



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

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

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



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

## **Independent Auditor's Report on the Annual Accounts**

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

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

### **REPORT ON THE ANNUAL ACCOUNTS**

#### **Opinion**

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

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

#### **Basis for Opinion**

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

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

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



## Key Audit Matters

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

### Recognition of revenue from sales (Euros 566,587 thousand)

See notes 3.14 and 22.a to the annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Sales revenue is obtained from a number of customers and products and through a large volume of transactions carried out during the year. The very low value of the transactions at unit level means that errors on an individual basis are insignificant. However, as they are difficult to detect and there is a large volume of transactions, they could ultimately give rise to material misstatements in the annual accounts.</p> <p>Due to the significance of the amount of sales revenue, the possibility of revenue being recognised in an incorrect period and the inherent risk of material misstatement, this has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>- We evaluated the design and implementation of the key controls associated with the process of recognising revenue from sales.</li><li>- We performed a test using computer-assisted audit techniques enabling us to assess the existence and accuracy of a large volume of sales transactions during the year, individually matching the revenue to the orders and delivery notes.</li><li>- We obtained external confirmation for a sample of outstanding invoices pending to collect and balance confirmation with Group companies, performing alternative procedures, where applicable, based on delivery notes or evidence of subsequent collection.</li><li>- We also assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.</li></ul>

## Other Information: Directors' Report

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

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



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- a) Determine, solely, whether the non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.
- b) Assess and report on the consistency of the rest of the information included in the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts. Also, assess and report on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

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

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

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

In preparing the annual accounts, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Annual Accounts \_\_\_\_\_**

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

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



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We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the audit committee of Laboratorios Farmacéuticos Rovi, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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



## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### European Single Electronic Format

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

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

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

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

### Additional Report to the Audit Committee

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

### Contract Period

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

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

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

*(Signed on original in Spanish)*

Begoña Pradera Goiri

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

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

# **LABORATORIOS FARMACÉUTICOS ROVI, S.A.**

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

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

### **Note**

- Statement of Financial Position
- Income Statement
- Statement of Recognised Income and Expenses
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Annual Accounts
- 1** General information
- 2** Bases of presentation
- 3** Accounting policies
  - 3.1 Intangible assets
  - 3.2 Property, plant and equipment
  - 3.3 Impairment of non-financial assets
  - 3.4 Financial assets
  - 3.5 Financial derivatives and hedge accounting
  - 3.6 Cash and cash equivalents
  - 3.7 Inventories
  - 3.8 Equity
  - 3.9 Financial liabilities
  - 3.10 Grants received
  - 3.11 Current and deferred taxes
  - 3.12 Employee benefits
  - 3.13 Provisions and contingent liabilities
  - 3.14 Business combinations
  - 3.15 Revenue recognition
  - 3.16 Leases
  - 3.17 Foreign currency transactions
  - 3.18 Related-party transactions
  - 3.19 Contributions to the public health system
- 4** Financial risk management
  - 4.1 Financial risk factors
  - 4.2 Fair value estimates
- 5** Intangible assets
- 6** Property, plant and equipment
- 7** Analysis of financial instruments
  - 7.1 Analysis by category
  - 7.2 Credit rating of financial assets
- 8** Holdings in Group companies
- 9** Interests in joint ventures
- 10** Financial assets at amortised cost
- 11** Financial assets at fair value through equity
- 12** Inventories
- 13** Cash and cash equivalents
- 14** Capital and share premium
- 15** Reserves and retained earnings
- 16** Profit for the year
- 17** Grants, donations and legacies received
- 18** Financial liabilities
- 19** Current and non-current accruals
- 20** Other provisions
- 21** Deferred income tax
- 22** Revenues and expenses



- 23** Income tax and tax situation
- 24** Finance income and costs
- 25** Cash flows from operating activities
- 26** Cash flows from investing activities
- 27** Cash flows from financing activities
- 28** Contingencies
- 29** Commitments
- 30** Remuneration of Board of Directors and senior management
- 31** Other related-party transactions
- 32** Environmental information
- 33** Events after the reporting date
- 34** Fees of account auditors
- 35** Other significant information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### **1. General information**

