	€34,982	€34,752	€35,244	€34,230	34,466 €	32,267 €
6	€49,763	€43,835	€46,540	€41,051	43,690 €	38,127 €
7	€66,470	€59,821	€62,802	€57,793	59,776 €	55,067 €
8	€120,569	€110,188	€123,418	€108,276	117,420 €	106,262 €
0	€256,707	€139,692	€282,829	€147,637	231,341 €	137,942 €
Subsidiaries	€89,570	€72,852	€88,937	€67,397	97,943 €	68,293 €

(*) *Scholarship remuneration is not included because scholarship-holders do not have a professional group.*
(**) *Professional group according to the XX Collective Agreement of the Chemical Industry*
Note: *For more details on the methodology for calculating the pay gap, see section 6.2.2.4 Promoting equal opportunities, diversity and inclusion.*

Average executive remuneration

	2023			2022			2021			Variation 2022-2023
	Men	Women	Average	Men	Women	Average	Men	Women	Average	
Fixed remuneration	€250,934	€129,987	**€190,460**	€245,923	€127,336	€186,629	188,400 €	117,510 €	**152,955 €**	2%
Variable remuneration	€87,144	€49,297	**€68,221**	€87,760	€40,948	€64,354	78,400 €	35,373 €	**56,886 €**	6%
Remuneration in kind	€10,224	€8,148	**€9,186**	€11,029	€8,974	€10,002	10,921 €	8,943 €	**9,932 €**	-8%
Total average	**€348,301**	**€187,432**	**€267,866**	**€344,711**	**€177,258**	**€260,985**	**277,720 €**	**161,826 €**	**219,773 €**	**3%**

Median remuneration by

Gender*

	2023	2022	Variation 2022-2023
Men	€30,000	€28,970	4%
Women	€31,053	€30,008	3%
Total	**€30,527**	**€29,489**	**4%**

(*) *Data not available in 2021.*

Training

	2023	2022	2021	Variation 2022-2023
Total hours of training	62,415	56,885	49,393	**10%**
Training hours per employee	29.78	28.54	20.28	**4%**
% of employees who have received some kind of training	99%	100%	52%	**-0.7 pp**
Training investment per employee (€)	€261.95	€240.30	€221.94	**9%**
Total training investment	€552,987	€478,926	388.629 €	**15%**

Training

Total hours of training by professional group*

	2023	2022	Variation 2022-2023
1	23.85	21.86	9%
2	24.78	18.14	37%
3	30.51	19.59	56%
4	29.84	21.68	38%
5	28.61	31.74	-10%
6	30.88	37.24	-17%
7	35.76	37.16	-4%
8	24.00	25.00	-4%
0	11.77	26.76	-56%

(*) *Data not available in 2021.*

From November to December 2023, 5,717 hours of training that have not been broken down by professional category were imparted.

Distribution of employees by educational level*

	2023		2022		Variation 2022-2023	
	Men	Women	Men	Women	Men	Women
N° studies	53	63	16	21	231%	200%
Bsic	111	113	69	73	61%	55%
Secondary	102	65	197	192	-48%	-66%
Proffesional training	321	252	230	244	40%	3%
University graduates	364	598	412	487	-12%	23%
Doctorate	25	44	19	33	32%	33%

(*) Data not available in 2021.

Average hours of training by gender*

	2023	2022	Variation 2022-2023
Men	28.94	26.90	8%
Women	29.24	30.02	-3%

(*) *Data not available in 2021.*

Investment in training per employee and by gender (€)*

	2023	2022	Variation 2022-2023
Hombres	€574	€231	149%
Mujeres	€488	€248	97%

(*) *Data not available in 2021.*

Appendix III GRI Content Index

Declaration of use	ROVI has presented the information cited in this GRI Content Index for the period running from 1 January, 2023 to 31 December, 2023 using the GRI Standards as a reference.
Declaration of uses	GRI 1: Fundation 2021

GRI Standard	Content	Location	Pages
GRI 2: General disclosures 2021	2-1 Organisational details	3.1.Group profile 3.2. National and international presence 3.3. Ownership and structure	p. 13-14 p. 15-17 p. 18
	2-2 Entities included in the organisation's sustainability reporting	3.3. Ownership and structure	p. 18
	2-3 Reporting period, frequency and contact point	8.1. Preparation and scope	p. 189-191
	2-4 Restatements of information	8.1. Preparation and scope	p. 189-191
	2-5 External assurance	8.1. Preparation and scope	p. 189-191
	2-6 Activities, value chain and other business relationships	2.2. Key milestones 2023 2.3. Our response to the key challenges of 2023 3.2 National and international presence 3.4. Business units 6.2.3.1. Ensuring sustainability in the supply chain	p. 9-10 p. 11 p. 15-17 p. 19-25 p. 127-128
	2-7 Employees	6.2.2.1. Ensuring the stability of our workforce. Appendix II - Our commitment to people	p. 111 p. 202-210
	2-8 Nomination and selection of the highest governance body	Appendix II - Our commitment to people	p. 202-210

