# 2024report

Consolidated
Annual Accounts

FAES FARMA

# Organisation chart

## Board of Directors

| | |
|---|---|
| **Chairman** | Mariano Ucar Angulo |
| **Executive Director** | Eduardo Recoder de la Cuadra |
| **Members** | Iñigo Zavala Ortiz de la Torre<br>Gonzalo Fernández de Valderrama<br>Carmen Basagoiti Pastor<br>Carlos de Alcocer Torra<br>Belén Amatriaín Corbi<br>Mª Eugenia Zugaza Salazar<br>Nuria Pascual Lapeña<br>Enrique Linares Plaza |
| **Secretary-Non Director** | Francisco Pérez-Crespo Payá |

## Management Team

**PRESIDENCY**
Mariano Ucar
Non Executive Chairman

**EXECUTIVE MANAGEMENT**
Eduardo Recoder
Chief Executive Officer

### GET

**Mariana Soroa**
Chief GRC & Internal Audit Officer

## Global Executive Team (GET)

Newly created posts

### Business units

**Esther Mosquera**
Country Manager Spain

**Helder Cassis**
Country Manager Portugal

**Germán Fernández-Cano**
Chief Farm Faes Business Officer

**José Luis Díaz**
Chief Internat. Business Officer

### Strategy

**Alberto Fernández**
Chief Mkt. Portfolio Str. Office

**Xavier Arnaud**
Chief Business Development Officer

### Corporate

**Carlos Gutiérrez**
Chief People Officer

**María Marín**
Head of Investor Relations & External Comms.

**Juan Veiga**
Head of Transformation Office

**Valentín Ruiz**
Chief Financial Officer

**Tom Van Ommen**
Head of Corporate Controlling

**Jaime López**
Global Head of IT

### Operations

**Chief Industrial Officer**

### Scientist

**Isabel Nájera**
Chief Scientific and Medical Officer

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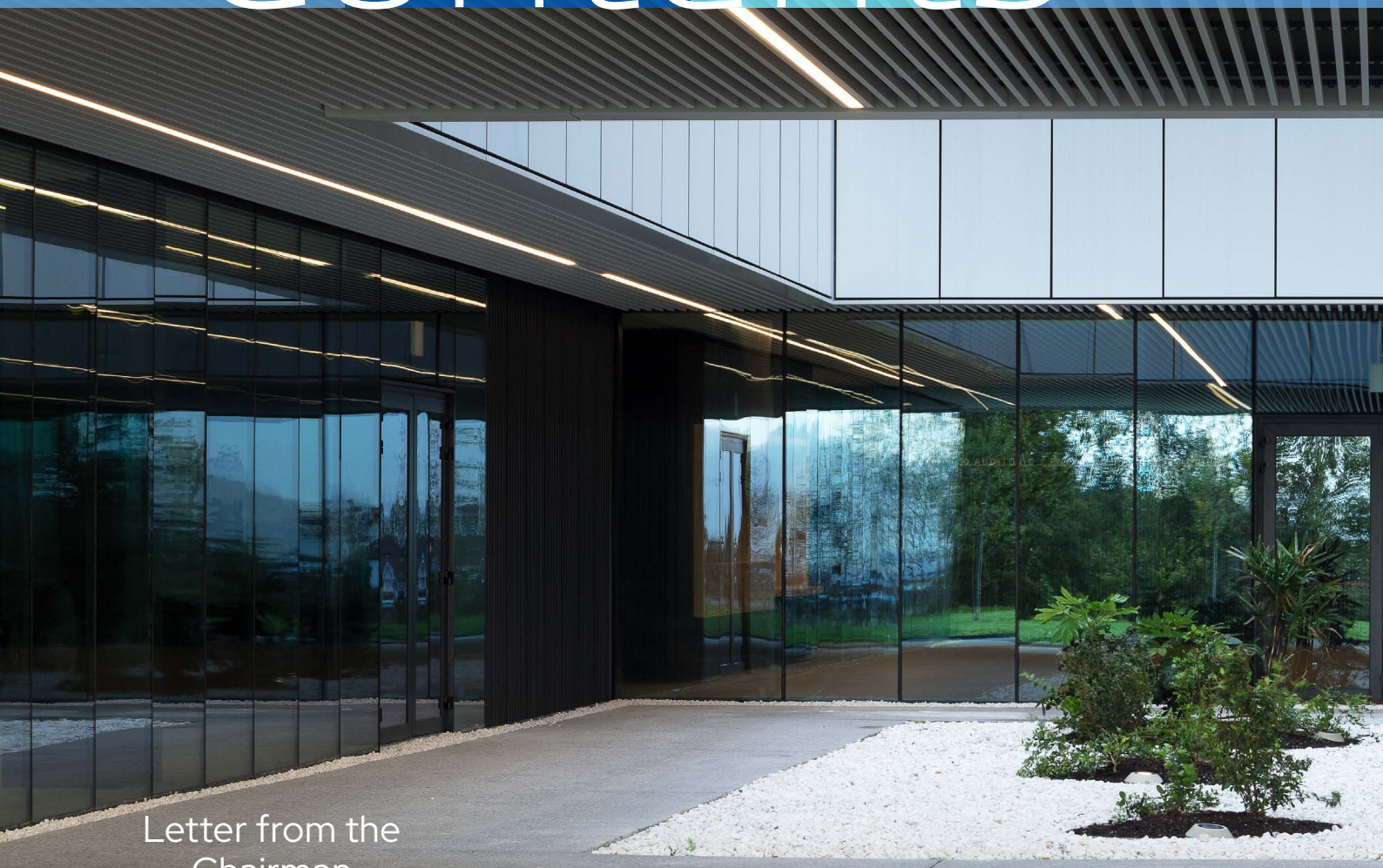

# Letter from the Chairman

## Dear shareholders,

The year 2024 has been a turning point in the history of Faes Farma. A stage marked by the continuity of our core values -excellence, innovation, commitment to health, to patients and to the environment- and, at the same time, by a deep transformation that projects us decisively into the future.

One of the most important milestones this year was the appointment of Eduardo Recoder as the company's new CEO. His arrival in September culminated the process of separating executive functions initiated in 2022, with the aim of strengthening our governance model, making it more agile and professional, and moving towards the highest standards of good corporate governance.

From the outset, Eduardo has brought a renewed vision, constructive energy and great leadership skills. In just a few months, he has driven a reorganisation of the management team, revived the corporate spirit and laid the foundations for a new phase of sustained growth. All of this with the unanimous support of the Board of Directors.

As a result of this dynamic, in April we presented a new Strategic Plan 2025-2030, which includes a clear ambition: to reach 1,000 million euros in revenues and 240 million euros in EBITDA by 2030, i.e. double the current figures. A demanding but realistic plan, built on our track record, on the strength of our assets and on solid growth levers: innovation and extension of our portfolio, international expansion, operational efficiency and sustainability.

This plan has started to materialise with strategic M&A moves, another lever for growth, which have materialised in 2025. In the first half of the year, we completed the acquisition of Laboratorio Edol, a leading Portuguese company in the field of ophthalmology, with a modern production plant and a portfolio complementary to our own. We also signed a contract to acquire the Italian company SIFI, which also specialises in ophthalmology and intraocular lenses. This is the largest investment made by Faes Farma in its history and, without a doubt, a transformational operation that will significantly strengthen our presence in Europe in a therapeutic area with high added value.

But if 2025 has been a year of great progress, I would like to highlight what we achieved in 2024, a year that we closed with historic results and solid progress in all our strategic commitments.

From a financial point of view, we achieved 510 million euros in revenues, 129 million euros in EBITDA and 111.4 million euros in net profit. Growth was mainly supported by the excellent performance of the pharmaceutical business in Spain, the progress in Latin America and the positive evolution of licensing revenues. At the same time, we maintained our commitment to a responsible and sustained remuneration policy, approving a total dividend of € 0.179 per share charged to the 2024 accounts, 15% higher than the previous year, and maintaining our target of distributing around 50% of net profit.

We also made determined progress in sustainability, within the framework of our "Positive Impact" strategic pillar. On the environmental front, 52% of the energy used already comes from renewable sources, reaching 100% in countries such as Spain and Guatemala. In addition, we initiated the development of our Climate Change Mitigation Transition Plan, with clear and measurable targets.

In the social area, our workforce reached 1,775 professionals in 2024 (with the integration of Laboratorio Edol we will exceed 2,000 people). 54% of our team are women, with 30% female representation in management. We remain committed to active policies of equality, work-life balance and talent development. Our positive pay gap now stands at 4% and we are working to further reduce it with specific measures.

And in Corporate Governance, we have consolidated important advances: we achieved gender parity on the Board -five women and five men-, we maintain 50% of independent directors and we have 100% independent committees. All of this is in line with best practices and our commitment to transparency and institutional excellence.

Faes Farma faces the next decade with a clear vision: to be a leading pharmaceutical group in excellence and vanguard, to transform people's health and wellbeing. The foundations are in place. Our management structure has been strengthened. Our model has proven its solidity. And our ambition is more alive than ever.

I would like to thank all the people who make this project possible: employees, collaborators, shareholders, healthcare professionals, patients, customers and institutions. The history of Faes Farma is the story of a collective effort sustained over time. And the future we are building will be a reflection of that same shared conviction.

Warmest regards from,

**Mariano Ucar Angulo**
Chairman

# Letter from the CEO

## Dear shareholders,

It is an honour for me to address you for the first time as CEO of the Faes Farma Group so that I can share our 2024 results with you, as well as review the achievements we have made and set out our vision, ambition and strategy to continue growing sustainably through innovative healthcare solutions. I would like to take this opportunity to thank you for the confidence you have placed in me.

Throughout 2024, we made major advances that not only strengthen our market position but also allow us to look to the future with optimism and confidence. First, our financial results were satisfactory, underpinned by sound financial management and a firm commitment to innovation, quality and excellence. We maintained revenue growth close to double digits, driven mainly by the strong performance of our Pharma business and sales growth in international markets through our subsidiaries. We also achieved a positive cash position after completing the investments in our two new industrial plants – the pharmaceutical production facility in Derio and the animal nutrition facility in Huesca.

These facilities have significantly strengthened our production capacity within a strategy centred on continuous improvement. With the start-up of both facilities, the Faes Farma Group is in a more efficient position, with greater capacity for production and expansion. In this context, we have taken important steps towards further internationalisation by streamlining our commercial and sales network and accelerating the launches of new products in key markets. A notable example was the approval of weekly Calcifediol in 19 European countries and monthly Calcifediol in Australia and Switzerland.

The core of our business as a pharmaceutical company remains research and innovation (R&D&I), to which we allocate substantial resources and effort every year. In 2024, we strengthened our therapeutic areas and made significant progress in developing products for allergy, bone health and gastro/immunomodulation. We also expanded our portfolio, with positive results from the clinical trial of 1.5-gram Mesalazine tablets, the start of patient recruitment for the efficacy and safety trial of Mesalazine granules and submission of the regulatory dossier for high-dose Methocarbamol tablets.

We also continued our commitment to sustainability, thereby fostering a positive impact on people and the environment, both fundamental to our activity. By identifying and assessing risks, as well as the related opportunities and impacts, we continue to make important progress in the development of responsible business activity.

In this regard, we achieved multiple, meaningful ESG advances over the past year. As part of our environmental commitment and fully aware of

our responsibility towards this challenge, we took decisive steps in establishing the Group's Transition Plan for the mitigation of Climate Change. We are working towards that horizon by driving the use of renewable energy and reducing emissions. Socially, we are consolidating the new Faes Farma Culture, which involves prioritising the patient across all activities and processes of the company while strengthening relationships with healthcare professionals. All these achievements are guided by cross-company, collaborative leadership and an organisational structure that is aligned with the Group's strategic objectives.

In terms of governance, a key moment of the year was my appointment as CEO of the Faes Farma Group last September. Since then, I have had the chance to get to know first-hand the great team of professionals who make up Faes Farma, as well as engage with them to better understand the company, its culture and its values. This process has allowed me to define a clear vision for the future. It has been a period of listening, analysis and strategic planning aimed at laying the foundations for continue to ensure sustained growth in the upcoming years.

One of my first goals was to draw up a new strategic plan, which we are already implementing and which will serve as a guide for the future of Faes Farma. The plan is aimed at consolidating our presence in the pharmaceutical market, leading through science, strengthening our operational capabilities and, above all, ensuring that the company continues to create sustainable value for patients and society. We have also redefined the organisation's culture internally to strengthen it and maintain consistency with the strategic plan. All this is supported by a strengthened organisational structure, with a particular focus on bringing new talent into senior management to steer the company's growth and consolidate a culture of collaboration and excellence. The decisions made to date seek to position us as a benchmark in the pharmaceutical industry, with a stronger team that is committed to the goals we have set.

The results achieved so far make us very optimistic about the future. By implementing the new strategic plan and consolidating a stronger team, we are in an excellent position to face the challenges and seize the opportunities that will arise in the coming years.

As we advance in 2025, I will continue working tirelessly to ensure that Faes Farma continues to grow sustainably, while consolidating its leadership and reputation in the sector and creating value for all our stakeholders. I am convinced that, with the joint effort of everyone at Faes Farma, we will reach new achievements and continue moving towards a healthier future.

Thank you for your continued support and trust.

Yours sincerely,

**Eduardo Recoder de la Cuadra**
CEO of Faes Farma

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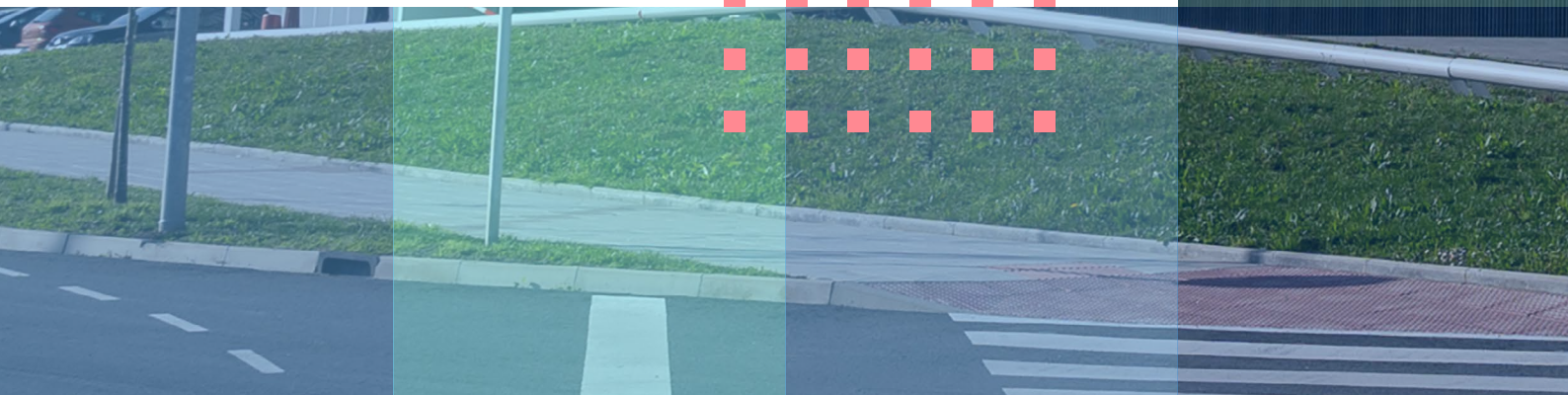
# Audit **report**




FAES FARMA

# Informe de auditoría de cuentas anuales consolidadas emitido por un auditor independiente

A los accionistas de Faes Farma, S.A.:

## Informe sobre las cuentas anuales consolidadas

### Opinión

Hemos auditado las cuentas anuales consolidadas de Faes Farma, S.A. (la Sociedad dominante) y sus sociedades dependientes (el Grupo), que comprenden el balance a 31 de diciembre de 2024, la cuenta de pérdidas y ganancias, el estado del resultado global, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria, todos ellos consolidados, correspondientes al ejercicio terminado en dicha fecha.

En nuestra opinión, las cuentas anuales consolidadas adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera del Grupo a 31 de diciembre de 2024, así como de sus resultados y flujos de efectivo, todos ellos consolidados, correspondientes al ejercicio terminado en dicha fecha, de conformidad con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea (NIIF-UE), y demás disposiciones del marco normativo de información financiera que resultan de aplicación en España.

### Fundamento de la opinión

Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España. Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección *Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas* de nuestro informe.

Somos independientes del Grupo de conformidad con los requerimientos de ética, incluidos los de independencia, que son aplicables a nuestra auditoría de las cuentas anuales consolidadas en España según lo exigido por la normativa reguladora de la actividad de auditoría de cuentas. En este sentido, no hemos prestado servicios distintos a los de la auditoría de cuentas ni han concurrido situaciones o circunstancias que, de acuerdo con lo establecido en la citada normativa reguladora, hayan afectado a la necesaria independencia de modo que se haya visto comprometida.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

### Cuestiones clave de la auditoría

Las cuestiones clave de la auditoría son aquellas cuestiones que, según nuestro juicio profesional, han sido de la mayor significatividad en nuestra auditoría de las cuentas anuales consolidadas del periodo actual. Estas cuestiones han sido tratadas en el contexto de nuestra auditoría de las cuentas anuales consolidadas en su conjunto, y en la formación de nuestra opinión sobre éstas, y no expresamos una opinión por separado sobre esas cuestiones.



R. M. Madrid, hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - NIF: B-79031290

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| Cuestiones clave de la auditoría | Modo en el que se han tratado en la auditoría |
|---|---|

### Activación y recuperabilidad de determinados activos intangibles

El balance a 31 de diciembre de 2024 incluye un importe de 184,2 millones de euros correspondiente a activos intangibles, entre los que se incluyen, principalmente, patentes, licencias y marcas, gastos de desarrollo y fondos de comercio. Una parte significativa de estos activos tiene asignada una vida útil indefinida, de forma que no se amortizan con carácter anual.

En todo caso, la dirección del Grupo realiza, con carácter anual, un análisis de recuperabilidad de los mismos, comparando su valor en uso con el valor contable. Este análisis se basa, principalmente, en la estimación de flujos de caja futuros que se espera que generen los diferentes activos y, por tanto, requiere juicios y estimaciones relevantes por parte de la dirección del Grupo.

Las asunciones más importantes utilizadas por la dirección del Grupo en su análisis se resumen en la nota 5 de la memoria consolidada adjunta.

Asimismo, la activación de los gastos de desarrollo implica el análisis del cumplimiento de determinados requisitos, incluyendo, entre otros, el éxito técnico y rentabilidad económica futura de los proyectos asociados, así como las correspondientes autorizaciones necesarias para su posterior comercialización.

Dada la relevancia de estos activos, así como las estimaciones y juicios significativos requeridos para evaluar su reconocimiento y recuperabilidad, este aspecto supone una cuestión clave de nuestra auditoría.

Hemos procedido a entender el proceso interno de realización del análisis de recuperabilidad de los mencionados activos intangibles por parte de la dirección del Grupo, comprobando la consistencia de los criterios de cálculo aplicados con la metodología de valor en uso establecida en el marco normativo aplicable.

Con relación a los flujos de efectivo, hemos comprobado los cálculos realizados y hemos comparado los flujos anuales proyectados, que se basan en los planes y presupuestos aprobados por la dirección del Grupo, con los realmente conseguidos en el ejercicio 2024.

Adicionalmente, hemos analizado las hipótesis clave utilizadas para determinar las tasas de crecimiento y márgenes futuros previstos, contrastándolas con comparables disponibles (resultados históricos y márgenes de activos similares del propio negocio).

Asimismo, hemos contrastado la tasa de descuento utilizada con datos disponibles de mercado de cara a evaluar su razonabilidad.

Para los análisis de sensibilidad desglosados en la memoria de las cuentas anuales adjuntas, hemos revisado los cálculos efectuados, así como comprobado la coherencia de las variaciones e hipótesis consideradas sobre los cambios posibles, en base a la situación y expectativas de mercado.

Respecto de los gastos de desarrollo reconocidos, hemos evaluado los criterios considerados por la dirección del Grupo tanto para el reconocimiento inicial, como de cara a la recuperabilidad futura, cotejando que se cumple con los criterios establecidos para su activación.

Como resultado de nuestro análisis y pruebas realizadas no tenemos observaciones al respecto.

## Otra información: Informe de gestión consolidado

La otra información comprende exclusivamente el informe de gestión consolidado del ejercicio 2024, cuya formulación es responsabilidad de los administradores de la Sociedad dominante y no forma parte integrante de las cuentas anuales consolidadas.

Nuestra opinión de auditoría sobre las cuentas anuales consolidadas no cubre el informe de gestión consolidado. Nuestra responsabilidad sobre el informe de gestión consolidado, de conformidad con lo exigido por la normativa reguladora de la actividad de auditoría de cuentas, consiste en:

a) Comprobar únicamente que el estado de información no financiera consolidado, determinada información incluida en el Informe Anual de Gobierno Corporativo y el Informe Anual de Remuneraciones de los Consejeros, a los que se refiere la Ley de Auditoría de Cuentas, se han facilitado en la forma prevista en la normativa aplicable y, en caso contrario, informar sobre ello.

b) Evaluar e informar sobre la concordancia del resto de la información incluida en el informe de gestión consolidado con las cuentas anuales consolidadas, a partir del conocimiento del Grupo obtenido en la realización de la auditoría de las citadas cuentas, así como evaluar e informar de si el contenido y presentación de esta parte del informe de gestión consolidado son conformes a la normativa que resulta de aplicación. Si, basándonos en el trabajo que hemos realizado, concluimos que existen incorrecciones materiales, estamos obligados a informar de ello.

Sobre la base del trabajo realizado, según lo descrito anteriormente, hemos comprobado que la información mencionada en el apartado a) anterior se facilita en la forma prevista en la normativa aplicable y que el resto de la información que contiene el informe de gestión consolidado concuerda con la de las cuentas anuales consolidadas del ejercicio 2024 y su contenido y presentación son conformes a la normativa que resulta de aplicación.

## Responsabilidad de los administradores y de la comisión de auditoría y cumplimiento en relación con las cuentas anuales consolidadas

Los administradores de la Sociedad dominante son responsables de formular las cuentas anuales consolidadas adjuntas, de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados consolidados del Grupo, de conformidad con las NIIF-UE y demás disposiciones del marco normativo de información financiera aplicable al Grupo en España, y del control interno que consideren necesario para permitir la preparación de cuentas anuales consolidadas libres de incorrección material, debida a fraude o error.

En la preparación de las cuentas anuales consolidadas, los administradores de la Sociedad dominante son responsables de la valoración de la capacidad del Grupo para continuar como empresa en funcionamiento, revelando, según corresponda, las cuestiones relacionadas con empresa en funcionamiento y utilizando el principio contable de empresa en funcionamiento excepto si los citados administradores tienen intención de liquidar el Grupo o de cesar sus operaciones, o bien no exista otra alternativa realista.

La comisión de auditoría y cumplimiento de la Sociedad dominante es responsable de la supervisión del proceso de elaboración y presentación de las cuentas anuales consolidadas.

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## Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas

Nuestros objetivos son obtener una seguridad razonable de que las cuentas anuales consolidadas en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión.

Seguridad razonable es un alto grado de seguridad, pero no garantiza que una auditoría realizada de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España siempre detecte una incorrección material cuando existe. Las incorrecciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyan en las decisiones económicas que los usuarios toman basándose en las cuentas anuales consolidadas.

Como parte de una auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y valoramos los riesgos de incorrección material en las cuentas anuales consolidadas, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o la elusión del control interno.

- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno del Grupo.

- Evaluamos si las políticas contables aplicadas son adecuadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por los administradores de la Sociedad dominante.

- Concluimos sobre si es adecuada la utilización, por los administradores de la Sociedad dominante, del principio contable de empresa en funcionamiento y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad del Grupo para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en las cuentas anuales consolidadas o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los hechos o condiciones futuros pueden ser la causa de que el Grupo deje de ser una empresa en funcionamiento.

- Evaluamos la presentación global, la estructura y el contenido de las cuentas anuales consolidadas, incluida la información revelada, y si las cuentas anuales consolidadas representan las transacciones y hechos subyacentes de un modo que logran expresar la imagen fiel.

- Planificamos y ejecutamos la auditoría del Grupo para obtener evidencia suficiente y adecuada en relación con la información financiera de las entidades o de las unidades de negocio del Grupo como base para la formación de una opinión sobre las cuentas anuales consolidadas. Somos responsables de la dirección, supervisión y revisión del trabajo realizado para los fines de la auditoría del Grupo. Somos los únicos responsables de nuestra opinión de auditoría.

Nos comunicamos con la comisión de auditoría y cumplimiento de la Sociedad dominante en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificamos en el transcurso de la auditoría.

También proporcionamos a la comisión de auditoría y cumplimiento de la Sociedad dominante una declaración de que hemos cumplido los requerimientos de ética relativos a independencia y nos hemos comunicado con la misma para informar de aquellas cuestiones que razonablemente puedan suponer una amenaza para nuestra independencia y, en su caso, de las medidas de salvaguarda adoptadas para eliminar o reducir la amenaza.

Entre las cuestiones que han sido objeto de comunicación a la comisión de auditoría y cumplimiento de la Sociedad dominante, determinamos las que han sido de la mayor significatividad en la auditoría de las cuentas anuales consolidadas del periodo actual y que son, en consecuencia, las cuestiones clave de la auditoría.

Describimos esas cuestiones en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente la cuestión.

## Informe sobre otros requerimientos legales y reglamentarios

### Formato electrónico único europeo

Hemos examinado los archivos digitales del formato electrónico único europeo (FEUE) de Faes Farma, S.A. y sociedades dependientes del ejercicio 2024 que comprenden el archivo XHTML en el que se incluyen las cuentas anuales consolidadas del ejercicio y los ficheros XBRL con el etiquetado realizado por la entidad, que formarán parte del informe financiero anual.