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

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

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

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

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

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

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

### **2. Bases of presentation**

#### **a) True and fair view**

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

#### **b) Critical accounting estimates and judgements**

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

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



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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### *b.1) Revenue recognition*

#### *b.1.1) Sales of goods*

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

#### *b.1.2) Sales of services*

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

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

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

### *b.2) Capitalisation of development expenses*

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

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

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

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

### *c) Grouping of items*

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### **3. Accounting policies**

#### **3.1 Intangible assets**

##### **a) Research and development expenses**

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

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

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

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

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

##### **b) Licences and trademarks**

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

##### **c) Computer software**

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

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

#### **3.2 Property, plant and equipment**

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

Buildings - 40 years

Technical facilities and machinery – between 4 and 14 years

Other facilities, fittings and equipment and furniture – between 5 and 10 years

Other property, plant and equipment – between 4 and 5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

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

### **3.4 Financial assets**

#### **a) Classification of financial assets**

The Company classifies its financial assets into the following categories:

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

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

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

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

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

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

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

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

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

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

- b) Derecognition of financial assets

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

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

### **3.5 Financial derivatives and hedge accounting**

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

#### Fair value hedges

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

### **3.6 Cash and cash equivalents**

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

### **3.7 Inventories**

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

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

### **3.8 Equity**

Share capital is represented by ordinary shares.

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### **3.9 Financial liabilities**

#### **a) Financial liabilities at amortised cost**

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

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

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

#### **b) Financial liabilities at fair value through profit and loss**

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

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

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

### **3.10 Grants received.**

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

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

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

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

### **3.11 Current and deferred taxes**

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

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

### **3.12 Employee benefits**

#### **a) Pension commitments**

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

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

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

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

#### **b) Termination benefits**

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

#### **c) Bonus obligations**

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

#### **d) Share-based payments**

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

- If the equity instruments awarded vest immediately at the time they are awarded, the services received are charged to profit and loss with the resulting increase in equity;
- If the equity instruments awarded vest when the employees complete a certain period of service, the services received are recognized over the vesting period and credited to equity accounts.

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

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

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

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

### **3.13 Provisions and contingent liabilities**

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

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

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

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

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

### **3.14 Business combinations**

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

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

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



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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### **3.15 Revenue recognition**

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

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

#### **a) Sales of goods**

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

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

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

#### **b) Sales of services**

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

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

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

#### **c) Interest income**

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

#### **d) Dividend income**

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

#### **e) Other revenues: granting of exclusive distribution licences**

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

### **3.16 Leases**

#### When the Company is the lessee – Operating lease

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

### **3.17 Foreign currency transactions**

#### a) Functional and presentation currency

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

#### b) Transactions and balances

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

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

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

### **3.18 Related-party transactions**

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### **3.19 Contributions to the public health system**

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

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

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

## **4. Financial risk management**

### **4.1 Financial risk factors**

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

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

#### **a) Market risk**

##### **(i) Exchange rate risk**

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### **(ii) Price risk**

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

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

### **(iii) Cash flow and fair value interest rate risk**

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

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

### **b) Credit risk**

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### c) Liquidity risk

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

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

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

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

### 4.2 Fair value estimation

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 5. Intangible assets

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

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

#### a) Patents, licences and trademarks

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

#### b) Development

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### c) Fully-amortised intangible assets

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

### d) Assets affected by guarantees and ownership restrictions

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

### e) Insurance

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

## 6. Property, plant and equipment

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

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

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

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

### a) Impairment losses

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### b) Fixed-asset acquisition commitments

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

### c) Fully-depreciated assets

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

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

### d) Operating leases

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

### e) Grants received

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

### f) Insurance

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



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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 7. Analysis of financial instruments

#### 7.1 Analysis by category

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

##### a) Financial assets

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

##### b) Financial liabilities

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 7.2 Credit rating of financial assets

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

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

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

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

### 8. Interests in group companies

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

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

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

(1) Production, marketing and sale of pharmaceutical, healthcare and medicine products.

(2) Import, export, purchase, sale, distribution and marketing of articles related to integral female healthcare.

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

(3) Development, distribution and marketing of pharmaceutical products related to micro-particle technologies.

(4) Manufacture and marketing of raw heparin and products with a high nutritional value for animal feed and fertilisers.

