2025 Report

Consolidated Annual Accounts

FAES FARMA

Organisation Chart

Board of Directors

Chair	Mariano Ucar Angulo
Chief Executive Officer	Eduardo Recoder de la Cuadra
Directors	Iñigo Zavala Ortiz de la Torre Gonzalo Fernández de Valderrama Carmen Basagoiti Pastor Belén Amatriaín Corbi Mª Eugenia Zugaza Salazar Nuria Pascual Lapeña Enrique Linares Plaza Beatriz Faro Morales
Non-director Secretary	Francisco Pérez-Crespo Payá

Executive Team

Chair
Mariano Ucar
Non-executive Chair

Executive Director
Eduardo Recoder
Chief Executive Officer

GET

Mariana Soroa
Chief GRC & Internal Audit Officer

Global Executive Team (GET)

Business Units

Esther Mosquera
Country Manager Spain

Helder Cassis
Country Manager Portugal

Germán Fernández-Cano
Chief Farma Faes Business Officer

Fabrizio Chines
Chief Akantior and IOLs Officer

José Luis Díaz
Chief International 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.

Iker Etxezarreta
Chief Financial Officer

Juan Veiga
Head of Transformation Office

Operations

Alex Granados
Chief Industrial Officer

Scientific

Isabel Nájera
Chief Scientific and Medical Officer

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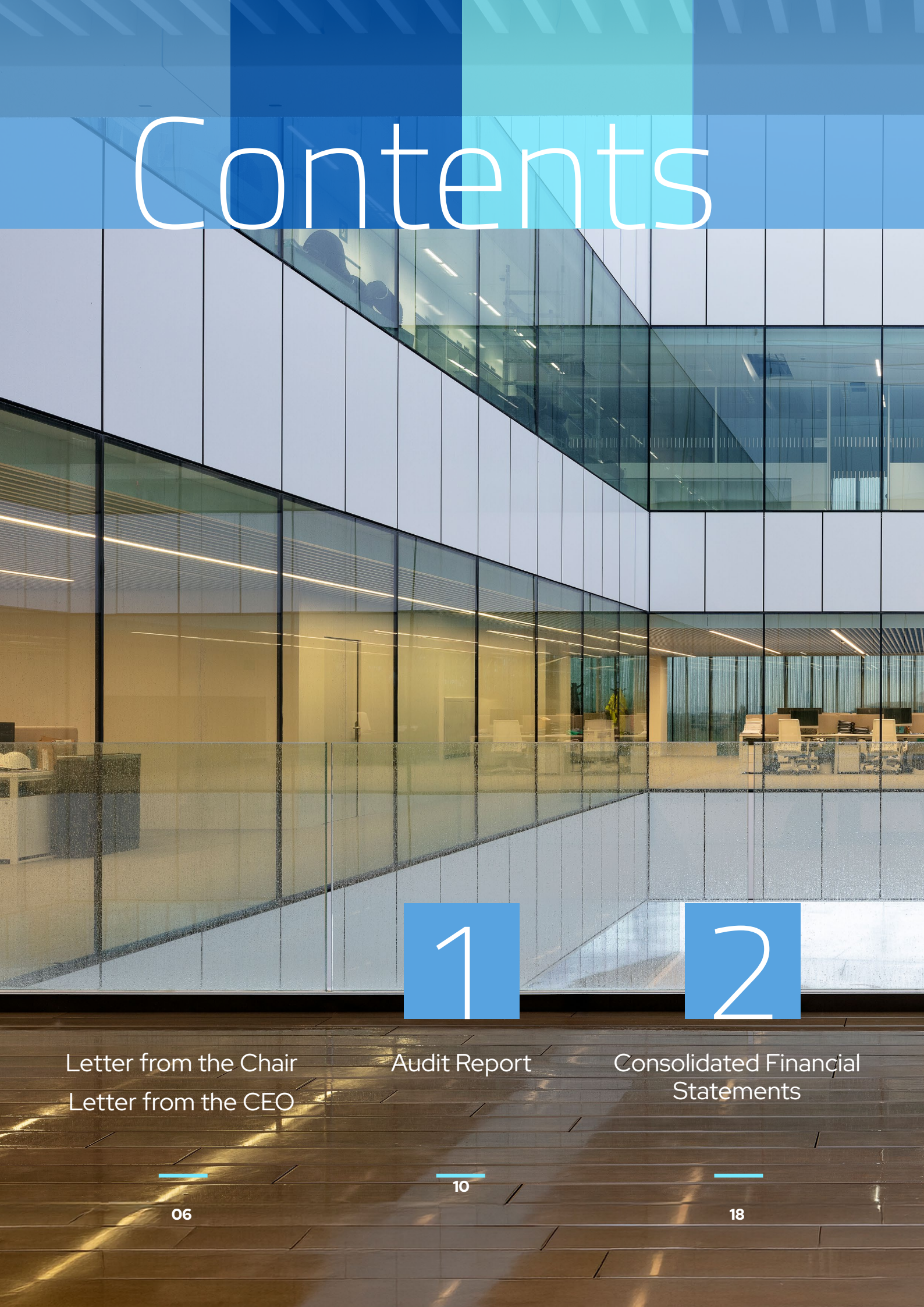

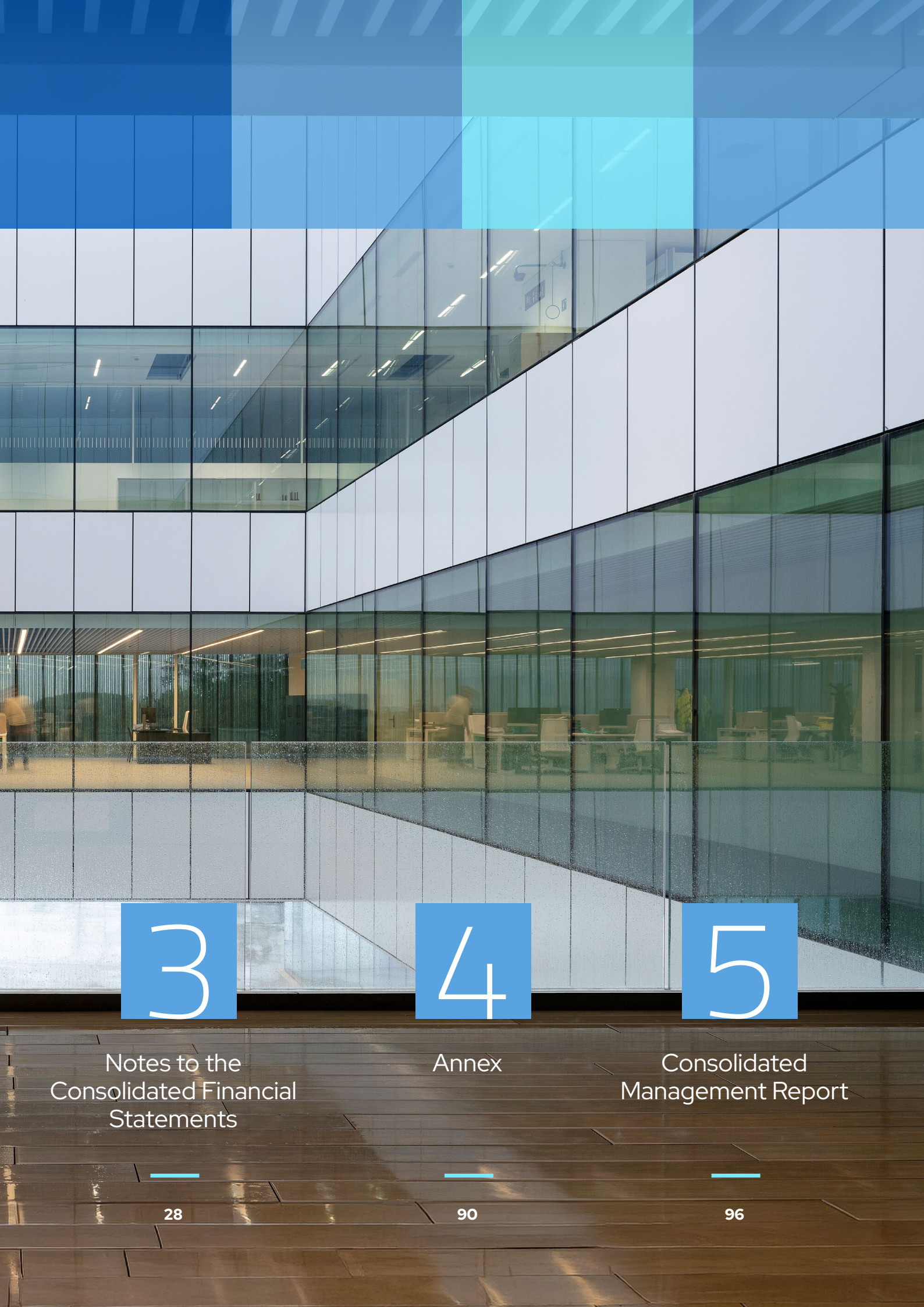

Letter from the Chair

Dear shareholders,

2025 marked a turning point for Faes Farma. It was a transformational year in which the company presented its new 2025-2030 Strategic Plan and began to lay the foundations for a new stage of growth, with a clear ambition: to consolidate our position as a benchmark in the pharmaceutical industry and move forward towards our goal of being recognised as the leading Spanish pharmaceutical company with global reach.

Against this backdrop, Faes Farma has strengthened its profile as a more international, more robust company, better prepared to generate sustainable long-term value. The integration of Laboratorio Edol and SIFI, the drive for innovation and the strengthening of our industrial capabilities have helped accelerate this evolution, expanding our global reach and reinforcing our position in high-potential therapeutic areas such as ophthalmology. All of this, moreover, without losing sight of the values that have guided us for more than nine decades.

Performance in 2025 reflects the strength of our model and the Group's ability to continue growing sustainably on consistent foundations. Faes Farma continues to make progress, supported by a robust portfolio, a clear international vocation, a firm commitment to science and prudent management aimed at building an increasingly competitive and resilient company.

Innovation and development continue to play an essential role in this journey. Our commitment to research, strengthening the *pipeline* and developing new therapeutic solutions enhances Faes Farma's ability to respond to unmet medical needs and generate distinctive value. In this context, advances such as Akantior, incorporated into our portfolio following recent strategic operations, reflect our commitment to science, patients and building a growth model based on specialisation and innovation.

Alongside this, we continue to strengthen our industrial and operational capabilities, a key

element in sustaining the Group's future growth and preserving our competitiveness in an increasingly demanding environment. Examples of this include our new Derio plant, which represents a strategic milestone that will allow us to support the Group's growth in the coming years, and the animal nutrition and health plant in Huesca, which is key to the future growth of that area. Faes Farma is therefore moving forward with a more solid base and a structure better prepared to face the next stage of development with confidence.

2025 was also an important year in consolidating our sustainability vision. With the presentation of the "Focused on a Sustainable Future" strategy, we reinforced our commitment to responsible management, aligning our decisions with environmental, social and governance criteria. Through its five pillars, people, patients, environment, conduct and partnership, this strategy guides our activity and reinforces our conviction that business growth must always be accompanied by a positive and lasting impact.

This commitment is also supported by a solid and constantly evolving corporate governance model. The Board of Directors maintains a balanced composition and a structure that promotes independent supervision, diversity and quality decision-making, in line with best practices in good governance.

Faes Farma is moving forward today with a clearly defined strategy, a more robust base and a long-term vision that allows us to face the future with confidence. We will continue to work with responsibility, ambition and discipline to generate sustainable value for all our stakeholders.

Thank you for your constant support and for the trust you place in us as we continue to move forward.

Yours faithfully,

Mariano Ucar Angulo
Chair of Faes Farma

Letter from the CEO

Dear shareholders,

The year 2025 marked a turning point in Faes Farma's trajectory. A year filled with enthusiasm and determination, in which every step taken contributed decisively to the Group's transformation. It was a period of execution and progress, in which we consolidated the foundations of the future we want to build.

One of the most significant milestones was the presentation of our new 2025-2030 Strategic Plan. A plan that sets a clear and coherent roadmap aligned with our ambition to be recognised as the leading Spanish pharmaceutical company globally, with the aim of reaching 1,000 million euros in revenue in 2030 by combining organic growth with value generation through recent inorganic operations. Growth that will be accompanied by a sustained improvement in profitability, with the ambition of achieving EBITDA of 240 million euros while maintaining a balanced financial structure.

In financial terms, in 2025 we achieved revenue of 627 million euros, representing growth of 23%, driven by the solid performance of all our business areas. This performance reflects the strength of our model, underpinned by the pharmaceutical business thanks to international momentum, especially in Latin America, and the performance of the licences area.

This growth has been accompanied by rigorous financial management, which has enabled us to maintain a strong balance sheet position, even in a context of significant strategic investments, and to continue with our attractive and sustainable shareholder remuneration policy.

During 2025, we made significant progress in executing our inorganic growth strategy with the acquisitions of Laboratorios Edol in Portugal and SIFI in Italy, the latter being the largest transaction in the Group's history. Both operations have enabled us to make a step change in our international position and consolidate ophthalmology as a strategic therapeutic area, making a significant contribution to our revenue. These operations also generate commercial, operational and innovation synergies that strengthen our execution capabilities and future growth.

The incorporation of a portfolio specialised in ophthalmology, combined with innovative products such as Akantior, which address unmet medical needs, together with the opportunity to develop new indications, strengthens our value proposition and our commitment to R&D.

In parallel, we have continued to consolidate and strengthen our industrial capabilities. The commissioning of the new Derio pharmaceutical plant, together with the gradual transfer of production to it, enables us to respond to the needs arising from our growth and move towards the improvement in operational efficiency set out in our Strategic Plan. Furthermore, the new animal nutrition plant in Huesca is already making a significant contribution to the growth of this division.

The Group's operating performance has also been reflected in the share price, which has consolidated its position as one of the strongest performers in the Spanish pharmaceutical sector. During the year, Faes Farma's share price increased by more than 48%, reaching five-year highs.

This performance reflects the market's confidence in the execution of our Strategic Plan.

We have also made progress in integrating sustainability as a strategic pillar of the business with the launch of our "Focused on a Sustainable Future" strategy, aligned with the Strategic Plan and the 2030 Agenda. We see sustainability as a real lever for value creation and an increasingly important element in the competitiveness of the sector, and above all as a way to improve the lives of patients and people more broadly, generating a positive and lasting impact on society. Targets such as a 42% reduction in our Scope 1 and 2 emissions by 2030 reinforce our conviction that there can be no health without a healthy planet.

We face the next stage as a more solid, better prepared company with renewed ambition to continue growing profitably and sustainably, guided by our values and with the firm purpose of uniting passion, science and innovation to transform people's health.

Looking ahead to 2026, our priorities will focus on the integration of SIFI and Edol, international acceleration, consolidation of the Derio plant and the advancement of sustainability as a competitive advantage.

I would like to thank everyone who forms part of Faes Farma for their commitment to the execution of this project. Their work is key to turning our ambition into results.

We will continue moving forward with the same enthusiasm and determination, maintaining our commitment to consolidating an increasingly global, solid and competitive company.

Thank you very much for your trust.

Eduardo Recoder de la Cuadra
CEO of Faes Farma

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Audit **report**


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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 2025, 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 2025, 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.