Los administradores de Faes Farma, S.A. son responsables de presentar el informe financiero anual del ejercicio 2024 de conformidad con los requerimientos de formato y marcado establecidos en el Reglamento Delegado UE 2019/815, de 17 de diciembre de 2018, de la Comisión Europea (en adelante Reglamento FEUE).

Nuestra responsabilidad consiste en examinar los archivos digitales preparados por los administradores de la Sociedad dominante, de conformidad con la normativa reguladora de la actividad de auditoría de cuentas en vigor en España. Dicha normativa exige que planifiquemos y ejecutemos nuestros procedimientos de auditoría con el fin de comprobar si el contenido de las cuentas anuales consolidadas incluidas en los citados archivos digitales se corresponde íntegramente con el de las cuentas anuales consolidadas que hemos auditado, y si el formato y marcado de las mismas y de los archivos antes referidos se ha realizado en todos los aspectos significativos, de conformidad con los requerimientos establecidos en el Reglamento FEUE.

En nuestra opinión, los archivos digitales examinados se corresponden íntegramente con las cuentas anuales consolidadas auditadas, y éstas se presentan y han sido marcadas, en todos sus aspectos significativos, de conformidad con los requerimientos establecidos en el Reglamento FEUE.

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Faes Farma, S.A. y sociedades dependientes

## Informe adicional para la comisión de auditoría y cumplimiento de la Sociedad dominante

La opinión expresada en este informe es coherente con lo manifestado en nuestro informe adicional para la comisión de auditoría y cumplimiento de la Sociedad dominante de fecha 27 de febrero de 2025.

## Periodo de contratación

La Junta General Ordinaria de Accionistas celebrada el 15 de junio de 2023 nos nombró como auditores del Grupo por un periodo de tres años, contados a partir del ejercicio finalizado el 31 de diciembre de 2023.

Con anterioridad, fuimos designados por acuerdo de la Junta General Ordinaria de Accionistas para el periodo de tres años y hemos venido realizando el trabajo de auditoría de cuentas de forma ininterrumpida desde el ejercicio finalizado el 31 de diciembre de 2017.

## Servicios prestados

Los servicios, distintos de la auditoría de cuentas, que han sido prestados al Grupo auditado se desglosan en la nota 22 de la memoria de las cuentas anuales consolidadas.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Gabriel Torre Escudero (21647)

27 de febrero de 2025

AUDITORES

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

2025 Núm. 03/25/01161

96,00 EUR

SELLO CORPORATIVO:

Informe de auditoría de cuentas sujeto a la normativa de auditoría de cuentas española o internacional

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# Consolidated **Financial Statements**

# CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2024

Expressed in thousands of euros

| ASSETS | Note | 2024 | 2023 |
|---|---|---|---|
| Property, plant and equipment | 4 | 295,431 | 274,148 |
| Right-of-use assets | 4 | 5,510 | 6,467 |
| Intangible assets | 5 | 184,159 | 184,749 |
| Investment Properties | | 1,550 | 1,550 |
| Other financial assets | 6 | 178 | 336 |
| Deferred tax assets | 10 | 32,526 | 19,036 |
| **TOTAL NON-CURRENT ASSETS** | | **519,354** | **486,286** |
| Inventories | 7 | 142,523 | 129,029 |
| Other financial assets | 6 | 7,922 | 13,104 |
| Trade and other receivables | 8 | 119,061 | 113,506 |
| Cash and cash equivalents | 9 and 13 | 64,222 | 34,647 |
| **TOTAL CURRENT ASSETS** | | **333,728** | **290,286** |
| **TOTAL ASSETS** | | **853,082** | **776,572** |


The attached consolidated annual report forms an integral part of the consolidated financial statements.

# CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2024

Expressed in thousands of euros

| EQUITY | Note | 2024 | 2023 |
|---|---|---|---|
| **EQUITY** | | | |
| Equity | 11 | | |
| Capital | | 31,622 | 31,622 |
| Issue premium | | 1,460 | 1,460 |
| Other reserves | | 509,912 | 489,711 |
| Accumulated earnings | | 209,043 | 165,806 |
| Interim dividend | | (12,761) | (12,139) |
| Translation differences | | (2,445) | (3,081) |
| Treasury Shares | | (10,961) | (10,961) |
| Equity attributable to holders of equity instruments of the Parent Company | | 725,870 | 662,418 |
| Non-controlling interest | | 748 | 994 |
| **TOTAL EQUITY** | | **726,618** | **663,412** |
| **LIABILITIES** | | | |
| Other financial liabilities | 13 | 2,627 | 3,465 |
| Lease liabilities | 13 | 2,749 | 4,373 |
| Provisions | 14 | 946 | 864 |
| Capital grants | | 1,114 | 241 |
| Deferred tax liabilities | 10 | 15,573 | 16,919 |
| **TOTAL NON-CURRENT LIABILITIES** | | **23,009** | **25,862** |
| Other financial liabilities | 13 | 17,859 | 18,436 |
| Lease liabilities | 13 | 3,056 | 2,233 |
| Trade and other payables | 15 | 71,322 | 55,989 |
| Current income tax liabilities | 10 | 3,647 | 3,390 |
| Provisions | 14 | 7,571 | 7,250 |
| **TOTAL CURRENT LIABILITIES** | | **103,455** | **87,298** |
| **TOTAL LIABILITIES** | | **126,464** | **113,160** |
| **TOTAL EQUITY AND LIABILITIES** | | **853,082** | **776,572** |

The attached consolidated annual report forms an integral part of the consolidated financial statements.

# Consolidated Profit and Loss Statement for the year ended 31 December 2024

Expressed in thousands of euros

| | Note | 2024 | 2023 |
|---|---|---|---|
| Ordinary income | 16 | 493,647 | 451,168 |
| Other income | 16 | 16,394 | 21,926 |
| Change in finished goods and works in progress | | 6,111 | 3,826 |
| Consumption of raw materials and consumables | | (173,220) | (157,876) |
| Expenses from employee remuneration | 17 | (104,867) | (96,556) |
| Depreciation expenses | 4 and 5 | (20,318) | (19,398) |
| Losses from impairment and disposal of non-current assets | 4 and 5 | (1,445) | (26) |
| Other expenses | 18 | (109,218) | (100,250) |
| Financial income | 19 | 1,694 | 1,080 |
| Finance costs | 19 | (1,202) | (1,042) |
| Profit before taxes | | 107,576 | 102,852 |
| Income tax expenses | 10 | 3,538 | (11,159) |
| Profit for the year | | 111,114 | 91,693 |
| **Profit for the year attributable to holders of equity instruments of the parent company** | | **111,360** | **91,902** |
| Profit for the year attributable to non-controlling interest | | (246) | (209) |
| **Profit for the year** | | **111,114** | **91,693** |
| Earnings per share from the profit from ongoing activities attributable to holders of ordinary equity instruments of the Parent Company | | | |
| Basic earnings per share (in euros) | 12 | 0.358 | 0.296 |
| Diluted earnings per share (in euros) | 12 | 0.356 | 0.296 |

The attached consolidated annual report forms an integral part of the consolidated financial statements.

## Consolidated Statement of Comprehensive Income for the year ended 31 December 2024

Expressed in thousands of euros

| | 2024 | 2023 |
|---|---|---|
| **Profit for the year** | **111,114** | **91,693** |
| Other comprehensive income: | | |
| Items to be reclassified to profit or loss | | |
| Translation differences of financial statements of foreign operations | 636 | 2,204 |
| Other comprehensive income for the year, net of tax | 636 | 2,204 |
| Total comprehensive income for the year, net of tax | 111,750 | 93,897 |
| Total comprehensive income for the year attributable to: | | |
| Holders of equity instruments of the Parent Company | 111,996 | 94,106 |

The attached consolidated annual report forms an integral part of the consolidated financial statements.

# Consolidated Statement of Changes in Equity for the year ended 31 December 2024

Expressed in thousands of euros

| | Capital (Note 11) | Issue premium | Other Reserves (Note 11) | Other Comprehensive Income Translation Differences | Accumulated Earnings | Interim dividend | Treasury Shares | Total | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2023** | 31,622 | 1,460 | 489,711 | (3,081) | 165,806 | (12,139) | (10,961) | 662,418 | 994 | 663,412 |
| **Total profit (loss) for the year** | - | - | - | 636 | 111,360 | - | - | 111,996 | (246) | 111,750 |
| Application of accrued earnings | - | - | 19,454 | - | (31,593) | 12,139 | - | - | - | - |
| Dividends (note 11) | - | - | - | - | (36,105) | (12,761) | - | (48,866) | - | (48,866) |
| Other transactions | - | - | 747 | - | (425) | - | - | 322 | - | 322 |
| **Balance at 31 December 2024** | **31,622** | **1,460** | **509,912** | **(2,445)** | **209,043** | **(12,761)** | **(10,961)** | **725,870** | **748** | **726,618** |


The attached consolidated annual report forms an integral part of the consolidated financial statements.

# Consolidated Statement of Changes in Equity for the year ended 31 December 2023

Expressed in thousands of euros

| | Capital (Note 11) | Issue premium | Other Reserves (Note 11) | Other Comprehensive Income Translation Differences | Accumulated Earnings | Interim dividend | Treasury Shares | Total | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2022** | **31,078** | **1,460** | **443,056** | **(5,285)** | **147,478** | **(11,322)** | **(5,264)** | **601,201** | **1,203** | **602,404** |
| **Total profit (loss) for the year** | **-** | **-** | **-** | **2,204** | **91,902** | **-** | **-** | **94,106** | **(209)** | **93,897** |
| Capital increases (note 11) | 1,089 | - | (1,089) | - | - | - | - | - | - | - |
| Capital reductions (note 11) | (545) | - | (11,444) | - | - | - | 11,989 | - | - | - |
| Application of accrued earnings | - | - | 61,699 | - | (73,021) | 11,322 | - | - | - | - |
| Dividends (note 11) | - | - | (3,285) | - | - | (12,139) | - | (15,424) | - | (15,424) |
| Treasury share transactions (note 11) | - | - | - | - | - | - | (17,686) | (17,686) | - | (17,686) |
| Other transactions | - | - | 774 | - | (553) | - | - | 221 | - | 221 |
| **Balance at 31 December 2023** | **31,622** | **1,460** | **489,711** | **(3,081)** | **165,806** | **(12,139)** | **(10,961)** | **662,418** | **994** | **663,412** |

The attached consolidated annual report forms an integral part of the consolidated financial statements.

# Consolidated Statement of Cash Flows for the year ended 31 December 2024

Indirect method. Expressed in thousands of euros

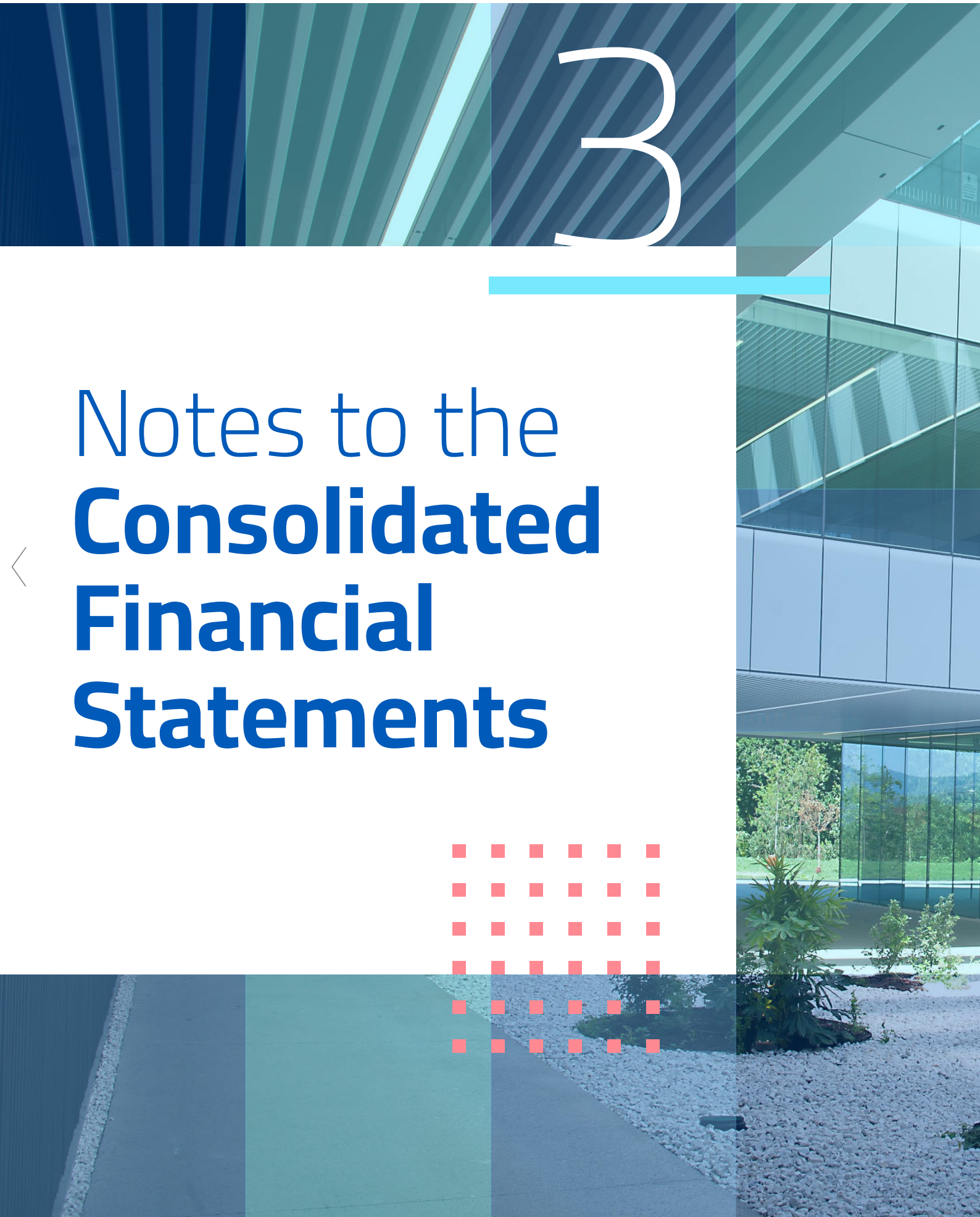
| | Note | 2024 | 2023 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | 111,114 | 91,693 |
| **Adjustments for:** | | | |
| Depreciation | 4 and 5 | 20,318 | 19,398 |
| (Profit)/Loss from impairment of intangible assets | 5 | 359 | 74 |
| (Profit)/Loss from impairment of trade receivables | 8 | 1,262 | 607 |
| (Profit)/Loss from impairment of inventories | 7 | (470) | (301) |
| (Income)/Expenses from exchange differences | 19 | 769 | 659 |
| Changes in provisions | 14 | 2,893 | 2,145 |
| Valuation of share-based remuneration scheme | 11 | 747 | 774 |
| Allocation of subsidies | | 873 | 206 |
| (Profit) / Loss from property, plant and equipment | | 362 | 273 |
| (Profit) / Loss from intangible assets | 5 | 1,140 | - |
| Financial income | 19 | (1,694) | (1,080) |
| Finance costs | 19 | 433 | 383 |
| Income tax expenses | 10 | (3,538) | 11,159 |
| | | **134,568** | **125,990** |
| **Changes in working capital, excluding the effect of acquisitions and translation differences** | | | |
| Inventories | | (13,488) | (13,264) |
| Trade and other receivables | | (8,025) | 936 |
| Trade and other payables | | 16,119 | (1,430) |
| Provisions paid | 14 | (2,490) | (3,218) |
| **Cash resulting from operations** | | **126,684** | **109,014** |
| Interest received | | 1,694 | 1,080 |
| Interest paid | | (433) | (383) |
| Income tax paid | | (12,477) | (8,742) |
| **Net cash from operating activities** | | **115,468** | **100,969** |

The attached consolidated annual report forms an integral part of the consolidated financial statements.

Indirect method. Expressed in thousands of euros

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Cash flows from investment activities** | | | |
| Expense for acquisition of subsidiary, net of acquired cash | 24 | - | (4,547) |
| Proceeds from the sale of financial assets | 13 | 13,112 | 18,216 |
| Payables for acquisition of property, plant and equipment | 4 and 13 | (33,814) | (95,763) |
| Proceeds from the sale of intangible assets | 5 | 69 | - |
| Payments for the acquisition of intangible assets | 5 | (5,775) | (6,427) |
| Payments for investments in other current and non-current financial assets | 13 | (7,772) | (8,835) |
| **Net cash from investing activities** | | **(34,180)** | **(97,356)** |
| **Cash flows from financing activities** | | | |
| Proceeds and payments for equity instruments | 11 | - | (17,686) |
| Payments from other financial liabilities | 13 | (3,469) | (3,344) |
| Income from other financial liabilities | 13 | - | 260 |
| Dividends paid | 11 | (48,244) | (14,607) |
| **Net cash from financing activities** | | **(51,713)** | **(35,377)** |
| Net increase/(decrease) in cash and cash equivalents | | 29,575 | (31,764) |
| Cash and cash equivalents at 1 January | | 34,647 | 66,411 |
| **Cash and cash equivalents at December 31** | | **64,222** | **34,647** |

The attached consolidated annual report forms an integral part of the consolidated financial statements.



3

# Notes to the **Consolidated Financial Statements**

# 1 Nature, Activities and Composition of the Group

Faes Farma, S.A. (hereinafter, the "Company" or the "Parent Company") has the corporate purpose of manufacturing and selling all kinds of chemical and pharmaceutical products, foodstuffs, cosmetics, dietetics and medicinal plants, as well as acquiring, purchasing, disposing of, investing in, holding, using, managing, administering, marketing and leasing corporations, securities and real estate, patents, trademarks and registered brands and equity interests.

The Company was incorporated pursuant to a public deed executed in Bilbao on 29 July 1933, under the name Fábrica Española de Productos Químicos y Farmacéuticos, S.A. On 6 July 2001, it adopted its current corporate name, with its headquarters, offices and factory located at Avenida Autonomía, 10, Leioa (Vizcaya, Spain).

Faes Farma, S.A. is the parent company of a Group made up of the subsidiaries listed in the attached Annex. Faes Farma, S.A. and its subsidiaries (hereinafter, the "Faes Farma Group" or the "Group") are mainly engaged in the manufacture and sale of pharmaceutical products, as well as in the manufacture and sale of animal nutrition and health products. All the subsidiaries are fully consolidated, given that the Company has a majority share or control in all cases.

The Company's shares are listed in the continuous Spanish market.

In relation to ESMA's requirements for the Single European Electronic Format, we list the key annexes as follows:

- Name of the entity: Faes Farma, S.A.
- Address of the entity: Bizkaia - Spain
- Legal form of the entity: S.A.
- Country of incorporation: Spain
- Address of the entity's registered office: Avenida Autonomía, 10, Leioa (Bizkaia, Spain) 48940
- Main centre of activity: Avenida Autonomía, 10, Leioa (Bizkaia, Spain) 48940
- Description of the nature of the entity's operations and its main activities: manufacture and sale of pharmaceuticals and manufacture and sale of animal nutrition and health products.
- Name of the parent: Faes Farma, S.A.
- Name of the controlling parent of the group: Faes Farma, S.A.

## Changes in the scope of consolidation

On 3 May 2023 the Group acquired 100% of the shares of the marketer Faes Farma Gulf FZCO (formerly NovoSci Healthcare FZCO) (Dubai), for total consideration of €4.6 million. During the 2024 financial year, the Group completed the assessment relating to the identification and valuation of the acquired net assets (see Note 24).

# 2 Basis of Presentation

These consolidated financial statements were prepared using the accounting records of Faes Farma, S.A. and its consolidated entities. The consolidated financial statements for 2024 were prepared pursuant to the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and other provisions of the applicable regulatory framework for financial reporting, in order to present a true and fair view of the consolidated equity and the consolidated financial position of Faes Farma, S.A. and its subsidiaries at 31 December 2024, and of the consolidated financial performance, consolidated cash flows and consolidated changes in equity for the year ended on said date.

The Group adopted the IFRS-EU on 1 January 2004 and, on that date, it applied IFRS 1, "First-time Adoption of International Financial Reporting Standards."

The Directors of the Parent Company estimate that the consolidated financial statements for 2024, which were prepared on 25 February 2025, will be approved by the General Shareholders' Meeting without any modifications.

## 2.1 Basis for preparation of the consolidated financial statements

These consolidated financial statements have been prepared using the historical cost principle, with the following exceptions:

- Investment Properties recorded at fair value;
- Financial Instruments at fair value through profits/loss, which are carried at fair value.

## 2.2 Relevant accounting estimates and assumptions and relevant judgements for application of the accounting policies

The preparation of the consolidated financial statements pursuant to the IFRS-EU requires the application of relevant accounting estimates and judgements, estimates and assumptions when applying the Group's accounting policies. Along these lines, the features that have implied a higher level of judgement or complexity during the formulation of these consolidated financial statements are summarised below:

### (i) Relevant accounting estimates and assumptions

- Intangible assets (see note 3.4): criteria for the capitalisation and assessment of useful lives.
- Impairment of goodwill and indefinite-use trademarks: (see Note 3.6).
- Deductions and capitalised tax credits: see Note 3.17
- Useful lives of property, plant and equipment, see note 3.3.

### (ii) Changes in estimates

Moreover, despite the fact that the estimates made by the directors of the Parent Company were based on the best information available at 31 December 2024, it is possible that said estimates may require adjustment in upcoming years based on future events. The effect on the consolidated financial statements of any changes which, if applicable, may result from adjustments to be made in upcoming years would be recorded prospectively.

It is very difficult to make accurate estimates given the difficulties associated with the evolving situation and the current economic context, which is why the Group will continue to monitor developments and their impact on the financial statements.

## 2.3 Issued standards and interpretations

The same accounting principles and valuation standards set forth in the Group's consolidated financial statements at 31 December 2023, prepared pursuant to IFRS-EU, were followed in the preparation of these consolidated financial statements. The Group has not adopted in advance any published standards, amendments or interpretations which have not yet been enforced.

### Mandatory standards, amendments and interpretations for all years started 1 January 2024

**IFRS 16 (Amendment) "Lease liability in a sale and leaseback":** IFRS 16 includes requirements on how to account for a sale and leaseback at the date when the transaction is completed. However, it does not specify how to record the transaction after that date. This amendment explains how an entity should account for a sale and leaseback after the transaction date. The effective date of this amendment is 1 January 2024.

**IAS 1 (Amendment) "Classification of liabilities as current or non-current" and IAS 1 (Amendment) "Non-current liabilities with covenants":** The amendments, adopted simultaneously by the European Union, clarify that liabilities are classified as current or non-current depending on the rights that exist at the end of the reporting period. Classification is not affected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means by the "settlement" of a liability.

In addition, the amendment aims to improve the disclosures provided when the right to defer the settlement of a liability is subject to compliance with covenants within the twelve months after the reporting period.

This amendment is effective for annual periods beginning on or after 1 January 2024 and is applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

**IAS 7 (Amendment) and IFRS 7 (Amendment) "Supplier finance arrangements ('reverse factoring')":** The IASB has amended IAS 7 and IFRS 7 to improve disclosures on supplier finance arrangements ("reverse factoring") and the effects thereof on an entity's liabilities, cash flows and exposure to liquidity risk. The amendment responds to investors' concerns that the supplier finance arrangements of some entities are not sufficiently visible. This amendment is effective for annual periods beginning on or after 1 January 2024.

These standards have been taken into account effective as from 1 January 2024 and have had no impact on the Group's consolidated financial statements.

No standard, amendment or interpretation has been adopted in advance that has not yet entered into force. No potential impact of the standards, amendments and interpretations pending adoption by the European Union is estimated

## 2.4 Comparative information

The financial statements forming part of these consolidated financial statements have been prepared using the same criteria as the comparative information at 31 December 2023. Comparative information has been restated to reflect the identification and valuation of the assets acquired in the business combination of Faes Farma Gulf FZCO (formerly NovoSci Healthcare FZCO) (see Notes 5 and 24), with the following line items adjusted retrospectively:

Expressed in thousands of euros

| | 31.12.2023 | Restatement | 31.12.2023 restated |
|---|---|---|---|
| Intangible assets "Patents, licences and trademarks" | 109,292 | 266 | 109,558 |
| Intangible assets "Goodwill" | 56,083 | 277 | 56,360 |
| Translation differences | 3,144 | (63) | 3,081 |
| Other current financial liabilities | (17,956) | (480) | (18,436) |

# 3 Accounting Principles and Measurement Bases Applied

## 3.1 Subsidiaries

An investor controls a subsidiary when, due to its interest in said subsidiary, it is exposed or entitled to variable returns and can influence said returns through the control exerted on the controlled entity.

The Annex attached to the Annual Report contains information on the subsidiaries included in the consolidation of the Group.

The income, expenses and cash flow of the subsidiaries are included in the consolidated financial statement since the date of acquisition, which is the one on which the Group effectively gained control thereof. Subsidiaries are excluded from consolidation from the date on which they have lost control.

The Group has applied the exception set forth in IFRS 1, "First-time Adoption of International Financial Reporting Standards," which means that only business combinations performed after 1 January 2004, date of transition to the IFRS-EU, have been recorded by means of the acquisition method. The acquisition of companies made before the above date were recorded pursuant to the accounting principles effective in Spain before that date, after considering the necessary corrections and adjustments on the date of transition.

### Non-controlling interest

Non-controlling interest in subsidiaries acquired after 1 January 2004 is recognised at the date of acquisition based on the share in the fair value of the identifiable net assets. Non-controlling interest in subsidiaries acquired before the date of transition was recognised at the share percentage in the net equity thereof at the date of first consolidation.

Non-controlling interest is presented separately in the consolidated net equity statement from the equity attributed to holders of net equity instruments in the Parent Company. Likewise, non-controlling interest in the consolidated profit/loss of the year and in the total profit(loss) for the year is presented separately in the consolidated profit and loss account and in the consolidated statement of comprehensive income.