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

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

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

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

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

### **9. Interests in joint ventures**

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

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

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

(1) Company dissolved in 2022.

a) Alentia Biotech, S.L.

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

b) Enervit Nutrition, S.L.

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

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### Condensed financial information on joint ventures

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 10. Financial assets at amortised cost

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

a) Deposits

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

b) Non-current bank receivables

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

c) Trade receivables

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

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

The ageing analysis of matured balances is as follows:

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

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

	Thousand euros	
	2022	2021
Spain	2,361	920
Portugal	534	949
	<b>2,895</b>	<b>1,869</b>

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

	Thousand euros	
	2022	2021
6 to 9 months	207	53
Over 9 months	210	30
	<b>417</b>	<b>83</b>

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 11. Financial assets at fair value through equity

Financial assets held at fair value through equity include:

	Thousand euros	
	2022	2021
<b>Listed securities:</b>		
- Investment funds and equity securities	5	5
<b>Non-listed securities</b>		
- Equity securities – Euro zone	—	59
	<b>5</b>	<b>64</b>

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

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

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

### 12. Inventories

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

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

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

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

### 13. Cash and cash equivalents

	Thousand euros	
	2022	2021
Cash at bank and on hand	22,788	37,964
Cash equivalents	44,425	—
	<b>67,213</b>	<b>37,964</b>



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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 14. Capital and share premium

#### a) Share capital

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

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

All the shares issued are fully paid up.

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

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

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

These figures were as follows at 31 December, 2021

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### b) Share premium

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

- The Capital Increase was carried out for a nominal amount of 364,137.90 euros through the issue of 6,068,965 newly-issued ordinary shares in the Company with a par value of 0.06 euros each, belonging to the same class and series as the existing shares that were already in issue (the “New Shares”).
- The price of issue of the new shares was fixed at 14.50 per shares, 0.06 euros of which related to the nominal value, while 14.44 euros was the share premium (the “Issue Price”).
- As a consequence of the foregoing, the effective total amount of the Capital Increase was 87,999,992.50 euros, 364,137.90 euros of which related to the nominal value and 87,635,854.60 to the share premium.

## 15. Reserves and retained earnings

### a) Reserves

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

### Legal reserve

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

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

### Non-distributable special reserve

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### b) Retained earnings

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

- On 14 June, 2022, the General Shareholders' Meeting of Laboratorios Rovi, S.A. resolved to approve the proposal for distribution of the profit for 2021 (65,143 thousand euros), allocating 53,580 thousand euros to dividends and the remainder to retained earnings. The dividend on the treasury shares held by ROVI at the time of the distribution was 2,573 thousand euros.
- The sale of treasury shares in 2022 led to a loss of 2,794 thousand euros, which was recognised in the retained earnings account (Note 16.b).
- The share capital reduction (Note 14) through the cancellation of treasury shares (Note 15.c) had a negative impact of 134,885 thousand euros.

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

- On 17 June, 2021, the General Shareholders' Meeting of Laboratorios Farmacéuticos Rovi, S.A. resolved to approve the proposal for distribution of the profit for 2020 (71,137 thousand euros), allocating 21,373 thousand euros to dividends and the remainder to retained earnings. The dividend on the treasury shares held by ROVI at the time of the distribution was 241 thousand euros.
- The sale of treasury shares in 2021 led to a profit of 10,882 thousand euros, which was recognised in the retained earnings account (Note 16.b).

### c) Treasury shares

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

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

#### c.1) Liquidity contract

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

#### c.2) Share buy-back programme

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

- Purpose and scope: the cancellation of treasury shares of ROVI (capital reduction) while, at the same time, increasing ROVI's shareholder remuneration by increasing the earnings per share.
- Term: 12 months as of 3 November, 2021, the date on which the buy-back programme was published, or as of the date that either of the following two conditions was met. Additionally, ROVI reserved the right to conclude the programme before its term ended.

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

- Maximum monetary amount: up to 125,000,000 euros.
- Maximum number of shares to be acquired: 1,682,000 shares in the Company, representing approximately 3% of ROVI's share capital at the buy-back programme publication date.