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Inscrita en el R.O.A.C. con el número S0242 - NIF: B-79031290

Cuestiones clave de la auditoría	Modo en el que se han tratado en la auditoría
Registro y valoración de las combinaciones de negocios realizadas en 2025 Tal y como se indica en la nota 24 de la memoria consolidada adjunta, en junio de 2025 la Sociedad dominante realizó la adquisición del conjunto de sociedades que forman el Grupo Edol por un importe de 64.734 miles de euros y en septiembre de 2025 se realizó la adquisición de otro conjunto de sociedades que forman el Grupo Sifi por importe de 211.000 miles de euros. Ambas combinaciones de negocios se han contabilizado aplicando la política contable descrita en la nota 3.20, considerando contabilidad provisional para la adquisición de Grupo Sifi, con un fondo de comercio provisional por importe de 187.625 miles de euros. En el caso de la adquisición de Grupo Edol, la dirección de la sociedad dominante ha realizado y completado, con la colaboración de un experto independiente, el proceso de identificación de los valores razonables de los activos y pasivos adquiridos. Como resultado de este análisis, ha reconocido un fondo de comercio por importe de 14.853 miles de euros y otros activos intangibles por importe total de 41.849 miles de euros, principalmente (nota 24). Considerando la relevancia de estas operaciones, así como la utilización de juicios y estimaciones relevantes en el proceso de determinación de los valores razonables de los activos y pasivos adquiridos, hemos considerado el registro y valoración de las combinaciones de negocio realizadas en 2025 como una cuestión clave de nuestra auditoría.	Nuestros procedimientos de auditoría han incluido el entendimiento del proceso seguido por la dirección del Grupo para el registro y valoración de ambas combinaciones de negocios. Por otra parte, hemos obtenido los acuerdos de adquisición de ambos negocios y, en el caso de la adquisición de Grupo Sifi, evaluamos la razonabilidad de la utilización de contabilidad provisional, los avances del trabajo en curso que están realizando de cara a la identificación del valor razonable de los activos y pasivos adquiridos y la información incluida en las cuentas anuales consolidadas al respecto. En cuanto a la adquisición de Grupo Edol, hemos obtenido el análisis realizado por la dirección del Grupo, basándose en el trabajo de un experto independiente, para determinar el valor razonable de los activos y pasivos identificados en la combinación de negocios y hemos realizado los siguientes procedimientos con la colaboración de nuestros expertos internos: • Evaluación de la metodología utilizada, la corrección aritmética de los cálculos realizados y la razonabilidad de las principales hipótesis consideradas en el análisis. • Evaluación de la independencia y capacitación del experto contratado por la dirección. • Hemos cotejado la contabilización de la combinación de negocios y evaluado el importe reconocido como fondo de comercio y otros activos intangibles. • Hemos evaluado la adecuación de los desgloses incluidos en las cuentas anuales consolidadas adjuntas. Como resultado de nuestro análisis y pruebas realizadas no tenemos observaciones al respecto.

Activación y recuperabilidad de determinados activos intangibles

Sin considerar los activos intangibles procedentes de las combinaciones de negocios realizadas en el ejercicio, el balance a 31 de diciembre de 2025 incluye un importe de 180.323 miles de euros correspondiente a activos intangibles, entre los que se incluyen, principalmente, patentes, licencias y marcas, gastos de desarrollo y fondos de comercio (nota 5). 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 y para los activos de mayor valor individual, un análisis de recuperabilidad de los mismos. 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 hecho 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 2025.

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 las cuentas anuales consolidadas 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 2025, 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 2025 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.

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 2025 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 2025 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.

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 25 de febrero de 2026.

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 3 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 3 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)

25 de febrero de 2026

AUDITORES
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

2026 Núm. 03/26/00653
SELLO CORPORATIVO: 96,00 EUR
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 2025

Expressed in thousands of euros

ASSETS	Note	2025	2024
Property, plant and equipment	4	343,032	295,431
Right-of-use assets	4	10,276	5,510
Intangible assets	5	457,881	184,159
Investment properties		1,788	1,550
Other financial assets	6	1,524	178
Deferred tax assets	10	44,992	32,526
TOTAL NON-CURRENT ASSETS		**859,493**	**519,354**
Inventories	7	185,013	142,523
Other financial assets	6	12,780	7,922
Trade and other receivables	8	167,297	119,061
Cash and cash equivalents	9 and 13	117,312	64,222
TOTAL CURRENT ASSETS		**482,402**	**333,728**
TOTAL ASSETS		**1,341,895**	**853,082**

The accompanying notes form an integral part of these consolidated annual accounts.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2025

Expressed in thousands of euros

EQUITY	Note	2025	2024
EQUITY			
Equity	11		
Capital		31,622	31,622
Issue premium		1,460	1,460
Other reserves		548,970	509,912
Accumulated earnings		194,591	209,043
Interim dividend		(12,762)	(12,761)
Translation differences		(8,154)	(2,445)
Treasury shares		(10,924)	(10,961)
Equity attributable to holders of equity instruments of the Parent Company		744,803	725,870
Non-controlling interest		782	748
TOTAL EQUITY		**745,585**	**726,618**
LIABILITIES			
Borrowings from banks	13	373,731	-
Other financial liabilities	13	2,464	2,627
Lease liabilities	13	4,608	2,749
Provisions	14	4,507	946
Capital grants		2,118	1,114
Deferred tax liabilities	10	24,005	15,573
TOTAL NON-CURRENT LIABILITIES		**411,433**	**23,009**
Borrowings from banks	13	26,602	1,988
Other financial liabilities	13	20,921	15,871
Lease liabilities	13	4,966	3,056
Trade and other payables	15	121,384	71,322
Current income tax liabilities	10	4,231	3,647
Provisions	14	6,773	7,571
TOTAL CURRENT LIABILITIES		**184,877**	**103,455**
TOTAL LIABILITIES		**596,310**	**126,464**
TOTAL EQUITY AND LIABILITIES		**1,341,895**	**853,082**

The accompanying notes form an integral part of these consolidated annual accounts.

Consolidated Profit and Loss Statement for the year ended 31 December 2025

Expressed in thousands of euros

	Note	2025	2024
Ordinary income	16	610,464	493,647
Other income	16	16,524	16,394
Change in finished goods and works in progress		5,478	6,111
Consumption of raw materials and consumables		(220,028)	(173,220)
Expenses from employee remuneration	17	(138,418)	(104,867)
Depreciation expenses	4 and 5	(29,033)	(20,318)
Losses from impairment and disposal of non-current assets	4 and 5	437	(1,445)
Other expenses	18	(156,163)	(109,218)
Financial income	19	2,278	1,694
Finance costs	19	(6,125)	(1,202)
Profit before tax		85,414	107,576
Income tax expense	10	(5,750)	3,538
Profit for the year		79,664	111,114
Profit for the year attributable to holders of equity instruments of the parent company		**79,630**	**111,360**
Profit for the year attributable to non-controlling interest		34	(246)
Profit for the year		**79,664**	**111,114**
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	0.256	0.358
Diluted earnings per share (in euros)	12	0.254	0.356

The accompanying notes form an integral part of these consolidated annual accounts.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2025

Expressed in thousands of euros

	2025	2024
Profit for the year	**79,664**	**111,114**
Other comprehensive income:		
Items to be reclassified to profit or loss		
Translation differences of financial statements of foreign operations	(5,709)	636
Other comprehensive income for the year, net of tax	(5,709)	636
Total comprehensive income for the year, net of tax	73,955	111,750
Total comprehensive income for the year attributable to:		
Holders of equity instruments of the Parent Company	73,921	111,996

The accompanying notes form an integral part of these consolidated annual accounts.

Consolidated Statement of Changes in Equity for the year ended 31 December 2025

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 2024	31,622	1,460	509,912	(2,445)	209,043	(12,761)	(10,961)	725,870	748	726,618
Total profit (loss) for the year	-	-	-	(5,709)	79,630	-	-	73,921	34	73,955
Application of accrued earnings	-	-	38,368	-	(51,129)	12,761	-	-	-	-
Dividends (note 11)	-	-	-	-	(42,953)	(12,762)	-	(55,715)	-	(55,715)
Other transactions	-	-	690	-	-	-	37	727	-	727
Balance at 31 December 2025	**31,622**	**1,460**	**548,970**	**(8,154)**	**194,591**	**(12,762)**	**(10,924)**	**744,803**	**782**	**745,585**

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 accompanying notes form an integral part of these consolidated annual accounts.

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Consolidated Statement of Cash Flows for the year ended 31 December 2025

Indirect method. Expressed in thousands of euros

	Note	2025	2024
Cash flows from operating activities			
Profit for the year		79,664	111,114
Adjustments for:			
Depreciation	4 and 5	29,033	20,318
(Profit)/Loss from impairment of intangible assets	5	-	359
(Profit)/Loss from impairment of trade receivables	8	1,669	1,262
(Profit)/Loss from impairment of inventories	7	3,540	(470)
(Income)/Expenses from exchange differences	19	266	769
Changes in provisions	14	1,798	2,893
Valuation of share-based remuneration scheme	11	746	747
Recognition of grants		-	873
(Profit)/loss on property, plant and equipment		(172)	362
(Profit)/loss on intangible assets	5	(261)	1,140
Financial income	19	(2,278)	(1,694)
Finance costs	19	5,859	433
Income tax expense	10	5,750	(3,538)
		125,614	**134,568**
Changes in working capital, excluding the effect of acquisitions and translation differences			
Inventories		(14,580)	(13,488)
Trade and other receivables		(12,224)	(8,025)
Trade and other payables		(864)	16,119
Provisions paid	14	(3,865)	(2,490)
Cash resulting from operations		**94,081**	**126,684**
Interest received		2,354	1,694
Interest paid		(4,871)	(433)
Income tax paid		(13,074)	(12,477)
Net cash from operating activities		**78,490**	**115,468**

The accompanying notes form an integral part of these consolidated annual accounts.

Indirect method. Expressed in thousands of euros

	Note	2025	2024
Cash flows from investment activities			
Payment for acquisition of subsidiary, net of cash acquired	24	(272,234)	-
Proceeds from the sale of financial assets	13	199	13,112
Payments for acquisition of property, plant and equipment	4 and 13	(16,105)	(33,814)
Proceeds from the sale of property, plant and equipment	4	2,102	-
Proceeds from the sale of intangible assets	5	82	69
Payments for the acquisition of intangible assets	5	(7,540)	(5,775)
Payments for investments in other current and non-current financial assets	13	(5,523)	(7,772)
Net cash from investing activities		**(299,019)**	**(34,180)**
Cash flows from financing activities			
Grants, donations and bequests received		1,226	-
Payments from other financial liabilities	13	(6,424)	(3,469)
Proceeds from financial liabilities with credit institutions	13	375,000	-
Payments from financial liabilities with credit institutions	13	(40,468)	-
Dividends paid	11	(55,715)	(48,244)
Net cash from financing activities		**273,619**	**(51,713)**
Net increase/(decrease) in cash and cash equivalents		53,090	29,575
Cash and cash equivalents at 1 January		64,222	34,647
Cash and cash equivalents at 31 December		**117,312**	**64,222**

The accompanying notes form an integral part of these consolidated annual accounts.

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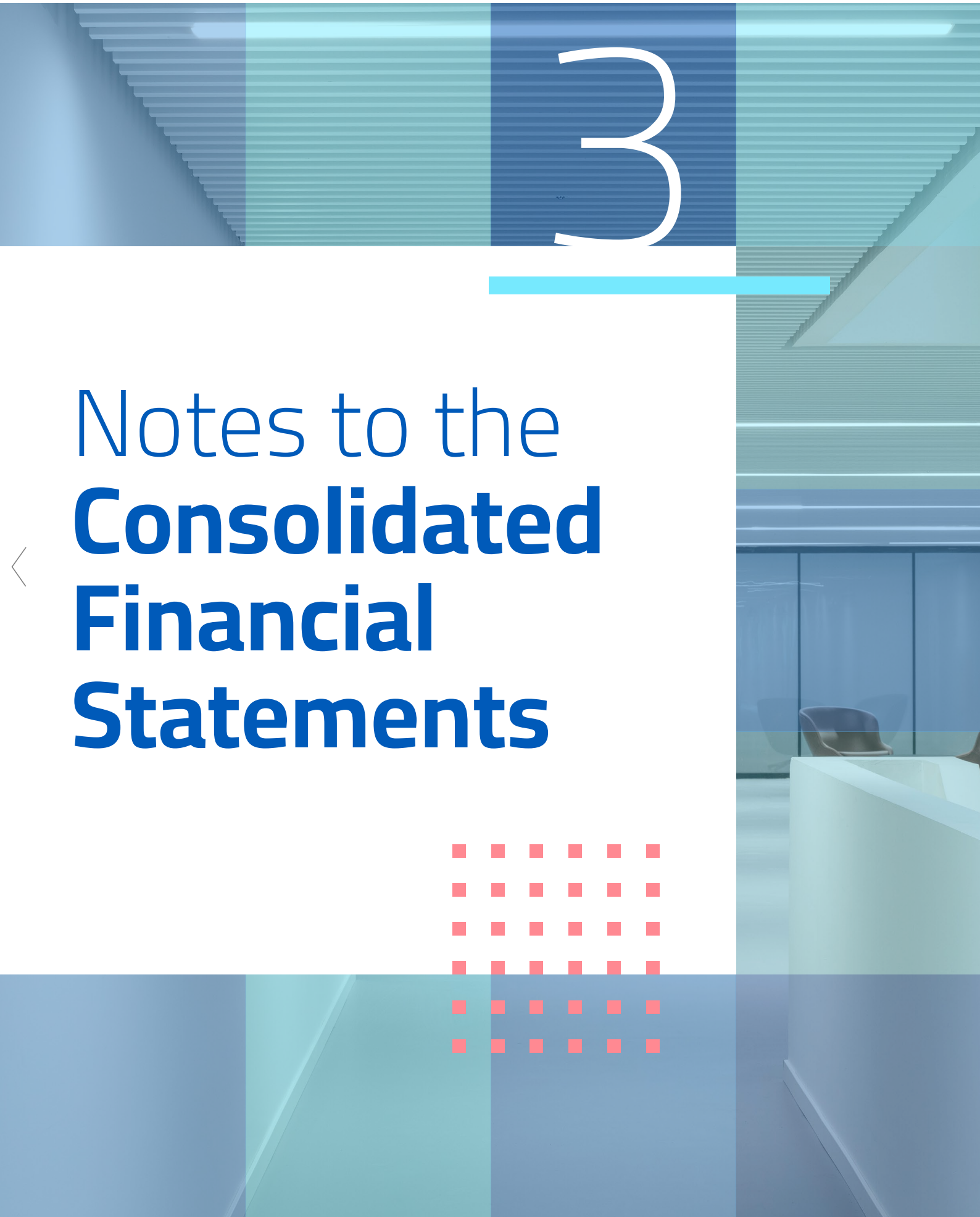
Notes to the **Consolidated Financial Statements**

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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 subsidiaries are fully consolidated, as the Company holds a majority interest or has 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 4 June 2025, the Group acquired 100% of the shares of the group of companies comprising the Edol Group, which includes Laboratório Edol - Produtos Farmacêuticos, S.A. (Laboratorios Edol), a pharmaceutical company based in Portugal, and the following associated companies: Setriworld - Promoção e Investimento, S.A., VAPP Produção e Comercialização de Produtos para Veterinária, LDA, Farmacêutica Austral, LDA.

The Edol Group specialises in ophthalmology products and has two production plants in Portugal, one of which was recently built. It holds a leading position in ophthalmology in Portugal and its products complement the Faes Farma Group's portfolio.

In addition, on 2 September 2025, the Group acquired 100% of the shares of the group of companies comprising the SIFI S.p.A. Group, an Italian pharmaceutical company specialising in ophthalmology. This company has interests in several companies located mainly in Spain, France, Romania, Turkey, Mexico and the United Kingdom.