### Other consolidation features

The financial statements of subsidiaries are consolidated with those of the Parent Company by applying the full consolidation method. Thus, all the balances and transactions made between consolidated companies and the unrealised profits or losses have been eliminated from the consolidation process.

The accounting policies of subsidiaries have been adapted to the Group's accounting policies for transactions and other events which are similar and have occurred in similar circumstances.

The financial statements of subsidiaries used in the consolidation process are accounted for on the same date of presentation and for the same period as for the Parent Company.

## 3.2 Foreign currency transactions and balances

### Functional and reporting currency

The consolidated financial statements are presented in thousands of euros, rounded to the closest thousand, since this is the functional and reporting currency of the Parent Company.

### Foreign currency transactions, balances and flows

Transactions in foreign currencies are converted to the functional currency using the spot exchange rates between the functional currency and the foreign currency valid on the transaction dates.

Monetary assets and liabilities stated in foreign currency are converted to the functional currency at the exchange rate effective at year-end, while non-monetary assets and liabilities are valued at their historical cost, and are converted to the functional currency at the exchange rate valid on the transaction date.

For the presentation of the consolidated statement of cash flows, flows from foreign currency transactions are converted to euros by applying the exchange rates effective on the date in which they occurred. The effect of the exchange rate differences on cash and other cash and cash equivalents expressed in foreign currency is presented separately in the consolidated cash flow statement as "(Income) Expenses from exchange rate differences."

Any differences arising from the settlement of foreign currency transactions and from the conversion to euros of monetary assets and liabilities expressed in foreign currency are recognised to profits/losses. However, exchange rate differences arising in monetary items which are part of net investments in foreign businesses are recorded as translation differences in another comprehensive income.

Losses or gains from exchange rate differences related to monetary financial assets or liabilities expressed in foreign currency are equally recognised in profits/losses.

Conversion to euros for foreign businesses has been made by applying the following criterion:

- The assets and liabilities are converted at the closing exchange rate on the date of each balance sheet;
- Income and expenses are converted at the exchange rates valid on the date of each transaction; and
- Exchange rate differences resulting from the application of the aforementioned criteria are recognised as translation differences in other comprehensive income.

## 3.3 Property, plant and equipment

### Initial recognition

Property, plant and equipment is recognised at cost or attributed, less accumulated depreciation and, if applicable, any impairment losses.

Assets located in Spain acquired before 1996 were revalued or updated pursuant to the relevant laws. On 1 January 2004, the Group adopted the exemption related to the fair value or the revaluation as expense attributed to IFRS 1 "First-time Adoption of International Financial Reporting Standards."

## Depreciation

Depreciation of items of property, plant and equipment, excluding the new Derio and Huesca plants, is charged systematically over their useful lives based on the depreciable amount. For these purposes, the depreciable amount is understood to be the acquisition cost less the residual value.

On 23 December 2024 the new plant built in Derio was capitalised as property, plant and equipment after more than two years under construction (construction in progress).

On 31 October 2024 the new plant built in ISF was capitalised as property, plant and equipment after more than two years under construction (construction in progress).

To establish a depreciation policy consistent with the new assets, Group management has identified the various components of the new plants and concluded that the most appropriate depreciation method for items directly related to production is the units-of-production method.

This method takes into account that the plants have a substantially higher capacity than can be utilised in the early years of their useful life and that production will grow over time.

Accordingly, the total capacity of the new production plants has been estimated and depreciation will be recognised annually based on the units produced during the year. Both the total forecast production and the production in progress will be reviewed annually to ensure that the depreciation charge is recognised appropriately.

In the current year, given that the pharmaceutical plant received formal approval on 23 December 2024, the depreciation charge is immaterial and based on actual 2024 output. As regards the animal nutrition plant, only a few units were produced because authorisation was granted at the end of October; therefore, the depreciation charge is immaterial and based on actual 2024 output.

It is therefore estimated that the plants will be operational for approximately 10 to 50 years, depending on the various identified components, and that production will ramp up in the initial years and will not reach a stable, sustained volume until several years have elapsed.

Elements of the new Derio and Huesca plants that are not directly related to production will be depreciated on a straight-line basis systematically over their useful lives. These items are mainly the building, the fire prevention system, office furniture and information process equipment.

Depreciation of items of property, plant and equipment using the straight-line method is determined by applying the criteria set out below:

| | Estimated useful life years |
|---|---|
| Constructions | 30 - 50 |
| Technical installations and machinery | 10 – 20 |
| Other installations, tools and furniture | 5 – 15 |
| Computer equipment | 4 – 7 |
| Others | 8 - 10 |

At the close of each year, the Group reviews the residual value, the useful life and the amortisation method for property, plant and equipment. Changes in the criteria initially established are accounted for as a change in estimate.

### Subsequent costs

After the initial recognition of the asset, capitalisation only applies to those costs incurred that will result in future economic benefits and which can be classified as likely and for which the amount of the above mentioned costs can reliably be measured. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When property, plant and equipment items that can be capitalised are replaced, the carrying amount of the replaced items is reduced. When depreciation of the cost of the replaced items was not shown separately, and it was not feasible to determine their carrying amount, the replacement cost is used to indicate the cost of the items at the time of acquisition or construction.

### Impairment of Assets

The Group assesses and determines losses and reversals of losses due to impairment of the real value of property, plant and equipment pursuant to the criteria set forth in Note 3.6.

## 3.4 Intangible assets

### 3.4.1 Goodwill

The goodwill derived from business combinations made after the date of transition (1 January 2004) is valued initially for an amount equivalent to the difference between the cost of the business combination and the share of the Group in the net fair value of the assets, liabilities and contingent liabilities assumed by the controlled entity or joint business acquired.

Goodwill is not depreciated, but rather the impairment of its value is verified by means of the criteria described in section 3.6. Following initial recognition, the goodwill is measured at its cost less the accumulated impairment losses.

Internally generated goodwill is not recognised as an asset.

### 3.4.2 Internally generated intangible assets

Costs related to research activities are recorded as expenses as they are incurred.

Costs incurred in the performance of activities in which costs attributable to the research phase cannot be distinguished from those corresponding to the development phase of intangible assets are recognised in the consolidated income statement. Developments costs previously recognised as an expense are not recognised as an asset in a subsequent year.

Costs related to development activities are capitalised as:

- The Group has technical studies available justifying the feasibility of the production process;
- The Group has agreed to complete production of the asset so as to render in sale conditions (or internal use) conditions;
- The asset will generate sufficient financial benefits;
- The Group has the necessary technical and financial resources to complete the development of the asset;

The completion of the development phase and, thus, its transfer to patents, licences and brands, and the beginning of the amortisation period takes place upon obtaining the approval of the regulatory agencies.

In any case, in order to consider these costs as an asset, even though the approval of the regulatory agencies may not have been received, there is a prior qualitative analysis by Management to assess, based on historical experience, the stage of the approval process and the type of development involved, and that there is no reasonable doubt of obtaining regulatory approval.

### 3.4.3 Patents and brands

Registered brands and licences are presented at the acquisition or development cost. Certain brands and licences have a finite useful life and are measured later at their cost minus the accumulated amortisation and any adjustment for impairment. The Group also identifies certain brands acquired in business combinations whose useful life is considered indefinite, as they are consolidated in the market and it is not necessary to incur significant costs in order to maintain their commercial life.

### 3.4.4 Computer applications

Purchased software licences are activated based on the costs incurred in the purchase and preparation for use. These costs are amortised throughout their estimated useful life.

Software and maintenance costs are recognised as an expense when they are incurred.

### 3.4.5 Other intangible assets

The remaining intangible assets purchased by the Group are presented in the consolidated balance sheet at their cost, less the amount of any amortisations and accumulated impairment losses.

### 3.4.6 Useful life and amortisation

For each intangible asset acquired, the Group assesses whether they have a finite or indefinite useful life. To these effects, an intangible asset is deemed to have an indefinite useful life when there is no foreseeable limit to the period during which it will generate net cash flows.

The amortisation of finite useful life intangible assets is performed by systematically distributing the amortisable amount throughout the useful life by applying the following criteria:

| | Amortisation method | Estimated useful life years |
|---|---|---|
| Patents and brands | Linear | 5 - 25 |
| Computer applications | Linear | 3 - 10 |
| Other intangible assets | Linear | 10 |

For these purposes, the depreciable amount is understood to be the acquisition cost less the residual value. The Group reviews the residual value, the useful life and the amortisation method of intangible assets at the end of each year. Changes due to changes in estimates are recognised prospectively.

Intangible assets with indefinite useful lives are not subject to amortisation but rather to measurement of impairment, which is conducted annually or earlier, if there are signs of a potential impairment.

The grounds that justify the indefinite useful life of certain brands are, among others:

- Brands bought by the Group from third parties that were already out of patent at the time of purchase. Some brands correspond to products that have a generic counterpart in the market, and some do not. Since the Group acquired these brands, there has been a significant increase in sales, mainly resulting from the Group's financial and commercial efforts to protect and develop the brand. These brands are aimed at niches of the market that are considered stable, and so demand is expected to remain stable in the future.

- The current forecast is that new patents or substituting generic products are unlikely to appear in the market in the short or medium-term.
- Another key factor in determining the future profitability of brands is the evolution of prices. Along these lines, considering the currently established benchmark prices, they guarantee extended levels of profitability and cash flow generation over time, enough to recover the investments made.
- The Group has the will and capabilities required to maintain these brands in its portfolio, which means that it will continue to make the necessary investments and take any commercial actions required to sustain them.

### 3.4.7 Impairment of assets

The Group assesses and determines losses and reversals of losses due to impairment of intangible assets pursuant to the criteria set forth in Note 3.6.

## 3.5 Investment Properties

Investment properties are real estate properties that are kept exclusively or partially to obtain income, capital gains or both, instead of being meant for use in production or the supply of goods and the provision of services, or else for administrative purposes of the Group, or for sale in the regular course of operations.

Investment properties refer to real estate owned by the Group, located in Portugal, maintained to gain profitability through long-term income.

Investment properties are initially measured at cost, including transaction-associated costs.

The Group measures investment properties following their initial fair value recognition. A qualified independent external appraiser experienced in measuring the appraised property conducted an appraisal under observable market variables (level 2 fair value hierarchy) during fiscal year 2024, which will be revised approximately every two years, except if market conditions change significantly, in which case the revision will be performed at that time.

Losses or profits derived from changes in the fair value of an investment property is recorded in the consolidated profit and loss statement. Investment properties are not depreciated.

Investment properties continue to be measured at fair value until sale or until the property is used by the Group or starts development thereof for sale in the ordinary course of business, regardless of whether comparable market transactions have become less common or market prices are less readily available.

## 3.6 Impairment of non-financial assets subject to amortisation or depreciation

The group follows the criteria of assessing the existence of signs that might reflect any potential impairment of non-financial assets subject to depreciation or amortisation, so as to verify whether their recoverable amount is lower than their carrying amount.

Moreover, and notwithstanding the existence of any impairment signs, the Group verifies at least annually any potential impairment which might affect goodwill, indefinite life intangible assets, as well as any intangible assets which are still unavailable for use.

For these purposes, the goodwill resulting from business combinations is allocated to each one of the Group's cash generating units that are expected to benefit from the synergies of the combination.

The recoverable value of assets is the higher of its fair value minus any sale or disposal by other means and its value in use. The measurement of the value in use of the assets is realised according to the expected cash flows that will result from use of said asset, the expectations on the possible variations in the temporary amount or distribution of the future flows, the temporary value of money, the price to pay in order to offset the uncertainty related to the asset and other factors that market players would

consider in the valuation of future cash flows related to the asset.

Negative differences resulting from comparison of the carrying amounts of assets with the recoverable value thereof are recognised to profits(losses).

The recoverable value should be calculated for an individual asset, unless the asset does not generate cash inflows that are to a major extent independent from those corresponding to other assets or group of assets. Should this be the case, the recoverable value is determined for the cash generating unit to which the asset belongs.

Losses related to the impairment of cash generating units will be allocated initially to reduce, as applicable, the value of the goodwill allocated to it and the continuation of the other assets of the cash generating unit, prorating it based on the carrying amount of each of the assets, with the limit for each of them being the higher between the fair value minus any sale or disposal costs by other means, its value in use and zero.

At each closing date, the Group assesses whether there are any signs that may indicate that the impairment losses recognised in previous years has been eliminated or may have diminished. The impairment losses corresponding to goodwill are non-reversible. Impairment losses for the remaining assets can only be reversed should there have been a change in the estimations made to determine the recoverable value of the asset.

Reversal of impairment losses are recorded to profits; however, the reversal of the loss cannot increase the carrying amount of the asset above the carrying amount it would have had, net of depreciation, had the impairment not been recorded.

The amount of the impairment loss of a cash generating unit is distributed among the assets of the unit, except for goodwill, prorating it based on the carrying amount of the assets, with the limit per asset being the lower between its recoverable value and the carrying amount it would have had, net of depreciations, had the loss not been recognised.

## 3.7 Financial instruments

Financial instruments are classified at the time of initial recognition as a financial asset, a financial liability or an equity instrument, based on the goodwill of the contractual agreement and the definitions of financial asset, financial liability or equity instrument developed in IAS 32, “Financial instruments: presentation”.

Financial instruments are recognised when the Group becomes a bound party in the agreement or legal business, pursuant to the provisions thereof.

Moreover, and for valuation purposes, financial instruments are classified in categories of financial assets and liabilities at fair value, with changes to profits, loans and accounts receivables and financial assets at depreciated cost. The classification in the aforementioned categories is conducted based on the characteristics of the instrument and the intention of Management at the time of initial recognition.

A financial asset and a financial liability are subject to compensation only when the Group has the enforceable right to legally compensate the recognised amounts and intends to settle the net amount or to realise the asset and settle the liability at the same time.

Conventional purchases and sales of financial assets are recognised at the date of negotiation; that is, the date on which the Group agrees to purchase or sell the asset.

### 3.7.1 Financial assets at fair value through changes in profit/loss

Financial assets held for trading are included in this section. A financial asset is classified as held for trading if:

- It is acquired or incurred mainly for the purpose of selling it or re-purchasing in the immediate future.
- In the initial recognition, it is part of an identified financial instrument portfolio, jointly managed and for which there is evidence of a recent pattern of short-term benefits, or
- It is a derivative, except for derivatives classified as a hedging instrument, and meets the requirements to be deemed effective, and a derivative which is a financial guarantee contract.

They are recognised initially and at a later date based on the fair value. Transaction costs directly attributable to the acquisition of said assets are recognised as an expense in the consolidated income statement. Realised and unrealised losses and profits derived from changes in the fair value are included in the consolidated profit and loss statement for the year in which they occur.

### 3.7.2 Loans and receivables

Loans and accounts receivable are financial assets that are not derivatives, with a fixed or determinable cost, which are not listed in an active market, and different from those classified in other financial asset categories.

They are initially recognised at their fair value, including incurred transaction costs, and are later valued at the depreciated cost, through the effective interest method.

### 3.7.3 Impairment and uncollectible financial assets

Trade and other receivables are subject to the expected credit loss model. However, the impairment identified is intangible.

The "cash and cash equivalents" line item is also subject to the impairment requirements set by IFRS 9, even though the identified impairment is intangible.

To determine the expected credit losses, the Group applies the simplified approach of IFRS 9.

To measure expected credit losses, trade receivables have been grouped based on the shared credit risk characteristics, and on due dates.

Expected loss rates are based on the sales payment profiles throughout a 12-month period before 1 January 2021, and the corresponding historical credit losses experienced during said period. Historical loss rates are adjusted to reflect the current and prospective information on the macroeconomic factors affecting customers' capacity to settle the accounts receivable.

In addition, the Group impairs any accounts receivable for which the existence of specific bad debt risks is assessed, in the same way as for the previous year, in order to determine if there is objective evidence of impairment. The Group considers that impairment has occurred when the debtor has significant financial difficulties or when payment default or delay exceeds 12 months.

Accounts receivable for which an impairment provision has been recognised are cancelled against the provision when there is no expectation of recovering the additional cash.

### 3.7.4 Financial liabilities

Financial liabilities, including trade and other payables, which are not classified at fair value with changes to profits (losses) are initially recognised at their fair value, less, if applicable, any transactions costs directly attributable to the issuance thereof. Subsequent to initial recognition, the financial liabilities classified in this group are valued at amortised cost using the effective interest rate method.

### 3.7.5 Derecognition of financial assets

Financial assets are derecognised from the accounting statements when the rights to receive the cash flows related thereto have expired or been transferred and the Group has materially transferred the risks and advantages resulting from owning said assets.

The derecognition of an asset implies its recognition to profits/losses for the difference between its carrying amount and the amount of the consideration received, net of transaction expenses, including assets acquired or liabilities assumed, and any losses and profits in a different comprehensive income.

The Group applies the weighted average price method to measure and derecognise the cost of equity or debt instruments which integrate homogeneous portfolios and which have the same rights, except if the sold instruments and the individual price thereof can be clearly identified.

### 3.7.6 Derecognition and changes in financial liabilities

The Group derecognises a financial liability or part thereof when it has met the obligation contained in the asset or else is legally exempt from the fundamental liability contained in the liability, whether by virtue of a legal process or by the creditor.

The exchange of debt instruments between the Group and the other counterparty or substantial changes in the initially recognised liabilities is recorded as the settlement of the original financial liability and the recognition of a new financial liability, provided that the instruments have materially different conditions.

## 3.8 Treasury shares of the Parent Company

The purchase of equity instruments of the Parent Company by the Group is presented separately at the acquisition cost, as an equity decrease in the consolidated balance sheet, regardless of the reason for its purchase. No results are recognised for transactions conducted with equity instruments.

Transaction costs related to equity instruments are recognised as a net equity decrease after considering any tax effects.

## 3.9 Distributions to shareholders

Dividends, whether in cash or in kind, are recognised as a net equity decrease at the time of the approval thereof by the General Shareholders' Meeting.

## 3.10 Inventories

Inventories are valued at the lower between the purchase cost -which includes all other costs derived from the purchase and transformation, as well as direct and indirect costs incurred in giving them their current condition and location- and their net realisable value, the latter being understood as the estimated disposal price in the ordinary course of business, minus the costs estimated to terminate production and the costs required for the sale thereof.

The method applied by the Group in determining the cost used for each inventory is the following:

a. Commercial inventories and raw materials and other supplies: weighted average cost.

b. Finished and in-process products: cost of raw materials and other consumables, including costs directly related to the units produced and a systematically calculated share of the indirect, variable or fixed costs incurred during processing. The incorporation of fixed indirect costs is made based on normal production capacity or on actual production, whichever is higher.

The value of the cost of inventories is subject to adjustment against profits/losses whenever their cost exceeds the net realisable value.

The value reduction recognised above is reversed against profit/losses if the circumstances which originated the recognition thereof have ceased to exist, or when there is clear evidence justifying an increase in the net realisation value as a result of a change in economic circumstances. The reversal of the value reduction is limited by whichever amount is lower between the cost and the new realisable value of the inventories. Reductions and reversals in the value of inventories are recognised under the line items, "Change in finished goods and works in progress" and "Consumption of raw materials and other consumable materials", of the consolidated income statement.

## 3.11 Cash and cash equivalents

cash and cash equivalents include cash on hand, demand deposits in credit institutions and other highly liquid short-term investments with a near original due date, usually within three months or less, provided that they are easily convertible into specific cash amounts and are subject to negligible risk of value changes.

The Group classifies cash flows corresponding to interest received as investment activities and those paid as operating activities. The dividends received are classified as investment activities, and those paid by the Company are classified as financing activities.

## 3.12 Employee benefits

### 3.12.1 Termination benefits

Termination benefits are recognised at the earlier date between the date on which the Group can no longer withdraw the offer and the one when the costs of a restructuring that entails compensation payments are recognised.

For termination benefits as a result of the employees' decision to accept an offer, it is considered that the Group can no longer withdraw the offer at the earlier date of the one in which the employees accept the offer and when a restriction on the capacity of the Group to withdraw the offer becomes effective.

In the case of termination benefits due to dismissal, it is considered that the Group can no longer withdraw the offer when it has notified the employees involved or the union representatives of the plan, and the actions required to complete said plan indicate that significant changes to the plan are unlikely, the number of employees to be terminated has been identified, as well as their category of employment or duties and the place of employment and expected termination date, and when the termination benefits to be received by the employees have been described in sufficient detail, so that the employees are aware of the type and amount of compensation to be received upon termination.

### 3.12.2 Short-term employee benefits

Short-term employee benefits refer to employee benefits other than termination benefits, whose payment is expected to be made in whole within the 12 months following the close of the year in which the employees have rendered the services compensated.

The Group recognises the expected cost of short-term remuneration in the form of paid leave, the rights to which accrue as employees render the services which entitle them to receive said remunerations. If the leaves are not cumulative, the expense is recognised as the changes occur.

The Group recognises the expected profit sharing cost or the workers' incentives plan when there is a current, legal, or implicit obligation as a result of past events and the value of the obligation can be fairly estimated.

### 3.12.3 Share-based remunerations

The Parent Company operates an equity-settled share-based payment plan. On the one hand, the Parent Company recognises the services received from employees in exchange for granting the option as an expense on an accrual basis and, on the other hand, the corresponding increase in equity. The total amount expensed during the vesting period is determined by reference to the fair value of the options granted.

## 3.13 Provisions

Provisions are recognised in the consolidated balance sheet when the Group has a present obligation, legal or implicit, as a result of past events and it is probable that there is an outflow of resources entailing future financial benefits to settle said obligation, provided that it is possible to reliably estimate the amount in question.

The amounts recognised in the consolidated statement of financial position correspond to the best estimation at the date of closure of the disbursements required to settle the current obligation, after having considered the risks and uncertainties related to the provision and, when significant, the financial effect derived from the discount, provided that the disbursements to be made in each period can be reliably determined.

Separate obligations are measured according to their most likely individual outcome. If an obligation implies a large group of homogeneous items, the obligation is measured by weighting its possible outcomes according to their likelihood. If there is a continuous range of possible outcomes and each point along the range has the same likelihood of occurrence than the rest, then the obligation is measured at the average amount.

The financial effect of provisions is recognised as financial expenses in profits/losses.

Provisions revert to profit/losses when an outflow of resources that might settle the obligation is unlikely. Reversal is recognised in the consolidated profit and loss account line in which the corresponding expense and surplus, if any, was recognised under the "Other income" entry of the consolidated profit and loss account.

## 3.14 Revenue recognition

Revenues from the sale of goods or the rendering of services are recognised at the fair value of the consideration arising from such, which has been or will be received. Revenues are presented net of the value added tax and of any other amount or tax which substantially corresponds to accounts receivables on account of third parties. In addition, discounts for prompt payment, volume or other types of discounts, as well as interest added to the nominal amount of credits, are recorded as a write-down thereof.

### 3.14.1 Sales of goods and rendering of services

Revenues from the sale of goods and the provision of services are recognised only when there is evidence of an agreement with other parties, the products have been delivered or the services rendered, the fees have been set and collection is reasonably guaranteed.

The Group mainly manufactures and sells pharmaceutical and animal health and nutrition products. Sales are recognised upon transfer of control of the products, that is, when they are delivered to the client, the latter has total control over the product and there is no unmet obligation which might affect acceptance of the products by the client. The delivery takes place based on agreements with clients (Incoterm) and it is at that time when obsolescence and loss risks have been transferred to the client and the Group has evidence that all acceptance criteria have been met.

The Group sells certain goods that can be returned by buyers. In such cases, sales of items are recognised when the above conditions are met and it is possible to reliably estimate the sum of returns, based on the Company's experience and other relevant factors. Estimated returns are recognised against ordinary income, paid to the provision for sales returns.

No financing element is considered, given that sales are made with a 60-day credit term, consistently with market practices.

Management considers that there is no significant judgement required with respect to these sales.

#### Breakdown of ordinary income from contracts with Customers

Ordinary income from external customers mainly originates in the sale of pharmaceutical and animal nutrition and health specialty products.

As regards pharmaceutical specialty products, the Group considers that there is a single classification of contracts with customers: sales correspond to a single performance obligation (the sale of the chemical or pharmaceutical product) and are realised at a point in time.

As regards sales for animal nutrition and health products, the Group considers that there is a single classification of contracts with customers: sales correspond to a single performance obligation and are realised at a point in time.

Since there are no other classifications of contracts with customers, the Group has broken down sales geographically (see Note 23).

### 3.14.2 Other income

Income and licence commissions are essentially recognised based on whether they correspond to a sale of an asset or rights, or a licence of use agreement. It will be a sale and, thus, the income is recognised upon transfer of the rights to the licence holder, under the following circumstances:

- Rights are allocated in consideration of fixed or non-reimbursable commissions as a guarantee to the agreement.
- The agreement may not be terminated.
- The Group does not have any control over the management.
- The Group does not have any performance obligations.

For all other cases, it will be considered that the amounts are related to the right of use of the licence and, thus, that the income is recognised throughout that period. If the Group receives a share of the income but with a minimum guaranteed amount, said minimum amount will be recognised as income initially, provided that the Group does not maintain any significant risks and advantages inherent to holding the licence. The Group recognises this income under "Other income" in the attached Income Statement, as it is deemed not to retain control over the subsequent management of royalty income.

### 3.14.3 Earnings from dividends

Income from dividends on investments in equity instruments is recognised when the Group becomes entitled to receive them.

## 3.15 Official grants

Official grants are recognised when there is reasonable certainty regarding compliance with the conditions pertaining to the grant and to the collection thereof.

Grants from public administrations received as compensation for expenses or losses already incurred, or else to provide immediate financial support unrelated to future expenses are recognised to Other income accounts in the consolidated income statement.

Financial liabilities with implicit aids in the form of interest rates below market rate are recognised initially at fair value. The difference in value, adjusted as applicable per the costs of issuance of the financial liability and the amount received, is recognised as an official grant, based on the nature of the awarded grant.

## 3.16 Leases

The Group executes operating lease operations both as lessor and lessee.

