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LABIANA HEALTH, S.A.
Y SUBSIDIARY COMPANIES

CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2022 TOGETHER WITH THE AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

BDO

LABIANA HEALTH, S.A.
AND SUBSIDIARIES

Consolidated Annual Accounts and Directors' Report for the financial year 2022 together with the Auditor's Report on the Consolidated Annual Accounts issued by an Independent Auditor

LABIANA HEALTH, S.A.
AND SUBSIDIARIES
AUDIT REPORT ON THE ANNUAL ACCOUNTS
CONSOLIDATED ANNUAL ACCOUNTS ISSUED BY AN
INDEPENDENT AUDITOR

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Audit report on the annual consolidated accounts
accounts issued by an independent auditor

To the shareholders LABIANA HEALTH, S.A.:

Opinion

We have audited the accompanying consolidated financial statements of LABIANA HEALTH, S.A. (the Parent Company) AND SUBSIDIARIES (the Group), which comprise the balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the consolidated notes to the financial statements for the year then ended.
the consolidated statement of changes in equity, the consolidated cash flow statement and the consolidated notes to the financial statements for the year then ended.
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, a true and fair view of the Group's net assets and financial position on 31 December 2022 and of its consolidated results and cash flows,
for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 3.a to the consolidated financial statements) and, in particular, with the accounting principles and criteria contained therein.
contained therein.

Basis of opinion

We conducted our audit in accordance with Spanish auditing standards.
Our responsibilities in relation to the audit of the consolidated financial statements in our report are described below in the Auditor's responsibilities in relation to the audit of the consolidated financial statements.
We are independent of the Group in accordance with the ethical requirements, including independence requirements, which are applicable to our audit of the consolidated annual accounts in Spain as consolidated financial statements in Spain as required by the regulations governing the audit activity. In this regard, we have not provided services other than auditing of accounts, nor have there been any situations or circumstances which, in accordance with the provisions of the aforementioned regulations, could lead to the audit of the consolidated annual accounts in Spain, as required by the regulations governing the auditing of accounts.
in accordance with the provisions of the aforementioned regulations, have affected the necessary independence in such a way as to compromise it.

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

Material uncertainty related to the going concern

We draw attention to the statement in note 3.d of the notes to the financial statements that the Group has been incurring consolidated losses attributed to the parent company in the years ended 31 December 2022 and 2021, amounting to 8,943 Euros and 1,775 Euros. In addition, consolidated working capitalon 31 December 2022 and 2021 is negative by 6,308 Euros and 1,040 respectively. As mentioned in Note 3.d, these events or conditions, together with other matters discussed in Note 3.d, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion has not been modified in relation to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.
In addition to the matter described in the section Material Uncertainty Related to Going Concern, we have determined that the matters described below are the key audit matters to be communicated in our report.

Key points in the audit	Audir Response
Valuation of capitalised development expenditure As described in notes 4-.a and 6 to the accompanying consolidated financial statements, the Group has intangible assets for capitalised development project expenditure with a net carrying amount of 8,268 million Euros recognised on 31 December 2022. These expenses must be specifically itemised by project and have economic and commercial profitability reasons, among other requirements, in order to be capitalised in the Group's balance sheet. In addition, the assessment by the Parent Company's management and directors of their recoverable value or need for impairment involves making value judgements and estimates. For these reasons, we have considered the valuation of these assets as a key audit matter.	Understanding of the policies and procedures applied by the Group for the capitalisation of development costs. We have held meetings with the Technical Management, discussing the activation policies being followed, the schedule of planned investments and the expected future revenue streams at the conclusion of the projects. We have analysed a sample of castes which have been capitalised in projects during the year, obtaining evidence such as the following We obtained evidence such as the hours and cost incurred by workers on the different projects and the cost of external collaborators. We have obtained a breakdown of the book value of individual development expenses by project and analysed the reasonableness of the recoverable value of these by reviewing the reasonableness of the assumptions, reviewing the arithmetic calculation, analysing the sales projections and their profitability, as well as testing the recoverable value of the projects. We have verified the correct amortisation of the recoverable value of these assets. We have verified the correct amortisation of the various projects activated in view of the useful life of the projects themselves. Finally, we have verified that the notes to the consolidated financial statements include the related disclosures required by the applicable financial reporting framework. In this regard, Notes 4.a. and 6 of the Notes 4.a. and 6 to the accompanying consolidated annual accounts include the aforementioned disclosures.