These operations form part of the Faes Farma Group's new strategic plan, strengthening its direct presence in Europe, boosting international growth, promoting new therapeutic areas as key growth drivers and creating synergies with the current R&D team.

There were no changes in the scope of consolidation in 2024.

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 2025 were prepared under International Financial Reporting Standards adopted by the European Union (IFRS-EU) and other provisions of the applicable financial reporting regulatory framework, in order to present a true and fair view of the consolidated equity and consolidated financial position of Faes Farma, S.A. and its subsidiaries at 31 December 2025, and of the consolidated financial performance, consolidated cash flows and consolidated changes in equity for the year then ended.

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 2025, which were prepared on 24 February 2026, 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 under IFRS-EU requires the use of significant accounting estimates and the exercise of judgements, estimates and assumptions in applying the Group's accounting policies. The matters involving a higher degree of judgement or complexity in preparing these consolidated financial statements are summarised below:

(i) Relevant accounting estimates and assumptions

- Allocation of the price paid in the transactions carried out during the year: estimate of the value of certain intangibles, as well as of contingent payments (see Notes 3.20 and 24).
- 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 life of property, plant and equipment, mainly relating to the new Derio (pharmaceutical) and Huesca (animal nutrition) plants; 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 2025, 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 2024, 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 2025

IAS 21 (Amendment) "Lack of Exchangeability": The IASB has amended IAS 21 to add requirements to help entities determine whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not. When a currency is not exchangeable into another currency, it is necessary to estimate the spot exchange rate at a measurement date in order to determine the rate at which an orderly exchange transaction would take place at that date between market participants under prevailing economic conditions.

When an entity first applies the new requirements, it is not permitted to restate comparative information. Instead, the affected amounts are required to be translated at estimated spot exchange rates at the date of initial application of the amendment, with an adjustment to reserves.

This amendment is effective for annual periods beginning on or after 1 January 2025.

These standards have been taken into account effective as from 1 January 2025 and have had no impact on the Group's consolidated financial statements.

Standards, amendments and interpretations which have not yet become effective but which may be adopted in advance

IFRS 9 and IFRS 7 (Amendment) "Amendments to the Classification and Measurement of Financial Instruments": These amendments to IFRS 9 and IFRS 7 are intended to:

a) Clarify the date of recognition and derecognition of certain financial assets and financial liabilities, with a new exception for certain financial liabilities settled through an electronic cash transfer system;

b) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;

c) Introduce new disclosure requirements for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environmental, social and governance [ESG] targets); and

d) Update the disclosures for equity instruments designated at fair value through other comprehensive income.

The amendments in point (b) are more relevant for financial institutions, although the amendments in (a), (c) and (d) are relevant for all entities.

These amendments are effective for annual periods beginning on or after 1 January 2026. Early application is permitted.

IFRS 9 and IFRS 7 (Amendment) "Contracts Referencing Nature-dependent Electricity": Nature-dependent electricity contracts help companies secure their electricity supply from sources such as wind and solar energy. The amount of electricity generated under these contracts may vary depending on uncontrollable factors, such as weather conditions.

The amendments help companies better reflect these contracts in the financial statements and consist of:

- A clarification of the application of the "own-use" requirements;
- The possibility of applying hedge accounting if these contracts are used as hedging instruments; and
- The addition of new disclosure requirements to enable an understanding of the effect of these contracts on the company's financial reporting.

These amendments are effective for annual periods beginning on or after 1 January 2026. Early application is permitted.

Annual Improvements to IFRS® Accounting Standards, Volume 11: The amendments apply to annual periods beginning on or after 1 January 2026. The purpose of the amendments is to avoid potential confusion arising from drafting inconsistencies in the standards, addressing changes in the following standards:

IFRS 1 "First-time Adoption of IFRS";

IFRS 7 "Financial Instruments: Disclosures";

IFRS 9 "Financial Instruments";

IFRS 10 "Consolidated Financial Statements"; and

IAS 7 "Statement of Cash Flows".

No standard, amendment or interpretation has been adopted in advance that has not yet entered into force.

Standards, interpretations and amendments of existing standards that cannot be adopted early or which have not been adopted by the European Union

At the date of preparation of these consolidated annual accounts, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations detailed below, which are pending adoption by the European Union.

IFRS 18 "Presentation and Disclosure in Financial Statements": The IASB has issued a new standard on presentation and disclosure in financial statements, replacing IAS 1 "Presentation of Financial Statements". Many of the existing principles in IAS 1 remain; however, the new key concepts introduced in IFRS 18 relate to:

- The structure of the profit and loss statement, requiring the presentation of certain specific totals and subtotals and requiring the classification of items in the profit and loss statement into one of five categories: operating, investing, financing, income taxes and discontinued operations;
- Disclosures required in the financial statements for certain performance measures reported in the financial statements (i.e. management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation that apply to the primary financial statements and to the notes in general.

IFRS 18 does not change the recognition or measurement of items in the financial statements, but it could change what an entity reports as its "operating profit".

This new standard is effective for annual periods beginning on or after 1 January 2027, including for interim financial statements, and retrospective application is required. Early application is permitted, although the standard is pending endorsement by the European Union.

IFRS 19 "Subsidiaries without Public Accountability: Disclosures": This new standard has been developed to allow subsidiaries without public accountability, with a parent that applies IFRS Standards in its consolidated financial statements, to apply IFRS Standards with reduced disclosure requirements. IFRS 19 is a voluntary standard that eligible subsidiaries may apply when preparing their own consolidated, separate or individual financial statements, provided that the relevant regulatory legislation permits it. These subsidiaries will continue to apply the recognition, measurement and presentation requirements of other IFRS Standards, but may replace the disclosure requirements of those standards with reduced disclosure requirements.

This new standard is effective for annual periods beginning on or after 1 January 2027. Early application is permitted, although the standard is pending endorsement by the European Union.

IFRS 19 (Amendment) "Subsidiaries without Public Accountability: Disclosures": IFRS 19, issued in May 2024, allows eligible subsidiaries to disclose less information in relation to IFRS Standards or amendments issued up to February 2021. These new amendments help eligible subsidiaries reduce disclosures in relation to IFRS Standards and amendments issued between February 2021 and May 2024 (including IFRS 18). With these amendments, IFRS 19 reflects changes in IFRS Standards that will come into force up to 1 January 2027, the date on which IFRS 19 will be applicable. In the future, IFRS 19 will be amended simultaneously with the publication or revision by the IASB of other accounting standards.

This amendment is pending endorsement by the European Union.

IAS 21 (Amendment) "Translation to a Hyperinflationary Presentation Currency": This amendment clarifies how companies should translate their financial statements from a non-hyperinflationary currency into a hyperinflationary currency, which is relevant for entities whose presentation currency is that of a hyperinflationary economy and whose functional currency, or that of their foreign operations, is that of a non-hyperinflationary economy.

The amendment requires all amounts (including comparative figures) to be translated from a functional currency that is the currency of a non-hyperinflationary economy into a presentation currency that is the currency of a hyperinflationary economy, using the closing exchange rate at the date of the most recent statement of financial position.

An exception is included for entities whose functional and presentation currency is that of a hyperinflationary economy, allowing them not to retranslate the comparative figures of their foreign operations that have a functional currency of a non-hyperinflationary economy.

The amendment is effective for annual periods beginning on or after 1 January 2027. Early application is permitted, although the amendment is pending endorsement by the European Union.

No significant potential impact on the Group's annual accounts is estimated from the standards, amendments and interpretations pending adoption by the European Union.

2.4 Comparative information

No changes have been made to the comparative figures for the previous year.

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 applied the exception provided for in IFRS 1, "First-time Adoption of International Financial Reporting Standards", meaning that only business combinations carried out from 1 January 2004, the date of transition to IFRS-EU, have been accounted for using 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

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currency at closing exchange rates are generally recognised in profit or loss for the year. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses relating to financial debt are presented in the income statement within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other gains/(losses).

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates on which the fair value was determined. Translation differences on assets and liabilities recognised at fair value are presented as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity interests held at fair value through profit or loss are recognised in profit or loss for the year as part of the fair value gain or loss, and translation differences on non-monetary assets such as equity interests classified as at fair value through other comprehensive income are recognised in other comprehensive income.

The results and financial position of foreign operations whose functional currency differs from the presentation currency are translated into the presentation currency as follows:

- the assets and liabilities of each statement of financial position presented are translated at the closing exchange rate at the date of the statement of financial position;
- the income and expenses of each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing at the dates of the transactions, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations and from borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income. When a foreign operation is sold or any borrowing forming part of the net investment is repaid, the associated exchange differences are reclassified to profit or loss for the year as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.3 Property, plant and equipment

Initial recognition

Property, plant and equipment is recognised at cost or deemed cost, less accumulated depreciation and, where applicable, accumulated 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 recognised as property, plant and equipment after a construction period of more than two years (assets under construction).

On 31 October 2024, the new plant built at ISF was recognised as property, plant and equipment after a construction period of more than two years (assets under construction).

To establish a depreciation criterion consistent with the new assets, the Group's Management carried out an exercise to identify the various elements comprising the new plants, concluding that the best depreciation method for the elements 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 previous year, and considering that the pharmaceutical plant received formal approval on 23 December 2024, the depreciation charge was residual and based on actual production in 2024. As regards the animal nutrition plant, the units produced were limited because authorisation was received at the end of October; therefore, the depreciation charge was also residual and based on actual production in 2024.

In 2025, depreciation of these plants was calculated using the same criterion as in the previous year.

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, only those costs incurred that are expected to generate future economic benefits that can be classified as probable and whose amount can be measured reliably are capitalised. 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 profitability and cash flow generation levels 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.

Taking these reasons into account and in the context of the Group's new strategy, which provides for the development of new brands acquired in business combinations, the Group's Management has updated its estimate of the brands it considers to have indefinite useful lives, adapting it to the new reality of the Group's business. As a result of this update, certain brands have changed from having indefinite useful lives to finite useful lives and began to be amortised in 2025 over useful lives of up to 25 years. The effect of this change on amortisation in the Group's income statement amounted to 1,171 thousand euros (Note 5).

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 2025, 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, until the property is used by the Group, or until development begins with a view to 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 of the Group's cash-generating units (CGUs), or groups of CGUs, 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 amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Impairment losses relating to cash-generating units (CGUs) will be allocated first to reduce, where applicable, the carrying amount of any goodwill allocated to the unit and then to the other assets of the CGU, pro rata on the basis of the carrying amount of each asset, subject to the limit for each asset being the higher of fair value less costs of disposal, 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 other assets are reversed only if there has been a change in the estimates used to determine the asset's recoverable amount.

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 its assets, 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 offset only when the Group has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 36-month period before 31 December 2025, 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 Financial liabilities at fair value through profit or loss

Financial liabilities included in this category are initially measured at fair value, being the transaction price, which is equivalent to the fair value of the consideration received. Transaction costs directly attributable to them are recognised in the profit and loss statement for the year.

After initial recognition, financial liabilities included in this category are measured at fair value through profit or loss.

In the event of a renegotiation of existing debt, it is considered that there are no substantial modifications to the financial liability when the lender under the new loan is the same as the lender that granted the original loan and the present value of the cash flows, including net fees, does not differ by more than 10% from the present value of the outstanding cash flows of the original liability calculated using the same method.

3.7.6 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.

Derecognition of an asset gives rise to recognition in profit or loss of the difference between its carrying amount and the consideration received, net of transaction expenses, including any assets acquired or liabilities assumed, and any gains or losses recognised in other 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.

3.7.7 Derecognition and modification of 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 products and works in progress: Cost of consumption of raw materials and other supplies, incorporating the costs directly related to the units produced and a systematically calculated portion of the indirect, variable or fixed costs incurred during the transformation process. 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 through profit or loss if the circumstances that gave rise to it have ceased to exist, or when there is clear evidence of an increase in net realisable value as a result of a change in economic circumstances. The reversal of the value reduction is limited to the lower of cost and the new net 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. Dividends received are classified as investing activities and dividends paid by the Parent Company 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 are employee benefits other than termination benefits that are expected to be settled in full within 12 months after the end of the year in which the employees render the related services.

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 shares granted. The fair value of the shares granted under the plan is recognised as employee benefit expense with a corresponding credit to equity. The total amount to be recognised as an expense is determined by reference to the fair value of the options granted:

- including market performance conditions (such as the entity's share price)
- excluding the impact of service and non-market performance vesting conditions; and
- including the impact of any non-vesting condition.

The total expense is recognised over the vesting period, which is the period during which all specified vesting conditions must be satisfied. At the end of each year, the entity revises its estimates of the number of shares expected to vest based on service and non-market vesting conditions. The impact of any revision to the original estimates is recognised in profit or loss,

with a corresponding adjustment to equity.

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 in the range is as likely as any other, the obligation is measured at the average amount.

The financial effect of provisions is recognised as finance costs in profit or loss.

Provisions are reversed through profit or loss when an outflow of resources to settle the obligation is no longer probable. The reversal is recognised in the consolidated profit and loss account line item in which the corresponding expense was recognised, with any surplus recognised under "Other income" in 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

Ordinary income from the sale of goods and rendering of services is recognised only when there is evidence of an agreement with other parties, the products have been delivered or the services have been rendered, the fees are fixed and collection is reasonably assured.

The Group mainly manufactures and sells pharmaceutical and animal health and nutrition products. Sales are recognised when control of the products has been transferred, that is, when the products are delivered to the customer, the customer has full discretion over the product and there is no unfulfilled obligation that could affect the customer's acceptance of the products. 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 component is considered to exist, as sales are made with a short credit term that is consistent with market practice.

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, therefore, income is recognised when the rights are transferred to the licensee in 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 recognised in profit or loss over the lease term, giving rise to a constant periodic rate of interest on the remaining balance of the liability 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 held are exercisable only by the Group and not by the respective lessor.

Income from operating leases, net of any incentives granted, is recognised as income on a

straight-line basis over 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 considered in assessing the recoverability of deferred tax assets only if the Group intends to adopt them or it is probable that it will 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 2026 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 there is a legally enforceable right before the tax authorities and it intends either to settle the resulting debts on a net basis or to realise the assets and settle the debts simultaneously.

The Group only offsets deferred income tax assets and liabilities if there is a legally enforceable right of offset before the tax authorities and those assets and liabilities relate to the same tax authority and the same taxpayer, or to different taxpayers that intend either to settle or realise current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously in each future year in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

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 2025 and 2024, the Group was made up of the following exploitation 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.

Once the integration process for the new acquisitions made in 2025 has been completed and following an assessment of the management information handled and any system updates considered necessary, the segment information will be evaluated. At present, the information handled and the consideration of segments have not changed.

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 its business and whose main purpose is to minimise environmental impact and protect and improve the environment, including the mitigation or elimination of future contamination from the operations of the Group, are recognised as assets by means of the application of measurement, presentation and breakdown criteria consistent with those set forth in Note 3.3.

3.20 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- the fair values of the assets transferred,
- the liabilities incurred with the former owners of the acquired business,
- the equity interests issued by the Group,
- the fair value of any asset or liability resulting from a contingent consideration arrangement; and
- the fair value of any previously held equity interest in the subsidiary.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination, with limited exceptions, are initially measured at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's identifiable net assets.

Acquisition-related costs are recognised as expenses when they are incurred.

The excess of:

- the consideration transferred,
- the amount of any non-controlling interest in the acquired entity; and
- the acquisition-date fair value of any previously held equity interest in the acquired entity

over the fair value of the identifiable net assets acquired is recognised as goodwill. If those amounts are lower than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognised directly in profit or loss as a bargain purchase.

When settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value at the exchange date. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financial institution under comparable terms and conditions.