GRI Standard	Content	Location	Pages
	2-10 Nomination and selection of the highest governance body	6.1.1. Our corporate governance model and structure	p. 73-85
	2-11 Chair of the highest governance body	6.1.1. Our corporate governance model and structure	p. 73-85
	2-12 Role of the highest governance body in overseeing the management of impacts	6.1.1. Our corporate governance model and structure	p. 73-85
	2-13 Delegation of responsibility for managing impacts	6.1.1. Our corporate governance model and structure	p. 73-85
	2-14 Role of the highest governance body in sustainability reporting	6.1.1. Our corporate governance model and structure	p. 73-85
	2-16 Communication of critical concerns	6.2.3.4. Promoting active communication with our suppliers 6.1.2 Ethics and integrity in the business model	p. 130-131 p. 86-88
	2-18 Evaluation of the performance of the highest governance body	6.1.1 Our corporate governance model and structure	p. 73-85
	2-19 Remuneration policies	6.1.4 Remuneration policy	p. 91-92
	2-20 Process to determine remuneration	6.1.4 Remuneration policy	p. 91-92
	2-22 Statement of sustainable development strategy	4.5 ESG Master Plan	p. 58-71
	2-23 Policy commitments	4.2 Identity and commitment: mission, vision and values 4.3. Corporate strategy 6.1.2 Ethics and integrity in the business model 6.3.1. Environmental policy, goals and commitments	p. 39-40 p. 40-48 p. 86-88 p. 148-151
	2-24 Embedding policy commitments	6.1 Our commitment to good governance	p. 105
	2-25 Processes to remediate negative impacts	Appendix II - Our commitment to people	p. 202-210

GRI Standard	Content	Location	Pages
	2-26 Mechanisms for seeking advice and raising concerns	6.1.2 Ethics and integrity in the business model	p. 86-88
	2-27 Compliance with laws and regulations	6.1.3 Regulatory compliance	p. 88-89
	2-28 Membership of associations	6.1.2 Ethics and integrity in the business model 6.2.1.3. Promoting responsible marketing 6.2.4.2. Enhancing social action	p. 86-88 p. 88-89 p. 134-140
	2-29 Approach to stakeholder engagement	4.4 Materiality 6.2.1.4. Maintaining active communication without customers, patients and healthcare professionals 6.2.2.6. Achieving the well-being of our employees 6.2.3.2. Ensuring the safety and quality of the supply chain 6.2.3.4. Promoting active communication with our suppliers 6.2.4.4. Dialogue with local communities	p. 48-57 p. 109 p. 123-125 p. 129 p. 130-131 p. 143
	2-30 Collective bargaining agreements	6.2.2.7. Ensuring social dialogue	p. 126
GRI 3: Material Topics 2021	3-1 Process to determine material topics	4.4 Materiality	p. 48-57
	3-3 Management of material topics	4.4 Materiality 5.3 Tax transparency 6.1.2 Ethics and integrity in the business model 6.1.3 Regulatory compliance 6.2.1.3. Promoting responsible marketing 6.2.2.1. Ensuring the stability of our workforce 6.2.2.2. Seeking to attract and retain talent 6.2.2.3. Protecting health and safety 6.2.2.4. Promoting equal opportunities, diversity and inclusion 6.2.2.5. Boosting training, development and performance evaluation	p. 48-57 p. 70-71 p. 86-88 p. 88-89 p. 108 p. 111 p. 112 p. 113-116 p. 116-121 p. 121-123

GRI Standard	Content	Location	Pages
		6.2.2.6. Achieving the well-being of our employees	p. 123-125
		6.2.2.7. Ensuring social dialogue	p. 126
		6.2.3.2. Ensuring the safety and quality of the supply chain	p.129
		6.2.4.2. Enhancing social action	p. 134-140
		6.3.1. Environmental policy, goals and commitments	p. 148-151
		6.3.2. Environmental management systems	p. 152-154
		6.3.3. Sustainable use of resources	p. 155-160
GRI 201: Market Presence 2016	201-4 Financial assistance received from government	5.3 Tax transparency	p. 70-71
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	6.2.3.1. Ensuring sustainability in the supply chain	p. 127-128
GRI 207: Tax 2019	207-1 Approach to tax	5.3 Tax transparency	p. 70-71
GRI 301: Materials 2016	301-1 Materials used by weight or volume	6.3.3. Sustainable use of resources	p. 155-160
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	6.3.3. Sustainable use of resources	p. 155-160
	302-4 Reduction of energy consumption	6.3.5. Mitigation of climate change	p. 163-168
GRI 303: Water	303-5 Water withdrawal	6.3.3. Sustainable use of resources	p. 163-168
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	6.3.5. Mitigation of climate change	p. 163-168