Paragraph of emphasis

We draw attention to not 3.h of the accompanying notes to the consolidated financial statements, which states that the Board of Directors of the Parent Company formulated, on 27 April 2023, the Consolidated Financial Statements of the Group for the year ended 1 December 2022. Subsequent to that date, it decided to restate the Consolidated Financial Statements for that year, correcting certain errors and recalculating estimates associated with the recoverable amount of various assets, based on new information available. Our option relates exclusively to the Consolidated Financial Statements for the year ended 31 December 20Z2, as restated on 7 June 2023.

Other information

The other information includes, but is not limited to, the audited management report for the financial year 2022, the preparation of which is the responsibility of the Board of Directors of the parent company and does not form an integral part of the audited annual financial statements. Our audit opinion on the consolidated financial statements does not cover the consolidated financial statements. Our responsibility for the consolidated management report, as required by auditing standards, consists of:

a) Check only that the consolidated non-financial information statement has been provided in the form provided for in the applicable regulations and, if not, report it.

b) Assessing and reporting on the consistency of the other information included in the consolidated management report with the consolidated annual accounts, based on the knowledge of the Group obtained from the audit of the consolidated accounts, and assessing and reporting on whether the conĘncy and presentation of this part of the consolidated annual accounts is consistent with the consolidated annual accounts. The consolidated management information is consistent with the applicable regulations. If, on the basis of the work we have carried out, we conclude that there are material misstatements, we are obliged to informally report them.

On the basis of the work carried out, as described above, we have verified that the information referred to in paragraph a) above is provided in the form provided for in the applicable regulations and that the summary of the information contained in the management report is in accordance with the applicable regulations and that the content and presentation of the information is in accordance with the applicable regulations.

Liability of the directors and the audit committee in relation to the annual accounts as adopted

The directors of the Parent Company are responsible for preparing the accompanying consolidated annual accounts so that they give a true and fair view of the Group's equity, financial position and results of operations in accordance with the regulatory framework for financial reporting.ie/a applicable to the Group in Spain, and of the Inferno gue considered necessary to allow the preparation of consolidated annual accounts free from material misstatement, due to fraride to error.

In the preparation of the consolidated annual accounts, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as appropriate, the issues relating to going concern and using the going concern principle unless the directors intend to wind up the Group or cease operations, or there is no other realistic alternative.

The Audit Committee of the Host Company is responsible for the oversight of the process for the preparation and presentation of the consolidated annual accounts.
Responsibilities of the auditors in relation to the audit of the annual consolidated accounts.

Our primary objectives are to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report containing our opinion.

Reasonable assurance is a high degree of assurance, but does not guarantee that an audit performed in accordance with the regulations governing the auditing of accounts in Spain will always detect a material misstatement (where one exists). Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they can reasonably be expected to influence the economic decisions that users make on the basis of the consolidated annual accounts.

As part of an audit in accordance with the regulations governing the auditing of accounts in Spain, we apply our professional judgement and maintain an attitude of professional scepticism throughout the audit.

Also:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of detecting a material misstatement due to fraud is higher than for a material misstatement due to error because fraud may involve collusion, forgery, intentional omissions, misstatements, or the circumvention of internal control.

- Obtain knowledge of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Parent Company.

We conclude on the appropriateness of the Parent Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if those disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to be a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- We obtain sufficient appropriate evidence regarding the financial information of entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We are solely responsible for our audit opinion.

We communicate with the audit committee of the Parent Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings and any significant deficiencies in control that we identify during the course of the audit.

We also provided the audit committee of the Parent Company with a statement that we have complied with applicable ethical requirements, including independence requirements, and have communicated with the audit committee to report matters that reasonably could pose a threat to our independence and, where appropriate, related safeguards.

Among the matters that have been communicated to the Group audit committee, we have identified those matters that were of most significance in the audit of the current period's financial statements and which are, accordingly, the key audit matters.
We described those matters in our auditor's report except where legal or regulatory provisions prohibited public disclosure of the matter.

Report on other legal and regulatory requirements

Additional Report to the Parent Company's Audit Committee the opinion expressed in this report is consistent with that expressed in our additional report to the audit committee of the Parent Company dated 28 June 2023. 2023.

Key Issues of the audit

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

In addition to the matter described in the material uncertainty section relating to going concern Going concern, we have determined that the matters described below are the key audit matters that should be communicated in our report.