Leases are recognised as a right-of-use asset with the corresponding liabilities recognised on the date on which the leased asset becomes available for use by the Group.

The assets and liabilities arising from a lease are initially measured based on current value. The lease liabilities include the net current value of the following lease payments:

- Fixed payments.
- Variable lease payments tied to an index or rate.

Lease payments to be made under reasonably certain extension options are also included when measuring the liabilities.

Lease payments are discounted at the implicit interest rate in the lease. If this rate cannot easily be determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds needed to obtain an asset of a value similar to that of the right-of-use asset in a similar economic setting and with similar terms, guarantees and conditions.

The Group is exposed to potential future increases in the variable lease payments tied to an index or rate, which are not included in the lease liabilities until they enter into force. When adjustments to lease payments tied to an index or rate enter into force, the lease liabilities are reassessed and the right-of-use asset amount is adjusted.

Both the principal and the finance costs are included in lease payments. Finance costs are expensed to profit/loss over the lease period, giving rise to a constant interest rate applied at regular intervals to the outstanding balance payable for each period.

Right-of-use assets are measured at cost, which consists of the following:

- The initial measurement of the lease liabilities.
- Any lease payment made on or before the starting date, less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

Right-of-use assets generally depreciate on a straight line basis over the useful life of the asset or the lease term, whichever is shorter. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset depreciates over the useful life of the underlying asset.

Payments made in relation to short-term leases and all leases of assets of low value are recognised as expenses in profit/loss on a straight line basis. Short-term leases are any leases with a term of 12 months or less. Low value assets include IT equipment and small pieces of office furniture.

Extension and termination options are included in some of the property and equipment leases held throughout the Group. These terms are included to provide maximal operating flexibility when it comes to managing the assets used in the Group's operations. Most of the extension and termination options in place can only be exercised by the Group, not by the respective lessor.

Income from operating leases, net of any incentives granted, are recognised as income by the linear method throughout the term of the lease.

## 3.17 Income tax

The income tax expense or revenue entails both current and deferred taxes.

Current tax is the amount to be paid or recovered during the fiscal year for the income tax with respect to the consolidated tax profit or loss for the year. Current income tax assets or liabilities are measured at the amounts expected to be paid or recovered from the tax authorities, using the standards or tax rates approved or to be approved at the closing date.

Deferred tax liabilities are the amounts to be paid in the future as corporate income tax expenses related to the taxable temporary differences, while deferred tax assets are the amounts to be recovered as corporate income tax expenses due to the existence of deductible temporary differences, tax losses carried forward or deductions pending application. For these purposes, a temporary difference is understood as the difference between the carrying amount of assets and liabilities, and their tax vase.

As of year 2014, Faes Farma, S.A. tax , made up of the companies Faes Farma, S.A. and Ingaso Farm, S.L.U. pays tax through the consolidated statement method.

### 3.17.1 Recognition of taxable temporary differences

Deferred tax liabilities derived from temporary differences are recognised in all cases, except if:

- They are derived from the initial recognition of the goodwill or an asset or liability in a transaction which is not a business combination and which, at the date of the transaction, does not affect the accounting profit or loss or the taxable profit;
- They correspond to differences associated with investments in subsidiaries and business combinations for which the Group can control the time of reversal and for which a reversal is unlikely in the foreseeable future.

### 3.17.2 Recognition of deductible temporary differences

Deferred tax assets derived from deductible temporary differences are recognised provided that:

- There are likely to be sufficient future positive taxable base for compensation thereof, except in those cases in which the differences result from the initial recognition of assets or liabilities in a transaction which is not a business combination and which, at the date of the transaction, does not affect the accounting profit or loss or the taxable base;
- They correspond to temporary differences associated with investments in subsidiaries and joint ventures to the extent that the temporary differences can reverse in a foreseeable future and positive future taxable profits are expected to offset the differences.

Tax planning opportunities are only considered in the assessment of the recovery of deferred tax assets if the Group intends or is likely to adopt them.

The Group has estimated that there are sufficient taxable profits to ensure the recoverability of deductions and credits activated, based on profit/loss forecasts made pursuant to the budgets approved for the year 2025 and the forecasts for the next years.

### 3.17.3 Measurement

Deferred tax assets and liabilities are measured at the tax rates to be applied in the fiscal years in which assets are expected to be realised or liabilities are expected to be settled, pursuant to the regulations and rates approved or almost approved, and having considered the tax effects derived from the way in which the Group expects to recover the assets or settle the liabilities.

At the date of closure of each year, the Group reviews the carrying amount of deferred tax assets, so as to reduce said value to an extent that makes it unlikely for there to be sufficient taxable profits to offset them

Deferred tax assets which fail to meet the aforementioned conditions are not recognised in the consolidated statement of financial position. At year-end, the Group reconsiders whether the conditions are met to recognise deferred tax assets which had previously not been recognised.

### 3.17.4 Offsetting and classification

The Group only offsets current income tax assets and liabilities if it is legally entitled by the tax authorities and if it intends to settle any resulting debts at their net amount or else realise the assets and settle debts simultaneously.

The Group only offsets deferred income tax assets and liabilities if there is a legal offsetting rights pursuant to the tax authorities and said assets and liabilities correspond to the same tax authority for deferred income tax and for the same taxpayer or else to different taxpayers who intend to liquidate or realise the current tax assets and liabilities at their net amount or realise assets and settle liabilities simultaneously at each future fiscal year in which they expect to recover significant deferred tax assets or liabilities amounts.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, regardless of the expected realisation or settlement date.

## 3.18 Financial reporting by segments

An operating segment is a component of the Group that develops business activities from which it can obtain ordinary income and incur in expenses, whose operating results are regularly reviewed by the senior decision-making authority regarding operations at the Group, which is the Board of Directors, to decide on resources to be allocated to the segment and to assess its performance and in relation to which differentiated financial information is available.

At 31 December 2024 and 2023, the Group was made up of the following operating segments:

- Pharmaceutical and healthcare specialities
- Animal nutrition and health
- Pharmaceutical raw materials

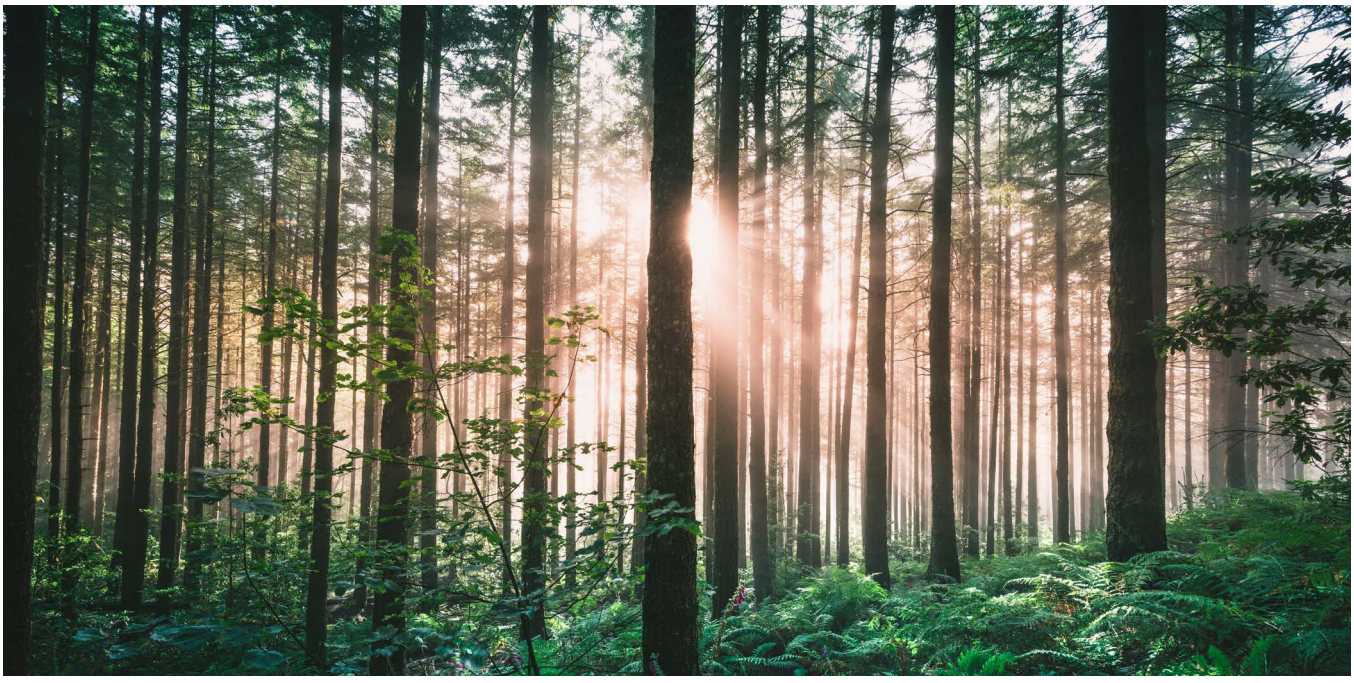
The Pharmaceutical raw materials segment does not meet the quantitative criteria to be presented separately. There are no assets that are common to several segments.

## 3.19 Environment

The Group conducts operations whose main purpose us to prevent, mitigate or repair any damage caused to the environment as a result of its activities.

Expenses incurred in environmental activities are recognised as other operating expenses in the year in which they incur.

Property, plant and equipment items purchased to be used for extended periods of time during the activity thereof and whose main purpose is to minimise environmental impact and protect and improve the environment, including the mitigation or elimination of future contamination from operations of the Group, are recognised as assets by means of applying measurement, presentation and breakdown criteria that are consistent with those set forth in Note 3.3.



# 4 Property, Plant and Equipment

The breakdown of this line item of the consolidated balance sheet, and its movements during 2024 and 2023, is described below:

| | 31 December 2022 | Additions | Reductions | Transfers | Translation differences | 31 December 2023 | Additions | Reductions | Transfers | Translation differences | 31 December 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | | |
| Land and buildings | 49,306 | 94 | (34) | - | 50 | 49,416 | 1293 | (16) | 67,785 | (16) | 118,462 |
| Technical installations and machinery | 73,857 | 1,447 | (4,659) | 662 | (319) | 70,988 | 2,524 | (5,220) | 25,439 | 970 | 94,701 |
| Other installations, tools and furniture | 57,633 | 3,013 | (966) | - | (56) | 59,624 | 2,880 | (513) | 104,883 | 144 | 167,018 |
| Computer equipment | 2,313 | 379 | (226) | - | 22 | 2,488 | 200 | (518) | 2,682 | (10) | 4,842 |
| Advances and property, plant and equipment in progress | 97,664 | 80,453 | (219) | (662) | (9) | 177,227 | 25,073 | (4) | (201,185) | 1 | 1,112 |
| Others | 1,773 | 145 | (87) | - | (98) | 1,733 | 184 | (807) | 154 | 22 | 1,286 |
| | **282,546** | **85,531** | **(6,191)** | **-** | **(410)** | **361,476** | **32,154** | **(7,078)** | **(242)** | **1,111** | **387,421** |
| **Accumulated depreciation** | | | | | | | | | | | |
| Constructions | (17,881) | (837) | 34 | - | (20) | (18,704) | (762) | 13 | - | 13 | (19,440) |
| Technical installations and machinery | (34,968) | (4,096) | 4,659 | - | 134 | (34,271) | (4,428) | 4,920 | - | (48) | (33,827) |
| Other installations, tools and furniture | (27,010) | (5,445) | 966 | - | 66 | (31,423) | (5,396) | 513 | - | (166) | (36,472) |
| Computer equipment | (1,904) | (584) | 217 | - | (16) | (2,287) | (470) | 518 | - | 6 | (2,233) |
| Others | (642) | (137) | 87 | - | 49 | (643) | (115) | 752 | - | (12) | (18) |
| | **(82,405)** | **(11,099)** | **5,963** | **-** | **213** | **(87,328)** | **(11,171)** | **6,716** | **-** | **(207)** | **(91,990)** |
| **Carrying amount** | **200,141** | **74,432** | **(228)** | **-** | **(197)** | **274,148** | **20,983** | **(362)** | **(242)** | **904** | **295,431** |

The additions recorded in 2024 and 2023 mainly correspond to the investments derived from the start-up of the new pharmaceutical production plant built in the Bizkaia Technology Park and the new animal nutrition factory located in Huesca.

On 23 December 2024, authorisation was obtained for the new plant in the Bizkaia Technology Park and, accordingly, €183185 thousand was reclassified to the appropriate line item. The depreciation charge for the new plant in the year is immaterial, although a significant impact is expected in 2025 when it comes into operation.

During the year, management of the Parent Company assessed the potential signs of impairment in property, plant and equipment that might arise from the construction and start-up of the new pharmaceutical plant. In 2025 and 2026, at least, both plants will be producing, and part of the Parent Company's activities (chemical, quality and others) will continue to be carried out at the former facilities. Consequently, after the analyses performed, no impairment has been identified in the Parent Company's assets as a result of the new investment.

On 31 October 2024, manufacturing authorisation was obtained for the new animal-nutrition plant in Huesca and, accordingly, €17982 thousand was reclassified to the corresponding line item. The depreciation charge for the new plant in the year is immaterial, although a significant impact is expected in 2025.

In 2024 and 2023, items that were fully depreciated, for the most part, were derecognised.

The Group has commitments to purchase property, plant and equipment amounting to €4,660 thousand (€13,178 thousand in 2023), relating mainly to additional investments in the new pharmaceutical and animal-nutrition production plants.

The Group has no property, plant and equipment subject to guarantees.

## 4.1 Fully depreciated assets

The cost of the property, plant and equipment items that are fully depreciated at 31 December is detailed below:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Constructions | 6,817 | 6,788 |
| Technical installations and machinery | 17,877 | 19,334 |
| Other installations, tools and furniture | 10,520 | 9,947 |
| Computer equipment | 1,615 | 2,052 |
| Other transport means | 324 | 84 |
| | **37,153** | **38,205** |

## 4.2 Insurance

The Group takes out various insurance policies to cover the risks to which property, plant and equipment items may be exposed. The coverage of these policies is considered to be sufficient.

## 4.3 Operating leases – Lessee

The Group leases out offices located in Madrid and Barberà (Barcelona) from third parties. Moreover, the Group has leased vehicles from third parties, mostly for commercial purposes, as well as commercial premises and several electronic equipment items.

The right-of-use assets recognised are related to the following types of assets:

Thousands of euros

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Properties | 2,413 | 2,774 |
| Equipment | 212 | 175 |
| Vehicles | 2,885 | 3,518 |
| **Total right-of-use assets** | **5,510** | **6,467** |

During the financial year 2024 there have been additions of €2,291 thousand in right-of-use assets (€3,486 in the 2023 financial year). In addition, the depreciation and amortisation charges for these assets amounted to €3,248 thousand (€2,730 thousand in 2023).

# 5 Intangible Assets

The breakdown of this line item of the balance sheet and of the movement of the main classes of intangible assets for 2024 and 2023 is shown below:

Thousands of euros

| | Goodwill | Development expenses in progress | Patents, licences and brands | Computer applications | Others | Total |
|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | |
| **Cost** | **54,788** | **23,755** | **224,654** | **8,698** | **5,695** | **317,590** |
| Accumulated depreciation | - | (591) | (112,103) | (3,285) | (5,638) | (121,617) |
| Cumulative impairment | (3,012) | - | (14,274) | - | - | (17,286) |
| **Net carrying amount** | **51,776** | **23,164** | **98,277** | **5,413** | **57** | **178,687** |
| Business consolidations (*) | 4,434 | - | 266 | - | - | 4,700 |
| Additions | - | 3,061 | 1,752 | 1,606 | 8 | 6,427 |
| Depreciation | - | (167) | (4,587) | (807) | (8) | (5,569) |
| Reductions | - | - | (5,570) | (215) | - | (5,785) |
| Depreciation derecognitions | - | - | 5,525 | 215 | - | 5,740 |
| Transfers | - | (13,502) | 13,502 | - | - | - |
| Impairment allowance | - | - | (74) | - | - | (74) |
| Translation differences | 150 | - | 467 | 6 | - | 623 |
| **31 December 2023** | | | | | | |
| **Cost** | **59,372** | **13,314** | **234,889** | **10,093** | **5,703** | **32,3371** |
| Accumulated depreciation | - | (758) | (110,983) | (3,875) | (5,646) | (121,262) |
| Cumulative impairment | (3,012) | - | (14,348) | - | - | (17,360) |
| **Net carrying amount** | **56,360** | **12,556** | **109,558** | **6,218** | **57** | **184,749** |
| Additions | - | 4,366 | 155 | 1,233 | 21 | 5,775 |
| Depreciation | - | (78) | (4,858) | (956) | (7) | (5,899) |
| Reductions | - | (29) | (2,589) | (127) | - | (2,745) |
| Depreciation derecognitions | - | - | 273 | 127 | - | 400 |
| Impairment write-offs | - | - | 1,136 | - | - | 1,136 |
| Transfers | - | (8,161) | 8,161 | 242 | - | 242 |
| Impairment allowance | - | - | (359) | - | - | (359) |
| Translation differences | 151 | (4) | 719 | (5) | (1) | 860 |
| **31 December 2024** | | | | | | |
| **Cost** | **59,523** | **9,486** | **241,733** | **11,437** | **5,723** | **327,902** |
| Accumulated depreciation | - | (836) | (115,966) | (4,705) | (5,653) | (127,160) |
| Cumulative impairment | (3,012) | - | (13,571) | - | - | (16,583) |
| **Net carrying amount** | **56,511** | **8,650** | **112,196** | **6,732** | **70** | **184,159** |

(*) The business combinations relate to the acquisition of Faes Farma Gulf FZCO (formerly NovoSci Healthcare FZCO) (Notes 1 and 24), the 2023 information for which has been restated (see Notes 2.4 and 24).

At 31 December 2024 and 2023, there are no commitments to purchases of intangible assets.

The cost of fully amortised intangible assets at 31 December 2024 amounts to €43,784 thousand (€43,819 thousand in 2023) and mainly corresponds to patents, licences and brands.

## Goodwill

The Group has recognised goodwill for a total amount of €56,511 thousand, net of impairment, the most significant of which being that generated by the acquisitions of Laboratorios Diafarm, S.A.U. (for the amount of €25,277 thousand), Ingaso Farm, S.L.U. (for the amount of €10,677 thousand), Tecnología & Vitaminas, S.L. (for the amount of €5,650 thousand) and Initial Technical Foods, S.L.U. (for the amount of €3,855 thousand). Goodwill also includes an amount equivalent to €6,671 thousand for the acquisition of a pharmaceutical business in 2005.

In 2023, the Group recognised goodwill of €4,157 thousand for the acquisition of 100% of the shares of the marketer Faes Farma Gulf FZCO (formerly NovoSci Healthcare FZCO) (Dubai) (Notes 1 and 24). During 2024, the Group completed the process of identifying and measuring the assets arising from the business combination, and the final goodwill amounts to €4,434 thousand.

The recoverability of the goodwill of Laboratorios Diafarm, S.A.U. is determined on the basis of value in use calculations, using cash flow projections based on financial budgets approved by Management covering a five-year period. The healthcare CGU is considered for the compilation of these flows.

The key assumptions used by Management to create the flow forecasts in the case of the goodwill of Laboratorios Diafarm, S.A.U. have been the following:

- The after-tax discount rate used was 9% (10% in 2023).
- Cash flows beyond the five-year period are extrapolated using a growth of 0%.
- Average 1% growth in sales volume.

Based on these forecasts, the Group has not recognised any impairment in 2024 and 2023.

For goodwill, if the recoverable amount calculated on the basis of value in use were subject to a sensitivity analysis of sales dropping by an estimated 5% or the discount rate increasing by one point, no impairment of the carrying value of these assets would result.

The assumptions used in the case of the forecasts of estimated flows for the remaining goodwill were that the operating profit/loss over net turnover would remain stable for the upcoming years. The growth rate used to extrapolate cash flows as of the third year was 0%, while the after-tax discount rate used increased to 9% (10% in 2023). The sensitivity analyses undertaken have been conducted by stressing the discount rate by one percentage point, without the need to reflect any losses in intangible assets.

## Development expenses in progress

At 31 December 2024, the "Development in progress" line item includes €5208 thousand relating to a higher-dose variant of Claversal (€1953 thousand at 31 December 2023).

In addition, at the close of 2024, the Group has capitalised expenses for other product developments for the amount of €3442 thousand. The Directors capitalise these developments on the understanding that these projects meet all the criteria for capitalisation and there are no doubts as to the recoverability of those amounts.

At 31 December 2024, expenses still remain to be capitalised on these projects, mainly in respect of a higher-dose variant of Claversal.

At 31 December 2023, the "Development in progress" line item included €7,596 thousand for an alternative application of Hidroferol, for which marketing authorisation was obtained in late 2024 and marketing is expected to begin in 2025. The Group has therefore transferred this development to patents, licences and brands.

Moreover, the Group has recognised an amount of €5,802 thousand (€5,203 thousand in 2023) related to research and development expenses on other projects in the attached consolidated profit and loss statement (note 18).

## Patents, licences and brands

The detail of the net carrying amount and the residual depreciation period for the most significant patents, licences and brands at the individual level at 31 December 2024 and 2023 is described below:

| | Years of residual useful life | | Thousands of euros | |
|---|---|---|---|---|
| **Description of the asset** | **2024** | **2023** | **2024** | **2023** |
| Ingaso brand name | 8 | 9 | 618 | 697 |
| Claversal brand | Indefinite | Indefinite | 15,411 | 15,411 |
| Analgilasa brand | Indefinite | Indefinite | 2,761 | 2,761 |
| Hemorrane brand | Indefinite | Indefinite | 2,074 | 1,441 |
| Zyloric brand | Indefinite | Indefinite | 3,362 | 3,362 |
| Rosilan brand | 2 | 3 | 983 | 1,475 |
| Pankreoflat brand | Indefinite | Indefinite | 1,876 | 1,876 |
| Bilastine patent | 11 | 12 | 17,826 | 19,448 |
| Bilastine Ophthalmic patent | 23.5 | 24.5 | 11,798 | 12,302 |
| Siken brand | Indefinite | Indefinite | 1,279 | 2,720 |
| Arnidol brand | Indefinite | Indefinite | 5,742 | 6,141 |
| Vitanatur brand | Indefinite | Indefinite | 4,053 | 3,826 |
| Faringesic brand | Indefinite | Indefinite | 3,160 | 1,652 |
| Hidroferol weekly brand | 10 | - | 8,183 | - |

## Impairment of the value of brands and patents

In the case of brands and patents, impairment tests have been performed individually, considering each brand and patent as a cash generating unit. The recoverable amount from a cash generating unit is determined based on value in use calculations. These calculations use cash flow forecasts based on financial assumptions approved by management, covering a four-year period.

The key assumptions used by Management to create the flow forecasts in the case of the Parent Company's brands and patents have been the following:

- The after-tax discount rate used was 9% (10% in 2023).
- Cash flows beyond the four-year period are extrapolated without considering growth.
- Stability in the sales volume of brands and patent, given that these are brands and patents for which there are sometimes generic options in the market and which are aimed at stable markets with a continued future demand, based on the historical information available to the Group.

The prices considered for future years have been estimated based on actual prices for 2024, considering the effect of the laws approved in Spain in 2010 and 2011 with respect to the 7.5% or 15% discounts on the selling prices authorised for pharmaceutical companies by the Ministry of Health. Both discounts exclusively apply to units sold pursuant to the National Health System.

However, for some specific brands, more conservative projections have been used and/or a discount rate including an additional 2% premium has been applied to reflect the particular conditions of those brands.

Based on these projections, the Group recognised an impairment in 2024 with a net effect of €359 thousand in the profit and loss statement (an impairment whose net effect was not material in the profit and loss statement was recognised in 2023). As part of that net effect, an impairment reversal was recognised for three brands because the conditions that existed when the impairment arose have clearly changed. Both internal and external information sources were considered in this assessment and reversal.

In addition, two discontinued brands (Aquamed and Bactinel) were derecognised during the year, giving rise to a loss of €1,140 thousand in the profit and loss statement.

The recoverable amount calculated on the basis of value in use was subjected to a sensitivity analysis of reducing the estimated sales by 5% and increasing the discount rate by one point. Based on the sensitivity analyses conducted, the conclusions remain unchanged.

# 6 Other Financial Assets

The details of other financial assets at 31 December 2024 and 2023 are as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| **Non-current** | | |
| Guarantees | 178 | 336 |
| | 178 | 336 |
| **Current** | | |
| Financial assets at amortised cost | 7,922 | 13,104 |
| | **7,922** | **13,104** |

The amounts included under the current line item "Financial assets measured at amortised cost" relate mainly to contracted deposits that generate financial income with a fixed nominal interest rate of between 0.15% and 4.2%. Within this line item are balances in foreign currencies, the most relevant being Chilean pesos (€3.29 million), Colombian pesos (€3.02 million) and dollars (€1.43 million). In 2023, the most significant foreign-currency balances were Chilean pesos (€4.77 million), Colombian pesos (€2.57 million) and US dollars (€0.82 million).

The Group does not have any financial assets pledged as a guarantee for contingent liabilities or liabilities.

# 7 Inventories

The details of this line item of the consolidated balance sheet are as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Goods | 23,914 | 27,322 |
| Raw materials and other supplies | 53,835 | 43,778 |
| Works in progress | 11,635 | 8,637 |
| Finished products | 52,252 | 48,919 |
| Advances to suppliers | 887 | 373 |
| | **142,523** | **129,029** |

In 2024, an inventory impairment of €209 thousand was recognised (€522 thousand in 2023), and a reversal of €679 thousand was recognised (€823 thousand in 2023). Both are recorded under "Change in finished goods and work in progress" in the attached consolidated profit and loss statement.

At 31 December 2024 and 2023, there are no inventories with a recovery period beyond 12 months as from the date of the consolidated balance sheet.

The Group companies have taken out insurance policies to cover any risks which might affect inventories. The coverage of these policies is considered to be sufficient.