GRI Standard	Content	Location	Pages
	305-2 Energy indirect (Scope 2) GHG emissions	6.3.5. Mitigation of climate change	p. 163-168
	305-3 Other indirect (Scope 3) GHG emissions	6.3.5. Mitigation of climate change	p. 163-168
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	6.3.5. Mitigation of climate change	p. 163-168
GRI 306: Waste 2020	306-2 Waste by type and disposal method	6.3.4. Waste management and circular economy	p. 160-163
	306-3 Waste generated	6.3.4. Waste management and circular economy	p. 160-163
	306-4 Waste diverted from disposal	6.3.4. Waste management and circular economy	p. 160-163
	306-5 Waste directed to disposal	6.3.4. Waste management and circular economy	p. 160-163
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	6.2.3.2. Ensuring the safety and quality of the supply chain	p. 129
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	6.2.2.1. Ensuring the stability of our workforce 6.2.2.2. Seeking to attract and retain talent	p. 111 p. 112
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	6.2.2.7. Ensuring social dialogue	p. 126
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	6.2.2.3. Protecting health and safety	p. 123-125
	403-4 Worker participation, consultation and communication on occupational health and safety	6.2.2.3. Protecting health and safety 6.2.2.7. Ensuring social dialogue	p. 123-125 p. 126

GRI Standard	Content	Location	Pages
	403-5 Worker training on occupational health and safety	6.2.2.3. Protecting health and safety 6.2.2.5. Boosting training development and performance evaluation	p. 113-116 p. 121-123
	403-6 Promotion of worker health	6.2.2.6. Achieving the well-being of our employees	pg. 123-125
	403-9 Work-related injuries	6.2.2.3. Protecting health and safety	p. 113-116
	403-10 Work-related ill-health	6.2.2.3. Protecting health and safety	p. 113-116
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	6.2.2.5. Boosting training, development and performance evaluation	p. 121-123
	404-2 Programs for upgrading employee skills and transition assistance programs	6.2.2.5. Boosting training, development and performance evaluation	p. 121-123
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A description of the policies applied by the group on these issues, which will include the due diligence procedures applied to identify, assess, prevent and attenuate material risks and impact and the verification and control procedures, including the measures adopted	3-3 103-2	6.1. Our commitment to good governance	p. 73

Information required by Law 11/2018	Relationship with GRI indicators (guidance only)	Location	Pages
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Appendix V SDG

Our contribution to the SDGs regarding Good Governance

SDG and Goal	Key messages on ROVI's contribution in 2023	Goals	Key contributions
 **Gender equality** Achieve gender equality and empower all women and girls	ROVI integrates its commitment to this SDG by establishing equality as a basic principle for good governance, offering the same opportunities of access to work and professional promotion.	**GOAL 5.5**	Promoting the inclusion of women on the Board of Directors and the Management Committee, where women account for 42.86% and 30% of the members, respectively.
 **Decent work and economic growth** Promote inclusive and sustainable economic growth, employment and decent work for all	From Group management, ROVI promotes and strives to ensure inclusive and sustainable long-term growth.	**GOAL 8.3** **GOAL 8.7**	Approval of internal policies and procedures such as the Code of Ethics, the Code of Ethics for Suppliers or the whistleblower channel.
 **Peace, justice and strong institutions** Promote just, peaceful and inclusive societies.	ROVI operates in compliance with national and international ethical practices when conducting its activities.	**GOAL 16.2** **GOAL 16.10.b**	Zero tolerance of any kind of bribery or corruption, rejecting any action that includes these practices, thanks to a number of control mechanisms (Crime Prevention Model, Code of Practice for the Pharmaceutical Industry, Audit Committee, Compliance Committee, Ethical Marketing Policy, etc.). Regular review and adaptation of the Group's corporate polices to keep them in line with regulatory requirements, best market practices and the values promoted by the Group through democratic and inclusive processes. Support of the Universal Declaration of Human Rights.

Our contribution to the SDGs regarding People

SDG and goals	Key messages of ROVI's contribution 2023	Goals	Key contributions
 **Good health and well-being** Ensure healthy lives and promote well-being for all at all ages	ROVI prioritised the Safety and Health of all the people it interacted with in its day-to- day operations (customers, patients, employees, suppliers, etc.), applying all the measures recommended by the experts and authorities to protect their health and improve their quality of life, thanks to the combined action of the pharmaceutical industry in producing medicines, which has accounted for 73% of the increase in life expectancy achieved over recent decades.	**GOAL 3.4** **GOAL 3.8** **GOAL 3.9.b**	Broad portfolio of products, including Risperidone ISM® for the treatment of schizophrenia in acute patients. Active role in producing the COVID-19 vaccine. Collaboration with different organisations (among them, Fundación Recover) to promote access to healthcare, especially in territories with conditions that make medicines and quality healthcare difficult to access. Internal and external audits to guarantee quality, health and safety during the product's life cycle, especially from the design and research of the product until it is launched in the market (ISO 9001:2015; ISO14001:2015; ISO 13485:2016, AEMPS, EMA, etc.). Strong Occupational Health and Safety System, certified under standard ISO 45001:2015, which helps keep occupational accidents and diseases to a minimum. Mechanism for "one-off dispatches" in exceptional situations in order to favour access to medicines.
 **Quality education** Ensure inclusive and equitable quality education and promote lifelong learning for all	ROVI actively supports the implementation of a quality education system, both at corporate level and externally,through its collaboration with different educational centres and organisations, offering an extensive training portfolio that covers different areas, among which the following may be highlighted: Leadership abilities, time management, stress management and a wide range of technical training related to the pharmaceutical industry: Green Belt, Lean Six Sigma, GMPs, calibration, etc.	**GOAL 4.3** **GOAL 4.4** **GOAL 4.5** **GOAL 4.7**	Active collaboration with foundations and NGOs such as Down Granda, Fundación Prodis and Fundación para el Desarrollo Integral de los Pueblos, whose raison d'être is the inclusion of vulnerable people by promoting knowledge-sharing. Knowledge shared with local communities through smooth communications, especially with the authorities of the location in which it is operating. Fostering quality education. 50% of ROVI's workforce holds a university degree. Collaboration agreements with organisations and academic centres to promote access to education and employability. Training plans adapted to the needs of each employee, maximising their skills and strengthening their professional development: 62,415 hours of training in 2023, corresponding to a total of 29.78 hours/employee (average)