Contingent consideration is classified as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured at fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition-date carrying amount of the previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, recognising any resulting gain or loss in profit or loss.

4 Property, Plant and Equipment

The breakdown of this line item of the consolidated balance sheet, and its movements during 2025 and 2024, is described below:

	31,12,23	Additions	Reductions	Transfers	Translation differences	31,12,24	Business combinations (note 24)	Additions	Reductions	Transfers	Translation differences	31,12,25
Cost												
Land and buildings	49,416	1,293	(16)	67,785	(16)	118,462	34,584	1,828	(1,141)	3,663	3,658	161,054
Technical installations and machinery	70,988	2,524	(5,220)	25,439	970	94,701	12,191	8,349	(3,103)	(2,454)	(4,545)	105,139
Other installations, tools and furniture	59,624	2,880	(513)	104,883	144	167,018	427	4,681	(2,627)	-	(258)	169,241
Computer equipment	2,488	200	(518)	2,682	(10)	4,842	283	472	(79)	-	(7)	5,511
Advances and property, plant and equipment in progress	177,227	25,073	(4)	(201,185)	1	1,112	508	1,404	(6)	(1,209)	(1)	1,808
Others	1,733	184	(807)	154	22	1,286	544	46	(54)	-	(11)	1,811
	361,476	**32,154**	**(7,078)**	**(242)**	**1,111**	**387,421**	**48,537**	**16,780**	**(7,010)**	**-**	**(1,164)**	**444,564**
Accumulated depreciation												
Constructions	(18,704)	(762)	13	-	13	(19,440)	-	(2,740)	121	(1,996)	(8)	(24,063)
Technical installations and machinery	(34,271)	(4,428)	4,920	-	(48)	(33,827)	-	(5,081)	1,851	1,996	362	(34,699)
Other installations, tools and furniture	(31,423)	(5,396)	513	-	(166)	(36,472)	-	(6,088)	2,502	-	248	(39,810)
Computer equipment	(2,287)	(470)	518	-	6	(2,233)	-	(607)	74	-	4	(2,762)
Others	(643)	(115)	752	-	(12)	(18)	-	(237)	53	-	4	(198)
	(87,328)	**(11,171)**	**6,716**	**-**	**(207)**	**(91,990)**	**-**	**(14,753)**	**4,601**	**-**	**610**	**(101,532)**
Carrying amount	**274,148**	**20,983**	**(362)**	**(242)**	**904**	**295,431**	**48,537**	**2,027**	**(2,409)**	**-**	**(554)**	**343,032**

The additions recorded in 2025 and 2024 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, an amount of 183,185 thousand euros was transferred to the corresponding line item. The effect of depreciation of the new plant in 2025 amounted to 2,000 thousand euros and was not significant in 2024.

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 2026 and 2027, 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 factory located in Huesca and, accordingly, an amount of 17,982 thousand euros was transferred to the corresponding line item. The effect of depreciation of the new plant in 2025 amounted to 507 thousand euros and was not significant in 2024.

In 2025 and 2024, items that were fully depreciated, for the most part, were derecognised.

The Group has commitments to purchase property, plant and equipment amounting to 3,689 thousand euros (4,660 thousand euros in 2024), mainly relating to additional investments in the various production factories.

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

	2025	2024
Constructions	7,117	6,817
Technical installations and machinery	17,549	17,877
Other installations, tools and furniture	11,776	10,520
Computer equipment	1,541	1,615
Other transport means	996	324
	38,979	**37,153**

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 offices located in Spain, Italy and Latin America to 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

	31,12,25	31,12,24
Properties	795	2,413
Equipment	2,921	212
Vehicles	6,560	2,885
Total right-of-use assets	**10,276**	**5,510**

During 2025, additions of 9,226 thousand euros were made to right-of-use assets (2,291 thousand euros in 2024), of which 3,856 thousand euros came from the business combination (Note 24). In addition, depreciation and amortisation charges for the year relating to these assets amounted to 4,460 thousand euros (3,248 thousand euros in 2024).

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 2025 and 2024 is shown below:

Thousands of euros

	Goodwill	Development expenses in progress	Patents, licences and brands	Computer applications	Others	Total
31 December 2023						
Cost	**59,372**	**13,314**	**234,889**	**10,093**	**5,703**	**323,371**
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**
Business combinations	-	-	-	-	-	-
Additions	-	4,366	155	1,233	21	5,775
Depreciations	-	(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**
Business combinations (note 24)	202,478	8,901	65,413	766	-	277,558
Additions	-	5,581	330	1,497	115	7,523
Depreciations	-	-	(8,299)	(1,240)	(8)	(9,547)
Reductions	-	-	(2,498)	(149)	-	(2,647)
Depreciation derecognitions	-	-	1,323	120	-	1,443
Impairment write-offs	-	-	1,175	-	-	1,175
Transfers	-	(2,080)	1,917	163	-	-
Impairment charge/reversal	-	-	198	-	-	198
Translation differences	(512)	(1)	(1,467)	-	(1)	(1,981)
31 December 2025						
Cost	**261,489**	**21,887**	**304,666**	**13,715**	**5,837**	**607,594**
Accumulated depreciation	-	(836)	(122,180)	(5,826)	(5,661)	(134,503)
Cumulative impairment	(3,012)	-	(12,198)	-	-	(15,210)
Net carrying amount	**258,477**	**21,051**	**170,288**	**7,889**	**176**	**457,881**

At 31 December 2025 and 2024, there are no commitments to purchases of intangible assets.

The cost of fully amortised intangible assets at 31 December 2025 amounted to 109,920 thousand euros (43,784 thousand euros in 2024) and mainly relates to patents, licences and brands.

Goodwill

Following the acquisitions made in 2025, goodwill arising from the acquisition of the SIFI Group was recognised in the amount of 187,625 thousand euros. In addition, the acquisition of the Edol Group gave rise to goodwill amounting to 14,853 thousand euros (Note 24).

In addition, the Group has recognised goodwill for a total amount net of impairment of 55,999 thousand euros, the most significant being that generated by the acquisitions of Laboratorios Diafarm, S.A.U. (amounting to 22,560 thousand euros), Ingaso Farm, S.L.U. (amounting to 10,677 thousand euros), Tecnología & Vitaminas, S.L. (amounting to 5,650 thousand euros), Faes Farma Gulf FZCO (amounting to 4,084 thousand euros) and Initial Technical Foods, S.L.U. (for the amount of €3,855 thousand). Goodwill also includes an amount of 6,671 thousand euros corresponding to the acquisition of a pharmaceutical business in 2005.

With regard to the 2025 acquisitions, in the case of the Edol Group, the exercise to identify the fair values of the assets and liabilities acquired has been completed with the assistance of an independent expert. Based on this analysis, no indications of impairment were identified.

In the case of the SIFI Group, work is currently under way to identify the fair values of the assets and liabilities acquired, also with the assistance of an independent expert, and to estimate the fair value of the contingent consideration. Although this is a complex exercise and is still in progress, no impairment of the investment is expected. This analysis considers the circumstances existing at the time of acquisition, although, given the existing conditions, it is not currently possible to finalise the value of the contingent consideration. This analysis will be completed during 2026 and the identified values will be recognised.

With regard to the recoverability of the goodwill of Laboratorios Diafarm, S.A.U., this 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 preparation 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% (9% in 2024).
- 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 2025 and 2024.

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% (9% in 2024). 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 2025, the "Development in progress" line item includes an amount of 8,009 thousand euros corresponding to a higher-dose variant of Claversal (5,208 thousand euros at 31 December 2024).

In addition, at the close of 2025, the Group has capitalised expenses corresponding to developments of other products amounting to 13,042 thousand euros. 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 2025, expenses still remain to be capitalised on these projects, mainly in respect of a higher-dose variant of Claversal.

At the end of 2024, the Group obtained authorisation to market an alternative application of Hidroferol and transferred an amount of 7,596 thousand euros to patents, licences and brands.

In addition, the Group recognised an amount of 4,895 thousand euros (5,802 thousand euros in 2024) relating to research and development expenses for other projects in the 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 2025 and 2024 is described below:

	Years of residual useful life		Thousands of euros	
Description of the asset	2025	2024	2025	2024
Edol Ophthalmology Brand	23	-	29,740	-
Claversal brand	Indefinite	Indefinite	15,411	15,411
Bilastine patent	10	11	16,205	17,826
Bilastine Ophthalmic patent	23.5	23.5	11,798	11,798

Impairment of the value of brands and patents

As indicated for the goodwill recognised in 2025, no impairment tests have been performed for the intangibles identified in the process of allocating the price paid for the Edol Group, since they were recently acquired and there have been no changes in the circumstances considered at the time of the transaction and when identifying the fair values of the assets and liabilities acquired.

For brands and patents recognised in previous years, impairment tests have been performed individually, considering each brand and patent as a CGU. 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 prepare the cash-flow projections for brands and patents were as follows:

- The after-tax discount rate used was 9% (9% in 2024).
- Cash flows beyond the four-year period are extrapolated without considering growth.
- Stability in the sales volume of brands and patents, as these are brands and patents for which generic options are sometimes available in the market and which target stable markets with 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 2025, 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.

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. On the basis of the sensitivity analyses carried out, the conclusions remain unchanged.

In addition, during 2025 the Vallesol brand was derecognised, as it was discontinued with no impact on the profit and loss statement. During 2024, two brands that had been discontinued (Aquamed and Bactinel) were derecognised, giving rise to a loss in the profit and loss statement amounting to 1,140 thousand euros.

6 Other Financial Assets

The details of other financial assets at 31 December 2025 and 2024 are as follows:

Thousands of euros

	2025	2024
Non-current		
Financial assets at amortised cost	1,399	-
Guarantees	125	178
	1,524	**178**
Current		
Financial assets at amortised cost	12,762	7,922
Guarantees	18	-
	12,780	**7,922**

The amounts included under the current line item "Financial assets at amortised cost" mainly relate to contracted deposits that generate financial income at a fixed nominal interest rate of up to 4.1%. This line item includes foreign-currency balances, the most relevant being Chilean pesos (5.38 million euros), Colombian pesos (6.43 million euros) and dollars (0.86 million euros). In 2024, the most significant foreign-currency balances were Chilean pesos (3.29 million euros), Colombian pesos (3.02 million euros) and dollars (1.43 million euros).

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

	2025	2024
Goods	34,134	23,914
Raw materials and other supplies	69,452	53,835
Works in progress	16,869	11,635
Finished products	62,157	52,252
Advances to suppliers	2,401	887
	185,013	**142,523**

In 2025, inventory impairment of 2,043 thousand euros was recognised (209 thousand euros in 2024) and a reversal of 241 thousand euros was recognised (679 thousand euros in 2024), which are recorded under the "Change in finished goods and works in progress" and "Consumption of raw materials and consumables" line items in the accompanying consolidated profit and loss statement.

At 31 December 2025 and 2024, 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 2025 and 2024, 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

	2025	2024
Customer receivables – sales and service provision	152,488	111,040
Employee advances	697	593
Other non-commercial loans		
Tax receivables	18,227	9,757
Adjustment for impairment losses	(4,115)	(2,329)
Total	**167,297**	**119,061**

Movements of valuation adjustments for impairment are as follows:

Thousands of euros

	2025	2024
Balance at 1 January	2,329	1,067
Allocations for impairment (Note 18)	1,808	1,501
Impairment reversals (Note 18)	(22)	(239)
Balance at 31 December	**4,115**	**2,329**

There are customer balances denominated in currencies other than the euro, the most significant of which are shown in the following table:

	Millions of euros						
	Colombian pesos	Quetzales	Chilean pesos	Mexican pesos	US dollars	Peruvian soles	UAE dirhams
2025	6.97	3.59	6.64	9.32	1.93	1.91	3.84
2024	8.51	3.04	7.37	9.63	2.54	1.25	2.35

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

	2025	2024
Unmatured balances	130,500	94,482
Up to 6 months	14,796	11,967
More than 6 months	3,077	2,262
	148,373	**108,711**

The details for Government payables are as follows:

Thousands of euros

	2025	2024
Value Added Tax and similar	11,790	9,334
Corporate income tax and similar taxes	5,412	-
Other concepts	1,025	423
	18,227	**9,757**

The carrying amount of trade and other receivables balances does not differ significantly from their fair value.

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
2025	1.65	1.23	0.11	0.64	5.80
2024	0.54	1.55	0.24	1.08	7.66

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	
	2025	2024	2025	2024	2025	2024
Intangible assets	-	-	(20,825)	(13,701)	(20,825)	(13,701)
Investment properties	-	-	(209)	(301)	(209)	(301)
Credits for losses to be offset	73	93	-	-	73	93
Lease assets and liabilities	2,295	1,585	(2,344)	(1,555)	(49)	30
Other concepts	3,044	2,786	(627)	(16)	2,417	2,770
Rights from deductions and credits	39,580	28,062	-	-	39,580	28,062
Total	**44,992**	**32,526**	**(24,005)**	**(15,573)**	**20,987**	**16,953**

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

Thousands of euros

	31,12,23	Recognised in profit and loss	31,12,24	Business combinations (note 24)	Recognised in profit and loss	31,12,25
Intangible assets	(14,945)	1,244	(13,701)	(9,192)	2,068	(20,825)
Investment properties	(315)	14	(301)	-	92	(209)
Credits for losses to be offset	88	5	93	-	(20)	73
Lease assets and liabilities	33	(3)	30	-	(79)	(49)
Other concepts	1,837	933	2,770	-	(353)	2,417
Rights from deductions and credits	15,419	12,643	28,062	8,903	2,615	39,580
Total	**2,117**	**14,836**	**16,953**	**(289)**	**4,323**	**20,987**

At 31 December 2025, the Group had tax credits and tax losses not recognised in its balance sheet amounting to approximately 8,300 thousand euros (9,200 thousand euros at 31 December 2024), corresponding to the losses incurred by the subsidiary Faes Farma México, S.A. de C.V.

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 2025 and 2024 is that corresponding to Provincial Regulation 11/2013 of 5 December of the Bizkaia Regional Laws.

The various Group companies, except Faes Farma, S.A. and Ingaso Farm, S.L.U., which are part of the tax consolidation group, file individual corporate 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

	2025	2024
Current tax		
For the year	10,030	10,493
Dividend withholdings	963	805
Deferred taxes		
Origin and reversal of temporary differences	(2,404)	(2,241)
Tax credits and tax bases recognised in the year	(10,480)	(26,081)
Tax credits and tax loss carry-forwards applied in the year	8,215	13,438
Adjustments from previous years	(574)	48
	(5,243)	(14,836)
Total	**5,750**	**(3,538)**

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

Thousands of euros

	2025	2024
Profit for the year before taxes	**85,414**	**107,576**
Expected expense at the Parent Company's tax rate (24%)	20,499	25,818
Tax rate difference from subsidiaries	782	240
Dividend withholdings	963	805
Temporary differences	(2,404)	(2,241)
Tax credits	(10,480)	(26,081)
Permanent Differences	(3,610)	(2,079)
Tax expense/(income)	**5,750**	**(3,538)**

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 10,480 thousand euros at 31 December 2025 relate mainly to research and development expenses (26,081 thousand euros at 31 December 2024, which mainly related to deductions for new fixed assets generated by completion of the new plant built in Derio and research and development expenses).