At 31 December 2024 and 2023, there are no pledged inventories as guarantee against the payment of debts.

# 8 Trade Receivables and Other Accounts Receivable

The details of this line item of the consolidated balance sheet are as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Customer receivables – sales and service provision | 111,040 | 104,092 |
| Employee advances | 593 | 573 |
| Other non-commercial loans | | |
| Tax receivables | 9,757 | 9,903 |
| Others | - | 5 |
| Adjustment for impairment losses | (2,329) | (1,067) |
| **Total** | **119,061** | **113,506** |

Movements of valuation adjustments for impairment are as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Balance at 1 January | 1,067 | 460 |
| Allocations for impairment (Note 18) | 1,501 | 607 |
| Impairment reversals (Note 18) | (239) | - |
| **Balance at 31 December** | **2,329** | **1,067** |

There are balances of customers whose denomination currency is different to the euro, the most relevant of which are shown in the following table:

| | Millions of euros | | | | | | |
|---|---|---|---|---|---|---|---|
| | Colombian pesos | Quetzales | Chilean pesos | Mexican pesos | US dollars | Peruvian soles | UAE dirhams |
| 2024 | 8.51 | 3.04 | 7.37 | 9.63 | 2.54 | 1.25 | 2.35 |
| 2023 | 6.68 | 3.74 | 6.38 | 5.96 | 1.56 | 0.76 | 0.81 |

Past due trade receivables for sales and services that are less than one year overdue are not considered to be impaired. The ageing analysis of the balances is as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Unmatured balances | 94,482 | 90,626 |
| Up to 6 months | 11,967 | 11,021 |
| More than 6 months | 2,262 | 1,378 |
| | **108,711** | **103,025** |

The details for Government payables are as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Value Added Tax and similar | 9,334 | 9,505 |
| Other concepts | 423 | 398 |
| | **9,757** | **9,903** |

The carrying amount and the fair value of trade and other receivables balances are not significantly different.

# 9 Cash and Cash Equivalents

The total amount recorded under this line item corresponds to cash. There are no restrictions on the availability of this cash. There are cash balances in foreign currencies, the most relevant of which are shown in the table below:

| | Millions of euros | | | | |
|---|---|---|---|---|---|
| | Colombian pesos | Quetzales | Chilean pesos | Mexican pesos | US dollars |
| 2024 | 0.54 | 1.55 | 0.24 | 1.08 | 7.66 |
| 2023 | 1.56 | 1.72 | 0.17 | 0.39 | 7.5 |

# 10 Income Taxes

The details of deferred tax assets and liabilities by type of asset and liability are as follows:

Thousands of euros

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Intangible assets | - | - | (13,701) | (14,945) | (13,701) | (14,945) |
| Investment Properties | - | - | (301) | (315) | (301) | (315) |
| Credits for losses to be offset | 93 | 88 | - | - | 93 | 88 |
| Lease assets and liabilities | 1,585 | 1,585 | (1,555) | (1,552) | 30 | 33 |
| Other concepts | 2,786 | 1,944 | (16) | (107) | 2,770 | 1,837 |
| Rights from deductions and credits | 28,062 | 15,419 | - | - | 28,062 | 15,419 |
| **Total** | **32,526** | **19,036** | **(15,573)** | **(16,919)** | **16,953** | **2,117** |

Detail of the change in deferred taxes by type of asset and liability:

Thousands of euros

| | 31 December 2022 | Recognised in profit and loss | 31 December 2023 | Recognised in profit and loss | 31 December 2024 |
|---|---|---|---|---|---|
| Property, plant and equipment | - | - | - | | |
| Intangible assets | (19,090) | 4,145 | (14,945) | 1,244 | (13,701) |
| Investment Properties | (315) | - | (315) | 14 | (301) |
| Credits for losses to be offset | - | 88 | 88 | 5 | 93 |
| Lease assets and liabilities | 121 | (88) | 33 | (3) | 30 |
| Other concepts | 1,369 | 468 | 1,837 | 933 | 2,770 |
| Rights from deductions and credits | 19,584 | (4,165) | 15,419 | 12,643 | 28,062 |
| **Total** | **1,669** | **448** | **2,117** | **14,836** | **16,953** |

The Group has no unrecognised tax credits and tax loss carryforwards on its balance sheet at 31 December 2024 and 2023.

The Group's Directors consider that the rights to deductions and credits related mainly to capitalised research and development expenses are adequately supported based on expectations of future profits and that there is a reasonable assurance that they can be used within a time horizon of less than 10 years. Deferred tax liabilities mainly relate to the difference between the carrying value and tax value of certain intangible assets.

The legislation applicable to the liquidation of the Parent Company's corporate income tax for 2024 and 2023 is that corresponding to Provincial Regulation 11/2013 of 5 December of the Bizkaia Regional Laws.

The various Group companies, except for Faes Farma, S.A. and Ingaso Farm, S.L., which are consolidated for tax purposes, file individual income tax returns. Profits determined under the tax laws of each country are subject to different taxes, as shown below for the most relevant territories

| | Tax Rates |
|---|---|
| Autonomous Community of the Basque Country | 24% |
| Rest of Spain | 25% |
| Italy | 24% |
| Portugal | 21% |
| Colombia | 35% |
| Chile | 27% |
| Guatemala | 25% |
| Mexico | 30% |

Detail of income tax expense (income):

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| **Current tax** | | |
| For the year | 10,493 | 11,607 |
| Dividend withholdings | 805 | - |
| **Deferred taxes** | | |
| Origin and reversal of temporary differences | (2,241) | (4,722) |
| Tax credits and tax bases recognised in the year | (26,081) | (7,434) |
| Tax credits and tax loss carry-forwards applied in the year | 13,438 | 11,599 |
| Adjustments from previous years | 48 | 109 |
| | (14,836) | (448) |
| **Total** | **(3,538)** | **11,159** |

The relationship between the tax expense and the profit before tax is as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| **Profit for the year before taxes** | **107,576** | **102,852** |
| Expected expense at the Parent Company's tax rate (24%) | 25,818 | 24,684 |
| Tax rate difference from subsidiaries | 240 | 801 |
| Dividend withholdings | 805 | - |
| Temporary differences | (2,241) | (4,034) |
| Tax credits | (26,081) | (7,434) |
| Permanent Differences | (2,079) | (2,858) |
| **Tax expense/(income)** | **(3,538)** | **11,159** |

The permanent differences mainly relate to the percentage of net royalty income which, in accordance with the applicable tax regulations, is not included in the tax base.

The tax credits recognised in the amount of €26,081 thousand at 31 December 2024 (€7,434 thousand at 31 December 2023) relate mainly to new fixed-asset deductions generated by completion of the new Derio plant and to research and development expenditures.

Pursuant to legislation in force, taxes cannot be considered as permanently settled until the filed statements have been inspected by the tax authorities or until the four-year statute of limitations period has elapsed as from the filing of the corresponding settlements. At 31 December 2024, the Company and its subsidiaries have all the taxes from 1 January 2021 open for inspection, except for the Corporate Income Tax, which has been open since 1 January 2020. The Directors do not expect any significant additional liabilities to arise the event of an inspection.

# 11 Equity

The composition and movement of the equity is presented in the consolidated statement of changes in equity.

## 11.1. Capital

The detail of outstanding shares for years 2024 and 2023 is as follows:

| | Number of shares | |
|---|---|---|
| | 2024 | 2023 |
| At 1 January, net of treasury shares | 311,248,691 | 305,996,167 |
| Capital increases | - | 10,882,226 |
| Acquisition of treasury shares | - | (5,441,113) |
| Subscription of treasury shares | - | (188,589) |
| **At 31 December, net of treasury shares** | **311,248,691** | **311,248,691** |

At 31 December 2024 the registered capital of Faes Farma, S.A. is made up of 316,223,938 ordinary shares represented by book entries with a nominal value of €0.10 each, fully subscribed and paid up (316,223,938 ordinary shares represented by book entries with a nominal value of €0.10 each, fully subscribed and paid up at 31 December 2023). These share units all hold equal political and economic rights. All the shares of the Parent Company are officially listed in the stock market.

There is no shareholder with a registered capital interest equal to or higher than 10%.

The Parent Company also holds 4,975,247 treasury shares at 31 December 2024 (4,975,247 treasury shares at 31 December 2023).

At the General Shareholders' Meeting held on 25 June 2024, the Board of Directors was authorised to increase the Company's share capital, on one or more occasions and at any time within five years, by up to one-half of the share capital as at 25 June 2024. Any such capital increase or increases may be carried out either by raising the par value of the existing shares or by issuing new shares.

At the General Shareholders' Meeting held on 15 June 2023, a new capital increase was approved to cover the shareholders' payment schedule. The Board of Directors had one year as from the date of the resolution to carry out the capital increase, which it did not execute.

At the General Shareholders' Meeting held on 22 June 2022, a capital increase charged to reserves was approved to meet the shareholders' payment schedule. The Board of Directors had one year as of the date of the agreement to implement said capital increase. On 27 March 2023, the Board of Directors agreed to implement the capital increase charged to voluntary reserves, which introduced the flexible dividend approved at the General Shareholders' Meeting held on 22 June 2022. As agreed in the aforementioned General Shareholders' Meeting, the maximum capital increase was set at €1,195,318.50, with the market value of the increase being €37,904,242.

The Board of Directors established a schedule which included the deadlines for the execution of the increase, and 19 April 2023 was established as a deadline to request the cash compensation by virtue of the purchase commitment for the rights assumed by Faes Farma, S.A. Each shareholder of Faes Farma, S.A. received a right of free allocation per each share of Faes Farma, S.A. The aforementioned free allocation rights were traded in the stock markets of Madrid, Barcelona, Bilbao and Valencia. Depending on the selected option, upon executing the capital increase, each shareholder of the Company could choose to receive either new paid-up shares of Faes Farma, S.A. or an amount in cash as a result of the sale of the free allocation rights to Faes Farma, S.A. (by virtue of the commitment undertaken by the Company, at a guaranteed fixed price), or in the market (in which case the consideration varied based on the listing price of the free allocation rights). The capital increase was conducted free of expenses and commissions for subscribers in terms of the allocation of the new issued shares, with Faes Farma, S.A. assuming the expenses related to the issuance, subscription, circulation, listing and other charges related to capital increases. Shareholders holding 91.04% of the free allotment rights opted for the subscription of newly issued shares. Therefore, the parent company issued 10,882,226 shares with a par value of 0.10 euro each, increasing the amount of capital by €1,088,222.60.

As a result of the option chosen by the shareholders, the Parent Company recognised an amount equivalent to €3,285 thousand corresponding to the acquisition of the free allotment rights of the shares that opted to waive the preferential allotment right. This amount was paid in April 2023.

From May to October 2023, the Parent Company acquired 5,441,113 treasury shares for the amount of €17,686 thousand through the share buyback programme. At the General Shareholders' Meeting of the Company held on 15 June 2023, a capital reduction was approved to redeem 5,441,113 shares. The capital reduction was carried out on 20 November 2023 by redeeming that number of shares, with an impact on the capital for the nominal value of said shares (€545 thousand). The difference between the nominal value and the average acquisition value of the treasury shares involved in the capital reduction was recognised against the "Reserves" line item (€11,444 thousand).

The General Shareholders' Meeting of 19 June 2019 authorised the Board of Directors to increase the registered capital one or more times, up to half of the Company's share capital at the time of this authorisation, and it authorised the Board of Directors so that it may, for a maximum period of five years as from the date of that Meeting, to issue obligations, Treasury bonds or other, similar instruments, simple or guaranteed, up to a maximum amount of €100 million.

The General Shareholders' Meeting of 16 June 2021 authorised the Board of Directors to purchase and charge to profits for the year and/or to available reserves the shares of the Company, as many times as deemed appropriate, whether directly or through the Group's companies, as well as to later dispose of or redeem said shares, under the conditions and limits set forth in articles 146, 509 and related provisions of the Spanish Corporate Enterprises Act. This authorisation was granted for the maximum period allowed by law (5 years) as of the date of the aforementioned Meeting.

The Group's objectives with regard to capital management is to safeguard its capacity to continue operating, so that it may continue to offer dividends to its shareholders and benefit other stakeholders, while maintaining an optimal capital structure to reduce capital costs.

With the purpose of maintaining and adjusting the capital structure, the Parent Company may adjust the amount of the dividends payable to its shareholders, it may return capital, issue shares or sell assets to reduce debt.

Consistently with other groups from the sector, Faes Farma, S.A. controls the capital structure based on the leverage ratio. This ratio is calculated as net debt divided by the total capital. Net debt is determined through the sum of financial debt plus other accounts payable, plus other non-current payables, minus cash and cash equivalents and current and non-current financial assets. Total capital is calculated by adding the net equity and the net debt.

The 2024 and 2023 ratios have been determined as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Total current and non-current debt (note 13) | 26,291 | 28,027 |
| **Minus:** | | |
| Cash and cash equivalents (note 9) | 64,222 | 34,647 |
| Current and non-current financial assets (note 6) | 8,100 | 13,440 |
| Net debt (note 13) | (46,031) | (20,060) |
| **Equity** | **726,618** | **663,412** |

The Group's net debt is negative, i.e. the Group has funds available even if all existing financial debt is repaid. Furthermore, it increased during 2024 despite the investments made in the new Derio and Huesca plants (Note 4), which were funded from own resources without external financing.

## 11.2 Other Reserves

The details of other reserves at 31 December 2024 and 2023 are as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Legal Reserve | 6,324 | 6,216 |
| Goodwill Reserves | 535 | 1,069 |
| Capitalisation reserves | 444 | 444 |
| Other equity instruments | 1,667 | 920 |
| Voluntary reserves | 500,942 | 481,062 |
| | **509,912** | **489,711** |

## Legal Reserve

Companies must allocate an amount equivalent to 10% of the profits for each year to set up a legal reserve until it represents at least 20% of the share capital. This reserve is not distributed to the shareholders and may only be used to cover the debt balance of the profit and loss statement, if there are no other available reserves. In certain circumstances, it may also be used to increase the corporate capital in the share of this reserve exceeding 10% of the already increased capital amount.

## Goodwill Reserves

Goodwill reserves are set pursuant to article 273.4 of the consolidated text of the Spanish Corporate Enterprises Act, now revoked, which established that, in any case, a non-available reserve should be established equivalent to the goodwill recognised in the balance sheet and that a figure of the profits representing at least 5% of the amount of the aforementioned goodwill should be allocated to that effect. If there were no profit or if it were insufficient, then the available reserves should be used. This reserve has been freely available since 1 January 2016.

## Voluntary reserves

These are voluntary reserves, which are unrestricted, except for an amount of €8,623 thousand corresponding to balances pending depreciation for the development expenses recorded by the Parent Company at 31 December 2024 (€12,446 thousand at 31 December 2023).

## Other equity instruments

The General Shareholders' Meeting held on 22 June 2022 approved the establishment of a Long-Term Incentive Plan involving the delivery of shares of the Parent Company, amended by the General Shareholders' Meeting of 25 June 2024 to adjust the amount corresponding to the executive director, whose beneficiaries are certain executives and key personnel of the Group, including the Chairman for the period during which the Chairman performed executive duties and the executive director. The delivery of shares under this plan will depend on the degree to which the targets set by the Board of Directors are met.

The financial impact in 2024 was a personnel expense of €747 thousand recognised in equity (€774 thousand in 2023) (note 20).

# 11.3 Dividends and restrictions on the distribution of dividends

The dividends distributed by Faes Farma, S.A. to its shareholders out of 2023 profit amounted to €48,244 thousand, equivalent to €0.039 per share and a complementary dividend of €36,105 thousand.

The proposal for the distribution of profits of Faes Farma, S.A. for the year 2024, presented by the Directors and pending approval by the General Shareholders' Meeting, as well as the distribution approved for the year 2023, is set forth below:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| **Basis of distribution** | | |
| Profit for the year | 94,082 | 67,698 |
| **Distribution** | | |
| Legal Reserve | - | 109 |
| Other reserves | 38,369 | 19,345 |
| Supplementary dividend | 42,952 | 36,105 |
| Interim dividend (Note 13) | 12,761 | 12,139 |
| | **94,082** | **67,698** |

In accordance with the resolution of the Board of Directors dated 27 November 2024, it was resolved to distribute to shareholders an interim dividend of €0.041 per share for a total amount of €12,761 thousand, which has been recorded under the line item "Other current financial liabilities" (note 13). Said amount was paid in January 2025.

These amounts to be distributed did not exceed the earnings obtained since the end of the last financial year, less the estimated corporate income tax payable on those results, in line with the provisions of Article 277 of the Spanish Corporate Enterprises Act (Consolidated Text of RD 1/2010 of 2 July 2010).

The interim accounting statement prepared in accordance with legal requirements and showing sufficient liquidity for distribution of the above-mentioned dividend is set out below:

Thousands of euros

| | |
|---|---|
| **Treasury as at 27 November 2024** | **33,500** |
| Expected cash inflows | 320,000 |
| Expected cash outflows (including dividends and investments) | (340,000) |
| **Treasury as at 27 November 2025** | **13,500** |

The distributable profit as at 31 October 2024 amounts to €77,052 thousand. Consequently, both the earnings to date and the cash position and its forecast evolution within one year make it possible for the 2024 interim dividend of €0.041 gross per share to be paid out.

Pursuant to the resolution of the Board of Directors of 29 November 2023, an interim dividend of €0.039 per share, totalling €12,139 thousand, was approved for distribution to shareholders and was recognised under the line item “Other current financial liabilities” (Note 13). Said amount was paid in January 2024.

The Company also recognised a dividend of €3,285 thousand corresponding to the purchase of free-allocation rights from shareholders who waived their pre-emptive subscription rights in the capital increase carried out. This amount was paid in April 2023.

In addition, in the General Shareholders' Meeting of 25 June 2024 a complementary dividend of €36,105 thousand was approved and was paid in July 2024.

# 12 Earnings per share

## 12.1 Basic

Basic earnings per share are calculated by dividing the profits from the year attributable to the holders of equity instruments of the Company by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Profit attributable to holders of equity instruments of the Parent (in thousands of euros) | 111,360 | 91,902 |
| Weighted average number of ordinary shares in circulation | 311,248,691 | 309,976,691 |
| **Basic earnings per share (in euros)** | **0.358** | **0.296** |

The average number of ordinary shares in circulation, excluding treasury shares, is calculated as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Ordinary shares in circulation at 1 January | 311,248,691 | 305,996,167 |
| Weighted free issuance of shares in 2023 | - | 6,551,322 |
| Weighted acquisition of treasury shares 2023 | - | (2,570,798) |
| **Weighted average number of ordinary shares in circulation at 31 December** | **311,248,691** | **309,976,691** |

## 12.2 Diluted

Diluted earnings per share are calculated by dividing the profits from the year attributable to the holders of equity instruments of the Company by the weighted average number of ordinary shares in circulation and potential ordinary shares during the year, excluding treasury shares.

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Profit attributable to holders of equity instruments of the Parent (in thousands of euros) | 111,360 | 91,902 |
| Weighted average number of ordinary and potential ordinary shares in circulation | 312,456,490 | 310,729,397 |
| **Basic earnings per share (in euros)** | **0.356** | **0.296** |

The potential shares for 2024 and 2023 correspond to the long-term incentive plan (note 20).

# 13 Other Financial Liabilities and Lease Liabilities

The details of these line items of the consolidated balance sheet at 31 December are as follows:

Thousands of euros

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| Borrowings from banks | - | 1,988 | - | 1,629 |
| Ministry of Science and Innovation and CDTI | 2,627 | 768 | 3,465 | 666 |
| Amounts due to shareholders (Note 11.3) | - | 12,761 | - | 12,139 |
| Finance lease payables | 2,749 | 3,056 | 4,373 | 2,233 |
| Other debts (fixed-asset suppliers and others) | - | 2,342 | - | 4,002 |
| | **5,376** | **20,915** | **7,838** | **20,669** |

The classification of other non-current financial liabilities, including unearned interest, by due date is as follows:

Thousands of euros

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | 2026 | 2027 | 2028 | 2029 | Subsequent years | Total non-current |
| Ministry of Science and Innovation and CDTI | 841 | 529 | 378 | 350 | 529 | 2,627 |
| Finance lease payables | 1,418 | 378 | 399 | 423 | 447 | 3,065 |
| **Total financial liabilities** | **2,259** | **907** | **777** | **773** | **976** | **5,692** |

Thousands of euros

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | 2026 | 2027 | 2028 | Subsequent years | Total non-current |
| Ministry of Science and Innovation and CDTI | 670 | 826 | 569 | 339 | 1,061 | 3,465 |
| Finance lease payables | 2,629 | 495 | 524 | 555 | 587 | 4,790 |
| **Total financial liabilities** | **3,299** | **1,321** | **1,093** | **894** | **1,648** | **8,255** |

Debts with the Ministry of Science and Innovation correspond to the depreciated cost of long-term returnable advance payments without interest accrual, and granted as financial aid for certain Research and Development projects. This amount does not differ significantly from its fair value.

The reconciliation of cash flows from financing activities is as follows:

Thousands of euros

| | Assets/liabilities included in financing activities | | | | |
|---|---|---|---|---|---|
| | Cash and cash equivalents | Other short- and long-term financial assets (without bonds) | Remaining debt | Long-term and short-term financial debt | Total net debt |
| **Final balance at 31 December 2022** | **66,411** | **22,065** | **(25,076)** | **(11,964)** | **51,436** |
| Income from other financial liabilities | - | - | - | (260) | (260) |
| Payments for other financial liabilities | - | - | - | 3,344 | 3,344 |
| Change in treasury | (31,764) | - | - | - | (31,764) |
| Income from other financial assets | - | (17,796) | - | - | (17,796) |
| Investment in other financial assets | - | 8,835 | - | - | 8,835 |
| Dividend payments | - | - | 14,607 | - | 14,607 |
| Dividends declared during the year (note 11) | - | - | (15,424) | - | (15,424) |
| Payment of fixed asset suppliers | - | - | 10,232 | - | 10,232 |
| Additions to fixed assets/assets for rights of use | - | - | - | (3,486) | (3,486) |
| Business combination | - | - | (480) | - | (480) |
| **Final balance at 31 December 2023** | **34,647** | **13,104** | **(16,141)** | **(12,366)** | **19,244** |
| Income from other financial liabilities | - | - | - | - | - |
| Payments for other financial liabilities | - | - | - | 3,469 | 3,469 |
| Change in treasury | 29,575 | - | - | - | 29,575 |
| Income from other financial assets | - | (12,954) | - | - | (12,954) |
| Investment in other financial assets | - | 7,772 | - | - | 7,772 |
| Dividend payments | - | - | 48,244 | - | 48,244 |
| Dividends declared during the year (note 11) | - | - | (48,866) | - | (48,866) |
| Payment of fixed asset suppliers | - | - | 1,660 | - | 1,660 |
| Additions to fixed assets/assets for rights of use | - | - | - | (2,291) | (2,291) |
| **Final balance at 31 December 2024** | **64,222** | **7,922** | **(15,103)** | **(11,188)** | **45,853** |

# 14 Provisions

The detail of provisions for years 2024 and 2023 is as follows:

Thousands of euros

| | Health contribution | Sales returns | Other provisions | Total |
|---|---|---|---|---|
| **At 31 December 2022** | **5,625** | **1,648** | **1,914** | **9,187** |
| Provisions allocated | 1,569 | 883 | 761 | 3,213 |
| Provisions used | (2,009) | (1,335) | (942) | (4,286) |
| **At 31 December 2023** | **5,185** | **1,196** | **1,733** | **8,114** |
| Provisions allocated | 1,437 | 1,198 | 308 | 2,943 |
| Provisions used | (1,533) | (883) | (74) | (2,490) |
| Reversals | - | (50) | - | (50) |
| **At 31 December 2024** | **5,089** | **1,461** | **1,967** | **8,517** |

The breakdown of current and non-current provisions is the following:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Non-current | 946 | 864 |
| Current | 7,571 | 7,250 |
| | **8,517** | **8,114** |

## 14.1 Health contribution

Pursuant to Additional Provision Forty-eight of Law 2/2004, of 27 December, on the General State Budget for 2005, corporate groups in Spain engaged in the manufacture and import of drugs, medicinal products and any other health products prescribed within the national territory through an official prescription of the National Health System, had to pay certain amounts calculated based on a scale established by the same provision.

In 2006, the aforementioned provision was replaced by Additional Provision six of Law 29/2007, of 26 July, on guarantees and rational use of medicines. According to these regulations, the amounts are calculated according to certain scales on the sales of medicines, medicinal substances and any other health products dispensed in the national territory through official prescriptions of the National Health System.

In 2024, Faes Farma, S.A. paid the Ministry of Health €1,533 thousand (€1,569 thousand in 2023), and allocated a provision for the outstanding amount at 31 December 2024, for a total of €1,524 thousand (€1,620 thousand in 2023).

## 14.2. Sales returns

Provisions for sales returns correspond to the best estimate made by the Group, based on its historical experience and on the assessment of the current market circumstances, of the sold goods expected to be returned by customers.

## 14.3 Contingencies

The Group has contingent liabilities from bank guarantees and other guarantees related to the normal course of business for €2,048 thousand (€1,726 thousand in 2023). The most significant guarantees correspond to the payments to be made to Farmaindustria as a result of the discounts to be applied to sales pursuant to Royal Decree-Laws 8/2010 and 9/2011. The Management of the Group does not expect any significant liabilities to arise from the aforementioned guarantees.

# 15 Trade Payables and Other Accounts Payable

The details of trade payables and other accounts payable are as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Trade payables | 46,816 | 35,439 |
| Other borrowings | | |
| Remuneration payable | 17,536 | 11,407 |
| Payable to Social Security Authorities | 1,913 | 1,758 |
| Tax payables | 5,057 | 7,385 |
| | **71,322** | **55,989** |

Government payables mainly correspond to withholdings on individuals pursuant to the Income Tax.