Gender equality

Achieve gender equality and empower all women and girls

ROVI meets its commitment to this SDG by establishing equality as a basic principle for action and, consequently, striving to offer equal opportunities for access to work and professional promotion for all professionals, ensuring that there is no kind of gender discrimination in the course of its activity.

GOAL 5.5
GOAL 5.2
GOAL 5.c

Regular monitoring of the gender gap.

Approval of corporate policies and internal mechanisms such as the Equality Plan, the Equal Opportunities Commission or the Protocol for the Prevention and Handling of Cases of Moral and Sexual Harassment.

Decent work and economic growth

Promote inclusive and sustainable economic growth, employment and decent work for all

ROVI provides its employees with a work environment committed to respect, stability and workplace safety, in addition to developing work-life balance measures for its employees.

This is in line with the best practices in the pharmaceutical industry, the leader in R&D investment and one of the sectors that drives developed economies.

GOAL 8.2
GOAL 8.3
GOAL 8.5
GOAL 8.6
GOAL 8.7
GOAL 8.8

Promotion of favourable work environments, which is established in the Internal Code of Conduct and the Code of Conduct for Suppliers.

Training of employees to ensure the health and safety of the workforce.

Stable workforce with 89% permanent contracts

Development of work-life balance measures, adjustments to workloads and measures for the disconnection from work of its workers.

Commitment to employment for young people: 26% of the workforce is under 30.

100% of the employees are covered by collective labour agreements.

Industries, innovation and infrastructure

Build resilient infrastructures, promote sustainable industrialisation and foster innovation

ROVI promotes innovation and technology to increase the productivity of its activities, discover new drugs and improve those that already exist in order to enhance the service it provides to its customers, patients and healthcare professionals. The implementation of these projects allows the company to adapt to the needs of society and maximise value creation for all its stakeholders

GOAL 9.1
GOAL 9.2
GOAL 9.5

Contribution to employment and the GDP in the countries where it operates, thanks to the technology and innovations in its products and the way it produces them.

Investment in R&D&I activities.

Increase in its workforce as a result of the manufacture of the COVID-19 vaccine.

Reduced inequalities

Reduce inequalities within and between countries

ROVI is committed to reducing inequalities by fostering inclusive workplace environments, guaranteeing equal opportunities for all its workforce, always guided by the principle of no discrimination based on gender, race, social origin, age, civil status, sexual orientation, ideology, political opinions, religion or any other personal characteristic.

GOAL 10.2
GOAL 10.3
GOAL 10.4

Diversity in the nationalities of the members of the workforce.

Contractual and economic collaboration agreements to provide employment and opportunities to differently-abled people (Fundación Manantial, Fundación Prodis, Ilunion, Fundación a la Par, etc).

Promoting equal wages for work of the same value.

Fomenting the accessibility of its workstations.

 **Responsible production and consumption** Ensure sustainable consumption and production patterns	ROVI promotes the rational and respectful use of natural resources throughout its supply chain. It boosts the circular economy and bioeconomics through an exhaustive process to select and monitor its suppliers and creditors.	**GOAL 12.6**	Promotion of sustainability throughout the supply chain, monitoring the suppliers by using, among other tools, EcoVadis. Adhesion to the System promoted by the European Medicines Verification Organisation (EMVO).
 **Climate action** Take urgent measures to combat climate change and its impacts	ROVI, aware of the needs of the environment to mitigate Climate Change, promotes active awareness among its stakeholders, particularly among its employees and suppliers. regarding the adoption of measures to foster care of the environment.	**GOAL 13.3**	Training portfolio on environmental issues. Adhesion to Punto SIGRE for the recycling of packaging with our without medicines. "ROVI's Forest" project.
 **Peace, justice and strong institutions** Promote just, peaceful and inclusive societies	ROVI operates observing national and international regulatory compliance and, committed to human rights, urges all its stakeholders to respect and foster them.	**GOAL 16.** **GOAL 16.10.b**	Code of Ethics that reflects the Company's commitment to acting in accordance with the law, human rights and internationally-accepted ethical practices in all its operations. Availability of a whistleblower channel through which anyone may report activities that violate the Company's ethical and/or regulatory framework.
 **Partnerships for the goals** Revitalise the global partnership for sustainable development	ROVI collaborates actively with different organisations and institutions whose action focuses on achieving and promoting the United Nations Agenda 2030.	**GOAL 17.17**	Collaboration and support with public and private institutions, including the Ministry of Science and Innovation.