Under current legislation, taxes cannot be considered finally settled until the filed tax returns have been inspected by the tax authorities or until the four-year statute of limitations period has elapsed from the filing of the corresponding returns. At 31 December 2025, the Company and its subsidiaries have all the taxes from 1 January 2022 open for inspection, except for the Corporate Income Tax, which has been open since 1 January 2021. The Directors do not expect any significant additional liabilities to arise in 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 2025 and 2024 is as follows:

	Number of shares	
	2025	2024
At 1 January, net of treasury shares	311,248,691	311,248,691
Capital increases	-	-
Acquisition of treasury shares	-	-
Subscription of treasury shares	(12,548)	-
At 31 December, net of treasury shares	**311,261,239**	**311,248,691**

At 31 December 2025, the share capital of Faes Farma, S.A. is represented by 316,223,938 ordinary shares represented by book entries with a nominal value of 0.10 euros each, fully subscribed and paid up (316,223,938 ordinary shares represented by book entries with a nominal value of 0.10 euros each, fully subscribed and paid up at 31 December 2024). 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 4,962,699 treasury shares at 31 December 2025 (4,975,247 treasury shares at 31 December 2024).

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.

The General Shareholders' Meeting of 25 June 2025 authorised the Board of Directors to purchase shares of the Company, charged to profit for the year and/or freely available reserves, as many times as it deems appropriate, directly or through Group companies, and to subsequently dispose of or redeem those shares, under the conditions and limits established in Articles 146, 509 and related provisions of the Spanish Corporate Enterprises Act. This authorisation was granted for the maximum period allowed by law, five years, from the date of that Meeting.

The Group's objectives with regard to capital management are 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.

In order to maintain and adjust the capital structure, the Parent Company may adjust the amount of dividends payable to shareholders, return capital, issue shares or sell assets to reduce debt.

In line with other groups in the sector, Faes Farma, S.A. controls its capital structure based on the leverage ratio. This ratio is calculated as net debt divided by 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 2025 and 2024 ratios have been determined as follows:

Thousands of euros

	2025	2024
Total current and non-current debt (note 13)	433,292	26,291
Minus:		
Cash and cash equivalents (note 9)	117,312	64,222
Current and non-current financial assets (excluding deposits) (Note 6)	14,161	7,922
Net debt (note 13)	301,819	(45,853)
Equity	**745,585**	**726,618**

The increase in financial debt arising from external financing for the acquisition of subsidiaries (Note 24) does not compromise the Group's equity, with solvency and leverage ratios remaining within appropriate limits.

11.2 Other Reserves

The details of other reserves at 31 December 2025 and 2024 are as follows:

Thousands of euros

	2025	2024
Legal Reserve	6,324	6,324
Goodwill Reserves	-	535
Capitalisation reserves	444	444
Other equity instruments	1,722	1,667
Voluntary reserves	540,480	500,942
	548,970	**509,912**

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 distributable to shareholders and may only be used to cover the debit balance of the profit and loss statement if no other available reserves exist. 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. Should there be no profit, or should it be insufficient, available reserves were to be used. This reserve has been freely available since 1 January 2016.

Voluntary reserves

These are voluntary reserves, which are freely distributable, except for an amount of 10,837 thousand euros corresponding to the balances pending amortisation at 31 December 2025 (8,623 thousand euros at 31 December 2024) of development expenses recognised by the Parent Company.

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 the shares under this plan will depend on the degree of achievement of the targets set by the Board of Directors (Note 20).

The General Shareholders' Meeting held on 25 June 2025 approved the establishment of a second Long-Term Incentive Plan through the delivery of shares of the Parent Company, the beneficiaries of which are certain executives and key personnel of the Company and its Group, including the executive director and any other directors of this nature who may be appointed in the future. The delivery of shares under this plan will depend on the degree of achievement of the targets set by the Board of Directors (Note 20).

The financial impact in 2025 was a personnel expense amounting to 746 thousand euros recognised against equity (747 thousand euros in 2024) (Note 20).

11.3 Dividends and restrictions on the distribution of dividends

The dividends distributed by Faes Farma, S.A. to its shareholders corresponding to the distribution of profit for 2024 amounted to 55,714 thousand euros, consisting, on the one hand, of an interim dividend amounting to 12,761 thousand euros and, on the other, of a final dividend of 42,953 thousand euros.

The proposal for the distribution of profits of Faes Farma, S.A. for the year 2025, presented by the Directors and pending approval by the General Shareholders' Meeting, as well as the distribution approved for the year 2024, is set forth below:

Thousands of euros

	2025	2024
Basis of distribution		
Profit for the year	55,545	94,082
Distribution		
Other reserves	15,730	38,368
Supplementary dividend	27,053	42,953
Interim dividend (Note 13)	12,762	12,761
	55,545	**94,082**

In accordance with the resolution of the Board of Directors dated 20 November 2025, it was resolved to distribute to shareholders an interim dividend of 0.041 euros per share for a total amount of 12,762 thousand euros, which was recognised under the "Other current financial liabilities" line item (Note 13). Said amount was paid in January 2026.

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 earnings, in line with Article 277 of the Spanish Corporate Enterprises Act (Consolidated Text of Royal Decree 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 31 October 2025	**62,710**
Expected cash inflows	340,522
Expected cash outflows (including dividends and investments)	(378,232)
Treasury as at 31 October 2026	**25,000**

The distributable profit at 31 October 2025 amounted to 54,826 thousand euros. Consequently, both the earnings to date and the cash position and its forecast evolution over one year allow the interim dividend for 2025 of 0.041 euros gross per share to be distributed.

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 euros per share for a total amount of 12,761 thousand euros, which was recognised under the "Other current financial liabilities" line item (Note 13). This amount was paid in January 2025.

In addition, at the General Shareholders' Meeting held on 25 June 2025, the distribution of a final dividend amounting to 42,953 thousand euros was approved and paid in July 2025.

11.4 Translation differences

The breakdown of translation differences is as follows:

Thousands of euros

	2025	2024
Company or subgroup		
Faes Farma Chile, Salud y Nutrición SpA	(1,676)	(1,297)
Faes Farma del Ecuador, S.A.	(285)	207
Faes Farma Colombia, S.A.S.	(4,463)	(5,328)
Faes Farma México, S.A. de C.V.	374	291
Faes Farma Gulf FZCO	(351)	309
Faes Farma Central America and Caribbean, S.A.	(1,646)	3,346
Rest	(107)	27
Total	**(8,154)**	**(2,445)**

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

	2025	2024
Profit attributable to holders of equity instruments of the Parent (in thousands of euros)	79,630	111,360
Weighted average number of ordinary shares in circulation	311,255,807	311,248,691
Basic earnings per share (in euros)	**0.256**	**0.358**

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

Thousands of euros

	2025	2024
Ordinary shares in circulation at 1 January	311,248,691	311,248,691
Weighted subscription of treasury shares 2025	7,116	-
Weighted average number of ordinary shares in circulation at 31 December	**311,255,807**	**311,248,691**

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

	2025	2024
Profit attributable to holders of equity instruments of the Parent (in thousands of euros)	79,630	111,360
Weighted average number of ordinary and potential ordinary shares in circulation	313,072,714	312,456,490
Basic earnings per share (in euros)	**0.254**	**0.356**

The potential shares for 2025 and 2024 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

	2025		2024	
	Non-current	Current	Non-current	Current
Borrowings from banks	373,731	26,602	-	1,988
Ministry of Science and Innovation, CDTI and others	2,464	5,311	2,627	768
Amounts due to shareholders (Note 11.3)	-	12,762	-	12,761
Finance lease payables	4,608	4,966	2,749	3,056
Other debts (fixed-asset suppliers and others)	-	2,848	-	2,342
	380,803	**52,489**	**5,376**	**20,915**

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

Thousands of euros

	2025					
	2027	2028	2029	2030	Subsequent years	Total non-current
Borrowings from banks	27,223	71,629	84,488	81,743	108,648	373,731
Ministry of Science and Innovation and CDTI	512	371	324	289	968	2,464
Finance lease payables	2,277	662	701	742	784	5,166
Interest from bank borrowings	8,567	7,597	5,699	3,690	2,955	28,508
Total financial liabilities	**38,579**	**80,259**	**91,212**	**86,464**	**113,355**	**409,869**

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**

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.

Borrowings from banks

During the current year, the Group entered into loans with several credit institutions to finance the acquisitions detailed in Note 24. Specifically, in May 2025 it obtained 105 million euros of bank debt and in July 2025 it obtained a further 270 million euros, giving a total of 375 million euros obtained from several financial institutions. One of the loans, amounting to 30 million euros, bears interest at a fixed rate, and 3 million euros was repaid during 2025. The rest of the loans bear interest at a market rate plus a spread, and no amount was repaid in 2025. These loans are not subject to compliance with financial ratios (covenants) that could result in acceleration.

The Group, in the context of the business combinations carried out, has assumed supplier-financing lines (confirming) classified as current "Borrowings from banks" (it did not have this type of debt at the end of 2024), which it intends to settle during 2026.

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 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**
Payments for other financial liabilities	-	-	-	6,564	6,564
Income from other financial liabilities	-	-	(140)	-	(140)
Proceeds from borrowings from banks	-	-	-	(375,000)	(375,000)
Payments of borrowings from banks	-	-	-	40,468	40,468
Unpaid finance costs	-	-	-	(988)	(988)
Uncollected financial income	-	76	-	-	76
Change in treasury	49,592	-	-	-	49,592
Income from other financial assets	-	(317)	-	-	(317)
Investment in other financial assets	-	5,336	-	-	5,336
Dividend payments	-	-	55,715	-	55,715
Dividends declared during the year (note 11)	-	-	(55,716)	-	(55,716)
Payment of fixed asset suppliers	-	-	(506)	-	(506)
Additions to fixed assets/assets for rights of use	-	-	-	(5,370)	(5,370)
Business combinations	3,498	1,144	-	(72,028)	(67,386)
Final balance at 31 December 2025	**117,312**	**14,161**	**(15,750)**	**(417,542)**	**(301,819)**

14 Provisions

The detail of provisions for years 2025 and 2024 is as follows:

Thousands of euros

	Health contribution	Sales returns	Other provisions	Total
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**
Business combination (Note 24)	-	229	4,601	4,830
Provisions recognised (Note 18)	1,830	1,408	808	4,046
Provisions used	(1,667)	(1,189)	(1,009)	(3,865)
Reversals (Note 18)	(2,000)	(8)	(240)	(2,248)
At 31 December 2025	**3,252**	**1,901**	**6,127**	**11,280**

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

Thousands of euros

	2025	2024
Non-current	4,507	946
Current	6,773	7,571
	11,280	**8,517**

14.1 Health contribution

Pursuant to the forty-eighth Additional Provision of Act 2/2004 of 27 December of 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.

During 2025, Faes Farma, S.A. paid the Ministry of Health 1,667 thousand euros (1,533 thousand euros in 2024) and recognised a provision for the outstanding amount payable at 31 December 2025, amounting to 1,687 thousand euros (1,524 thousand euros in 2024).

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 for bank guarantees and other guarantees related to the normal course of business amounting to 1,755 thousand euros (2,048 thousand euros in 2024). 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

	2025	2024
Trade payables	83,416	46,816
Other borrowings		
Remuneration payable	23,723	17,536
Payable to Social Security Authorities	4,388	1,913
Tax payables	9,857	5,057
	121,384	**71,322**

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

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

The information on the average period of payment to suppliers for years 2025 and 2024 is as follows:

Days

	2025	2024
Average period of payment to suppliers	47.70	48.80
Ratio of paid transactions	49.98	50.66
Ratio of outstanding transactions	26.89	27.46

Thousands of euros

	2025	2024
Total payments made	165,462	168,280
Total payments payable	18,194	14,629

On 29 September 2022, Law 18/2022 on business creation and growth entered into force, amending the third Additional Provision "Duty to disclose" 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 26,699 invoices in a period shorter than the established maximum, representing 93% of the total invoices paid in 2025 (27,669 invoices and 96% in 2024). They have also made payments totalling 142,303 thousand euros in this period, representing 86% of total payments made in 2025 (139,147 thousand euros and 88% in 2024).

16 Ordinary Income and Other Income

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

Thousands of euros

	2025	2024
Revenue	606,643	492,648
Service provision	3,821	999
	610,464	**493,647**
Licences	10,541	12,452
Official grants	1,356	651
Other income	4,627	3,291
	16,524	**16,394**

Revenue was reduced by 7,661 thousand euros (7,240 thousand euros at 31 December 2024) as a result of legislation enacted in Spain in 2010 and 2011 which, among other measures, establishes a discount of 7.5% or 15%, depending on the product, on sales of products financed 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 2025 and 2024 are as follows:

Thousands of euros

	2025	2024
Payroll and similar	110,506	83,977
Social Security expenses	23,296	17,846
Other expenses	4,616	3,044
	138,418	**104,867**

The average number of Group employees during 2025 and 2024, broken down by category, is as follows:

Thousands of euros

	Average number of employees	
	2025	2024
Senior management	12	11
Other line personnel	209	158
Marketing/Commercial	1,104	932
Research	197	166
Administration	257	199
Production	434	301
	2,213	**1,767**

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

Thousands of euros

	2025		2024	
	Male	Female	Male	Female
Directors	**5**	**5**	**6**	**4**
Senior management	11	3	8	1
Other line personnel	83	176	55	107
Marketing and Commercial	517	751	400	528
Research	76	166	46	118
Administration	136	185	90	111
Production	382	195	217	94
	1,205	**1,476**	**816**	**959**

In addition, the average number of employees during 2025 and 2024 with a disability of 33% or more was seventeen: five in the marketing and sales category, one in the technicians category, one in the research category, three in the administration category and seven in the production category.

The "Employee remuneration expenses" line item includes termination benefits in 2025 amounting to 6,848 thousand euros (5,325 thousand euros in 2024).

18 Other Expenses

The breakdown for other expenses is as follows:

Thousands of euros

	2025	2024
Operating lease expenses	1,878	1,152
Research and Development expenses (Note 5)	4,895	5,802
Transport	9,258	6,896
Repairs and preservation	12,462	6,934
Independent professional services	59,275	37,532
Insurance premiums	2,407	1,688
Advertising and promotion	29,990	26,531
Supplies	7,051	3,204
Taxes	2,817	1,279
Banking services	463	277
Changes in provisions (Note 14)	1,798	2,893
Impairment losses on trade receivables and other accounts receivable (Note 8)	1,786	1,262
Other expenses	22,083	13,768
	156,163	**109,218**

19 Finance Income and Costs

Details of the finance income and costs are as follows:

Thousands of euros

Financial income	2025	2024
Other finance income	2,278	1,694
Total finance income	**2,278**	**1,694**

Thousands of euros

Finance costs	2025	2024
Interest from bank borrowings	4,599	-
Other finance costs	1,260	433
Exchange losses	266	769
Total finance costs	**6,125**	**1,202**

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 in 2025 in favour of the Company's Directors amounted to 4,750 thousand euros (4,826 thousand euros in 2024) for per diems, corporate remuneration and professional services.

Remuneration paid to senior management amounted to 3,313 thousand euros in 2025 (5,018 thousand euros in 2024). This amount does not include the remuneration of the chief executive, as it is included in remuneration paid to Directors and disclosed in the Annual Directors' Remuneration Report.

During the financial years 2025 and 2024, 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 civil liability insurance premiums for senior executives, the Company has taken out insurance policies for this purpose, having paid 51 thousand euros for this item in 2025 (40 thousand euros in 2024).