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

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

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

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

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

### **c.3) Extraordinary bonus through award of treasury shares**

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

### **d) Dividends**

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 16. Profit for the period

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

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

### 17. Grants, donations and legacies received

Movement on this caption was as follows:

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

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

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

- (1) Non-reimbursable grant granted by the Andalusian Innovation and Development Agency (Innovation, Science and Enterprise Department) for 5,431 thousand euros. This grant was received in November 2008 and recognition in profit and loss commenced in 2009, when the assets for which it was granted began to be depreciated. The amount recognised for this grant under the caption “Grants, donations and legacies received” at 31 December, 2022 was 1,449 thousand euros (1,744 thousand euros at 31 December, 2021).
- (2) Relates to two non-reimbursable grants granted by the Andalusian Innovation and Development Agency in the years 2012 and 2014 for construction of two new bemparin lines at the Granada plant. The first of them, for 585 thousand euros, began to be recognised in profit and loss in 2013 and the amount recognised under the “Grants, donations and legacies received” caption at 31 December, 2022 was taken to profit and loss in full (32 thousand euros at 31 December, 2021). The second of the grants, for a total amount of 1,171 thousand euros, began to be recognised in profit and loss in May 2015 and, at the 2022 reporting date, showed a balance of 530 thousand euros under the “Grants, donations and legacies received” caption (613 thousand euros at 31 December, 2021).

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 18. Financial liabilities

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

### Delay in payment to suppliers

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

	2022	2021
	Days	Days
Average payment period to suppliers	50	52
Ratio of transactions paid	52	54
Ratio of transaction outstanding	40	41
	<b>2022</b>	<b>2021</b>
Total payments made (thousand euros)	315,251	247,886
Total payments outstanding (thousand euros)	46,777	36,691
		<b>2022</b>
Invoices paid in less than 60 days (thousand euros)		216,909
No. of invoices paid in less than 60 days		10,559
% No. invoices paid in less than 60 days/Total No. invoices paid		58 %
% Amount of invoices paid in less than 60 days/Total amount of invoices paid		69 %

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### Sundry creditors

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

### Fair value of non-current debt

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

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

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

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

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

### a) Bank borrowings

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

#### 2022

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

### 2021

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

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

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

b) A draw-down of 40,000 thousand euros in 2019 at a fixed annual interest rate of 0.681%.

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

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

### b) Debt with government entities

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



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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### b.1) Advances received in 2022:

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

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

(1) Funds the projects to develop drugs with ISM technology.

(2) Funds the projects for development of a biosimilar.

### b.2) Advances received in 2021:

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

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

(1) Funds the projects to develop drugs with ISM technology.

(2) Funds the projects for development of a biosimilar.

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

### 19. Current and non-current accruals

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

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

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

### 20. Other provisions

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

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

#### Returns

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

#### Contribution to the public health system

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

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

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

### 21. Deferred taxes

Details of deferred income tax are as follows:

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

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

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

Movement on net deferred taxes was as follows:

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

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

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

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

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

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

	<b>Thousand euros</b>	
	<b>2022</b>	<b>2021</b>
Grants, donations and legacies received	139	98
	<b>139</b>	<b>98</b>

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 22. Revenue and expenses

#### a) Net sales

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

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

#### a.1) Sales

The breakdown of sales by product group was as follows:

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

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

#### a.2) Sales of services

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

#### b) Goods, raw materials and other consumables used

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### c) Ancillary and other current management income

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

### d) Operating grants recognised in profit and loss

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

### e) Employees

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

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

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

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### f) External services

The breakdown of the external services item was as follows:

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

### g) Research and development expenses

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

## 23. Income tax and tax situation

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

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

Balance income & expenses	Thousand euros					
	Income statement			Income and expenses credited / (charged) directly in equity		
	Increases	Decreases	Total	Increases	Decreases	Total
			<b>39,116</b>			<b>(407)</b>
Corporate income tax			5,564			(139)
Permanent differences						
- Individual	634	(13,384)	(12,750)	—	—	—
- Due to tax consolidation	—	—	—	—	—	—
Temporary differences:						
- Individual						
- originating in the period	2,435	—	2,435	—	—	—
- originating in previous periods	239	(6,879)	(6,640)	—	—	—
- Due to tax consolidation						
- originating in the period	—	(14,317)	(14,317)	—	—	—
- originating in previous periods	12,401	—	12,401	—	—	—
Taxable income			<b>25,809</b>			<b>(546)</b>