Our contribution to the SDGs regarding the Environment

SDG and goals	Messages on ROVI's contribution in 2023	Goals	Key contributions
 **Clean water and sanitation** Ensure availability and sustainable management of water and sanitation for all	ROVI implements its commitment to this SDG by establishing sustainable management of water resources. For ROVI, water is a basic natural resource in medicine manufacturing and, therefore, it establishes measures for the use, treatment, reutilisation and discharge of water.	**GOAL 6.3** **GOAL 6.4**	Reduction in the production of harmful effluents (basic solutions) derived from production of the COVID-19 vaccine. Reutilisation of water rejected by the vial washing machines for watering at the San Sebastián de los Reyes plant.
 **Affordable and clean energy** Ensure access to affordable, safe, sustainable and modern energy	ROVI promotes clean energies and technologies by fixing energy-efficiency targets and measures at each one of its production plants, the ultimate aim of which is to reduce environmental impacts on the surroundings.	**GOAL 7.2**	Production of renewable energy through the panels installed at the five ROVI plants.
 **Decent work and economic growth** Promote inclusive and sustainable economic growth, employment and decent work for all	ROVI promotes efficient production, placing responsible resource management as the linchpin of its activities and striving to separate economic growth from the degradation of the environment.	**GOAL 8.4**	Signing contracts for 100% renewable energy for the totality of its manufacturing plants and the Group's main offices and subsidiaries.
 **Industries, innovation and infrastructure** Build resilient infrastructures, promote sustainable industrialisation and foster innovation	ROVI operates by developing technologies and processes that optimise the sustainable performance of industrial plants, generating less environmental impact through the reduction of emissions, efficient use of resources and minimising and optimising the waste generated.	**GOAL 9.4**	Implementation of energy efficiency projects at the plants, including, among others: Optimisation of the climate control and boiler control systems at some of the plants. Change in the lighting systems of some plants, adopting energy-efficient measures, such as the use of LED bulbs. Installation of new-generation electricity and steam meters that allow better monitoring of consumption and emissions.

Responsible consumption and production

Ensure sustainable consumption and production patterns

ROVI acts with the intention of becoming a company with a sustainable production model. It prioritises waste recovery before it is finally disposed of, applying the principles of the circular economy, as well as reducing its raw material consumption.

GOAL 12.2
GOAL 12.4
GOAL 12.5

Monthly checks and preparation of reports on water, electricity and gas indicators at all its production plants.

Climate action

Take urgent measures to combat Climate Change and its impacts

In order to meet its commitment to combat Climate Change, ROVI establishes different lines of action to follow, placing priority on efficient environmental management based on fostering the best environmental practices in the sector.

GOAL 13.2

Compensation of 100% of the Group's Scope 1 and 2 emissions and 15% of Scope 3 emissions.

Measurement of the three scopes of the carbon footprint.

Certification and registration of the totality of the Carbon Footprint (Scopes 1, 2 and 3) for 2020 and 2021 in 2022.

Integrated Policy for Environmental and Occupational Risk Prevention Management.

Environmental and Social Sustainability Policy.

Climate Change Policy

Certification of Environmental Management System.

Energy audits

Preventive maintenance of machinery

Efficient lighting and computer equipment.

Fostering the fight against climate change in all corporate areas.

Life on land

Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

ROVI is committed to and promotes care of land ecosystems, ensuring their viaility for future generations.

GOAL 15.2

Commencement of the ROVI's Forest project to compensate emissions.

Environmental Impact Study for all the production plants.

Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries

Independent Assurance Report on the Integrated Report, which includes the Non-Financial Information Statement (NFIS)

26 February 2024

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

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

Independent Assurance Report on the 2023 Integrated Report of Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries for 2023

(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.:

We have been engaged by Laboratorios Farmacéuticos Rovi, S.A. management to perform a limited assurance review of the accompanying Integrated Report (hereinafter, the Report) of Laboratorios Farmacéuticos Rovi, S.A. (hereinafter, the Parent) and subsidiaries (hereinafter, the Group) for the year ended 31 December 2023, prepared in accordance with the Sustainability Reporting Standards (hereinafter, GRI Standards), as indicated in "Appendix III – GRI Contents Index".

In addition, pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the Consolidated Non-Financial Information Statement (hereinafter NFIS) of the Group at 31 December 2023, included in the Report and which also forms part of the Group's consolidated Directors' Report for 2023, which has prepared in accordance with prevailing legislation and selected GRI Standards, based on each subject area in table "Appendix IV – Content Index Law 11/2018-GRI" of the aforementioned NFIS.