BDO Auditores, S.L.P. (ROAC nº S1273)

Ramt n Roger Rull (ROAC 16.887)
Socio - Auditor de Cuentas

29 de junio de 2023

Col·legi
de Censors Jurats
de Comptes
de Catalunya

PER INCORPORAR AL PROTOCOL

BDO AUDITORES, S.L.P.

2023 Núm. 20/23/12923

Informe d'auditoria de comptes subjecte a la normativa d'auditoria de comptes espanyola o internacional

LABIANA HEALTH, S.A. AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

LABIANA HEALTH, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022 AND 2021

(Expressed in euro)

ACTIVE	Notes to the Memory	31/12/2022	31/12/2021
NON-CURRENT ASSETS		**32.022.310,16**	**38.955.900,46**
Intangible assets	Note 6	9.044.489,59	12.736.107,12
Tangible fixed assets	Note 7	20.636.467,23	20.381.679,74
Land and buildings		5.540.577,49	5.640.126,41
Technical installations and other tangible fixed assets		13.096.432,78	13.679.921,48
Fixed assets under construction and advances		1.999.456,96	1.061.631,85
Long-term financial investments		1.417.923,95	4.397.689,74
Holdings in group companies not consolidated and other	Note 12	641.907,53	419.769,42
Other long-term loans	Note 9.2 and 24.1	414.000,00	3.854.160,82
Other financial investments	Note 12	362.016,42	123.759,50
Deferred tax assets	Note 17	923.429,40	1.440.423,86
CURRENT ASSETS		28.756.929,50	29.411.227,38
Stocks	Notes 9.2 and 15	**13.832.903,19**	**14.919.020,78**
Trade and other receivables		**11.907.729,61**	**10.952.728,99**
Customers for sales and services	Note 9.2 and 24.1	8.777.668,10	7.934.142,63
Sundry debtors	Note 9.2	126.847,64	161.151,19
Staff	Note 9.2	141.727,53	29.752,51
Current tax assets	Note 17	1.788.196,30	1.650.689,20
Other receivables from general government	Note 17	1.073.290,04	1.176.993,46
Short-term financial investments	Note 9.2	**23.382,62**	**11.448,36**
Short-term accruals		**472.076,15**	**244.869,99**
Cash and cash equivalents	Note 9.1	**2.520.837,93**	**3.283.159,26**
TOTAL ASSETS		**60.779.239,66**	**68.367.127,84**

LABIANA HEALTH, S.A.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022 AND 2021

(Expressed in euro)

EQUITY AND LIABILITIES	Notes to the Memory	31/12/2022	31/12/2021
NET WORTH		**6.906.651,35**	**11.522.189,72**
Own funds		**7.034.559,90**	**11.588.006,61**
Capital	**Note 14.1**	**722.125,50**	**618.787,60**
Share premium	**Note 14.2**	**8.198.233,23**	**3.134.676,13**
Reserves and prior years' results	**Note 14.3**	**5.061.044,82**	**5.859.978,63**
Reserves in consolidated companies	**Note 14.4**	**2.290.492,01**	**3.749.803,89**
(Company's own equity shares Dominant)	**Note 14.5**	**(294.725,76)**	**-**
Attributable profit for the year to the parent company	**Note 21**	**(8.942.609,90)**	**(1.775.239,64)**
Consolidated profit and loss		(9.110.815,78)	(2.110.318,45)
Profit and loss attributable to minority interests		168.205,88	335.078,81
Adjustments for changes in value		**581.349,94**	**434.539,51**
Grants, donations and legacies received	**Note 23**	**127.096,25**	**55.062,00**
External Partners	**Note 5**	**(836.354,73)**	**(555.418,40)**
NON-CURRENT LIABILITIES		**18.807.861,04**	**26.393.280,50**
Long-term provisions	**Note 22**	**82.333,66**	**79.594,24**
Long-term debts	**Note 10.1**	**18.326.249,67**	**25.990.780,65**
Amounts owed to credit institutions		12.809.947,18	15.741.781,27
Finance lease payables		1.488.770,57	1.824.737,65
Other financial liabilities		4.027.531,92	8.424.261,73
Deferred tax liabilities	**Note 17**	**399.277,70**	**322.905,61**
CURRENT LIABILITIES		**35.064.727,27**	**30.451.657,62**
Short-term debts	**Note 10.1**	**20.193.595,70**	**19.497.897,53**
Amounts owed to credit institutions		10.527.906,41	11.249.556,82
Finance lease payables		619.510,57	490.030,88
Other financial liabilities		9.046.178,72	7.758.309,83
Trade and other payables		**14.871.131,58**	**10.953.760,09**
Suppliers	Note 10.1	11.327.777,52	8.583.017,41
Sundry creditors	Note 10.1	1.236.196,08	676.108,59
Staff (outstanding salaries)	Note 10.1	1.083.125,18	692.775,43
Current tax liabilities	Note 17	-	5.946,73
Other debts to public administrations	Note 17	763.640,24	724.664,54
Customer advances	Note 10.1	460.392,55	271.247,39
TOTAL EQUITY AND LIABILITIES		**60.779.239,66**	**68.367.127,84**