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

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

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

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

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

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



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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

Corporate income tax expense comprises:

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

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

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

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

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 24. Finance income and costs

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 25. Cash flows from operating activities

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

### 26. Cash flows from investing activities

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### 27. Cash flows from financing activities

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

### 28. Contingencies

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

### 29. Commitments

#### a) Operating lease commitments

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

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

#### b) Acquisition of Bertex Pharma GmbH

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

- d. Any severance payments agreed or paid in the event of termination of mandate: not applicable.
- e. Remuneration received as a director of other Group companies: not applicable.
- f. Remuneration for the performance of senior management functions received by executive directors. The remuneration of this kind for 2022 and 2021 was as follows:

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

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

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### b) Remuneration of and loans to senior management

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

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

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

### c) Conflicts of interest on the part of the directors

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

## **31. Other related-party transactions**

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

### a) Sales of goods and other services

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

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

### b) Goods and services purchased

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

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).

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### c) Sales of property, plant and equipment

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

### d) Purchases of property, plant and equipment

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

### e) Dividends paid

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

### f) Dividends received

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

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

### g) Capital contributions

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

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

### h) Other transactions

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

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

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

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



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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

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

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

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

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

### 32. Environmental information

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

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

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

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

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

Notes to the Annual Accounts for the period 2022

(Thousand euros)

### **33. Events after the reporting date**

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

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

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

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

### **34. Fees of account auditors**

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

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

### **35. Other significant information**

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

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

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

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

## **LABORATORIOS FARMACÉUTICOS ROVI, S.A.**

### **2022 Management Report**

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

#### **1. Corporate profile**

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

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

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

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

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

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

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

For more information, please see Integrated Report or visit: [www.rovi.es](http://www.rovi.es)

#### **2. Business evolution**

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

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

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

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

## LABORATORIOS FARMACÉUTICOS ROVI, S.A.

### 2022 Management Report

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

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

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

CMO sales increased by 25% to 24.5 million euros.

### 3. Liquidity and capital resources

#### 3.1 Liquidity

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

#### 3.2 Capital resources

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

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

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

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

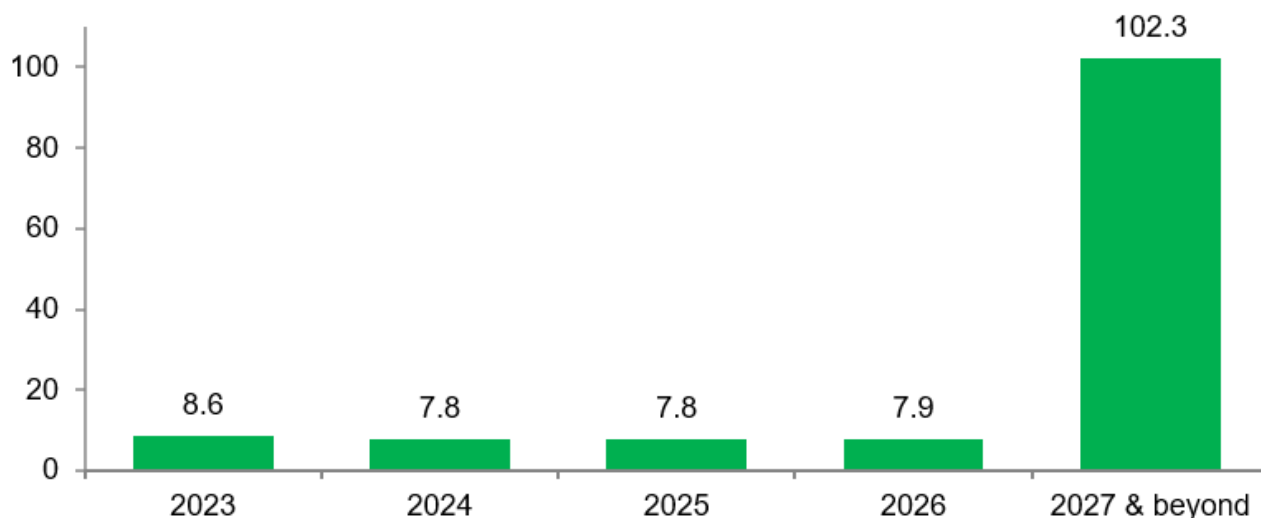
During 2022, Rovi Pharma Servicios Industriales, S.A.U. has granted a loan to the Company for 80,000 miles of euros. The loan matures in 2032 and has an interest rate of 1.71%.