The General Shareholders' Meeting held on 22 June 2022 approved the establishment of a Long-Term Incentive Plan through 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, the beneficiaries of which are certain executives and key personnel of the Parent Company and its Group, including the Chair for the period during which he 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 2025, two cycles are in force: the second cycle, from 2023 to 2025, and the third cycle, from 2024 to 2026. The maximum number of shares to be delivered in the second cycle is 64,956 shares to the Chair for the period during which he was an executive and 359,963 to the other plan beneficiaries; and, in the third cycle, 25,983 shares to the Chair for the period during which he was an executive, 85,682 to the executive director and 432,071 to the other plan beneficiaries. During 2025, the shares corresponding to the first cycle (2022-2024) were delivered once the degree of achievement of the targets, 6.25%, had been approved. The gross shares delivered for this cycle were 6,496 to the Chair and 10,327 to the other

beneficiaries, which, after deducting the effect of withholding, resulted in the effective delivery of 4,937 shares to the Chair and 7,611 to the other beneficiaries.

The General Shareholders' Meeting held on 25 June 2025 approved the establishment of a second Long-Term Incentive Plan through the delivery of shares of the Parent Company, the beneficiaries of which are certain executives and key personnel of the Company and its Group, including the executive director and any other directors of this nature who may be appointed in the future. The delivery of shares under this plan will depend on the degree of achievement of the targets set by the Board of Directors.

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 2025-2029 period. In 2025, the first cycle, from 2025 to 2027, is in force. The maximum number of shares to be delivered in this cycle is 150,419 to the executive director (115,707 shares assigned, with overachievement possible up to 130%) and 697,832 to the other plan beneficiaries (534,624 shares assigned, with overachievement possible up to 130%).

The economic impact on personnel expenses of both plans in 2025 was 746 thousand euros (747 thousand euros in 2024) (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

Investments in property, plant and equipment made during 2025 relating to environmental actions amounted to 699 thousand euros, mostly earmarked for measures to improve energy efficiency and waste management (13,433 thousand euros in 2024, considering as environmental investment the amount assessed as eligible under the Sustainable Finance Taxonomy).

b) Expenses

Environmental expenses incurred during 2025 mainly related to waste treatment and amounted to 1,681 thousand euros in 2025 (925 thousand euros in 2024).

During 2025, 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 grants 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

	2025	2024
Audit services	182	133
Other non-compliance services	1	1
Other regulatory requirements	1	1
Other services	101	135
Total	**284**	**269**

In addition, fees invoiced to the Parent Company during the year by other companies using the PwC brand in Spain, as a result of other services rendered, amounted to 5 thousand euros (4 thousand euros in 2024).

No fees accrued during the year by other companies using the PwC brand abroad as a result of other services rendered to the Company (69 thousand euros in 2024).

No tax services have been provided to the Company during financial years 2025 and 2024.

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

Thousands of euros

	2025	2024
Audit services	45	44
Other non-compliance services		
Other regulatory requirements	-	-
Total	**45**	**44**

No fees were accrued in 2025 or 2024 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 2025 and 2024 for the fees detailed below:

Thousands of euros

	2025	2024
Audit services	135	129
Total	**135**	**129**

Finally, in 2025 and 2024, no fees were accrued by other companies of the PwC network abroad for other services rendered to other Group companies.

Other auditors earned fees from Group companies amounting to 225 thousand euros (28 thousand euros in 2024, before inclusion of the audits of the acquisitions made in 2025).

23 Financial Reporting by Segments

At 31 December 2025 and 2024, 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 in the "Pharmaceutical and healthcare specialities" segment relates in all cases to medicines for human use delivered to customers in final administration conditions and amounted to 527,953 thousand euros (438,811 thousand euros in 2024).

The "Animal nutrition and health" segment generated ordinary income of 79,318 thousand euros (52,197 thousand euros in 2024).

The "Pharmaceutical raw materials" segment generated income of 3,193 thousand euros (2,639 thousand euros in 2024).

In addition, the Group holds non-current assets outside Spain for a net amount of 383,308 thousand euros (49,184 thousand euros in 2024), mainly corresponding to subsidiaries based in Portugal, Italy 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

	2025			
	Pharmaceutical and healthcare specialities	Animal nutrition and health	Other segments	Consolidated
Ordinary income to external customers	527,953	79,318	3,193	610,464
Other income	16,516	-	8	16,524
Depreciation	(26,671)	(1,780)	(582)	(29,033)
Financial income	2,113	165	-	2,278
Finance costs	(5,988)	(137)	-	(6,125)
Profits before tax of the segments	75,365	9,114	935	85,414
Income tax expense	(4,508)	(1,242)	-	(5,750)
Profit for the year	70,856	7,873	935	79,664
Assets of the segment	1,241,392	96,543	3,960	1,341,895
Additions to property, plant and equipment by segment (Note 4)	14,914	1,839	27	16,780
Additions to intangible assets by segment (Note 5)	7,463	60	-	7,523
Deferred tax assets	42,659	2,333	-	44,992
Liabilities of the segment	582,656	13,414	240	596,310

Thousands of euros

	2025		
	Domestic	International	Consolidated
Ordinary income to external customers	244,858	365,606	610,464
Non-current assets of the segment	476,185	383,308	859,493

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 expense	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

24 Business Combinations

During 2025, two acquisitions took place.

On 4 June 2025, the Group acquired 100% of the Edol Group for total consideration of 64.7 million euros, of which 61.4 million euros was paid at the purchase date and 3.3 million euros was paid in September 2025.

The assets and liabilities recognised from the acquisition were as follows:

Thousands of euros

	Previous carrying amount	Adjustments made	Fair value
Intangible assets (Note 5)	399	41,450	41,849
Property, plant and equipment (Note 4)	19,676	-	19,676
Non-current financial investments	516	-	516
Deferred tax assets	577	-	577
Inventories	7,338	-	7,338
Current financial investments	15	-	15
Trade and other receivables	9,338	-	9,338
Cash and cash equivalents	1,234	-	1,234
Total assets	**39,093**	**41,450**	**80,543**
Non-current provisions	(67)	-	(67)
Non-current debt (Note 13)	(6,473)	-	(6,473)
Deferred tax liabilities	(88)	(9,019)	(9,107)
Current provisions	(75)	-	(75)
Current debt (Note 13)	(7,299)	-	(7,299)
Trade and other payables	(7,641)	-	(7,641)
Total Liabilities	**(21,643)**	**(9,019)**	**(30,662)**
Net assets acquired	17,450	32,431	49,881
Goodwill	47,284	(32,431)	14,853
Gross cash disbursed	64,734		64,734
Net cash disbursed	63,500		63,500

The Group carried out the assessment relating to the identification and valuation of the net assets acquired, identifying intangible assets corresponding to brands amounting to 41,450 thousand euros and a deferred tax liability of 9,019 thousand euros. The definitive goodwill arising from this allocation process, measured at cost, amounts to 14,853 thousand euros (Note 5). The impact of amortisation of the brands at 31 December 2025 is 1,186 thousand euros and the tax effect is 256 thousand euros.

The acquired business contributed ordinary income of 23,106 thousand euros and net profit of 3,368 thousand euros to the Group for the period from 4 June 2025 to 31 December 2025. If the acquisition had taken place on 1 January 2025, consolidated ordinary income for the year ended 31 December 2025 would have been 16,185 thousand euros higher and net profit 156 thousand euros higher.

In addition, on 2 September 2025, the Group acquired 100% of the SIFI Group for initial consideration of 211 million euros. In addition, there are contingent payments based on sales of Akantior in Europe and the United States. In addition, there is contingent consideration related to the development and commercialisation of the medicine Akantior, both in Europe and in the United States.

In Europe, where the medicine already has the necessary approvals, payments will accrue in future years based on future sales of Akantior, up to a maximum total payable amount of 50.5 million euros. In addition, for Akantior in the United States, future payments have been identified that include a fixed amount of 30 million euros if approval and first commercialisation of the medicine in the country are achieved, as well as variable payments based on sales of Akantior in the United States.

The Group's Management, together with its external advisers, is in the process of assessing the amounts to be considered for these future payments. Given the complexity of the exercise, as it relates to a new medicine that treats a rare disease, the process had not been finalised at the end of 2025; accordingly, the valuation of the investment and the contingent liability have not been included in these closing accounts. Nevertheless, both will be measured taking into account the conditions existing at the time of acquisition.

The assets and liabilities recognised from the acquisition were as follows:

Thousands of euros

Intangible assets (Note 5)	33,231
Property, plant and equipment (Note 4)	28,861
Right-of-use assets	3,856
Non-current financial investments	549
Deferred tax assets	8,326
Inventories	24,112
Other current financial assets	64
Trade and other receivables	27,143
Cash and cash equivalents	2,264
Total assets	**128,406**
Non-current provisions	(4,459)
Non-current debt (Note 13)	(16,560)
Deferred tax liabilities	(85)
Current provisions	(229)
Current debt (Note 13)	(41,695)
Trade and other payables	(42,003)
Total Liabilities	**(105,031)**
Net assets acquired	23,375
Provisional goodwill	187,625
Gross cash disbursed	211,000
Net cash disbursed	208,736

In relation to the goodwill generated by this transaction at 31 December 2025, the Group has not yet completed the assessment relating to the identification and valuation of the net assets acquired and is therefore applying provisional accounting.

The acquired business contributed ordinary income of 38,768 thousand euros and net profit of 2,543 thousand euros to the Group for the period from 2 September 2025 to 31 December 2025. If the acquisition had taken place on 1 January 2025, consolidated ordinary income for the year ended 31 December 2025 would have been 96,195 thousand euros higher and net profit 16,113 thousand euros lower.

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 2026.

The Group's exposure to overdue or outstanding receivables which have not suffered impairment at 31 December 2025 and 2024 is not significant, in line with figures from previous years.

b) Liquidity risk

The Group currently has a cash position amounting to 117 million euros (64 million euros at the end of 2024). During 2025, in order to finance the corporate acquisitions carried out, the Group obtained bank financing from several credit institutions amounting to 375 million euros which, together with the debt assumed in the business combinations (Notes 13 and 24), means that at 31 December 2025 the Group held borrowings from banks of 26 million euros in the short term and 374 million euros in the long term. No short-term liquidity pressure is expected, given the cash position, positive working capital and expectations of positive cash generation in 2026, which demonstrate the Group's ability to meet its short-term commitments.

The exposure of the Group to the liquidity risk at 31 December 2025 is as follows. The accompanying tables show the analysis of financial liabilities by contractual remaining maturity dates, including unaccrued interest.

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.

Thousands of euros

	2025				
	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Total
Borrowings from banks	16,712	18,606	115,017	287,224	437,559
Other financial liabilities	20,628	293	883	1,581	23,385
Trade payables (Note 15)	83,416	-	-	-	83,416
	120,756	**18,899**	**115,900**	**288,805**	**544,360**

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 2025 and 2024 no exchange rate hedging transactions have been contracted.

During 2025 and 2024, exports were mainly in US dollars and represented 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 already indicated, the Group obtained bank financing in 2025 and is therefore exposed to the risk of upward changes in interest rates.

For this reason, the sensitivity of the income statement to changes in interest rates is relevant. It is estimated that increases of one basis point in the market interest rate would entail additional finance costs of approximately 400 thousand euros. The Group does not currently have any interest-rate hedging arrangements in place.

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 2025 and 2024, 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 2025, all subsidiaries in Spain and Guatemala had certified renewable 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 2025 to the date of preparation of these consolidated financial statements, there have been no material subsequent events requiring disclosure.

4

Annex. Details of **Subsidiaries**


REC200

Details of Subsidiaries at 31 December 2025					
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 Farmacêutica, 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 (Alava)	Animal nutrition and health	PwC	Faes Farma, S.A.	100%
Faes Farma Chile, Salud y Nutrición SpA	Avenida Las Condes 7700, Oficina 303-A, Santiago (Chile)	Distributor	Crowe	Faes Farma, S.A. Ingaso Farm, S.L.U.	99.65% 0.35%
Faes Farma del Ecuador S.A.	Av. Shyris 860 - Quito (Ecuador)	Wholesale of pharmaceutical products	ARMS	Faes Farma, S.A. Ingaso Farm, S.L.U.	99.97% 0.03%
Faes Farma Peru, S.A.C	Avenida De La Floresta 497 Int 303, Urb. Chacarilla del Estanque. San Borja – Lima (Peru)	Distributor	-	Faes Farma, S.A. Ingaso Farm, S.L.U.	99.99% 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. Ingaso Farm, S.L.U.	99.89% 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. Ingaso Farm S.L.U.	99.99% 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. Ingaso Farm S.L.U.	99% 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. Ingaso Farm, S.L.U.	82% 18%
Faes Farma Colombia, S.A.S.	Av. Carretera 7, 155C, Bogotá (Colombia)	Medicine distributor	PwC	Faes Farma, S.A.	100%
Faes Farma Central America and Caribbean, S.A. (formerly Global Farma, S.A.)	5TA Av. 16-62 Edificio Platina – Guatemala City (Guatemala)	Pharmaceutical company	PwC	Faes Farma, S.A. Ingaso Farm S.L.U.	99.99% 0.01%
ISF by Farm Faes, S.L.	Plhus RD Valdabra 9/11 – Huesca 22197	Animal nutrition and health	-	Ingaso Farm, S.L.U. Tecnología & Vitaminas, S.L.	70% 30%

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

Details of Subsidiaries at 31 December 2025					
Company name	**Registered office**	**Activity**	**Auditor**	**Holding company**	**Holding %**
Faes Farma Gulf FZCO	South Zone, Jebel Ali Free Zone, Dubai, EAU	Distributor	Real Time Audit and MBC Auditing	Faes Farma, S.A. Ingaso Farm S.L.U.	90% 10%
Laboratório Edol - Produtos Farmacêuticos, S.A.	Avenida 25 de Abril, 6 e 6A, 2795 225 Linda-a-Velha, Portugal	Pharmaceutical company	BDO	Faes Farma, S.A.	100%
Setriworld - Promoção e Investimento, S.A.	Avenida 25 de Abril, 6 e 6A, 2795 225 Linda-a-Velha, Portugal	Medicine distributor	BDO	Faes Farma, S.A.	100%
VAPP Produção e Comercialização de Produtos para Veterinária, LDA	Rua Casal do Canas, No. 6, Carnaxide, 2790 204 Carnaxide, Portugal	Animal nutrition and health	-	Laboratório Edol – Produtos Farmacêuticos, S.A.	100%
Farmacêutica Austral, LDA	Rua 13.008, Block No. 10, Warehouse B12, Bairro Matola Fomento, City of Matola, Mozambique	Medicine distributor	-	Laboratório Edol – Produtos Farmacêuticos, S.A.	100%
SIFI, S.p.A.	Via Ercole Patti 36 – 95025 Aci Sant'Antonio (CT), Italy	Pharmaceutical company	Deloitte	Faes Farma, S.A. Capitolosedici, S.p.A.	50.10% 49.90%
Capitolosedici, S.p.A.	Via Ercole Patti 36 – 95025 Aci Sant'Antonio (CT), Italy	Investment vehicle	-	Faes Farma, S.A.	100%
SIFI France, S.A.S.	8 Rue des Grandes Terres 92500 Rueil Malmaison, France	Medicine distributor	Noir Sur Blanc Finance	SIFI, S.p.A.	100%
SIFI Iberica S.L.	Calle Poeta Joan Maragall, 47, 4th floor, 28020 Madrid	Medicine distributor	-	SIFI, S.p.A.	100%
Laboratorios Sifi de Mexico S.A. de C.V.	Cordoba 42 Floor 8-807, COLONIA ROMA Norte C.P. 06700 Cuahtemoc Mexico City – MEXICO	Medicine distributor	Deloitte	SIFI, S.p.A. SIFI Switzerland, Sagl	99.998% 0.002%
S.C. Oftafarma Romania S.r.l.	Str. Carol Davila, Nr. 105 - 107, Et. 2, Ap. 5 Sector 5 Bucharest – ROMANIA	Medicine distributor	Deloitte	SIFI, S.p.A.	100%
SIFI Surgical S.r.l.	52 Heltai Gaspar, appt.1, ground floor, Cluj County, Cluj-Napoca, ROMANIA	Medicine distributor	-	SIFI, S.p.A. SIFI Switzerland, Sagl	99.00% 1.00%
SIFI Pharmaceuticals Ltd.	c/o Goodman Jones LLP 1st Floor, Arthur Stanley House, 40-50 Tottenham Street, London	Medicine distributor	Goodman Jones LLP	SIFI, S.p.A.	100%
SIFI Switzerland Sagl	c/o TALENTURE SA Via Canova 9 - 6900 Lugano (SWITZERLAND)	Medicine distributor	-	SIFI, S.p.A.	100%
SIFI ILAC A.S.	Maltepe Mah. Mithatpaşa Cad. No: 217 Güzelbahçe / İzmir (Turkey)	Medicine distributor	Deloitte	SIFI, S.p.A.	100%