The Report includes additional information to that required by GRI standards and prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the tables "Appendix III – GRI Content Index" and "Appendix IV – Content Index Law 11/2018-GRI" of the accompanying Report.

Responsibility of the Parent's Directors and Management

Management of the Parent is responsible for the preparation and presentation of the Report in accordance with the GRI Standards, in line with the provisions for each subject area in the table "Appendix III – GRI Content Index" of the aforementioned Report.

In addition, the Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) based on each subject area in table "Appendix IV – Content Index Law 11/2018-GRI" of the accompanying NFIS.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

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

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the Report was obtained.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 (ISQM1), which requires the firm to design, implement and operate a quality management system that includes policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Group that participated in the preparation of the Report, reviewing the processes for compiling and validating the information presented in the Report and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the Report for 2023 based on the materiality analysis performed by the Group and described in section "4.4. Materiality", considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the Report for 2023.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the Report for 2023.

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

- Corroboration, through sample testing, of the information relative to the content of the Report for 2023 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- The Integrated Report of Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the GRI Standards, as described in the table "Appendix III – GRI Content Index" of the Report.
- The NFIS of Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries for the year ended 31 December 2023, included in the Report, has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the selected GRI Standards, based on each subject area in the table "Appendix IV – Content Index Law 11/2018-GRI" of the Report.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and the delegated acts promulgated in accordance with this Regulation, stipulate the obligation to disclose information on how and to what extent the undertaking's activities are associated with eligible economic activities relating to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems (the other environmental objectives), and relating to certain new activities included in the objectives of climate change mitigation and adaptation. This obligation applies for the first time for the 2023 fiscal year, in addition to the information related to eligible and aligned activities required in 2022 associated with the climate change mitigation and climate change adaptation objectives. Consequently, no comparative information on eligibility has been included in the NFIS in relation to the other environmental objectives listed above or to the new activities included in the 15 climate change mitigation and climate change adaptation objectives. Furthermore, inasmuch as the information relating to 2022 was not required to be as detailed as in 2023, the disclosures included in the NFIS are not strictly comparable. In addition, the directors of Laboratorios Farmacéuticos Rovi, S.A. have included information on the criteria which, in their opinion, allow them to comply better with these obligations and which are defined in section "7. European taxonomy" of the NFIS included in the accompanying Report. Our conclusion is not modified in respect of this matter.

Use and Distribution

In accordance with the terms of our engagement letter, this Report has been prepared for Laboratorios Farmacéuticos Rovi, S.A. in relation to its Integrated Report and for no other purpose or in any other context.

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

In relation to the Consolidated NFIS, this report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Marta Contreras Hernández

26 February 2024

Laboratorios
Farmacéuticos
ROVI

www.rovi.es

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.
- Changes in the prescription criteria or market regulations intended to contain pharmaceutical spending.
- Risk of cyberattacks.
- Failure to conclude successfully – or as expected – the Research & Development projects that ROVI is conducting.
- Impact of the current geopolitical, socio-political and macroeconomic threats.
- Changes in the supply conditions of the necessary manufacturing materials or the products that ROVI markets.
- 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 requirements and regulations.
- 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 maintains 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.

To assess the credit risk on receivables, the Group periodically evaluates its customer portfolio considering two blocs: government and non-government. Government customers are defined as all those that are government entities for which, given their nature, a low credit risk is considered to exist. Most of these customers are in the healthcare sector and are hospitals and medical clinics whose transactions are regulated by law. With regard to non-government customers, the Group includes in this category all private customers, such as wholesalers, manufacturing customers and other pharmaceutical companies, and assesses them on the basis of the age of their debt, their financial position and their credit rating (if available).

The contracts the Group signs with its customers have an average term of between 3 and 5 years, which allows a considerable stable flow of revenue to be generated. Likewise, due to the credit quality of the private customer, as well as the Group's internal systems and the collection periods established, there was no significant impact on the Group in either 2023 or 2022.

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 Company in accordance with the expected cash flows. ROVI 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:

	2023	2022
	Days	Days
Average payment period to suppliers	55	54
Ratio of transactions paid	58	57
Ratio of transactions outstanding	32	39

	2023	2022
Total payments made (thousand euros)	597,378	570,562
Total payments outstanding (thousand euros)	77,505	99,415

	2023	2022
Invoices paid in less than 60 days (thousand euros)	379,217	336,738
No. of invoices paid in less than 60 days	26,888	18,991
% No. of invoices paid in less than 60 days/Total No. invoices paid	62%	46%
% Amount of invoices paid in less than 60 days/Total amount of invoices paid	64%	59%

7.- RESEARCH AND DEVELOPMENT EXPENSES

Total research and development expenses incurred in 2023 were 24,923 thousand euros (23,869 thousand euros in 2022) and were mainly concentrated on the Glycomics and ISM® plantforms, 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 2023, 9,518 thousand euros was recognised under the “Employee benefit expenses” heading (Note 23) (9,242 thousand euros at 31 December 2022) and 15,405 thousand euros under “Other operating expenses” (Note 24) (14,627 thousand euros in 2022).

