

REPORT BY THE BOARD OF DIRECTORS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. ON THE PROPOSED CAPITAL REDUCTION BY MEANS OF THE CANCELLATION OF TREASURY SHARES INCLUDED IN ITEM EIGHT ON THE AGENDA OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF 2022

1. PURPOSE OF THE REPORT

This report has been prepared by the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A. ("ROVI" or the "Company"), in accordance with the provisions of articles 286 and 318 of the consolidated text of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010 of 2 July ("the Corporate Enterprises Act"), to justify the proposed capital reduction by cancellation of treasury shares which is subjected to the approval of the Ordinary General Meeting of Shareholders as item Eight on its Agenda (the "Capital Reduction").

Under the above articles, the Board of Directors must draft a report justifying the proposal submitted to the General Meeting, as the Capital Reduction represents an amendment of the article of the corporate bylaws which determines the share capital.

2. JUSTIFICATION OF THE PROPOSAL

In the context of the shareholder remuneration policy, the Board of Directors considers the share capital of ROVI should be reduced by the cancellation of treasury shares, as a means of remuneration by which the shareholders will have their percentage share in the Company automatically increased due to the reduction in the number of outstanding ROVI shares if the proposal is approved.

The reduction in treasury shares by cancellation of the Company's own shares would increase its earnings per share and thus the percentage participation of the shareholders.

With respect to this objective, the Board of Directors of ROVI, using the powers granted to it by the Company's General Meeting of Shareholders on 17 June 2021 under item 13 on the Agenda, implemented on 3 November 2021 and 22 February 2022 two share buy-back programmes in accordance with Regulation (EU) 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse ("**Regulation 596/2014**") and in Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures ("**Delegated Regulation 2016/1052**").

The purpose of these buy-back programmes, which were notified to the Spanish National Securities Market Commission (CNMV) and to the market, was to cancel the ROVI treasury shares (by the Capital Reduction) and, at the same time, to increase the remuneration of ROVI shareholders by an increase in earnings per share.

The cancellation of treasury shares is an instrument commonly used by listed companies for a number of reasons, one of which is to help maintain the Company's earnings per share. Therefore, taking into consideration the current level of the Company's treasury shares and its remuneration policy, the Board of Directors considers that the Capital Reduction is the best decision for the Company's current shareholders to increase the net asset value per share of the remaining shares, as well as the earnings per share.

As a result, the Board of Directors has decided to propose the Capital Reduction to the General Meeting of Shareholders. If the Capital Reduction is finally approved, it is planned to cancel the Company's treasury shares, with the corresponding reduction in the share capital by the amount corresponding to the nominal value of said shares. All the own shares to be cancelled are treasury shares as of the date of issue of this report.

3. MAIN TERMS AND CONDITIONS OF THE CAPITAL REDUCTION

It is planned to reduce the share capital by 123,168.48 euros, through the cancellation of 2,052,808 treasury shares of a nominal value of 0.06 euros each, representing approximately 3.66% of the Company's share capital. The shares have been acquired by the Company in accordance with the corresponding authorisations of the General Meeting of Shareholders and in strict compliance with the limits provided for under the Corporate Enterprises Act and other applicable legislation, within the framework of the buy-back programmes for treasury shares specified in the above section.

Furthermore, if said resolution on the Capital Reduction is approved, the article of the bylaws which specifies the share capital will be modified to reflect the new level of share capital and the new number of outstanding shares (once the treasury shares whose cancellation is proposed are deducted).

It is noted that the Capital Reduction will not involve the return of any contributions as the Company owns the cancelled shares.

The Capital Reduction will be carried out against the share capital, and no reserve will be created in the terms described in article 335 c) of the Corporate Enterprises Act.

As a result, under article 334 of the Corporate Enterprises Act, the Company's creditors whose loans were originated before the date of the last notice of the Capital Reduction resolution, and which have not matured on that date, and until these loans are guaranteed, will have the right to file objections to the Capital Reduction within the legally established deadline.

The purpose of this capital reduction is to cancel treasury shares.

It is also proposed that the General Meeting should ratify the actions carried out so far by the Board of Directors with respect to the buy-back of the shares to be cancelled and provide the members of the Board of Directors, its Chairman, the CEO and non-member Secretary of the Board of Directors with authority, with express powers to subdelegate, so that any one of them may implement the Capital Reduction resolution within not more than six months after the adoption of this resolution; and may determine any matters which have not been expressly specified in the capital reduction resolution or which are a result of it, and adopt any resolutions, publish notices, carry out the actions and execute the public or private documents necessary or advisable for the complete implementation of the Capital Reduction.