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

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. Ingaso Farm, S.L.U.	99.65% 0.35%
Faes Farma del Ecuador S.A.	Av. Shyris 860 - Quito (Ecuador)	Wholesale of pharmaceutical products	ARMS	Faes Farma, S.A. Ingaso Farm, S.L.U.	99.97% 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. Ingaso Farm, S.L.U.	99.99% 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. Ingaso Farm, S.L.U.	99.89% 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. Ingaso Farm S.L.U.	99.99% 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. Ingaso Farm S.L.U.	99% 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. Ingaso Farm, S.L.U.	82% 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 – Guatemala City (Guatemala)	Pharmaceutical company	PwC	Faes Farma, S.A. Ingaso Farm S.L.U.	99.99% 0.01%
ISF by Farm Faes, S.L.	Plhus RD Valdabra 9/11 – Huesca 22197	Animal nutrition and health	-	Ingaso Farm, S.L.U. Tecnología & Vitaminas, S.L.	70% 30%
Faes Farma Gulf FZCO (formerly NovoSci Healthcare FZCO)	South Zone, Jebel Ali Free Zone, Dubai, EAU	Distributor	Real Time Audit and MBC Auditing	Faes Farma, S.A. Ingaso Farm S.L.U.	90% 10%

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

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5

Consolidated Management Report

Executive summary 2025

- **Consolidated net turnover** amounted to 610.5 million euros, with growth of 23.7%. During the year, two acquisitions were made, Laboratório Edol - Produtos Farmacêuticos, S.A. and SIFI S.p.A., which joined the Group in June and September, respectively. Excluding these additions, revenue growth was 11%. Total revenue amounted to 627 million euros (+23%).

- Consolidated **EBITDA** (operating result before depreciation, amortisation and impairment) stood at 118 million euros, 8.4% lower than the previous year and within the guidance communicated.

- **Net profit** attributable to the Group stood at 79 million euros, mainly affected by the increase in finance costs arising from acquisition financing and non-recurring integration costs.

- Gross **investment in property, plant and equipment** during the period amounted to 16.8 million euros, lower than in previous years following completion of the two most significant investments of recent years: the Derio pharmaceutical production plant, which will increase the Group's manufacturing capacity, consolidating Faes Farma as an integrated pharmaceutical group, and the ISF animal nutrition and health plant (Huesca).

- **Shareholder remuneration** charged against 2025 took the form of an interim cash dividend paid in January 2026, amounting to 12.7 million euros. The Company intends to maintain remuneration entirely in cash; accordingly, payment of a final dividend out of 2025 profit is planned, with settlement estimated for mid-year and which, together with the previous dividend, will represent a pay-out of 50%.

- **Treasury shares** at the end of 2025 amounted to 4,962,699 shares, down by 12,548 shares compared with the previous year as a result of shares granted under the long-term incentive plan.

- In terms of **good corporate governance**, during 2025 a new independent female director was appointed to replace another independent director. The ratios are therefore 50% female directors and 50% independent directors.

Key Figures

Thousands of euros

	2025	2024	%
Ordinary income	610,464	493,647	23.7%
Total revenue[1]	626,988	510,042	22.9%
EBITDA[2]	118,036	128,903	-8.4%
Net profit (loss)	79,630	111,360	-28.5%

[1] Ordinary income plus other income

[2] Operating result before depreciation, amortisation and impairment

Evolution by business area

NOTE: the data in the following tables are presented rounded in millions of euros. Percentages are calculated using the data in euros.

1. Pharmaceutical and healthcare specialities

The PHARMA segment achieved total revenue of 551.7 million euros, growth of 21% compared with the same period of 2024. It represents more than 87% of the total business.

Total Income	2025	2024	%
Pharma	551.7	456.8	21%

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:

Thousands of euros

	2025	2024	%
Pharma	**551.7**	**456.8**	**21%**
Pharma Iberia	230.8	207.5	11%
Pharma International (without licences)	207.7	145.6	43%
Pharma Licences	113.2	103.7	9%
Animal Nutrition and Health	**79.6**	**52.3**	**52%**
Other*	**-4.3**	**1.0**	
Total Group	**627.0**	**510.0**	**23%**

* Non-commercial income and foreign exchange impact

1.1 Iberia

	2025	2024	%
Pharma Iberia	**230.8**	**207.5**	**11%**
Total Spain	**174.1**	**173.9**	**0%**
Medical Visit	115.0	113.3	2%
Healthcare	48.3	49.5	-2%
Consumer	10.8	11.1	-3%
Total Portugal	**56.7**	**33.7**	**68%**
Pharma Iberia	**230.8**	**207.5**	**11%**
Net Sales	228.3	205.2	11%
Other income	2.5	2.3	10%

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 benchmark pharmaceutical company in the Group's specialist therapeutic areas, with both proprietary molecules and licences.

Faes Farma maintained its revenue in this business area, where it preserved its high level of competitiveness despite pressure from increasingly aggressive generics. To this end, redefining the Go-to-Market model is key, aligning it with the organisation's purpose and strategic plan. Several efforts are being directed towards this: prioritising the most appropriate therapeutic areas and categories, focusing on omnichannel approaches and digital tools to improve interaction with healthcare professionals, focusing on innovation and scientific excellence, and differentiation capacity.

With regard to the performance of the main products:

Calcifediol (Hidroferol): After years of intense growth, in 2025 Calcifediol sales fell slightly by 1%, mainly as a result of a slowdown in growth in soft capsules. Market share remains at 45%.

Bilastine: Following the loss of patent protection in 2021 and successive price reductions, Bilaxten's performance in 2025 remained good, closing the year with +3% in sales.

GSK Respiratory Line: This licence grew by 17% in sales in 2025, consolidating the growth of previous years, and remains an important lever for value contribution, increasingly well established and with further growth potential.

Other products: A broad range of products, with long-standing, mature molecules that nevertheless maintain a significant prescription level: Plenur, Robaxin, Zyloric, Tanakene, etc.

Healthcare

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

The performance of the Healthcare markets is linked to a new strategy focused on strengthening the brands and categories with the greatest profitability and potential, in order to maximise growth and market share in an increasingly competitive and concentrated environment.

With regard to Faes Farma's focus markets and brands, most are growing above the market, particularly the positioning of Naturflat and the performance of ProFaes4, which is gaining share and moving up into the leading positions in this category. Otifaes, Vitanatur and Cannaben are also consolidating their positions in their categories. Revenue in the area fell slightly by 2% as a result of the performance of products that have been deprioritised.

Consumer

The Consumer division markets **OTC products** through channels in addition to traditional pharmacies: parapharmacy, dietetics, food, impulse channel and e-commerce platforms. As in Healthcare, a strategy of focus and prioritisation on the most important brands is being adopted.

Faes Farma's parapharmacy portfolio remains relatively stable within a particularly dynamic market; however, Faes Farma's lack of presence in the most relevant and highest-traction market categories makes it harder to capture the sector's pace of growth. Ricola maintains a good level of stability and brands such as Roha max and Arnidol contribute growth, while Vitanatur and Siken are adjusting their performance in highly competitive categories.

Portugal

The Faes Farma Portugal subsidiary was joined by the Laboratorio Edol subsidiary, an acquisition completed in June and which therefore contributes seven months to the final consolidated figures for 2025.

In terms of performance, Faes Farma Portugal performed very well in Medical Visit products (+10.7%), particularly Vitodê (calcifediol), Robaxisal and Azzavix (mesalazine); however, negative performance in Healthcare, mainly affected by the lack of stock of Pankreoflat and the performance of other products, weighed on revenue in the area.

Laboratorio Edol closed the year with revenue of more than 23 million euros in the seven months it has been part of the Group, a very positive performance compared with 2024, when it generated approximately 30 million euros in the full year.

1.2. International (unlicensed)

NOTE: Portugal is included in Iberia, unlike in the 2024 management report, where it was considered in this section.

	2025	2024	%
Pharma International (without licences)	**207.7**	**145.6**	**43%**
Net Sales	205.3	145.1	42%
Other income	2.4	0.5	384%

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

	2025	2024	%
Pharma International (without licences)	**207.7**	**145.6**	**43%**
LATAM subsidiaries	117.1	97.5	20%
ROW* (rest of the world)	90.6	48.1	88%

*Includes the Middle East and Africa and Italy (including SIFI)

LATAM subsidiaries

The Group's six subsidiaries recorded total revenue of 117 million euros, representing growth of 20% on the previous year. These figures reinforce Latam's role as the company's main area of organic growth in the 2025-2030 Strategic Plan. Specifically in the case of Faes Farma Latam, the strategy is based on maximising growth in our core brands, for which commercial structures have been reinforced with a significant level of investment, slightly increasing profitability.

Details for the main countries are as follows:

- Faes Farma Mexico had a standout year, with sales growth of 34%, supported by the Group's main products: bilastine and calcifediol. In the former case, we still have significant room for growth, taking advantage of the fact that it is one of the few countries in the region where generics of the molecule have not yet been launched. In the case of calcifediol, the vitamin D market in the country is growing at rates above 40%. These figures, together with the future integration with SIFI's subsidiary in Mexico, strengthen our platform in this market, the most important for the Group in Latam.

- Faes Farma Colombia managed to overcome a difficult political and regulatory environment to achieve excellent sales growth of 19%, accompanied by strong EBITDA growth, at almost twice the pace of sales, which significantly increases the subsidiary's profitability, one of the Group's medium-term objectives.

- Faes Farma Central America and Caribbean managed to recover after a difficult first quarter, thanks to the implementation of an aggressive commercial plan, closing the year with growth of 12%.

- Faes Farma Ecuador continued the positive performance of previous years, with sales growth of 34%. The main products marketed by the subsidiary in the country continue to hold a robust position in their different therapeutic classes.

- Faes Farma Chile continues to feel the change taking place in the Chilean market in terms of the weight of the institutional business and the country's market context. This has slowed growth compared with previous years, although it continues to grow at a double-digit rate (+12%) and remains the subsidiary with the highest profitability in the region.

- Faes Farma Peru continues the recovery that began in 2024. In 2025, sales growth was +28%.

ROW (Rest of the world)

The region is growing slightly in revenue and improving margins, showing resilience and clear signs of structural strengthening, which will provide a solid base to drive 2026.

Revenue in ROW, excluding SIFI, reached 50.7 million euros, up 5% on 2024, driven by the performance of Colpharma (+35%) and Nigeria (+48%).

With regard to direct exports, revenue fell slightly (-2%), as a direct result of the prioritisation of higher-margin markets and products, within the strategy of directing resources towards the most profitable lines.

Faes Farma Gulf, for its part, experienced slight growth (+2%), with the priority of diversifying channels in Kuwait (affected this year by the collapse of the country's main insurer) and commercially strengthening Saudi Arabia.

Accordingly, there has been significant progress in several units, but there are also areas where further optimisation and operating discipline are needed to deepen business efficiency.

SIFI, for its part, whose acquisition was formalised in September, contributed revenue of 40 million euros corresponding to these four months.

1.3. Licences

Pharma Licenses

	2025	2024	%
Licences	**113.2**	**103.6**	**9%**
Bilastine	86.3	84.0	3%
Other Licences	26.9	19.7	37%

The licences area exceeded 113 million euros in revenue and is the Group's most profitable area. Its aim is to internationalise Faes Farma's product portfolio in markets where the Group has no direct presence. These are mainly licences for Faes Farma's three strategic molecules: bilastine (86.3 million euros in revenue), calcifediol (7.5 million euros) and mesalazine (9.8 million euros).

Bilastine revenue increased by 3%, driven both by mature markets (Japan and Europe, where year-end performance points to a regional recovery) and by territories undergoing expansion and launch, such as Thailand, Malaysia, Vietnam and China. This performance made it possible to offset certain adverse factors, such as the entry of generics in Canada, the price reduction in Japan and the sharp depreciation of the yen. With regard to the markets with the greatest future growth potential, Australia continues in the relaunch phase following the switch to OTC achieved slightly less than a year ago. Although traction is still gradual, it is a very sizeable market, reinforcing the medium- and long-term potential of bilastine licences, especially alongside China.

With regard to licences for other molecules, revenue grew at a double-digit rate (+37%), with mesalazine and calcifediol the main contributors. Mesalazine growth is supported particularly by Poland, where leadership has been achieved with a 60% market share, and by the Nordic countries, with very strong tablet performance in Sweden and

Denmark. It has recently been launched in Greece, Austria and the Netherlands.

In the case of calcifediol, work to redistribute regional agreements has proved successful, with a 60% increase in local sales vs 2024. The main contributors were Eastern Europe, France and Italy. In the US, the launch as a Food Supplement has grown at a good pace.

Lastly, other molecules such as citicoline also contributed, with record local sales in Italy (+21% vs 2024) and a 26.9% value share.

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 35% of total revenue.

	2025	2024	%
Top 3 molecules	**219.3**	**198.3**	**11%**
Bilastine	134.2	124.8	8%
Calcifediol	63.5	58.7	8%
Mesalazine	21.6	14.8	46%

All three key molecules grew in 2025, although at different rates depending on their maturity.

Once again, Bilastine achieved record revenue (more than 134 million euros), with overall growth of 8%. In Spain, it grew by 3%. In the licences area, as noted above, both mature markets and new territories were able to offset adverse effects, growing by 3% overall. It is therefore in the international area, especially through our subsidiaries in Latin America, where the molecule grew significantly, minimising the effect in Portugal.

In the case of calcifediol, revenue increased by more than 8%, driven mainly by international markets, where the performance of direct sales by the Latam subsidiaries and the performance in Portugal, where revenue almost doubled and where the markets continue to offer potential, are particularly noteworthy.

In the case of mesalazine, growth came mainly from licences, as noted above. In Spain, revenue fell by 3% because the market continues to be dominated by oral presentations with doses higher than those marketed by the Group. Performance in the international direct-sales markets of Latam (+18%) and Portugal (+24%) was also very positive.

2. Animal nutrition and health (FARM Faes)

	2025	2024	%
Animal nutrition and health	**79.6**	**52.3**	**52%**
Net Sales	79.4	52.2	52%
Other income	0.2	0.1	

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.

FARM Faes closed 2025 with the highest growth year in its history, driven both by the integration of ISF and by the solid performance of the business in Iberia. Total Net Revenue reached 79.6 million euros, reflecting a significant increase compared with 2024. The incorporation of ISF was decisive for this progress, significantly reinforcing FARM Faes' leadership in the early stages of pig breeding segment and strengthening its competitive position in a highly specialised market.

Despite this extraordinary commercial momentum, EBITDA does not fully reflect the growth in sales due to several factors: pressure on industrial margins, the ISF start-up process and a product mix with varying levels of profitability. African Swine Fever detected in Catalonia at the end of the year did not directly affect the Group's customers, although it did affect the sector in general. This situation reinforces FARM Faes' strategic positioning to drive its international diversification and entry into new species, aligning the business with the Group's future priorities.