LABIANA HEALTH, S.A.
AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022 AND 2021
(Expressed in euro)

PROFIT AND LOSS ACCOUNT	Notes to the Annual Report	31/12/2022	31/12/2021
Net turnover	**Note 26**	**57.848.451,87**	**56.956.013,78**
Net sales		52.383.524,56	50.043.707,48
Provision of services		5.464.927,31	6.912.306,30
Change in stocks of finished goods and work in progress		**(2.551.948,89)**	**417.414,22**
Work carried out by the company on its fixed assets	**Notes 6 and 7**	**2.909.475,46**	**2.486.977,71**
Procurement	**Note 18.a**	**(25.573.243,50)**	**(24.863.272,37)**
Consumption of goods		(3.808.222,43)	(3.256.746,66)
Consumption of raw and other materials		(20.672.367,03)	(20.242.426,43)
Work carried out by other companies		(1.235.178,56)	(989.545,95)
Impairment of goods, raw materials and other supplies.		142.524,52	(374.553,33)
Other operating income		**344.739,90**	**100.942,44**
Ancillary and other current revenues		344.739,90	100.942,44
Staff costs		**(18.799.164,94)**	**(17.745.641,27)**
Wages, salaries and similar		(14.875.593,01)	(13.920.642,54)
Social charges	Note 18.b	(3.923.571,93)	(3.824.998,73)
Provisions			-
Other operating expenses		**(11.535.804,76)**	**(11.737.983,31)**
External services		(11.182.612,02)	(11.200.576,74)
Tributes		(504.090,00)	(491.208,58)
Losses, impairment and change in provisions for trading operations		150.897,25	(46.197,99)
Depreciation of fixed assets	**Notes 6 and 7**	**(4.838.306,21)**	**(5.004.875,03)**
Impairment and gains/losses on disposal of fixed assets		**(3.837.763,28)**	**9.839,88**
Impairments and losses	Note 6	(3.827.216,24)	-
Gains/losses on disposals and other		(10.547,04)	9.839,88
Other results		**(33.700,58)**	**(1.827,75)**
OPERATING INCOME		**(6.067.264,94)**	**617.588,30**
Financial income		**624.103,74**	**133.728,50**
Financial expenses		**(2.107.085,70)**	**(2.129.013,58)**
Exchange rate differences		**(128.461,91)**	**(668.292,07)**
Impairment and gains/losses on disposals of financial instruments		**(160.972,94)**	**(77.669,90)**
FINANCIAL RESULT		**(1.772.416,79)**	**(2.741.247,05)**
PROFIT BEFORE TAX		**(7.839.681,73)**	**(2.123.658,75)**
Profit tax	**Note 17**	**(1.271.134,04)**	**13.340,30**
CONSOLIDATED RESULT FOR THE YEAR		**(9.110.815,77)**	**(2.110.318,45)**
Profit attributable to minority interests	**Note 5**	**(168.205,88)**	**(335.078,81)**
ATTRIBUTED RESULT TO THE PARENT COMPANY		**(8.942.609,89)**	**(1.775.239,64)**

LABIANA HEALTH, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS 2022 AND 2021

(Expressed in euro)