4. PROPOSED RESOLUTION

The proposed resolution which is being submitted for approval by the Company's Ordinary General Meeting of Shareholders is as follows:

“Examination and approval, as the case may be, of a reduction in the share capital by the cancellation of 2,052,808 treasury shares, and the consequent amendment of article 5 of the

Corporate Bylaws

The proposal to the General Meeting is to reduce the share capital of Laboratorios Farmacéuticos Rovi, S.A. (the "Company") by 123,168.48 euros, through the cancellation of 2,052,808 treasury shares of a nominal value of 0.06 euros each, representing approximately 3.66% of the Company's share capital. The shares have been acquired by the Company in accordance with the corresponding authorisations of the General Meeting of Shareholders and in strict compliance with the limits provided for under the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July (the "LSC") and other applicable legislation (the "**Capital Reduction**").

The Capital Reduction must be executed within a period of not more than six months from the adoption of this resolution and, in any case, once the period specified by article 336 of the LSC for the exercise of the right of creditors to file objections under article 334 of the LSC.

Once the Capital Reduction is implemented, article 5 of the Corporate Bylaws on share capital will be amended to reflect the actual level of share capital and number of outstanding shares resulting from the implementation of the Capital Reduction.

The Capital Reduction does not involve the return of contributions to the shareholders, as the Company itself owns the shares which will be cancelled, and it will be carried out on the share capital, with no reserve being created in the terms described in article 335 c) of the Corporate Enterprises Act. As a result, under article 334 of the LSC, the Company's creditors whose loans were originated before the date of the last notice of the Capital Reduction resolution, and which have not matured on that date, and until these loans are guaranteed, will have the right to file objections to the Capital Reduction.

The purpose of this capital reduction is to cancel treasury shares.

The balance sheet which serves as the basis for approval of the capital reduction is that closed on 31 December 2021, which has been verified previously by the Company's auditor KPMG Auditores, S.L., drawn up by the Board of Directors of the Company on 22 February 2022, and approved by the Company's General Meeting under item 1 of the Agenda. As a result, article 5 of the Corporate Bylaws shall read as follows:

"Article 5.- Shares and share capital

The share capital is 3,240,969.42 euros. It is divided into 54,016,157 ordinary shares with a nominal value of 0.06 euros each, belonging to a single class and series. All the shares are fully subscribed and paid, and all grant their holders the same political and economic rights."

It is also agreed to ratify the actions carried out so far by the Board of Directors with respect to the buy-back of the shares to be cancelled under this resolution, and to provide the Chairman of the Board of Directors and CEO and other members of the Board of Directors and the non-member Secretary of the Board of Directors, with joint and several authority, with express powers to subdelegate, so that any one of them may, as broadly as necessary in law, enforce the Capital Reduction resolution, and determine those matters which have not been expressly specified in this resolution or which are a result of it. Specifically, and without limitation, it is agreed to delegate to said persons jointly and severally, as broadly as necessary in law, the following powers:

- (a) *declare the Capital Reduction to be closed and implemented, and establish any other circumstances needed to carry this out;*
- (b) *specify the date on which the resolution adopted to reduce the share capital must come into effect, and in any case within the maximum period of six months counting from its approval;*
- (c) *publish the legally required notices, in the terms agreed here and provided for by relevant law;*
- (d) *redraft the article of the Corporate Bylaws which determines the level of share capital, so that it reflects the figure resulting from the implementation of the Capital Reduction;*
- (e) *declare the completion of the period for creditors to file objections under the LSC, and where necessary, provide for the exercise of the right to file objections by any creditors who may exercise such right in the terms provided for by law;*
- (f) *carry out any actions which may be necessary or advisable to execute and formalise the Capital Reduction before any public or private entities and bodies, whether in Spain or abroad, such as, without limitation, the Spanish National Securities Market Commission (CNMV), Spanish stock exchanges, and Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear), including the actions of reporting to the market, and the notification, supplementation or rectification of faults or omissions which may prevent or obstruct the full effectiveness of this resolution;*
- (g) *carry out any procedures and actions which may be necessary, and present the required documents before the competent bodies so that once the Company's shares have been cancelled, the deed corresponding to the Capital Reduction has been executed and filed in the Companies Registry, the cancelled shares are excluded from trading in the stock exchanges of Bilbao, Madrid, Barcelona and Valencia, through the Stock Market Interconnection system (Continuous Market) and the corresponding book entries in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) are cancelled; and*
- (h) *appear before the Notary Public of their choice and record the capital reduction agreement and amendment of the Corporate Bylaws as a notarised instrument, together with any other actions that may be required; and approve and formalise any public and private documents that may be necessary or advisable for the full effectiveness of the agreement in any of its aspects and contents, in particular, to correct, clarify, interpret, complete, specify or materialise, as appropriate, the resolution adopted, and in particular, rectify any defects, omissions or errors which may be noted in the verbal or written qualification in the Commercial Registry.”*

Madrid, [10] May 2022