R&D

In 2025, governance of the R&D department was strengthened with the incorporation of a new Chief Scientific Officer, meaning that the Group's R&D strategy is evolving towards a diverse and dynamic pipeline with innovative differentiation and high value for patients. To this end, the scientific departments, which include Drug Discovery, Pharmaceutical Development, Clinical Development, Regulatory and Medical, have worked together mainly in the Group's five strategic therapeutic areas:

In the **bone and immunomodulation field,** weekly Hidroferol, developed by Faes Farma, was launched, with results showing optimal efficacy and safety in long-term treatment.

In the **gastrointestinal** area, the clinical trial in patients with ulcerative colitis is progressing appropriately. In addition, during 2025 the dossier for 1500 mg mesalazine tablets was submitted to the regulatory authorities for approval.

In the **allergies** area, in 2025 bilastine authorisation was extended to children aged between 2 and 6. Bilastine is a medicine that is especially useful for children due to its safety profile. In addition, in 2025 authorisation was obtained for the use of ophthalmic bilastine also in this age group. Likewise, the parenteral bilastine formulation has been approved by the European authorities for marketing after demonstrating a faster onset of action, and may become the treatment option when speed is required in resolving allergic symptoms.

In the **pain area,** in 2025 two new 1,000 mg and 1,500 mg methocarbamol tablets were approved for pain in acute musculoskeletal conditions.

In **ophthalmology**, reimbursement of Akantior was approved in Spain; it is the only medicine for the treatment of keratitis caused by acanthamoeba.

Net turnover reached 610.5 million euros, with growth of 23.7%. Organic business growth was 11% and was mainly supported by the good performance of the Pharma market in Spain, sales by international subsidiaries, the generally positive performance of the licences area and the performance of the animal nutrition and health area.

This growth was complemented by the contribution from the acquisitions made in 2025: Laboratório Edol - Produtos Farmacêuticos, S.A. (7 months) and SIFI S.p.A. (4 months). In terms of total revenue, growth was 22.9%.

In terms of sales diversification by business area, the Pharma area accounted for 87% of revenue, compared with 13% for the Farm Faes area (animal nutrition and health).

Consolidated profit and loss statement

Thousands of euros

	2025	2024	%
Turnover amount	610,464	493,647	23.7%
Other operating income	16,524	16,394	
Total Income	**626,988**	**510,041**	**22.9%**
Cost of sales	(214,550)	(167,109)	
Gross margin on sales	**412,438**	**342,932**	**20.6%**
% Gross margin / Turnover	**67.6%**	**69.5%**	
Personnel expenses	(138,418)	(104,867)	
Other operating expenses	(156,163)	(109,218)	
Other results	179	55	
EBITDA	**118,036**	**128,902**	**(8.4%)**
% EBITDA / Turnover	**19.3%**	**26.1%**	
Depreciation and impairment of property, plant and equipment	(28,775)	(21,818)	
Operating result	**89,261**	**107,084**	**(16.6%)**
Financial profit/(loss)	(3,847)	492	
Profit before tax	**85,414**	**107,576**	**(20.6%)**
Corporate income tax	(5,750)	3,538	
Consolidated profit	**79,664**	**111,114**	**(28.3%)**
Minority shareholders	34	(246)	
Profit attributable to the Parent	**79,630**	**111,360**	**(28.5%)**

Margins, Expenses and Profit

Gross margin grew by 20.6% to 412.4 million euros. Raw material prices in the pharmaceutical market were stable during the year.

The margin was affected by the increase in the relative weight of animal nutrition products.

Overheads increased due to greater activity and the Group's focus on strategic areas, with commercial expansion in the Latam and Middle East and Africa (MEA) subsidiaries, greater digitalisation, increased M&A activity and greater research activity.

Research expenditure increased by more than 15%. The rise reflects more clinical research activity and progress with new molecules.

The Group ended the year with an average headcount of 2,213 people. Personnel expenses increased by 32% (to 138.4 million euros). This

increase is mainly explained by the incorporation of the Edol and SIFI workforces, the salary review provided for following the signing of the new Collective Bargaining Agreement at Faes Farma Spain, and the one-off effect of the reorganisation of the management team.

With all these effects, consolidated EBITDA stood at 118 million euros, 8.4% lower than in 2024.

For its part, corporate income tax expense in 2025 amounted to 5.75 million euros, compared with the tax income recorded in 2024. However, the effective rate remains at low levels thanks to the recognition of R&D tax credits. The increase in finance costs due to the debt assumed for acquisitions placed attributable net profit at 79.6 million euros.

Consolidated Balance Sheet

The Balance Sheet presents significant changes mainly deriving from the two M&A transactions, Laboratorio Edol and SIFI, carried out during the year:

Thousands of euros

	2025	2024	Variation
Property, plant and equipment	343,032	295,431	
Right-of-use assets	10,276	5,510	
Intangible assets	457,881	184,159	
Investment properties	1,788	1,550	
Other financial assets	1,524	178	
Deferred tax assets	44,992	32,526	
Total non-current assets	**859,493**	**519,354**	**65.5%**
Inventories	185,013	142,523	
Other financial assets	12,780	7,922	
Trade and other receivables	167,297	119,061	
Cash and cash equivalents	117,312	64,222	
Total current assets	**482,402**	**333,728**	**44.5%**
Total assets	**1,341,895**	**853,082**	**57.3%**
Total equity	**745,585**	**726,618**	
Total non-current liabilities	**411,433**	**23,009**	
Total current liabilities	**184,877**	**103,455**	
Total equity and liabilities	**1,341,895**	**853,082**	**57.3%**

The Balance Sheet reflects the growth arising from the higher business volume and the incorporation of the assets of the new subsidiaries.

Property, plant and equipment amounted to 343.0 million euros and the sharp increase in non-current assets is also explained by the weight of intangibles following the 2025 acquisitions.

In current assets, inventories increased due to the needs inherent in growth towards full activity at the new factories and the integration of the new companies. Cash stood at 117 million euros once the aforementioned construction projects had been completed and the acquisition financing executed.

Working capital amounted to 297.5 million euros, reflecting the Group's new operating structure.

Equity represented 55.6% of total assets. This variation compared with historical percentages is due to the increase in the size of the balance sheet following the acquisitions of Laboratório Edol and SIFI.

Liabilities reflect the new bank-financing structure intended to finance these acquisitions. In addition, deferred tax liabilities and debts for institutional loans to finance R&D&I activities remain in place.

Statement of source and application of funds

Cash generation from operating activities, which reached 78.5 million euros, together with the bank financing obtained for the Group's expansion, made it possible to successfully undertake the 2025 investment strategy.

Net investment cash flow reflects an outflow of 299 million euros, mainly earmarked for the acquisitions of Laboratório Edol and SIFI. It is important to note that the previous major industrial investments (the Derio pharmaceutical plant and the nutrition factory in Huesca) were financed with own funds and are now in the operating phase.

This financing structure has made it possible not only to cover the acquisitions, but also to strengthen the Group's liquidity, with cash and cash equivalents at the end of the year standing at 117.3 million euros, a significantly higher figure than the 64.2 million euros recorded in the previous year.

The main line items in the statement of cash flows are summarised below:

Thousands of euros

	2025	2024
Net cash from operating activities (a)	78,490	116,098
Net Investment Flow (b)	(299,019)	(34,810)
Activity flow (a+b)	**(220,529)**	**81,288**
Financing cash flow (c)	273,619	(51,713)
Cash Increase (Decrease)	53,090	29,575
Cash and cash equivalents at 1 January	64,222	34,647
Cash and cash equivalents	**117,312**	**64,222**

Faes Farma on the Stock Exchange

At the end of the period, the Company's capitalisation exceeded 1,630 million euros, an increase of 48% compared with capitalisation at the end of 2024. The closing price for the year was 5.16 euros per share.

	2025	2024	%
Capitalisation (€m)	1,632	1,100	48%
Closing share price (€)	5.16	3.48	
Share capital (shares)	**316,223,938**	**316,223,938**	

Share capital at the end of 2025 comprised 316,223,938 shares with a par value of 0.10 euros, unchanged from 2024.

Shareholder remuneration

The most important aspects to highlight during 2025 have been:

Payment of the cash interim dividend for 2024, paid in January 2025 for a gross amount per share of 0.041 euros.

Complementary dividend from 2024 profit. The Company made a payment of 0.138 euros per share in July 2025.

In total, the sum of both items amounted to 0.179 euros per share.

Regarding remuneration charged against 2025, a first interim cash dividend of 0.041 euros per share was paid on 12 January 2026.

The Company has stated its intention to pay a dividend entirely in cash in the future, estimated to be paid mid-year and which, together with the previous dividend, will represent a pay-out of 50%.

Treasury shares

Total treasury shares amounted to 4,962,699 shares (1.57% of share capital), down by 12,548 shares compared with the previous year as a result of shares granted under the long-term incentive plan.

Risk management

Faes Farma Group's risk management integrates internal control, ethical culture and continuous monitoring of significant risks to support the achievement of strategic objectives and the protection of patients, people, assets, reputation and business sustainability.

The Audit and Compliance Committee supervises the Group's risk management based on analysis of Risk Maps, appetite and tolerance mechanisms, indicators (KRIs) and action plans that provide a reasonable and proportionate level of assurance in line with the nature and evolution of the environment. The main risks analysed are detailed below.

1.- Strategic

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 and specialisation in new therapeutic areas is our main strategy for mitigating these risks.

b) Governmental price control

Pharmaceutical products are highly regulated in terms of prices in most of the countries and main markets where the Group operates. In recent years, significant and wide-ranging price reduction schemes have been applied. In addition, the measures adopted by some public authorities to reduce healthcare expenditure repeatedly affect the same areas: application of fees, discounts, defunding of medicines, 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 very particularly, the time required for a new drug to complete its launch to market and, consequently, significantly affects its likelihood of success. These controls and the execution thereof could prompt certain products to be taken off the market. Similarly, the times and procedures required for registration modifications in each country could lead to potential stock shortages, for which the Group prepares in advance through the manufacture of safety stock and registration strategies adapted to the requirements of each local Administration.

d) Share price

The Parent Company of the Group, as a listed company, is exposed to share-price risk that could be adversely affected by any event resulting in a loss of confidence in the stock. For this reason, special emphasis is placed on the relationships with and information provided to investors and analysts.

e) Customers

The concentration of sales among an increasingly small number of distributors could pose a pricing risk, as prices may come under downward pressure for products without regulated prices, and could affect the credit risk granted to 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, we have a scientific department that leads the pharmacovigilance function and ensures patient safety, compliance with the regulations relating to this area, as well as civil liability insurance policies.

For its part, the animal nutrition and health sector is exposed to epidemiological diseases in animals, particularly African Swine Fever following the cases detected in Spain. The measures adopted by both the Administration and the pig sector are making it possible to contain its spread.

f) Product research and development

Pharmaceutical research and development projects are highly capital intensive, involving significant investment in resources and financing throughout the entire process. 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.

g) Licences granted by other pharmaceutical companies

The Faes Farma Group holds several licences granted by other pharmaceutical companies that account for 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.

h) 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.

2.- Operational

a) 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.

b) 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 and internalising manufacturing.

c) Systems and cybersecurity

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.

Digital transformation in the pharmaceutical industry represents an opportunity to optimise processes, improve traceability and facilitate access to information, but it also presents risks such as system obsolescence, the complexity of integrating new technologies with existing infrastructure and employee resistance to change.

In addition, cybersecurity risk has intensified in recent years. Pharmaceutical companies handle sensitive data and highly valuable intellectual property, meaning that a cyberattack may lead to the leak of confidential information, production stoppages or even regulatory non-compliance, which may result in significant financial and reputational consequences for the company.

The Group has a Security Master Plan and an organisational and governance model for the cybersecurity function, through which it promotes employee training and applies cybersecurity measures to reduce these risks.

3.- ESG

a) Environmental

Environmental risk goes beyond regulatory compliance and may involve, on the one hand, physical risks to people and facilities due to more frequent and severe extreme weather conditions or scarcity of natural resources required for manufacturing (e.g. water) and, on the other hand, risks relating to business adaptation to changes in patient/consumer preferences and diseases linked to the effects of climate change.

In addition, pharmaceutical industrial activity may have direct impacts on the environment, and the Group therefore employs mitigation strategies such as reducing its environmental footprint, ensuring protection of the local environment and resilience to future climate scenarios.

b) Employees

Employees are a fundamental asset 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 motivating remuneration policy and development and career plans are applied. In addition, rigorous occupational health and safety and risk-prevention plans are maintained at the Group's industrial plants, in compliance with the relevant legislation.

c) Change management

Adapting the Group's structure and strategy to market and sector trends is key to achieving sustainable growth. To this end, the Group has qualified profiles and an organisational structure that enable effective operational and governance management of processes, people and systems in order to align objectives, ensure control, facilitate internal communication, integrate new businesses and comply with regulations.

d) Communication

The Faes Farma Group carries out different types of communication with its customers, healthcare professionals, shareholders and investors, and other stakeholders, seeking transversal and collaborative leadership. 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.

4.- Compliance

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) Legislation and regulation

Possible significant future changes in the legislation in force in each geography where the Group operates could pose a risk, not only in relevant areas such as the manufacture of our products or sales (prices, distribution channels, etc.), but also in other areas such as commercial and promotional activity, the supply chain, information reporting and tax obligations, among others.

Similarly, increasing and changing environmental and social legislation requires compliance with regulations, non-compliance with which could result in sanctions or the closure of production plants. The Group works in various areas to avoid these risks, mainly through rigorous knowledge of and compliance with the rules, as well as by having highly qualified personnel to implement the appropriate controls and improvements.

c) Information management

Faes Farma's Management and Board of Directors manage inside information relating to the Group's situation, which is essential for appropriate strategic and operational decision-making. As a listed company, Faes Farma implements all necessary safeguards to protect this information, ensuring its confidentiality and strictly complying with applicable data-protection and transparency regulations.

Internal reports are also prepared to facilitate

informed decision-making, and financial and non-financial communications are prepared for both the stock market and the various public authorities, in compliance with legal reporting obligations. Aware that any error or omission in this information could lead to incorrect decisions, administrative sanctions or the dissemination of inaccurate data, the Group applies rigorous internal control measures that ensure the reliability and accuracy of all published information.

5.- Financial risks

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

Significant operational events

Operational transition to the new Derio facilities (Biscay)

Following approval by the Spanish Agency for Medicines and Medical Devices in December 2024, Faes Farma has begun the gradual plan to transfer production from the current Lamiako facilities to the new Derio plant.

This operational transition process, designed to be carried out in phases, guarantees continuity of supply while activity is migrated to a cutting-edge technological environment. The closure of the Lamiako stage and full operability in the Bizkaia Technology Park will not only optimise logistical efficiency, but will also complete the consolidation of the infrastructure needed to scale up manufacturing volume in line with the Group's strategic objectives.

Events after the reporting date

No significant events have occurred after the reporting date.

Other information

The Group does not use financial instruments to hedge its operations.

The average headcount increased by 446 people. This growth is mainly due to the incorporation of the teams from the new subsidiaries acquired.

The Company's average payment period was 47.7 days (2024: 48.8 days).

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

It is hereby stated that the 2025 Annual Corporate Governance and Remuneration Reports were approved by the Board of Directors of Faes Farma, S.A. on 24 February 2026, are included below as Annexes I and II to this consolidated management report and are also available on the websites of the Company (www.faesfarma.com) and the CNMV (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).

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version shall prevail.

www.faesfarma.com