	Notes to the Memory	2022	2021
RESULT OF THE ACCOUNT PROFIT AND LOSS ACCOUNT		**(9.110.815,77)**	**(2.110.318,45)**
Directly Charged Income and Expenditure to net worth:			
Grants, donations and legacies received (Note 23)		114.399,67	27.531,00
Conversion difference		146.810,43	436.605,80
Tax effect (Note 17)		(42.365,42)	-
TOTAL IMPUTED INCOME AND EXPENDITURE DIRECTLY IN EQUITY		**218.844,68**	**464.136,80**
Transfers to the profit and loss account:			
Grants, donations and legacies received (Note 23)		-	-
Tax effect (Note 17)		-	-
TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT		**-**	**-**
TOTAL RECOGNISED INCOME AND EXPENDITURE		**(8.891.971,09)**	**(1.646.181,65)**

LABIANA HEALTH, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2022 AND 2021

(Expressed in euro)

	Capital Deeded	Premium for Broadcast	Reservations and Results of Exercises Previous	Reservations consolidated	(Shares in Own assets)	Result of the Exercise attributed to The Company Dominant	Exchange Rate Adjustments of Value	Subsidies	Partne rs External	Total
BALANCE AT THE END OF 2020	**618.787,60**	**3.134.676,13**	**5.792.871,39**	**3.649.662,88**	**-**	**1.073.710,49**	**(2.066,29)**	**27.531,00**	**-**	**14.295.173,20**
Total recognised income and expenses	**-**	**-**	**-**	**-**	**-**	**(1.775.239,64)**	**436.605,80**	**27.531,00**	**(335.078,81)**	**(1.646.181,65)**
Transactions with partners or owners	**-**	**-**	**200.000,00**	**(1.106.462,24)**	**-**	**-**	**-**	**-**	**(220.339,59)**	**(1.126.801,83)**
Dividend distribution	-	-	200.000,00	(200.000,00)	-	-	-	-	-	-
Increase (decrease) in equity net result of a business combination	-	-	-	(906.462,24)	-	-	-	-	(220.339,59)	(1.126.801,83)
Other changes in equity:	**-**	**-**	**(132.892,76)**	**1.206.603,25**	**-**	**(1.073.710,49)**	**-**	**-**	**-**	**-**
Distribution of results of the previous year	-	-	(132.892,76)	1.206.603,25	-	(1.073.710,49)	-	-	-	-
BALANCE AT THE END OF 2021	**618.787,60**	**3.134.676,13**	**5.859.978,63**	**3.749.803,89**	**-**	**(1.775.239,64)**	**434.539,51**	**55.062,00**	**(555.418,40)**	**11.522.189,72**
Total recognised income and expenses	**-**	**-**	**-**	**-**	**-**	**(8.942.609,89)**	**146.810,43**	**72.034,25**	**(168.205,88)**	**(8.891.971,10)**
Transactions with partners or owners	**103.337,90**	**5.063.557,10**	**(553.236,45)**	**-**	**(294.725,76)**	**-**	**-**	**-**	**-**	**4.318.932,79**
Capital increase (Note 14.1)	103.337,90	5.063.557,10	-	-		-	-	-	-	5.166.895,00
Equity issuance costs (Note 14.2)	-	-	(435.864,08)	-	-	-	-	-	-	(435.864,08)
Transactions in shares own (net) (Note 14.3)	-	-	(117.372,37)	-	(294.725,76)	-	-	-	-	(412.098,13)
Other changes in equity:			**(245.697,36)**	**(1.459.311,88)**	**-**	**1.775.239,64**	**-**	**-**	**(112.730,45)**	**(42.500,06)**
Distribution of results of the previous year	-	-	(245.697,36)	(1.529.542,27)	-	1.775.239,64	-	-	-	-
Other movements	-	-	-	70.230,39	-	-	-	-	(112.730,45)	(42.500,06)
BALANCE AT THE END OF 2022	**722.125,50**	**8.198.233,23**	**5.061.044,82**	**2.290.492,01**	**(294.725,76)**	**(8.942.609,89)**	**581.349,94**	**127.096,25**	**(836.354,73)**	**6.906.651,35**

LABIANA HEALTH, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS FOR 2022 AND 2021