## LABORATORIOS FARMACÉUTICOS ROVI, S.A.

### 2022 Management Report

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



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

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

#### 4. Key operating and financial events

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

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

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

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

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

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

##### 4.2 Glicopepton Biotech founded to produce compounds of high technological value

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

## LABORATORIOS FARMACÉUTICOS ROVI, S.A.

### 2022 Management Report

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

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

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

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

#### 4.3 ROVI Share Buy-back Programme

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

##### End of the share buy-back programme

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

##### Launching of a new share buy-back programme

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

- 1.- **Purpose and scope:** the Buy-back Program's purpose is to redeem own shares of ROVI (share capital reduction) and, at the same time, to contribute to ROVI's shareholders remuneration by increasing earnings per share.
- 2.- **Term:** from 23 February 2022 and for a period of 6 months.
- 3.- **Maximum monetary amount:** up to 46,000,000 euros.
- 4.- **Maximum number of shares to be acquired:** 560,700 shares of the Company, representing approximately 1% of the Company's share capital as of the launch date of the programme.
- 5.- **Trading volume to be considered as reference:** the trading volume to be taken as a reference for the purposes of the provisions of article 3.3 of Delegated Regulation 2016/1052 for the entire duration of the Buyback Program shall be 25% of the average daily volume of ROVI's shares on the Continuous Market of the Spanish Stock Exchanges during the twenty trading days prior to the date of the purchase.

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

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

## LABORATORIOS FARMACÉUTICOS ROVI, S.A.

### 2022 Management Report

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

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

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

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

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

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

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

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

This approval is based on the positive results of the pivotal PRISMA-3 study on the efficacy and safety of Risperidone ISM® in schizophrenia patients. The results obtained in this study show that the two different doses (75 mg and 100 mg once a month) have achieved the prespecified primary and secondary efficacy endpoints for treatment of patients with acute exacerbation of schizophrenia. The primary efficacy endpoint, the PANSS total score (mean difference, CI: 95%), improved significantly with Risperidone ISM® 75 mg and 100 mg from the beginning until day 85, with adjusted differences of -13.0 (17.3 to -8.8;  $p < 0.0001$ ) and -13.3 (-17.6 to -8.9;  $p < 0.0001$ ), respectively. Significantly improved mean changes for the secondary endpoint, the CGI-S score, were also obtained for Risperidone ISM® in comparison with the placebo, -0.7 (-1.0 to -0.5;  $p < 0.0001$ ), for both doses. The significant statistical improvement for both efficacy results was observed as early as 8 days after the first injection. The most frequently reported treatment-emergent adverse events were increased blood prolactin (7.8%), headaches (7.3%), hyperprolactinemia (5%) and weight increase (4.8%). No important new or unexpected safety information was reported. Likewise, patients who successfully completed the double-blind period were offered the opportunity to continue in a long-term, open-label 12-month extension phase with once every four weeks injections of Risperidone ISM® (75 mg or 100 mg). New, clinically stable patients ("de novo" patients) were also able to enter this open phase of the study. Long-term treatment was observed to be effective, safe and well tolerated in adult patients with schizophrenia, regardless the initial severity of the disease or whether they had been treated previously with Risperidone ISM® during an acute exacerbation or switched from stable doses of oral risperidone.