The Group did not arrange supplier financing lines (reverse factoring) for its trade payables in either 2024 or 2023.

### Information on the average payment terms to suppliers. Additional provision three. "Duty of disclosure of Law 15/2010, of 5 July"

The information on the average period of payment to suppliers for years 2024 and 2023 is as follows:

Days

| | 2024 | 2023 |
|---|---|---|
| Average period of payment to suppliers | 48.80 | 39.99 |
| Ratio of paid transactions | 50.66 | 40.13 |
| Ratio of outstanding transactions | 27.46 | 38.09 |

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Total payments made | 168,280 | 227,953 |
| Total payments payable | 14,629 | 14,994 |

On 29 September 2022, Law 18/2022, on the creation and growth of companies, entered into force, amending the Additional Provision three, "Duty of Information", of Law 15/2010. It establishes the need to report on the monetary volume and the number of invoices paid in a period shorter than the maximum established in regulations on late payment, as well as the percentage they represent of the total number of invoices and monetary payments made to suppliers. The Group's Spanish companies have paid a total of 27,669 invoices in a period shorter than the established maximum, representing 96% of the total invoices paid in 2024 (22,993 invoices and 76% in 2023). They have also made payments totalling €139,147 thousand in this period, which represents 88% of the total payments made in 2024 (€202,014 thousand and 89% in 2023).

# 16 Ordinary Income and Other Income

The details of ordinary income and other income are as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Revenue | 492,648 | 449,387 |
| Service provision | 999 | 1,781 |
| | **493,647** | **451,168** |
| Licences | 12,452 | 16,818 |
| Official grants | 651 | 751 |
| Other income | 3,291 | 4,357 |
| | **16,394** | **21,926** |

Revenue is reduced by €7,240 thousand (€6,408 thousand at 31 December 2023) as a result of legislation enacted in Spain in 2010 and 2011 that, among other measures, establishes a discount of 7.5% or 15%, according to the product, on sales of products funded by the Ministry of Health.

The licences figure accounts for income derived from non-reimbursable amounts resulting from signed agreements, mainly for the sale of Bilastine by other pharmaceutical companies worldwide. These revenues accrue over time, based on the sales made by the licensee.

# 17 Staff Costs

The details of personnel expenses for 2024 and 2023 are as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Payroll and similar | 83,977 | 76,863 |
| Social Security expenses | 17,846 | 16,502 |
| Other expenses | 3,044 | 3,191 |
| | **104,867** | **96,556** |

The average number of Group employees during 2024 and 2023, broken down by category, is as follows:

Thousands of euros

| | Average number of employees | |
|---|---|---|
| | 2024 | 2023 |
| Senior management | 11 | 18 |
| Other line personnel | 158 | 153 |
| Marketing/Commercial | 932 | 932 |
| Research | 166 | 157 |
| Administration | 199 | 199 |
| Production | 301 | 302 |
| | **1,767** | **1,761** |

Distribution by gender regarding the Company's staff and its directors at year-end is as follows:

Thousands of euros

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Male | Female | Male | Female |
| **Directors** | **6** | **4** | **5** | **4** |
| Senior management | 8 | 1 | 14 | 4 |
| Other line personnel | 55 | 107 | 53 | 100 |
| Marketing and Commercial | 400 | 528 | 388 | 534 |
| Research | 46 | 118 | 49 | 109 |
| Administration | 90 | 111 | 88 | 110 |
| Production | 217 | 94 | 204 | 95 |
| | **816** | **959** | **796** | **952** |

In addition, the average number of employees with a disability of 33% or more in 2024 and 2023 is twelve: five in marketing and sales, three technicians, one in research, two in administration and one in management.

The line item “Employee remuneration expenses” includes redundancy payments of €5,325 thousand in 2024 (€2,293 thousand in 2023).

# 18 Other Expenses

The breakdown for other expenses is as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Operating lease expenses | 1152 | 972 |
| Research and Development expenses (Note 5) | 5,802 | 5,203 |
| Transport | 6,896 | 7,132 |
| Repairs and preservation | 6,934 | 6,733 |
| Independent professional services | 37,532 | 31,602 |
| Insurance premiums | 1,688 | 1,636 |
| Advertising and promotion | 26,531 | 24,130 |
| Supplies | 3,204 | 3,646 |
| Taxes | 1,279 | 1,199 |
| Banking services | 277 | 301 |
| Changes in provisions (Note 14) | 2,893 | 2,178 |
| Impairment losses on trade receivables and other accounts receivable (Note 8) | 1,262 | 607 |
| Other expenses | 13,768 | 14,911 |
| | **109,218** | **100,250** |

# 19 Finance Income and Costs

Details of the finance income and costs are as follows:

Thousands of euros

| Financial income | 2024 | 2023 |
|---|---|---|
| Other finance income | 1,694 | 1,080 |
| **Total finance income** | **1,694** | **1,080** |

Thousands of euros

| Finance costs | 2024 | 2023 |
|---|---|---|
| Other finance costs | 433 | 383 |
| Exchange losses | 769 | 659 |
| **Total finance costs** | **1,202** | **1,042** |

# 20 Information on the Parent Company's Directors and Related Parties and Remuneration of the Group's Key Management Personnel

The total amount of remuneration accrued by the Company's directors in 2024 was €4,826 thousand (€2,536 thousand in 2023) for per diems, corporate remuneration and professional services.

During 2024 an organisational restructuring was carried out affecting the composition of the Company's management bodies. As a result of these organisational changes, the persons considered to be senior management have changed and the role of key management personnel has ceased to exist. Based on this criterion, the remuneration paid to senior management amounted to €5,018 thousand in 2024. Under the previous management structure in force in 2023, the remuneration paid to senior management amounted to €1,818 thousand and the remuneration paid to the other key management personnel amounted to €3,377 thousand.

During the financial years 2024 and 2023, no advances or loans have been granted to the Directors of the Company and the Group's senior management, and no obligations have been assumed on their behalf by way of guarantee. Furthermore, the Company has not assumed any obligations relating to pension or life insurance policies for current or former directors of the Company. As regards the payment of insurance premiums for the civil liability insurance of senior management, the Company has taken out insurance policies for this purpose, having paid €40 thousand in 2024 for this item (€42 thousand in 2023).

The General Shareholders' Meeting of 22 June 2022 approved a Long-Term Incentive Plan involving the delivery of shares of the Parent company, amended by the General Shareholders' Meeting of 25 June 2024 to adjust the amount corresponding to the executive director, whose beneficiaries are certain executives and key personnel of the Parent company and its Group, including the Chairman for the period in which the Chairman held executive duties and the executive director. The delivery of shares under this plan will depend on the degree to which the targets set by the Board of Directors are met.

The plan consists in an extraordinary incentive payable in Company shares, the delivery of which depends on the degree of attainment of specific targets based on an initial number of allocated shares, on the scheduled measurement date. The plan is spread over three cycles of three overlapping years during the 2022-2026 period. In 2024 all three cycles were in force: the first cycle runs from 2022 to 2024, the second from 2023 to 2025 and the third from 2024 to 2026. The maximum number of shares to be delivered in the third cycle is 25,983 shares to the Chairman for the period in which he was an executive, 85,682 to the executive director and 380033 to the remaining beneficiaries; 64,956 shares to the Chairman for the period in which he was an executive and 374,687 to the remaining beneficiaries in the second cycle; and 103,930 shares to the Chairman for the period in which he was an executive and 172,528 to the remaining beneficiaries in the first cycle.

The economic impact in 2024 was €747 thousand (€774 thousand in 2023) (Note 11.2).

# 21 Environmental Information

The Group complies with applicable environmental regulations. All the waste resulting from its activities is selectively treated by specialised companies. The cost of this management is directly allocated to expenses for the year.

### a) Equipment

Considering as environmental investment what is assessed as eligible under the Sustainable Finance Taxonomy, the investment made in 2024 amounted to €13,433 thousand, allocated mainly to installing water-supply and sewage networks, expanding the leased commercial fleet, renewable-energy projects and energy monitoring, as well as equipment for manufacturing medicines (€40,716 thousand in 2023).

### b) Expenses

Expenses related to the environment incurred during financial year 2024 are mainly focused on the treatment of waste and on advising services for environmental improvement, amounting to €925 thousand in 2024 (€819 thousand in 2023).

During 2024, various actions were carried out related to energy savings in electricity consumption.

### c) Provisions, contingencies and liabilities

No provisions have been allocated for environmental actions. Similarly, there are no litigations, contingencies, foreseen risks or liabilities of this kind.

### d) Subsidies

No subsidies have been received this year or in previous years for expenses or investments made for environmental purposes. No greenhouse gas emission allowances have been received or acquired, as the Group is not subject to the greenhouse gas emission allowance trading scheme.

# 22 Audit Fees

The fees accrued during the year by PricewaterhouseCoopers Auditores, S.L. with the Group's Parent Company are detailed below:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Audit services | 133 | 129 |
| Other non-compliance services | 1 | 3 |
| Other regulatory requirements | 1 | 3 |
| Other services | 135 | 108 |
| **Total** | **269** | **240** |

In addition, fees invoiced to the Parent Company during the year by other companies using the PwC brand in Spain, for other services rendered, amounted to €4 thousand (€165 thousand in financial year 2023).

The fees accrued during the year by other firms that use the PwC brand abroad, for services rendered to the Parent Company, amounted to €69 thousand (€86 thousand in 2023).

No tax services have been provided to the Company during financial years 2024 and 2023.

The fees accrued during the year by PricewaterhouseCoopers Auditores, S.L. to other Group companies are detailed below:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Audit services | 44 | 43 |
| Other non-compliance services | - | 8 |
| Other regulatory requirements | - | 8 |
| **Total** | **44** | **51** |

No fees were accrued in 2024 or 2023 for other companies using the PwC brand in Spain for other services rendered to other Group companies.

On the other hand, other entities belonging to the PwC network of auditors abroad have invoiced the Group during the years ended 31 December 2024 and 2023 for the fees detailed below:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Audit services | 129 | 121 |
| **Total** | **129** | **121** |

Finally, in 2024 and 2023, no fees were accrued by other companies of the PwC network abroad for other services rendered to other Group companies.

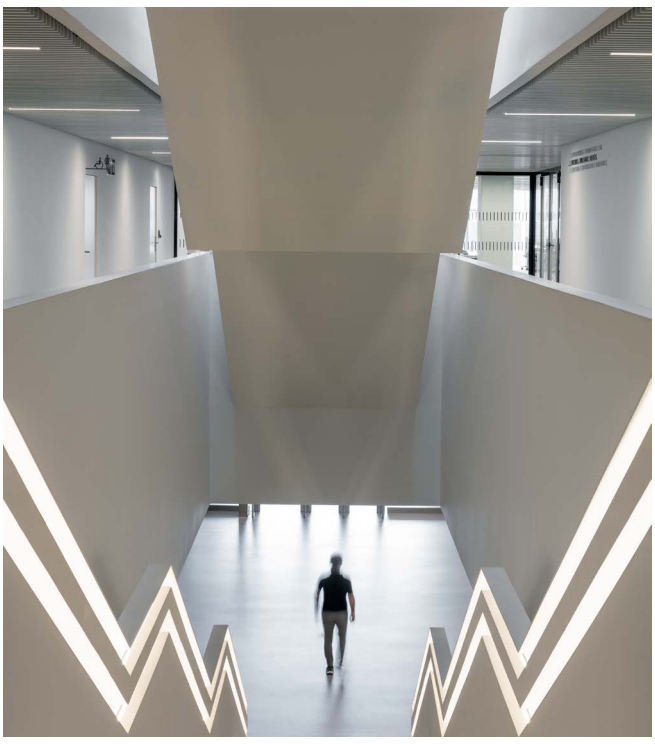
Other auditors have accrued fees from Group companies for an amount of €28 thousand (€15 thousand in 2023).

# 23 Financial Reporting by Segments

At 31 December 2024 and 2023, the Group is organised into the following operating segments, with the Group adopting the criteria set forth below for the identification of segments, products, with the following types of main products and services:

- Pharmaceutical and healthcare specialities
- Animal nutrition and health
- Pharmaceutical raw materials

The "Pharmaceutical raw materials" segment, whose products are pharmaceutical raw materials, does not meet the quantitative criteria to be presented separately.



The Group operates mainly in two geographical areas, identified as domestic and international markets. As regards the domestic market, the main activities are carried out in Spain, while in the international market, they are carried out mainly in Latin America, Africa and Europe.

In the presentation of geographic information, ordinary income and the assets for the segment are based on the customers' location.

Ordinary income from external customers of the "Pharmaceuticals and healthcare specialities" segment corresponds in all cases to medicinal products for human use delivered to customers for final use and amounts to €438,811 thousand (€395,118 thousand in 2023).

The "Animal nutrition and health" segment generated ordinary income of €52,197 thousand (€52,501 thousand in 2023).

The "Pharmaceutical raw materials" segment generated income of €2,639 thousand (€3,549 thousand in 2023).

In addition, the Group holds non-current assets outside of Spain for a net amount of €49,184 thousand (€50,411 thousand in 2023), which mainly correspond to subsidiaries in Portugal and Guatemala.

No external customers account for 10% or more of the Group's ordinary income.

There are no transactions among segments and the information used and reviewed in the decision-making process is detailed below:

Thousands of euros

| | 2024 | | | |
|---|---|---|---|---|
| | Pharmaceutical and healthcare specialities | Animal nutrition and health | Other segments | Consolidated |
| Ordinary income to external customers | 438,811 | 52,197 | 2,639 | 493,647 |
| Other income | 16,394 | - | - | 16,394 |
| Depreciation | (18,588) | (1,137) | (593) | (20,318) |
| Financial income | 1,067 | 627 | - | 1,694 |
| Finance costs | (1,202) | - | - | (1,202) |
| Profits before tax of the segments | 97,167 | 10,503 | (94) | 107,576 |
| Income tax expenses | 5,280 | (1,742) | - | 3,538 |
| Profit for the year | 102,447 | 8,761 | (94) | 111,114 |
| Assets of the segment | 764,697 | 83,736 | 4,649 | 853,082 |
| Additions to property, plant and equipment by segment | 22,945 | 9,149 | 60 | 32,154 |
| Additions to intangible assets by segment | 5,674 | 101 | - | 5,775 |
| Deferred tax assets | 30,564 | 1,962 | - | 32,526 |
| Liabilities of the segment | 116,869 | 9,119 | 476 | 126,464 |

Thousands of euros

| | 2024 | | |
|---|---|---|---|
| | Domestic | International | Consolidated |
| Ordinary income to external customers | 222,294 | 271,353 | 493,647 |
| Non-current assets of the segment | 470,170 | 49,184 | 519,354 |

Thousands of euros

| | 2023 | | | |
|---|---|---|---|---|
| | Pharmaceutical and healthcare specialities | Animal nutrition and health | Other segments | Consolidated |
| Ordinary income to external customers | 395,118 | 52,501 | 3,549 | 451,168 |
| Other income | 21,765 | 161 | - | 21,926 |
| Depreciation | (17,371) | (1,425) | (602) | (19,398) |
| Financial income | 1,029 | 51 | - | 1,080 |
| Finance costs | (996) | (46) | - | (1,042) |
| Profits before tax of the segments | 95,328 | 8,206 | (682) | 102,852 |
| Income tax expenses | (9,228) | (1,931) | - | (11,159) |
| Profit for the year | 86,100 | 6,275 | (682) | 91,693 |
| Assets of the segment | 698,483 | 72,363 | 5,726 | 776,572 |
| Additions to property, plant and equipment by segment | 75,362 | 10,169 | - | 85,531 |
| Additions to intangible assets by segment | 6,409 | 18 | - | 6,427 |
| Deferred tax assets | 17,345 | 1,691 | - | 19,036 |
| Liabilities of the segment | 104,828 | 8,036 | 296 | 113,160 |

Thousands of euros

| | 2023 | | |
|---|---|---|---|
| | Domestic | International | Consolidated |
| Ordinary income to external customers | 202,892 | 248,276 | 451,168 |
| Non-current assets of the segment | 435,875 | 50,411 | 486,286 |

# 24 Business Combinations

On 3 May 2023, the Group acquired 100% of the shares of the distributor Faes Farma Gulf FZCO (formerly NovoSci Healthcare FZCO) (Dubai) for total consideration of €5 million, of which €4.6 million was paid at the time of the purchase and the remaining €480 thousand in May 2024 once specific contractual conditions had been met.

The assets and liabilities recognised as a result of said acquisition were the following:

| | Thousands of euros |
|---|---|
| Cash and cash equivalents | 71 |
| Inventories | 309 |
| Accounts receivable | 729 |
| Accruals | 9 |
| Accounts payable | (657) |
| **Net assets acquired** | **461** |
| Goodwill | 4,157 |
| **Gross cash disbursed** | **4,618** |
| **Net cash disbursed** | **4,547** |

In 2024, the Group completed the evaluation pertaining to the identification and valuation of the net assets acquired, recognising intangible assets relating to brands amounting to €266 thousand. The definitive goodwill arising from this purchase-price allocation, measured at cost, amounts to €4.4 million (Note 5). The amortisation impact of the brands at 31 December 2024 is not material, nor is the related tax effect. Prior-year figures have been amended to reflect this purchase-price allocation (see Note 2.4).

The acquired business generated a ordinary income of €2109 thousand and a net loss of €151 thousand for the Group in the period between 5 May 2023 and 31 December 2023. If the acquisition had occurred on 1 January 2023, the consolidated ordinary income for the year ended 31 December 2023 would have been €238 thousand.

# 25 Risk Policy and Management

## Financial risk factors

The activities of the Group are exposed to several financial risks: credit risks, liquidity risks and market risks (including the exchange rate risk, the interest rate risk and the price risk). The global risk management program is focused on the uncertainty of financial markets and attempts to minimise potential adverse effects on financial returns. The Group assesses the option of taking out derivatives to cover certain risks.

These risks are managed by the Corporate Finance Department and are overseen by Internal Auditing in accordance with the Risk Management Policy approved by the Board of Directors. The Finance Department identifies, assesses and hedges financial risks. The Board of Directors, through the Audit and Compliance Committee, issues policies aimed at managing global risk, as well as specific areas, such as exchange rate risk, interest rate risk, liquidity risk, the use of derivatives and investment of the liquidity surplus.

### a) Credit risk

Credit risk arises, on the one hand, from the balances pending collection that the Group includes in the balance sheet with customers and other receivables. Although the amounts are relatively significant, their due dates are very close in time and correspond to long-standing, controlled customers. On the other hand, there are older outstanding receivables for lower amounts that correspond to Government agencies, which means that collection is fully guaranteed.

The Group has no significant credit risk concentrations with clients because its sales and, hence, payments, are widely distributed among the main domestic and international distributors.

There are internal policies in place to ensure that sales to distributors are made to customers with good credit history, with individual risk analysis conducted and a thorough and frequent follow-up of outstanding balances and credits. Sales to retail clients have very short payment terms, which means that the Group has the capacity to promptly adopt credit restriction measures.

Adjustments for customer insolvency, reviews of individual balances based on customers' credit standing and market trends are subject to thorough regular review.

In the case of exports credit, in addition to the factors described above, the specific component of the country is also considered.

On the other hand, cash operations are only executed with very high credit ratings.

The total amount of the financial assets subject to the credit risk is shown in the Trade receivables and other payables in the assets section of the balance sheet. The amount impaired in this section is very low. Except for the Government payables amount, which is not significant, it is estimated that due balances pending collection will be paid, for the most part, in the first quarter of 2025.

The Group's exposure to overdue or outstanding receivables which have not suffered impairment at 31 December 2024 and 2023 is not significant, in line with figures from previous years.

## b) Liquidity risk

The Group currently has a cash position of €64 million (€35 million at year-end 2023). On the other hand, there are no debts with financial institutions, although there is a creditor position for debts with public bodies (refundable advances) for the financing of certain research and development projects, as well as financial lease debts.

Although the Group is making significant investments, these are currently being financed by the business's positive cash generation. According to the company's cash flow projections, it will be able to meet its investment commitments related to the new plants, as well as shareholder remuneration payments, without the need for external financing.

The exposure of the Group to the liquidity risk at 31 December 2024 is as follows. The attached tables reflect the analysis of financial liabilities by remaining due contractual dates:

Thousands of euros

| | 2024 | | | | |
|---|---|---|---|---|---|
| | 0 to 6 months | 6 to 12 months | 1 to 2 years | 2 to 5 years | Total |
| Other financial liabilities | 18,032 | 2,884 | 3,166 | 2,526 | 26,608 |
| Trade payables (Note 15) | 46,816 | - | - | - | 46,816 |
| | **64,848** | **2,884** | **3,166** | **2,526** | **73,424** |

Given the expectations of positive cash generation in the future, as well as the opportunities open to the Group to seek market financing for its investments, there are no cash pressures that cannot be covered with the current cash position and/or with financing available on the market.

At the end of 2024 and 2023 there is no bank financing.

## c) Market risk

The Group has exposure to the market risk associated with financial investments, although it holds mostly high liquidity and very low risk assets. The purpose of the Group's investment policy is to maximise return on investments, while maintaining an adequate liquidity level and controlled risk.

### c.1) Currency risk

The Group operates internationally and is therefore exposed to the currency risk from operations in foreign currency, mainly the Yen, the US dollar, the Colombian peso, the Mexican peso, the Peruvian Sol and the Chilean Peso. Currency risk arises when future commercial transactions, and the recognised assets and liabilities are expressed in a currency other than the Parent Company's functional currency.

The exchange rate risk is low as most of the transactions of the European companies are conducted in euros and most of the transactions of the subsidiaries that have a functional currency other than the euro are conducted in the local currency. As a result, no Group company generates significant exchange rate differences.

In 2024 and 2023 no exchange rate hedging transactions have been contracted.

During 2024 and 2023 exports have mainly been in US dollars, and they have taken place for a very small percentage of turnover. Therefore, exchange rate variations between the euro and any other currency would have a very limited effect on the income statement. On the other hand, Bilastine's business in Japan is invoiced in euros, but with local reference in yen.

As regards imports, no coverage is obtained due to the low volume of purchases made in currencies other than the euro. Similarly, reasonable changes in the exchange rate would result in moderate results in the financial statements.

The Group does not have significant investments in foreign assets in currencies which might be considered a noteworthy potential risk, other than bank balances in US dollars of insignificant sums.

### c.2) Interest rate risk

The Group's interest rate risk arises from external resources hired with financial institutions in the short and long term. As mentioned above, no bank financing is available, so there is currently no risk of upward variations of interest rates.

For this reason, the sensitivity of the income statement to interest rate variations is negligible. No significant changes are expected in the coming months, so the interest rate risk is of minimal importance.

### c.3) Price risk

The Group is exposed to market fluctuations in the prices of raw materials and supplies, mainly gas and electricity. In this respect, the Group has reached a long-term price agreement with the energy supplier, which mitigates the risk of cost increases. This agreement has been reached exclusively for companies in Spain and establishes a fixed price for 50% of the volume consumed in high power installations (the rest at a variable price) and a fixed price for 100% of the volume consumed in low power installations until 31 December 2027. The consumption of high power installations accounts for 97.5% of total consumption in Spain, with the rest of the consumption corresponding to low power installations.

The Group's business is also exposed to fluctuations in selling prices. Some of the Group's products are sold at regulated prices because they are prescription medicines. Annual prices are therefore known, and the Group can take action to protect product margins. Once these products lose patent protection, their prices fall due to the entry of generic competitors.

Conversely, the Group sells non-funded products for which it can set selling prices freely.

The Group does not enter into hedging instruments to offset price variations, although it manages and adapts its cost structure to such changes.

## d) Fair value estimates

An analysis of the financial instruments measured at fair value is presented below, by valuation method. The different levels have been defined as follows:

- (Unadjusted) quoted prices in active markets for identical assets and liabilities (Level 1).
- Inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. Benchmark prices) or indirectly (i.e. price derivatives) (Level 2).
- Inputs of the asset or liability not based on observable market data (i.e., unobservable input) (Level 3).

As at 31 December 2024 and 2023, the Group has no assets or liabilities measured at fair value at level.