(Expressed in euro)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES	**4.678.432,72**	**3.906.357,69**
Profit for the year before tax	**(7.839.681,73)**	**(2.123.658,75)**
Adjustments to the result	**9.810.577,02**	**7.448.442,43**
Depreciation of fixed assets	4.838.306,21	5.004.875,03
Valuation adjustments for impairment	3.544.341,51	420.751,32
Allocation of subsidies	(55.062,00)	27.531,00
Financial income	(624.103,74)	(133.728,50)
Financial expenses	2.107.095,04	2.129.013,58
Changes in working capital	**4.324.387,80**	**1.685.413,83**
Stocks	1.086.117,59	(847.971,67)
Debtors and other receivables	(817.493,52)	3.142.292,73
Other current assets	(227.206,16)	2.415,31
Creditors and other accounts payable	4.280.230,47	(610.403,00)
Other current liabilities	2.739,42	(919,54)
Other cash flows from operating activities	**(1.616.850,37)**	**(3.103.839,82)**
Interest payments	(2.107.095,04)	(2.129.013,58)
Charging interest	624.103,74	133.728,50
Profit tax receipts (payments)	(133.859,07)	(1.079.296,23)
Other (payments)/collections	-	(29.258,51)
CASH FLOWS FROM INVESTING ACTIVITIES	**(2.945.366,77)**	**(7.225.395,60)**
Investment payments	**(6.385.527,59)**	**(9.586.699,56)**
Intangible assets	(2.670.809,50)	(2.469.669,16)
Tangible fixed assets	(2.781.993,77)	(2.295.404,69)
Additions due to business combinations	-	(1.101.404,76)
Other financial assets	(932.724,31)	(3.720.220,95)
Divestment proceeds	**3.440.160,82**	**2.361.303,96**
Group companies	-	2.361.303,96
Other financial assets	3.440.160,82	-
CASH FLOWS FROM FINANCING ACTIVITIES	**(2.495.387,28)**	**5.056.281,45**
Proceeds from and payments for equity instruments	**4.173.644,75**	**(1.126.801,53)**
Capital increases	4.585.742,89	-
Acquisition of own equity instruments	(412.098,14)	-
Decrease in equity due to business combination	-	(1.126.801,53)
Proceeds and payments for financial liability instruments	**(6.669.032,03)**	**6.183.082,98**
Broadcast	**736.664,76**	**8.743.102,47**
Amounts owed to credit institutions	-	1.817.102,47
Other debts	736.664,76	6.926.000,00
Repayment and amortisation of:	**(7.405.696,79)**	**(2.560.019,49)**
Amounts owed to credit institutions	(3.560.171,11)	-
Other debts	(3.845.525,68)	(2.560.019,49)
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS	**(762.321,33)**	**1.737.243,54**
Cash or cash equivalents at beginning of the year	3.283.159,26	1.545.915,72
Cash or cash equivalents at year end	2.520.837,93	3.283.159,26

LABIANA HEALTH, S.A. AND SUBSIDIARIES

CONSOLIDATED REPORT FOR THE FINANCIAL YEAR 2022

NOTE 1. INCORPORATION, BUSINESS AND LEGAL STATUS OF THE PARENT COMPANY

a) Incorporation and registered office of the parent company

LABIANA HEALTH, S.A. (formerly **SEVEN PHARMA, S.L.)** (hereinafter "the Company"), was incorporated in Madrid on 18 December 2017, the date on which the deed of transfer of domicile, acquisition of nationality, change of name and amendment of articles of association to Spanish law was notarised. Until that date, the Company was called Seven Pharma, B.V. and was domiciled in Rotterdam (The Netherlands). Its current registered office is in Madrid, Avenida de Europa, 34 letter D, first floor, Pozuelo de Alarcón.

On 21 December 2021, the Board of Directors of the Company approved the transformation of the Company into a Public Limited Company. On 28 February 2022, the application for registration was filed with the Madrid Mercantile Registry and the transformation was effectively registered on 10 March 2022.

b) Activity of the Parent Company

According to the Parent Company's Articles of Association, its business activity shall be aimed at:

- Participating in the financing or having any other interest in, or directing the management of, other legal entities, partnerships or companies.

- Providing guarantees and assuring the performance thereof or otherwise assuming liability, joint and several or otherwise, for or in connection with the obligations of Group companies or third parties.

- To do everything that, in the broadest sense of the word, is related to or can lead to the achievement of that objective.

c) Activity of Group companies

The main activity of the subsidiaries consists of the marketing of its own veterinary products, the provision of manufacturing services of pharmaceutical and veterinary products for third parties, the provision of services aimed at the renewal of product registrations, the creation and updating of dossiers and advice on procedures with the health authorities for third parties and its own, the development of new pharmaceutical and veterinary products, and reformulations of existing products, as well as any other activity related to the aforementioned corporate purpose.

d) Legal Regime of the Parent Company

The Parent Company is governed by its Articles of Association and by the Capital Companies Act in force.

e) Quotation on Stock Exchanges

On 9 February 2022, the Parent Company approved at its Shareholders' Meeting the transformation of the Parent Company into a public limited company, as well as the request to include all of the Parent Company's shares in circulation at that time in the BME Growth segment of BME MTF Equity, as well as those issued between the date of said Meeting and the effective date of listing of the shares.