8.- HEADCOUNT

The average number of employees during 2023 has been 2.096 (1.898 in 2022)

9.- CORPORATE GOVERNMENT ANNUAL REPORT

The Annual Corporate Governance Report prepared by Laboratorios Farmacéuticos Rovi, S.A. for the year 2023 is an integral part of this Management Report, although it is presented as a separate document.

The document will be available on 27 February, 2024 at https://www.cnmv.es/portal/consultas/ee/informaciongobcorp.aspx?nif=A-28041283&lang=es

10.- ANNUAL REPORT ON DIRECTORS´ REMUNERATIONS

The Annual Report on Directors' Remunerations prepared by Laboratorios Farmacéuticos Rovi, S.A. for the year 2023 is an integral part of this Management Report, although it is presented as a separate document.

The document will be available on 27 February in https://www.cnmv.es/portal/consultas/ee/informaciongobcorp.aspx?TipoInforme=6&nif=A-28041283

11.- EVENTS AFTER BALANCE SHEET DATE

In January 2024, the U.S. Food and Drug Administration (FDA) inspected the active substance manufacturing plant in Granada with a satisfactory outcome. The inspection focused on the processes of manufacture and control of the active substance used to manufacture the Moderna mRNA COVID-19 vaccine. This result authorises Moderna to market the vaccine that ROVI manufactures in Spain in the United States.

APPENDIX 1

ALTERNATIVE PERFORMANCE MEASURES

In addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRSs") taken from our financial statements, this document includes certain alternative performance measures ("APMs") as defined in the ESMA (European Securities and Markets Authority) Guidelines on Alternative Performance Measures of 5 October, 2015 (ESMA/2015/1415), as well as some non-IFRS financial indicators. The financial measures contained in this document that are considered APMs or non-IFRS financial indicators have been prepared on the basis of the ROVI Group's financial information but are not defined or set out in detail within the framework of the applicable financial information and have not been audited or reviewed by our auditors.

These APMs are considered figures that have been adjusted in respect of those that are presented in accordance with the International Financial Reporting Standards endorsed by the European Union (IFRS-EU), which form the applicable accounting framework for the consolidated financial statements of the ROVI Group. Therefore, the reader should consider them to complement the latter but not to replace them.

We use these APMs and non-IFRS financial indicators to plan, oversee and assess our performance. We consider the APMs and non-IFRS financial indicators to be useful to allow the management team and investors to compare the past or future financial performance, the financial situation and the cash flows. Notwithstanding, these APMs and non-IFRS financial indicators are considered complementary and are not intended to replace IFRS measures. Furthermore, other companies, including some in our sector, may calculate such measures differently, which reduces their usefulness for comparative purposes.

This document contains information on the alternative performance measures (APMs) and non-IFRS financial indicators used, including their definitions and a reconciliation between the applicable management indicators and the financial information set out in the consolidated financial statements prepared under IFRSs. The document is available on ROVI's website and may be accessed on the following link: (https://www.rovi.es/en/shareholders-investors/financial-business-information).

In this respect, in accordance with the Guidelines issued by the European Securities and Markets Authority (ESMA), in force since 3 July, 2016, in relation to the transparency of Alternative Performance Measures, ROVI provides below information concerning the APMs it considers significant:

Operating revenue

This APM shows the revenue that the group generates from its main business activities.

Operating revenue refers to revenue.

Other revenue

Other revenue shows the grants obtained by the Group to develop its R&D&I and other projects.

Other revenue refers to the recognition of government grants on non-financial noncurrent assets and other.

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.

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 raw materials and consumables used plus that corresponding to the changes in inventories of finished goods and work in progress.

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 cost of sales.

Gross margin or gross profit as % of operating revenue

This APM is a percentage indicator that measures the direct profit that ROVI obtains from its operating revenue.

We calculate gross margin or gross profit as % of operating revenue as the percentage that the gross profit represents in the revenue (operating 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 margin or EBITDA as % of operating revenue

This APM is a percentage indicator that measures the operating profit that ROVI obtains from its operating revenue before interest, taxes, impairment, depreciation and amortization are deducted.

We calculate EBITDA margin or EBITDA as % of operating revenue as the percentage that the EBITDA represents in the revenue (operating revenue).

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") and non-recurring income and expenses.

EBIT

EBIT (Earnings Before Interest and Taxes) is an indicator that measures the group's operating profit before interest and tax are deducted. Like EBITDA, 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 margin or EBIT as % of operating revenue

This APM is a percentage indicator that measures the operating profit that ROVI obtains from its operating revenue before interest and tax are deducted.

We calculate EBIT margin or EBIT as % of operating revenue as the percentage that the EBIT represents in the revenue (operating revenue).

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") and non-recurring income and expenses.

Net profit

Net profit is an indicator that measures the group´s profit for the period.

We calculate Net profit as EBIT plus finance costs-net and income tax.