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

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

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

## **LABORATORIOS FARMACÉUTICOS ROVI, S.A.**

### **2022 Management Report**

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#### **5. Research and development**

##### **ISM® technology platform**

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

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

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

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

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

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

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

#### **6. Dividends**

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

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



## LABORATORIOS FARMACÉUTICOS ROVI, S.A.

### 2022 Management Report

#### 7. Capital expenditure

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

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

#### 8. Treasury shares transactions

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

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

##### 1) Liquidity contract

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

##### 2) Share buy-back programme

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

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

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

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

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

### **2022 Management Report**

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

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

#### **3) Extraordinary bonus through award of treasury shares**

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

### **9. Headcount**

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

### **10. Outlook for Rovi Group in 2023**

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

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

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

### **11. Risk management**

#### **11.1 Operating risks**

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

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

## LABORATORIOS FARMACÉUTICOS ROVI, S.A.

### 2022 Management Report

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

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

#### 11.2 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 Company's financial performance. The main detected and managed risks of the Company's are detailed below:

##### - *Market risk*

Market risk is divided in:

- a) Foreign exchange risk: this risk is low because (i) virtually all the Company's assets and liabilities are in euros; (ii) a majority of the transactions with foreign parties are carried out in euros; and (iii) transactions for a significant amount in currencies other than the euro are hedged with financial instruments that minimise the impact of exchange-rate risk. At 31 December, 2022, the Company held instruments of this kind for a value of 3,000 thousand euros (5,000 thousand euros in 2021), the measurement of which led to recognition of a loss of 28 thousand euros at the 2022 reporting date (at the 2021 reporting date the loss was 17 thousand euros).
- b) Price risk: the Company is exposed to price risk for equity securities because of investments held by the Company and classified as available for sale on the consolidated statement of financial position. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. The portfolio is diversified in accordance with the limits set by the Company. The Company does not use derivatives to hedge price risk.
- c) Interest rate risk: the Company is subject to interest rate risk in respect of cash flows on non-current financial debt transactions at variable rates. Company policy is to try to keep most of its financial debt in the form of debt with government entities by obtaining reimbursable advances on which there is no interest-rate risk and, in the case of bank debt, to obtain cash flows not only at variable rates, but also at fixed rates, thus keeping the impact of interest-rate risk to a minimum.
- d) Raw material price risk: the Company is exposed to changes in the conditions under which raw materials and other packaging materials needed to manufacture its products are supplied. To minimise this risk, the Company maintains a diversified portfolio of suppliers and manages its stock levels efficiently.