### e) Climate-change risk

The Group is assessing how climate risk factors can have an impact on its financial statements, including potential impacts in the following areas:

Non-financial assets: the potential shortened useful economic lives of existing assets have been assessed, e.g. as a result of regulatory changes requiring new production technologies. Climate-related issues may give rise to indications that an asset (or a group of assets) is impaired. For example, a regulatory change that phases out the use of certain facilities. This risk is adequately mitigated by two factors:

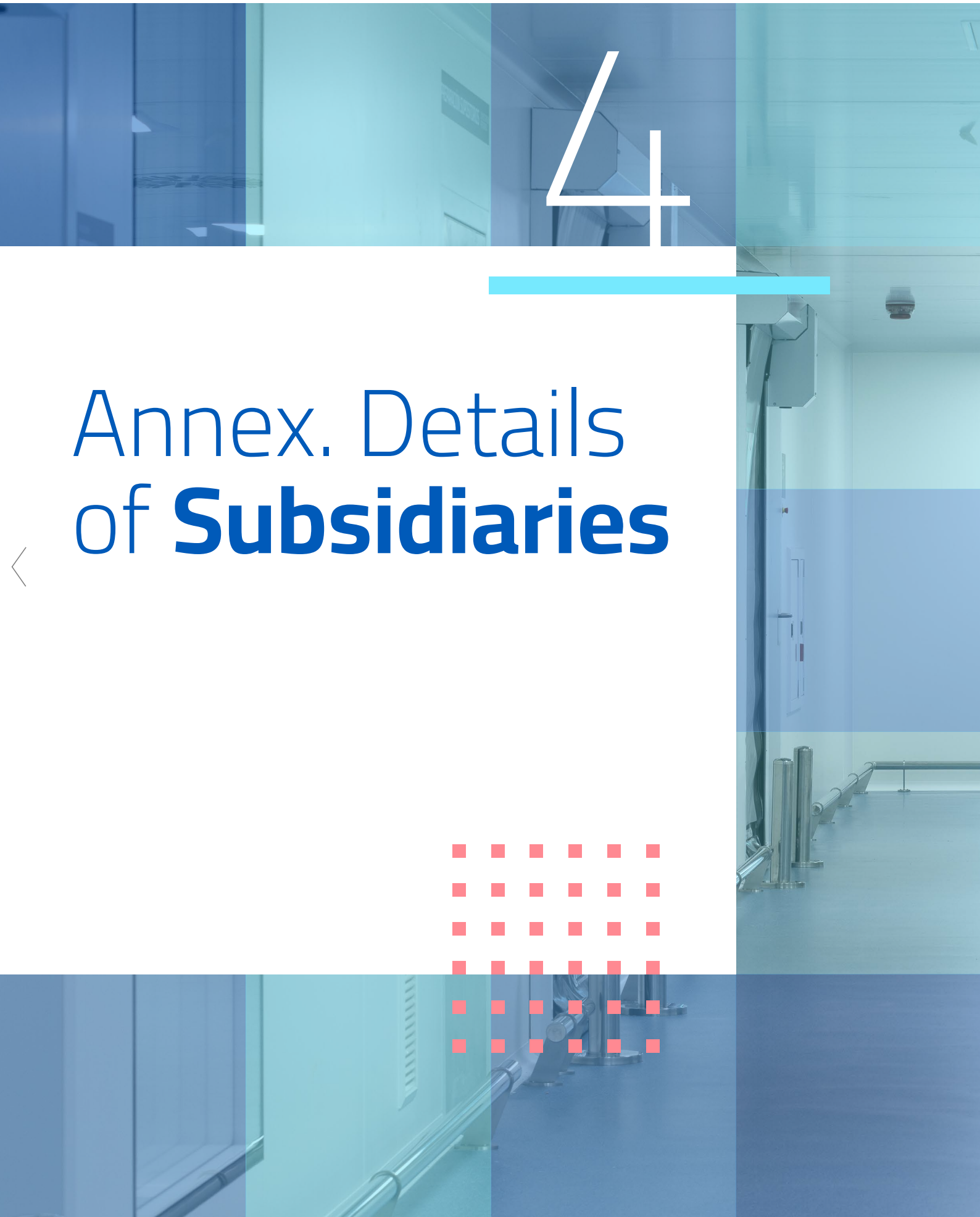
- None of the Group's facilities are located within protected areas in which biodiversity is conserved. An environmental impact assessment was required for the new plant in Derio, which confirmed that there were no significant environmental or biodiversity risks. In addition, all requirements for obtaining the corresponding environmental licence for the new Huesca plant have been met.
- The new Derio plant was designed to meet the highest standards required by the pharmaceutical industry and to be an environmentally responsible, sustainable building. This plant, which will be the Group's largest production centre, will be less exposed to the risk of regulatory changes, given that it is newly designed and built.

Costs: a potential impact on production and distribution costs has been assessed as a result of higher costs of consumables (e.g. water, energy, supply chain costs, transport) or increases in insurance premiums in high-risk industries or locations. In 2024, all subsidiaries in Spain and Portugal have the certified renewable energy Guarantee of Origin for all or part of the electricity consumed, partially mitigating this risk.

From these assessments, and based on current information, no material impacts on the Group's financial statements have been identified that have not been considered.

# 26 Subsequent Events

From 31 December 2024 to the date of preparation of these consolidated financial statements, there have been no material subsequent events requiring disclosure.



4

# Annex. Details of **Subsidiaries**

| Details of Subsidiaries at 31 December 2024 | | | | | |
|---|---|---|---|---|---|
| **Company name** | **Registered office** | **Activity** | **Auditor** | **Holding company** | **Holding %** |
| Lazlo Internacional, S.A. Sociedad Unipersonal | Vía de los Poblados, 3 – Madrid | Marketing of OTC products | - | Faes Farma, S.A. | 100% |
| Laboratorios Veris, S.A. Sociedad Unipersonal | Vía de los Poblados, 3 – Madrid | Pharmaceutical company | - | Faes Farma, S.A. | 100% |
| Faes Farma Portugal, S.A. | R. Elías García, 28 – Amadora (Portugal) | Pharmaceutical company | PwC | Faes Farma, S.A. | 100% |
| Olve Farmacéutica, Limitada | R. Elías García, 28 - Amadora (Portugal) | Pharmaceutical company | - | Faes Farma Portugal, S.A. | 100% |
| Veris Farmacéutica, Limitada | R. Elías García, 28 - Amadora (Portugal) | Pharmaceutical company | - | Faes Farma Portugal, S.A. | 100% |
| Ingaso Farm, S.L.U. | P. El Carrascal, 2 Lanciego (Álava) | Animal nutrition and health | PwC | Faes Farma, S.A. | 100% |
| Faes Farma Chile, Salud y Nutrición Limitada | Avenida Las Condes 7700, Oficina 303-A, Santiago - Chile | Distributor | Crowe | Faes Farma, S.A.<br>Ingaso Farm, S.L.U. | 99.65%<br>0.35% |
| Faes Farma del Ecuador S.A. | Av. Shyris 860 - Quito (Ecuador) | Wholesale of pharmaceutical products | ARMS | Faes Farma, S.A.<br>Ingaso Farm, S.L.U. | 99.97%<br>0.03% |
| Faes Farma Perú, S.A.C. | Avenida De La Floresta 497 Int 303, Urb. Chacarilla del Estanque. San Borja – Lima (Peru) | Distributor | - | Faes Farma, S.A.<br>Ingaso Farm, S.L.U. | 99.99%<br>0.01% |
| Faes Farma Nigeria Limited | Nº 25 D Ladoke Akintola Street, G.R.A. Ikeja, Lagos (Nigeria) | Distributor | Grant Thornton | Faes Farma, S.A.<br>Ingaso Farm, S.L.U. | 99.89%<br>0.11% |
| Faes Farma México, S.A. de C.V. | Av. Prolongación Paseo de la Reforma, 51 Piso 8, Mexico City (Mexico) | Distributor of pharmaceutical and animal-health products | - | Faes Farma, S.A.<br>Ingaso Farm S.L.U. | 99.99%<br>0.01% |
| Colpharma, S.R.L. | Via A.M. Vicenzi 19/4 – Parma (Italy) | Distributor | PwC | Faes Farma, S.A. | 51% |
| Tecnología & Vitaminas, S.L. | Carrer de les Sorts – Alforja (Tarragona) | Animal nutrition and health | PwC | Faes Farma, S.A.<br>Ingaso Farm S.L.U. | 99%<br>1% |
| Cidosa, S.A.U. | Carrer de les Sorts – Alforja (Tarragona) | Distributor | - | Tecnología & Vitaminas, S.L. | 100% |
| AT Capselos S.L. | Polígono Industrial "Valle del Cinca", Calle C, parcela 41.03, Barbastro (Huesca) | Animal nutrition and health | - | Tecnología & Vitaminas, S.L.<br>Ingaso Farm, S.L.U. | 82%<br>18% |
| Faes Farma Colombia, S.A.S. | Av. Carretera 7, 155C, Bogotá (Colombia) | Medicine distributor | PwC | Faes Farma, S.A. | 100% |
| Global Farma, S.A. | 5TA Av. 16-62 Edificio Platina – Ciudad de Guatemala (Guatemala) | Pharmaceutical company | PwC | Faes Farma, S.A.<br>Ingaso Farm S.L.U. | 99.99%<br>0.01% |
| ISF by Farm Faes, S.L. | Plhus RD Valdabra 9/11 – Huesca 22197 | Animal nutrition and health | - | Ingaso Farm, S.L.U.<br>Tecnología & Vitaminas, S.L. | 70%<br>30% |
| Faes Farma Gulf FZCO (formerly NovoSci Healthcare FZCO) | South Zone, Jebel Ali Free Zone, Dubai, EAU | Distributor | Real Time Audi and MBC Auditing | Faes Farma, S.A.<br>Ingaso Farm S.L.U. | 90%<br>10% |

This annex forms an integral part of Notes 1 and 3.1 to the consolidated financial statements.

| Details of Subsidiaries at 31 December 2023 | | | | | |
|---|---|---|---|---|---|
| **Company name** | **Registered office** | **Activity** | **Auditor** | **Holding company** | **Holding %** |
| Lazlo Internacional, S.A. Sociedad Unipersonal | Vía de los Poblados, 3 – Madrid | Marketing of OTC products | - | Faes Farma, S.A. | 100% |
| Laboratorios Veris, S.A. Sociedad Unipersonal | Vía de los Poblados, 3 – Madrid | Pharmaceutical company | - | Faes Farma, S.A. | 100% |
| Faes Farma Portugal, S.A. | R. Elías García, 28 – Amadora (Portugal) | Pharmaceutical company | PwC | Faes Farma, S.A. | 100% |
| Olve Farmacéutica, Limitada | R. Elías García, 28 - Amadora (Portugal) | Pharmaceutical company | - | Faes Farma Portugal, S.A. | 100% |
| Veris Farmacéutica, Limitada | R. Elías García, 28 - Amadora (Portugal) | Pharmaceutical company | - | Faes Farma Portugal, S.A. | 100% |
| Ingaso Farm, S.L.U. | P. El Carrascal, 2 Lanciego (Álava) | Animal nutrition and health | PwC | Faes Farma, S.A. | 100% |
| Faes Farma Chile, Salud y Nutrición Limitada | Avenida Las Condes 7700, Oficina 303-A, Santiago - Chile | Distributor | - | Faes Farma, S.A.<br>Ingaso Farm, S.L.U. | 99.65%<br>0.35% |
| Faes Farma del Ecuador S.A. | Av. Shyris 860 - Quito (Ecuador) | Wholesale of pharmaceutical products | ARMS | Faes Farma, S.A.<br>Ingaso Farm, S.L.U. | 99.97%<br>0.03% |
| Faes Farma Perú, S.A.C. | Avenida De La Floresta 497 Int 303, Urb. Chacarilla del Estanque. San Borja – Lima (Peru) | Distributor | - | Faes Farma, S.A.<br>Ingaso Farm, S.L.U. | 99.99%<br>0.01% |
| Faes Farma Nigeria Limited | Nº 25 D Ladoke Akintola Street, G.R.A. Ikeja, Lagos (Nigeria) | Distributor | Grant Thornton | Faes Farma, S.A.<br>Ingaso Farm, S.L.U. | 99.89%<br>0.11% |
| Faes Farma México, S.A. de C.V. | Av. Prolongación Paseo de la Reforma, 51 Piso 8, Mexico City (Mexico) | Distributor of pharmaceutical and animal-health products | - | Faes Farma, S.A.<br>Ingaso Farm S.L.U. | 99.99%<br>0.01% |
| Colpharma, S.R.L. | Via A.M. Vicenzi 19/4 – Parma (Italy) | Distributor | PwC | Faes Farma, S.A. | 51% |
| Tecnología & Vitaminas, S.L. | Carrer de les Sorts – Alforja (Tarragona) | Animal nutrition and health | PwC | Faes Farma, S.A.<br>Ingaso Farm S.L.U. | 99%<br>1% |
| Cidosa, S.A.U. | Carrer de les Sorts – Alforja (Tarragona) | Distributor | - | Tecnología & Vitaminas, S.L. | 100% |
| AT Capselos S.L. | Polígono Industrial "Valle del Cinca", Calle C, parcela 41.03, Barbastro (Huesca) | Animal nutrition and health | - | Tecnología & Vitaminas, S.L.<br>Ingaso Farm, S.L.U. | 82%<br>18% |
| Faes Farma Colombia, S.A.S. | Av. Carretera 7, 155C, Bogotá (Colombia) | Medicine distributor | PwC | Faes Farma, S.A. | 100% |
| Global Farma, S.A. | 5TA Av. 16-62 Edificio Platina – Ciudad de Guatemala (Guatemala) | Pharmaceutical company | PwC | Faes Farma, S.A.<br>Ingaso Farm S.L.U. | 99.99%<br>0.01% |
| ISF by Farm Faes, S.L. | Plhus RD Valdabra 9/11 – Huesca 22197 | Animal nutrition and health | - | Ingaso Farm, S.L.U.<br>Tecnología & Vitaminas, S.L. | 70%<br>30% |
| Faes Farma Gulf FZCO (formerly NovoSci Healthcare FZCO) | South Zone, Jebel Ali Free Zone, Dubai, EAU | Distributor | - | Faes Farma, S.A.<br>Ingaso Farm S.L.U. | 90%<br>10% |

This annex forms an integral part of Notes 1 and 3.1 to the consolidated financial statements.

5

# Consolidated **Management Report**

# Executive summary 2024

- **Consolidated net turnover** amounts to €493.6 million, up 9.4%. **Total revenues** amounted to €510 million.
- In line with the strategy of geographic diversification, **revenues from international markets** continue to account for more than half of the business, reaching 57% of total revenues.
- **Consolidated EBITDA** amounted to €128.9 million, 5.5% higher than the preceding year.
- **Net profit** attributable to the Group increased by 21% to €111.4 million, driven by a higher volume of corporate income tax deductions following approval of the new Derio pharmaceutical plant in Bizkaia.
- **Gross investment in property, plant and equipment** during the period was just under €35 million, lower than in previous years now that the Group's two largest investments of the last two years have been completed: the Derio pharmaceutical production plant, which will increase capacity and consolidate Faes Farma as an integrated pharmaceutical group, and the animal nutrition and health plant in Huesca.
- **The shareholder remuneration** charged to the 2024 financial year has materialised with the payment of an interim cash dividend in January 2025 amounting to €12.7 million. The Company intends to keep dividends wholly in cash. Accordingly, a complementary dividend from 2024 profit is expected to be paid mid-year, bringing the total payout to around 50%.
- **Treasury shares** at the end of 2024 totalled 4975247 shares, representing 1.6% of the share capital, unchanged from 2023.
- In terms of **corporate governance,** Eduardo Recoder de la Cuadra was appointed executive director and chief executive in 2024, while the role of executive Chairman became non-executive Chairman of the Board. The Board continues to comprise 40% women directors and 50% independent directors.

## Key Figures

Thousands of euros

| | 2024 | 2023 | % |
|---|---|---|---|
| Net Sales | 493,647 | 451,168 | 9.4% |
| Total revenue** | 510,041 | 473,094 | 7.8% |
| EBITDA*** | 128,903 | 122,212 | 5.5% |
| Net profit (loss) | 111,114 | 91,693 | 21.2% |
| Flows from operating activities | 115,468 | 100,969 | 14.4 % |
| Gross Investment**** | 33,814 | 95,763 | -64.7 % |
| Net Treasury position***** | 64,222 | 34,647 | 85.4 % |

** Total revenue corresponds to the sum of turnover plus other operating income.

*** EBITDA is operating profit before depreciation and impairment.

**** Gross investment corresponds to payments for property, plant and equipment in the statement of cash flows.

**** The net treasury position corresponds to cash and cash equivalents.

# Evolution by business area

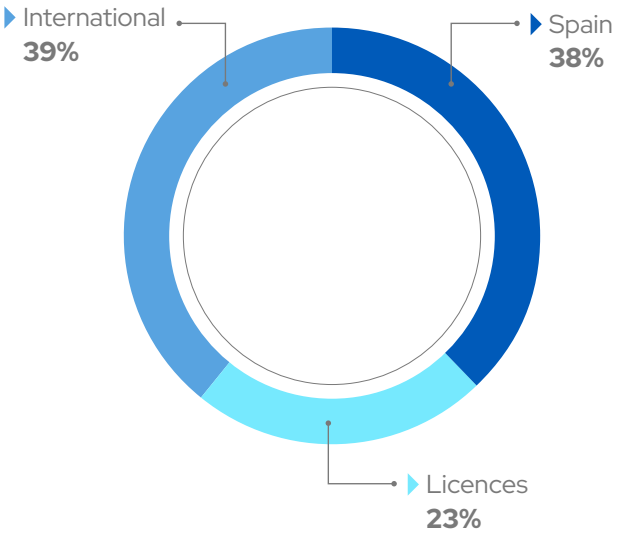
N.B.: The data in the tables are rounded to the nearest million euros. Percentages are calculated using the data in euros.

## 1. Pharmaceutical and healthcare specialities

The PHARMA segment achieved total revenue of €457.8 million, an increase of 8.9% on the same period in 2023. It accounts for almost 90% of the total business.

| Total Income | 2024 | 2023 | % |
|---|---|---|---|
| Pharma | 457.8 | 420.4 | 8.9% |

We further divide this segment into three subdivisions: Spain, International (without licences) and Licences, which present the following distribution and evolution in the current period:




| | Spain | Interna-tional | Licences | TOTAL |
|---|---|---|---|---|
| Total Income | 174.5 | 179.5 | 103.8 | **457.8** |
| Growth | 7.9% | 12.8% | 4.2% | **8.9%** |

### 1.1 Spain

| Spain Pharma | 2024 | 2023 | % |
|---|---|---|---|
| Net Sales | 171.7 | 158.6 | 8.2% |
| Other Income | 2.9 | 3.2 | -10.1% |
| **Total Spain** | **174.5** | **161.8** | **7.9%** |

| Revenues by divisions | 2024 | 2023 | % |
|---|---|---|---|
| Medical visit | 113.9 | 103.4 | 10.2% |
| Healthcare | 49.5 | 48.2 | 2.7% |
| Consumer | 11.1 | 10.2 | 9.3% |
| **Total Spain** | **174.5** | **161.8** | **7.9%** |

#### Medical Visit

This division markets the Group's portfolio of prescription products by developing strategies and promotional plans that enhance effective sales-force promotion and maintain the ambition of remaining a reference laboratory in the Group's specialist therapeutic areas, with both proprietary molecules and licences.

Spain's overall prescription-pharma "sell-out" market grew 5.8% according to IQVIA, compared with Faes Farma's 6.4% growth.

In the 2024 "sell-in" market, Faes Farma recorded substantial growth of 10.2% in this business area, maintaining strong competitiveness amid increasingly aggressive generic pressure. Brand positioning and a strategy focused on counteracting these effects therefore remain critical.

Regarding the main products:

**Calcifediol:** the increase in sales of calcifediol, still the division's top-earning product, were up more than 8% year-on-year thanks to the development of strategies and promotional plans reinforced by effective sales network activity. The growth rate exceeded that of the previous year despite consumption limits sought by many Autonomous Communities. This is a clinically high-value product for which we expect modest but sustainable growth over the coming years. We hold a market share of almost 45% in both volume and value, nearly matching the combined share of all cholecalciferol competitors.

**Bilastine:** after patent expiry in 2021 and successive price cuts, Bilaxten performed well in 2024, ending the year with a 7% increase in sales. This year's results were driven not only by brand strength but also by new formats launched the previous year: Bilaxten Eye Drops 6 mg/ml and a 20 mg orodispersible tablet. Together with the original Bilaxten 20 mg tablets, these new formats make this the most complete line on the market.

In value terms, the bilastine molecule now holds a 25% market share, while Bilaxten accounts for 49% among brands.

**GSK Respiratory Line:** sales under this licence grew 25% in 2024, consolidating the growth in 2023. It remains an important value driver, increasingly established and with ample potential, boosted by the consolidation of Elebrato's launch and the solid growth across all products of the franchise.

**Other products:** a large number of long-standing, mature molecules that still enjoy substantial prescription levels and that, in some cases, achieve double-digit sales growth: Plenur, Robaxin, Tanakene, Stesolid, etc.

## Healthcare

The Healthcare division is responsible for the marketing of **medicines and OTC products** in pharmacies.

The overall Healthcare market at year-end 2024 (IQVIA data) "Sell-out") posted revenue of €7.458 billion, up 5% in value and down 2% in units. Among the market's main categories, the better-than-average growth in value was notable in analgesics, digestive products, vitamin and mineral supplements and relaxation and sleep products. No declines were recorded in the main categories, except for tests and measuring devices, which had surged during the Covid pandemic.

Faes Farma's Healthcare business grew 9% in value but fell 6% in units (IQVIA "sell-out", year-end 2024). Brands Profaes4, Vitanatur, OtiFaes, NasoFaes, Cannaben and Arcid performed particularly well. Unfortunately, there are brands in the catalogue that continue with historical negative trends such as Siken (-21%) and Venosmil (-10%).

The Healthcare division's "sell-in" sales closed 2024 up 6% in value year-on-year. Ethical prescription medicines (which represent 29% of gross revenue) fell3 % in value, while OTC medicines and products (71% of gross revenue) grew 10%.

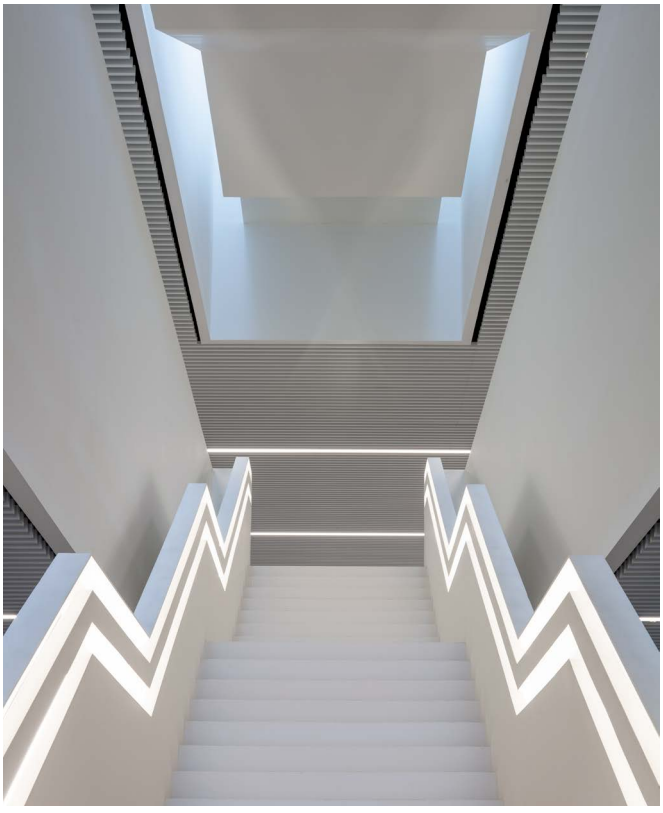
Overall, Faes Farma's Healthcare division is gaining market share thanks to the positive performance of its OTC brands, the successful launch and acceptance of new products, training for pharmaceutical professionals to achieve brand recommendation and loyalty and promotional activities targeting pharmacies and consumers.

## Consumer

The Consumer division markets OTC products in channels other than traditional pharmacies: drug stores, health-food stores, grocery stores, impulse and e-commerce platforms. Although drug stores and health-food stores are the division's largest revenue sub-channels, the strongest growth came from grocery, impulse and e-commerce (specifically Amazon, which accounts for 87% of that channel's sales).

During 2024, the growth in Consumer sales was +10%. The main product (37% of gross turnover) and the fastest growing (+27%) is Ricola. The brand's growth in the grocery and drug store channels is noteworthy. Together, they represent 78% of the brand's gross revenue.

In general, Faes Farma promotes its brands in these channels through promotional and visibility campaigns aimed at consumers at the point of sale, as well as in mass media, both on-line and off-line.



## 1.2. International (unlicensed)

| International (unlicensed) | 2024 | 2023 | % |
|---|---|---|---|
| Net Sales | 179.0 | 158.0 | 13.3% |
| Other Income | 0.4 | 1.1 | -59.2% |
| **Total** | **179.5** | **159.1** | **12.8%** |

Overall, the area's performance was positive, ratifying the growth strategy of previous years. By geographical division, the developments were as follows:

| Revenues by divisions | 2024 | 2023 | % |
|---|---|---|---|
| Latam subsidiaries | 95.5 | 85.6 | 11.6% |
| Europe subsidiaries | 42.2 | 40.3 | 4.7% |
| ROW* | 41.8 | 33.2 | 25.8% |
| **Total** | **179.5** | **159.1** | **12.8%** |

*Rest of the world (includes the Middle East and Africa).

## LATAM subsidiaries

The Group's six subsidiaries posted revenue of €95.5 million, almost 12% higher than the previous year. The strategy remains focused on the Company's strategic franchises, enabling further improvement in the business unit's average profitability, with a 25% rise in EBITDA.

Details for the main countries are as follows:

- Faes Farma Mexico achieved 22% revenue growth, driven by strong Hidroferol sales and the launch of two innovative products licensed to Faes Farma by Japanese laboratories. Market data put the subsidiary among the country's top five fastest-growing pharmaceutical companies in 2024.

- Three other subsidiaries also reported strong revenue growth: Faes Farma Ecuador (34%), Faes Farma Colombia (20%) and Faes Farma Peru (20%) – in all three cases growth was underpinned by the Group's strategic-franchise focus set out in the 2024-2027 LatAm Strategic Plan. This has moved products such as Hidroferol and Bilaxten into leading market share positions within their respective classes.

- Global Farma, the Central America–Caribbean subsidiary, ended the year with 8% growth, in line with the budget. As in the other subsidiaries, strategic products sourced from Spain grew strongly. However, the planned phase-out of lower-margin local products limited revenue growth to single digits.

- Faes Farma Chile faced an atypical temporary situation in 2024: solid retail performance was offset by the expiry of previous tender contracts for certain products and by the depreciation of the Chilean peso, causing overall sales to fall year-on-year.

## Europe subsidiaries

In Europe, Faes Farma has two subsidiaries with direct presence: Faes Farma Portugal (€33.7 million in revenues) and Colpharma in Italy (€8.51 million).

The Portuguese subsidiary splits sales roughly 50-50 between prescription and OTC. 2024 was positive, with growth of nearly 6%. Bilastine, boosted by the new ophthalmic and ODT formats launched in 2023, grew by 10%. Calcifediol and mesalazine also recorded double-digit growth. In OTC, the positive trend of the previous two years continued, albeit unevenly across products, with growth driven by brands such as Magnesona, Novalac, Pankreoflat and Nasomar.