Net profit as % of operating revenue

This APM is a percentage indicator that measures the profit for the period that ROVI obtains from its operating revenue.

We calculate net profit as % of operating revenue as the percentage that the net profit represents in the revenue (operating revenue).

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 profit "Pre-R&D" as EBIT "Pre-R&D" plus:

- Finance costs-net; andz
- 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.

Gross cash position

Gross cash position is an indicator that measures the amount of cash the group has at a specific point in time.

We calculate gross cash position as equity securities plus deposits plus financial derivatives plus financial assets at amortised cost plus cash and cash equivalents.

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 financial assets at amortised cost, plus cash and cash equivalents, less current and non-current financial debt.

Capex

Capex is an indicator used to better understand the investments made by the group in its operations.

We calculate Capex as purchases of property, plant and equipment and intangible assets.

Capex as % of operating revenue

This APM is a percentage indicator that measures the group's investments in property, plant and equipment, and intangible assets to its operating revenues.

We calculate Capex as % of operating revenue as the percentage that the purchases of property, plant and equipment and intangible assets represents in the revenue (operating revenue).

Free Cash Flow (FCF)

Free cash flow is an indicator that measures cash flow generation from operating and investment activities and is useful for evaluating the funds available for paying shareholder dividends and servicing debt.

We calculate free cash flow as net cash generated from or used in operating activities less purchases of property, plant and equipment and intangible assets ("Capex") plus proceeds from sale of property, plant and equipment and intangible assets plus interest received.

FCF as % of operating revenue

This APM is a percentage indicator that measures the group's cash flow generation from operating and investment activities relative to its operating revenues. We calculate FCF as % of operating revenue as the percentage that the free cash flow represents in the revenue (operating revenue).

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 2023*")) for the fiscal year ended on 31 December 2023 and which precede this document, have been issued by the Board of Directors at its meeting of 26 February 2024 following the formatting (and tagging) requirements set out in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (European Single Electronic Format - ESEF) and in Commission Delegated Regulation (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, 26 february 2024

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 26 February 2024, 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 2023, issued by the Board of Directors at the abovementioned meeting of 26 February 2024, 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 2023")) 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, 26 february 2024

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

THIS TRANSLATION IS FOR INFORMATION PURPOSES ONLY.

IN THE EVENT OF ANY DISCREPANCY BETWEEN THE SPANISH VERSION AND THE ENGLISH VERSION, THE SPANISH VERSION SHALL PREVAIL.

Mr. Ignacio Zarzalejos Toledano, Non-Director Deputy Secretary of the Board of Directors of Laboratorios Farmacéuticos ROVI, S.A. ("**ROVI**" or the "**Company**") with registered address in Calle Julián Camarillo, 35, Madrid, entered in the Commercial Registry of Madrid in Tome 3823, Section 8, Folio 1, sheet number M-64245, entry number 62, and holding Tax ID number (NIF) A-28041283

HEREBY CERTIFIES

I. That the documents sent to the National Securities Market Commission (CNMV) by means of the CIFRADOC/CNMV electronic submission service through the "FEUE" procedure for the "Audited financial statements of listed companies" (i.e., ROVI's individual and consolidated annual financial statements and management reports, with the latter including the Annual Corporate Governance Report, the Annual Report on the Remuneration of the Directors, and the non-financial information statement (also called "*Informe Integrado ROVI 2023*"), corresponding to the financial year that ended on 31 December 2023 and drawn up by the Board of Directors at its meeting on 26 February 2024 for the approval by the General Shareholders' Meeting, as well the respective statements of responsibility) were drawn up in electronic format and signed by all members of the Board of Directors at the aforementioned meeting of 26 February 2024 with the express assent of all the members of the Board of Directors and 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.

II. That the Company's individual and consolidated annual financial statements and management reports for the financial year that ended on 31 December 2023, and sent through the CIFRADOC/CNMV electronic submission service, correspond with those audited by KPMG Auditores, S.L.

III. That the audit reports on the individual and consolidated Annual Financial Statements corresponding to the financial year that ended on 31 December 2023, attached hereto in the xHTML files, and sent through the CIFRADOC/CNMV electronic submission service, are a true copy of the originals signed on 26 February 2024 by Mrs. Begoña Pradera Goiri partner of KPMG Auditores, S.L., the Company's auditor.

IV. That the independent verification report on the non-financial information statement (NFS) (also called "*Informe Integrado ROVI 2023*") and the auditor's report on the "information relating to the system of internal control over financial reporting (ICFR)", sent through the CIFRADOC/CNMV electronic submission service, are a true copy of the originals signed on 26 February 2024 by Mrs. Marta Contreras Hernández and by Mrs. Begoña Pradera Goiri, respectively.

V. That the English translation of the annual individual and consolidated financial report, sent through the CIFRADOC/CNMV electronic submission service, has been prepared internally and for information purposes only, and has not been drawn up by the Board of Directors of the Company. In the event of any discrepancy between the Spanish and English versions, the Spanish version shall prevail.

In witness whereof, and for all relevant purposes, I issue this certificate in Madrid on 26 February 2024.