##### - *Credit risk*

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

## LABORATORIOS FARMACÉUTICOS ROVI, S.A.

### 2022 Management Report

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

#### - *Liquidity risk*

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

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

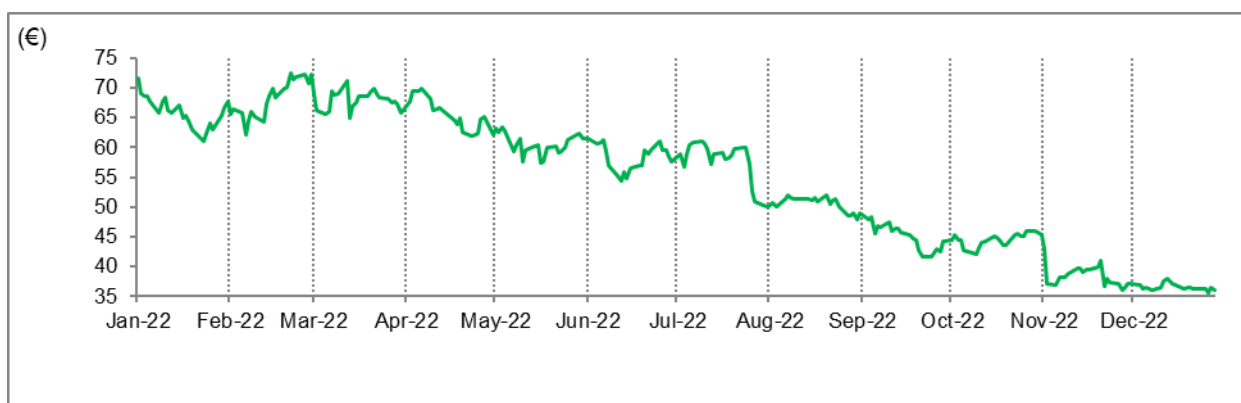
### **12. Stock market capitalization**

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

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

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

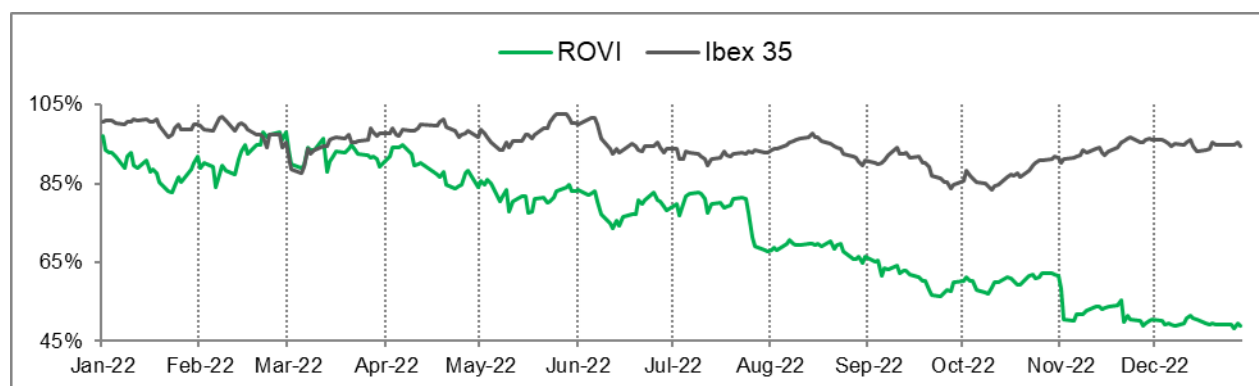
The following graph shows the fluctuations of the share price in the stock market in 2022:



## LABORATORIOS FARMACÉUTICOS ROVI, S.A.

### 2022 Management Report

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



### 13. Average payment period

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

	2022	2021
	Days	Days
Average payment period to suppliers	50	52
Ratio of transactions paid	52	54
Ratio of transaction outstanding	40	41
	2022	2021
Total payments made (thousand euros)	315,251	247,886
Total payments outstanding (thousand euros)	46,777	36,691
	2022	
Invoices paid in less than 60 days (thousand euros)	216,909	
No. of invoices paid in less than 60 days	10,559	
% No. invoices paid in less than 60 days/Total No. invoices paid	58 %	
% Amount of invoices paid in less than 60 days/Total amount of invoices paid	69 %	

### 14. Research and development

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

### 15. Corporate government annual report

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

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

## **LABORATORIOS FARMACÉUTICOS ROVI, S.A.**

### **2022 Management Report**

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#### **16. Annual Report on director's remuneration**

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

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

#### **17. Events after balance sheet date**

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

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

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

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

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

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

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

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

Madrid, 20 February 2023

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

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Mr. Javier López-Belmonte Encina  
Vice Chairman 1<sup>o</sup>

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Mr. Iván López-Belmonte Encina  
Vice Chairman 2<sup>o</sup>

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Mr. Marcos Peña Pinto  
Lead Independent Director

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Ms. Fátima Báñez García  
Director

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Ms. Marina del Corral Téllez  
Director

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Ms. María Teresa Corzo Santamaría  
Director

## STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The members of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A. ("**Rovi**" or the "**Company**"), at its meeting held on 20 February 2023, and in accordance with, Article 8.1.b) of Royal Decree 1362/2007 of 19 October, state that, to the best of their knowledge, the Individual Annual Accounts, as well as the Consolidated Annual Accounts of the Company and its subsidiaries, for the fiscal year ended on 31 December 2022, issued by the Board of Directors at the abovementioned meeting of 20 February 2023, and prepared in accordance with applicable accounting standards, present a fair view of the equity, financial condition and results of operations of the Company and its subsidiaries included within the scope of consolidation, taken as a whole, and that the management reports supplementing the individual and consolidated annual accounts (the latter including the corresponding non-financial information statement (also called "Informe Integrado ROVI 2022") contain a fair assessment of the corporate performance and results and of the position of Rovi and of the subsidiaries included within its scope of consolidation, taken as a whole, as well as a description of the main risks and uncertainties they face.

Madrid, 20 February 2023

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

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Mr. Javier López-Belmonte Encina  
Vice Chairman 1<sup>o</sup>

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Mr. Iván López-Belmonte Encina  
Vice Chairman 2<sup>o</sup>

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Mr. Marcos Peña Pinto  
Lead Independent Director

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Ms. Fátima Báñez García  
Director

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Ms. Marina del Corral Téllez  
Director

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Ms. María Teresa Corzo Santamaría  
Director