Colpharma, the Group's investee in Italy, faced several challenges in 2024, including unexpected contraction in certain activities, import issues and higher logistics and raw material costs. Colpharma's development strategy will focus on consolidating its core business and expanding into foreign markets.

## ROW (Rest of the world)

2024 was the first full year of results for Faes Farma Gulf, where the focus was on integrating systems and operations. Final integration of the sales teams and consolidation of the distributor network have raised Faes Farma's presence and notoriety in the Gulf, sharpening its commercial focus with greater and more efficient resources and regulatory agility (greater control and faster). Sales momentum was remarkable, exceeding €7.3 million in 2024.

Elsewhere, the emphasis was on maintaining product sales in French-speaking sub-Saharan Africa, optimising commercial expenditure and pursuing new regulatory processes to create new sources of revenue in both existing key markets (Morocco) and new markets to be launched (Egypt).

In Faes Farma Nigeria, efforts focused on stabilising operations and limiting the impact of currency depreciation. Although local sales grew by 50% (strong commercial push, price increases, launches), the depreciation of the naira prevented that growth from feeding through to profit of the Group. Commercial spending was optimised in 2024, thereby seeking to limit the impact on EBITDA.

## 1.3. Licences

### Pharma Licenses

| Licences | 2024 | 2023 | % |
|---|---|---|---|
| Net Sales | 90.8 | 82.0 | 10.6% |
| Other Income | 13.0 | 17.5 | -25.6% |
| **Total Licences** | **103.8** | **99.6** | **4.2%** |

The licensing area generated more than €103.8 million in revenue and is the Group's most profitable division. Its aim is to internationalise Faes Farma's product portfolio in markets where the Group has no direct presence. Licences centre on Faes Farma's three strategic molecules: bilastine (€83.5 million in revenue), calcifediol (€6.4 million) and mesalazine (€3.5 million).

Bilastine revenue was stable, edging up 0.3% thanks to the main partners beating their sales targets: Taiho (3.5%), Menarini Europe (5.7%), Menarini Asia-Pacific (4.7%) and Canada (6.6%). This offset negative factors such as price reductions in various markets (owing to widespread generic competition and euro appreciation against the yen) and stagnant sales in Brazil.

Licence revenue from other molecules continued to grow (23.7%), reaching record levels on the back of a highly diversified base of products and projects. Sales of mesalazine in Poland and Nordic countries and of citicoline in Italy continued to grow strongly. Calcifediol chalked up new launches (several in Eastern Europe and the United States), approvals (Australia, Greece, Italy and the Nordic countries) and positive results in recently launched markets (Poland and France).

In addition, licence agreement for deflazacort in the US will generate substantial recurring annual revenue with attractive margins. Although generics are expected to emerge in 2025, the impact on the Group's income statement is not expected to be significant in the short term.

## 1.4. Main molecules

### Summary evolution of the three main molecules

As indicated above, the three main molecules marketed by the Group are bilastine, calcifediol and mesalazine. In summary, including all the business areas in which they are present, they account for almost 40% of revenues.

| | 2024 | 2023 | % |
|---|---|---|---|
| **Total** | **200.6** | **184.8** | **8.5%** |
| Bilastine | 125.5 | 121.7 | 3.2% |
| Calcifediol | 59.5 | 50.7 | 17.4% |
| Mesalazine | 15.5 | 12.5 | 24.5% |

All three key molecules grew in 2024, although at different rates depending on their maturity.

Bilastine again set a revenue record (over €125 million, up more than 3% on 2023), although growth is slowing. In Spain, it grew by over 7%, underpinned chiefly by the new ophthalmic and orodispersible formats. In Portugal and all other direct-sales international markets, growth exceeded 10%. Licensing remained flat versus 2024, as noted above.

Calcifediol revenue rose by over 17%, driven mainly by international markets, notably direct sales through Latin American subsidiaries where revenue almost doubled and market prospects remain strong.

Mesalazine growth was driven mainly by licences. Revenue in Spain was flat because the market is still dominated by higher-dose oral presentations (chiefly 4 g and 3 g) than those marketed by the Group.

## 2. Animal nutrition and health (FARM FAES).

| Animal nutrition and health | 2024 | 2023 | % |
|---|---|---|---|
| Net Sales | 52.2 | 52.5 | -0.5% |
| Other Income | 0.1 | 0.2 | -55.8% |
| **Total** | **52.3** | **52.7** | **-0.7%** |

This area, which is separate from the Pharma business, is responsible for the production and marketing of concentrates, correctors, supplements, additives and special feeds for various animal species, specialising in the early stages of pig breeding.

In 2024, revenue dropped slightly year-on-year, mainly because raw material prices fell, leaving the average price approximately 15% less than expected. Although the tonnage sold was higher, invoicing was lower. Start-up of the new ISF by Farm Faes plant was slightly slower than expected. Capselos continues to show a positive trend, driven by the success of one of its animal feed products.

The new Huesca (ISF) plant has been operating since October, having successfully completed its initial start-up phase. Nearly one million kilos were produced in November and December. The plant currently employs 15 people. ISF meets our expectations of covering all phases of piglet nutrition. It also offers significant synergies with the current business of Farm Faes, not only in commercial networks and customers but also in the back-office infrastructure. We continue to offer customers eco-efficiency programmes, demedicalised animal nutrition plans, improvements in animal welfare and optimisation of the genetics-nutrition combination in order to build loyalty.

## R&D+i

In 2024, the Innovation Department and Clinical Research worked together mainly on the Company's four strategic therapeutic areas:

### In bone and immunomodulation

The weekly Hidroferol formulation developed by Faes Farma was approved for use in 19 European countries. The approval followed a phase III trial involving 674 individuals with vitamin D deficiency, whose results demonstrated optimal long-term efficacy and safety in treating both moderate and severe deficiency.

New, innovative calcifediol formulations are being developed, some of which have already entered the clinical phase.

### In the gastrointestinal area

A clinical trial involving 374 ulcerative-colitis patients is under way to evaluate a formulation that releases the drug precisely where needed, potentially increasing its effectiveness. It also offers an alternative to traditional tablets, especially for patients who find large tablets hard to swallow, thereby contributing to greater adherence to treatment.

Last year a pharmacokinetic study with 1,500 mg mesalazine tablets was completed, with positive results for approval. The data will support the submission of this new formulation to regulators in 2025.

### In the allergy area

In 2024, trials were completed to extend bilastine authorisation to children aged 2–6 years. Bilastine is particularly suitable for children due to its safety profile, given that, unlike other antihistamines, it has a very low sedative effect. The trials showed that a 10 mg dose could be used across the whole paediatric age range.

Furthermore, a clinical trial of ophthalmic bilastine in children over two years of age was also completed and submitted to regulators to extend use to that age group.

The parenteral bilastine formulation, now under review by European regulators for marketing, shows faster onset than the parenteral administration of dexchlorpheniramine and could become the treatment of choice when rapid allergy relief is required.

Work is also progressing on oral forms aimed specifically at paediatrics.

## In the pain area

In 2024 authorisation was sought for two new 1,000 mg and 1,500 mg methocarbamol tablets for acute musculoskeletal pain. This formulation helps to reduce the number of tablets needed to achieve the therapeutic dose in conditions that restrict function and affect the ability to work and perform daily tasks.

Thousands of euros

| Consolidated profit and loss statement | 2024 | 2023 | % |
|---|---|---|---|
| Turnover amount | 493,647 | 451,168 | 9.4% |
| Other operating income | 16,394 | 21,926 | |
| **Total Income** | **510,042** | **473,094** | **7.8%** |
| Cost of sales | -167,109 | -154,050 | |
| **Gross margin on sales** | **342,933** | **319,044** | **7.5%** |
| **Gross margin on sales** | **69.5%** | **70.7%** | |
| Personnel expenses | -104,867 | -96,556 | |
| Other operating expenses | -109,218 | -100,250 | |
| Results from property, plant and equipment | 55 | -26 | |
| **EBITDA** | **128,903** | **122,212** | **5.5%** |
| **EBITDA margin / sales** | **26.1%** | **27.1%** | |
| Depreciation and impairment of property, plant and equipment | -21,819 | -19,398 | |
| **EBIT** | **107,084** | **102,814** | **4.2%** |
| Financial profit/(loss) | 492 | 38 | |
| **Profit before taxes** | **107,576** | **102,852** | **4.6%** |
| Corporate income tax | 3,538 | -11,159 | |
| **Consolidated profit** | **111,114** | **91,693** | **21.2%** |
| Minority shareholders | 246 | 209 | |
| **Profit attributable to the Parent** | **111,360** | **91,902** | **21.2%** |

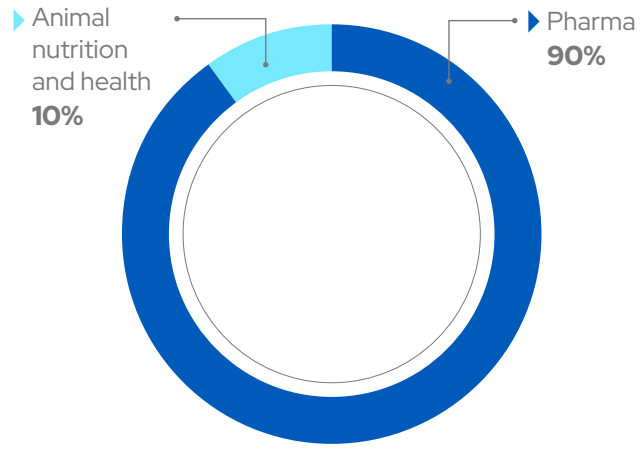
Net turnover reached €493.6 million, up 9.4%.

Total revenue grew by 7.8%. The increase was driven chiefly by solid performance in Spain's pharma market, by sales at international subsidiaries and by the positive trend in calcifediol and mesalazine.

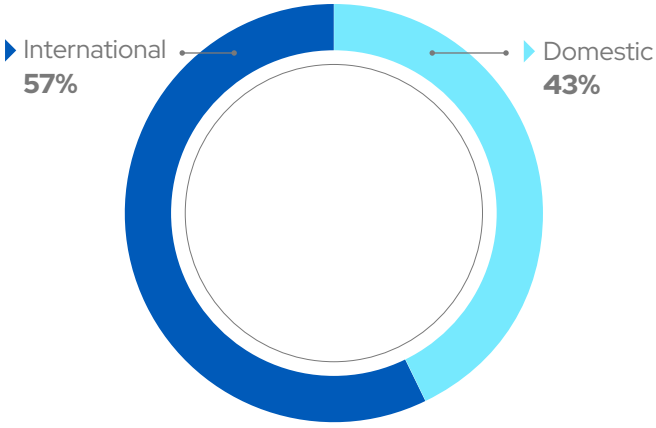
In terms of sales diversification by business area, the Pharma area accounted for 90% of revenues, compared to 10% for the Farm Faes area (animal nutrition and health).

The Group's geographic diversification continues to evolve towards internationalisation, which now accounts for 57% of total revenues.

### TOTAL INCOME BY SEGMENTS




### GEOGRAPHICAL DIVERSIFICATION




## Margins, Expenses and Profit

The evolution of gross margin is in line with revenue. Raw material prices in the pharmaceutical market were stable during the year.

The product mix contributed positively thanks to the higher relative share of pharma products. In turn, the margin was slightly dampened by the reduction of licence-related milestones.

The Farm Faes (animal nutrition) division saw margin improvement once the market stabilised.

Overheads rose due to greater activity and the Group's strategic focus, including commercial expansion in the LatAm and the Middle East & Africa subsidiaries, as well as due to increased digitalisation and greater activity in M&A and research.

Spending on research increased by 15%. The rise reflects more clinical research activity and progress with new molecules.

The Group ended the first half of the year with 1,775 employees. Staff costs rose by 8.6%. This was due to a provision for the salary review under Faes Farma Spain's new collective bargaining agreement, together with the one-off effect of reorganisation of the management team.

With all of these effects, consolidated EBITDA amounted to €128.9 million, an increase of 5.5%. The EBITDA margin on net sales stands at 26%.

As a result, another absolute record was achieved with profit before tax of €107.6 million, 4.6% higher than in 2023.

With regard to the corporate income tax expense for 2024, following the year-end approval of the new pharmaceutical plant in Bizkaia, the deductions generated from this investment have resulted in a one-off positive effect for the year, bringing the net profit attributable to the parent company to €111.4 million.

# Consolidated Balance Sheet

Once again, the balance sheet shows a very positive composition of items, as shown below:

Thousands of euros

| | 2024 | 2023 | Variation |
|---|---|---|---|
| Property, plant and equipment | 295,431 | 274,148 | |
| Right-of-use assets | 5,510 | 6,467 | |
| Intangible assets | 184,159 | 184,749 | |
| Investment Properties | 1,550 | 1,550 | |
| Other financial assets | 178 | 336 | |
| Deferred tax assets | 32,526 | 19,036 | |
| **Total non-current assets** | **519,354** | **486,286** | **6.8%** |
| Inventories | 142,523 | 129,029 | |
| Other financial assets | 7,922 | 13,104 | |
| Trade and other receivables | 119,061 | 113,506 | |
| Cash and cash equivalents | 64,222 | 34,647 | |
| **Total current assets** | **333,728** | **290,286** | **15.0%** |
| **Total Assets** | **853,082** | **776,572** | **9.9%** |
| **Total equity** | **726,618** | **663,412** | |
| **Total non-current liabilities** | **23,009** | **25,862** | |
| **Total non-current liabilities** | **103,455** | **87,298** | |
| **Total liabilities** | **853,082** | **776,572** | **9.9%** |

The balance sheet reflects the growth from higher business volume and, above all, the boost from the investments in the new Bizkaia pharmaceutical plant and the new Huesca animal nutrition and health plant.

This fact boosts the increase in property, plant and equipment (8%), given that at the end of 2024 the amount invested in the Bizkaia factory exceeds €200 million.

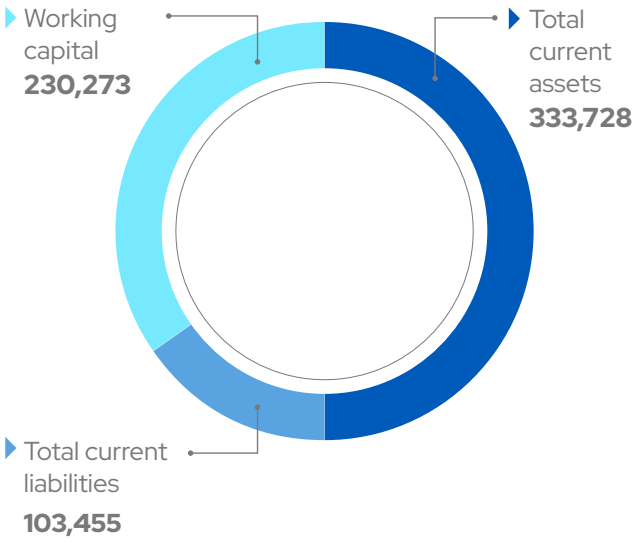
Current assets rose because inventories were built up for the start-up needs of both plants, with an increase in cash after the completion of construction.

Working capital increased to €230 million (13.4% up on 2023, when it was €203 million).

Equity now stands at 85% of total assets, a sign of the strength of the balance sheet and the business.

Liabilities include hardly any long-term debt, which stands at 23 million euros, mainly consisting of deferred tax liabilities and loans from public institutions to finance R&D&I activities.

BALANCE SHEET STRUCTURE




## Statement of source and application of funds

The cash flow generated by such a positive income statement has made it possible to deal with a very high level of investments and maintain a balance at the end of the year of over 64 million euros.

As in recent years, the most notable investments in 2024 were the new Derio pharmaceutical plant and the new special feeds plant for animal nutrition in Huesca. Construction and equipment installation at Derio are complete, and the plant was approved by the Spanish Agency for Medicines and Medical Devices in December 2024. The Huesca plant is likewise complete and began production at the end of 2024. Both investments were financed from own funds.

The main line items of the cash flow statement are as follows:

Thousands of euros

| | 2024 | 2023 |
|---|---|---|
| Net cash from operating activities (a) | 116,098 | 100,969 |
| Net Investment Flow (b) | -34,810 | -97,356 |
| **Activity flow (a+b)** | **81,288** | **3,613** |
| Financing cash flow (c) | -51,713 | -35,377 |
| Cash Increase (Decrease) | 29,575 | -31,764 |
| Cash and cash equivalents at 1 January | 34,647 | 66,411 |
| **Cash and cash equivalents at 31 December** | **64,222** | **34,647** |

## Faes Farma on the Stock Exchange

At period-end, the Company's market capitalisation was €1.1 billion, more than 10% higher than at the end of 2023. The closing price for the year was €3.48 per share.

| | 2024 | 2023 | % |
|---|---|---|---|
| Capitalisation | 1,100 | 999 | 10.1% |
| Close | 3.48 | 3.16 | |
| Maximum | 3.83 | 3.70 | |
| Minimum | 2.91 | 2.87 | |
| Share capital | 31,622,393.8 | 31,622,393.8 | |

Share capital at the end of 2024 comprised 316,223,938 shares with a par value of €0.10, unchanged from 2023.

## Average payment period to suppliers

The details of this section are explained in the corresponding note accompanying the financial statements.

## Shareholder remuneration

The most important aspects to highlight during 2024 have been:

Cash interim dividend against 2023. Paid in January 2024 for a gross amount per share of €0.039.

Complementary dividend from 2023 profit. The Company paid €0.116 per share in July 2024 to shareholders who opted for cash.

In total, the sum of both items totals €0.155 per share.

Regarding the remuneration for 2024, a first interim cash dividend of €0.041 per share was paid on 13 January 2025.

The Company intends to pay future dividends wholly in cash. The next payment is expected mid-year, and together with the previous one, it will represent a payout of over 50%.

## Treasury Shares

The number of treasury shares was unchanged during the year, standing at 4,975,247 shares held in treasury (1.6% of share capital).

## Risk management

The Group's objectives include identifying risks that could affect its business, implementing adequate controls and adopting corrective measures to eliminate or at least mitigate their effects. Whenever deemed necessary, insurance policies are taken out and, in all cases, risks that are not covered but pose or could pose a threat are analysed. Risk management is supervised by the Audit and Compliance Committee, whose analyses are based on the Risk Map. One of the responsibilities of the Internal Auditing department is to coordinate and manage the risk policy. The main risks analysed are detailed below.

### 1.- Business environment

The risks linked to external factors unrelated to management of Faes Farma that could have a significant direct or indirect influence on the achievement of our objectives and application of strategies are:

#### a) Risk of competition

The pharmaceutical market is highly competitive and the Group competes with major multinationals, domestic companies and firms specialising in generics. New products, technical advances,

innovative active substances, the launch of generics and competitors' pricing policies could affect the Group's results. Concentration in the sector could negatively affect Faes Farma's competitive position, and customer concentration could affect prices and margins.

When it comes to patents, once the current patents in use expire, they will have to compete with the aggressive generic market. This could lead to a loss of some revenues and margins for the affected products. In addition, the legal protection of patents is not properly covered in certain countries. Governments facilitate the entry of generic competitors, sometimes in breach of the valid dates. Diversification is our main strategy for mitigating these risks.

### b) Governmental price control

The prices of pharmaceutical products are highly regulated in most countries, and this is certainly true in Spain and Portugal, the Group's main markets. In recent years, significant and wide-ranging price reduction schemes have been applied. In addition, the measures adopted by the Administration to reduce health spending repeatedly apply to the same issues: charging fees on the volume sold to the National Health System, discounts, underfunding of medications, reference prices and approval of generics. The Group mitigates these effects by fostering diversification towards products and businesses that are not funded through the public budget and through internationalisation towards more open markets.

### c) Regulatory controls

Pharmaceuticals are highly regulated in all fields: research, clinical trials, regulatory approval, production, marketing, promotion, logistics, pharmacovigilance, and quality control, among others. This affects not only the cost of the product and its administration, but also, and in particular, the time required for a new drug to complete its launch to market and, consequently, significantly affecting its likelihood of success. These controls and the execution thereof could prompt certain products to be taken off the market. In turn, environmental laws demand compliance with regulations, and breaches thereof could lead to fines being imposed or production plants being shut down. The Group works in diverse ways to avoid these risks, but the main way is by understanding and strictly complying with the rules and appointing highly qualified employees to carry out controls and make any appropriate improvements.

### d) Shareholders

As a listed company, there is a risk that stock prices could be jeopardised for some reason, leading to a loss of trust in its shares. For this reason, special emphasis is placed on the relationships with and information provided to investors and analysts.

### e) Customers

Concentrating sales on an increasingly limited number of distributors could lead to a risk of pressure to lower prices. In the pharmaceutical sector, prices are set by the Ministry of Health, except for non-prescription products, so this risk is deemed relatively unlikely. This concentration could also affect the credit risk of each individual customer. If we also consider the patients to whom our medications are prescribed as customers, there is an important risk in the pharmaceutical sector of harmful effects of consuming medications. As required by law, we have a pharmacovigilance department that ensures that we comply with regulations in this area and that we have third-party liability insurance. In addition, the Group Companies are in charge of transporting the products sold to our customers, and they accept the risk of accidents, with the subsequent potential loss of the cargo, to which end they have insurance policies that cover transportation.

### f) Suppliers

In many relevant areas of our business, such as the supply of raw materials, packaging material, equipment, manufacturing or storage, we depend on the work done by our suppliers. Sometimes a concentration of suppliers increases our exposure to this risk. We mitigate this risk by diversifying our most important supplies among several suppliers.

### g) Communication
The Faes Farma Group communicates in numerous ways with its customers, shareholders and investors, and other stakeholders. We strive to ensure that our communication policy is appropriate so that it is not erroneous or misinterpreted, that it complies with regulations and that, as a result, our image is not damaged.

### h) Employees
Employees are, of course, a fundamental part of the Group. The loss of highly qualified employees would be detrimental to productivity and would lead to a loss of knowledge. To mitigate this risk, a motivational remuneration policy is applied. In addition, strict accident prevention policies are in place at the Group's industrial plants and all legislation in this regard is complied with.

### i) Property, plant and equipment
Our production plants and warehouses could be subject to accidents of diverse natures (fires, flooding, etc.), which would halt production. Likewise, less relevant events might occur, such as machinery breakdowns, which could have similar effects, but for a more limited period of time. Stringent maintenance plans reduce this risk to a minimum, while insurance policies cover unexpected damage and the resulting loss of profits.

## 2.- Operational

### a) Production and distribution
Manufacturing pharmaceutical products and the related raw materials is a technically complex process that calls for very strict compliance with regulations passed by domestic and European health authorities. A breach of these regulations could give rise to issues in the authorisation of the production plant. By hiring qualified staff and strictly complying with regulations we prevent this risk from becoming relevant.

### b) Marketing and sales
When patents on products expire, their sales potential is reduced because they must compete with generic products that are considerably lower in price. Therefore, our sales strategy focuses on diversification and internationalisation towards markets with less strict price regulations.

### c) Product research and development
The degree of confidence in research projects under way varies depending on the project phase, with a high rate of success expected in advanced clinical phases, but at no time is the project feasibility completely assured. The clinical phase involving human testing poses a risk related to the test being conducted.

### d) Laws and regulations
Significant changes in legislation that could take place in the future might pose a risk related not only to issues such as the manufacturing of our products or sales (prices, distribution channels, etc.) but also to a range of other corporate areas.

### e) Licences granted by other pharmaceutical companies
Faes Farma holds several licences granted by other pharmaceutical companies, which represent a significant percentage of its sales. These licences are outlined in contracts that are valid for a limited period of time and contain renewal clauses. Therefore, there is a risk that, upon expiry, the firm granting the licence could decide not to extend the contract period.

### f) Licences granted to other pharmaceutical companies
Licence agreements have been concluded with leading firms on various products in diverse countries. In some cases, advance payments are received that must not be refunded if the commercialisation is not successful in the end, but in cases in which it is necessary to refund the advance payment if commercialisation fails, the company does not count these funds as income until the relevant milestone that generates definite income has been reached. In addition, before the pharmaceutical registration of these licences is

completed and commercialisation is authorised in the relevant countries, it is possible that these contracts might be terminated, rendering the estimated budget forecasts invalid.

## 3.- Information

### a) Systems

The information and systems used by the Group are of extraordinary importance. Therefore, Faes Farma and its subsidiaries take every measure required to ensure that the activity of its systems is not interrupted for any longer than acceptable.

### b) Information management

Management and the Board of Faes Farma use privileged information about the Group's circumstances, which is necessary for decision-making. To ensure that the data provided to them do not contain errors, internal auditing procedures are applied for verification.

## 4.- Financial risks

A note is contained in the report, detailing this risk in depth.

# Significant operational events

### Approval of the new pharmaceutical plant in Derio (Bizkaia) and start-up of the ISF special feeds plant in Huesca

In December 2024, the Spanish Agency for Medicines and Medical Devices approved the new pharmaceutical plant built in the Bizkaia Technology Park, thus completing a four-year project that secures the industrial capacity needed to meet the sales growth expected over the upcoming years.

Meanwhile, the new ISF by FARM FAES plant for manufacturing special feeds for early-stage piglets was completed in the fourth quarter of 2024, when production began. This factory reinforces our leading position in the market for early-life nutrition for piglets, bringing us closer to the production sites.

# Events after the reporting date

No significant events have occurred after the reporting date.

# Annual Corporate Governance Report, Annual Remuneration Report and Statement of Non-Financial and Sustainability Information

The Board of Directors of Faes Farma, S.A. approved the Annual Corporate Governance Reports for 2024 on 25 February 2025, which is attached below as Annexes I and II to this consolidated management report. They are also available on the websites of the Company (www.faesfarma.com) and of the CNMV [Spanish National Securities and Exchange Commission] (www.cnmv.es).

At the same meeting, the Board of Directors also prepared the "Statement of Non-Financial and Sustainability Information" as part of the Consolidated Financial Statements. It is included as Annex III to the consolidated management report and is available on the websites of the Company (www.faesfarma.com) and of the CNMV (www.cnmv.es).


www.faesfarma.com