On 22 June 2022, the Board of Directors of Bolsas y Mercados Españoles, Sistemas de Negociación, S.A. approved the incorporation of 7,221,255 shares of 0.10 euro par value each into the BME Growth segment of BME MTF Equity with effect from 24 June 2022. The Parent Company appointed Norgestión, S.A. as Registered Advisor and GVC Gaesco Valores, S.V., S.A. as Liquidity Provider. On 28 February 2023, the Company's Registered Advisor was changed to VGM Advisory Partners, S.L.U.

As indicated in notes 2.h and 20, the Board of Directors of the Parent Company prepared the Consolidated Financial Statements for the year ended 31 December 2022 on 27 April 2023. Subsequent to that date and as the auditors of the Parent Company and the Group did not issue the audit report of the Parent Company and the Consolidated Financial Statements of the Group before 30 April 2023, on 2 May 2023 BME Growth suspended the listing of the Company.

f) Effect of COVID on the Group

The impact of COVID has had several aspects on the company's business and costs:

- Internally, absenteeism has increased, especially in the first part of the year 2022, resulting in higher costs for temporary staff hired.

- Shortages of caps, vials and filters, which were destined for vaccine manufacturing, were also experienced earlier in the year and have not allowed full fulfilment of manufacturing orders by customers.

- Following in the wake of 2021, 2022 began with rising costs and delays in transport costs, especially for those raw materials and APIs coming from China.

NOTE 2. GROUP COMPANIES

The Parent Company holds, directly or indirectly, interests in various domestic companies and directly and indirectly controls them. As indicated in Note 1, the Parent Company was already the owner of the subsidiaries' shareholdings in previous years. However, as it was domiciled outside Spain, it was not obliged to prepare consolidated annual accounts. Therefore, at 1 January 2018, the first consolidation of the Group companies was carried out. For accounting purposes, this date coincides with the partial spin-off and merger between two of the subsidiaries described in the following section.

a) Subsidiaries Included in the Scope of Consolidation

The detail of the subsidiaries included in the scope of consolidation for 2022 using the full consolidation method is as follows:

	DirectIndirect Percentage of t Participation	Percentage of Participation DirectIndirec	Consolidation Method Applied
Labiana Life Sciences, S.A.U.	100,00	-	Global integration
Labiana Pharmaceuticals, S.LU.	100,00	-	Global integration
Veterinarski zavod d.o.o. Subotica	-	100,00	Global integration
Labiana México, S.A de C.V.	-	95,00	Global integration
Zoleant ILAC	-	51,00	Global integration
Ecuador-Labiana, S.A.	-	100,00	Global integration
L.O. Vaccines, S.L.	-	100,00	Global integration

The summary of the registered office and corporate purpose of the investee companies is as follows:

	CompanyName and	registered officeSubject matter
Labiana Life, S.A.U.	Avenida Europa, 34-D, 1º floor, Madrid	Manufacture and constitution of pharmaceutical products
Labiana Pharmaceuticals, S.L.U.	c/ Casanovas 27-31, Corbera de Llobregat, Barcelona	Manufacture and constitution of pharmaceutical products
Veterinarski zavod d.o.o. Subotica	Bulevar kralja Aleksandra 28, Belgrade, Republic of Serbia	Manufacture and marketing of pharmaceuticals
Labiana México, S.A de C.V.	Ciudad de Tejería (Veracruz)	Marketing of pharmacological products and marketing of veterinary instruments.
Zoleant Turkey	ILACRepublic of	Manufacture, research and development, marketing, storage and packaging of animal pharmaceuticals.
Ecuador-Labiana, S.A.	Ecuador	Manufacture, research and development, marketing, storage and packaging of animal pharmaceuticals.
Lo Vaccines, S.L.	Calle Roa de la Vega, 4, León	Manufacturing and marketing of pharmaceutical products

The objects and registered offices of the investees included in the scope of consolidation at 31 December 2022 are as follows:

<u>Labiana Life Sciences, S.A.U.</u>

Its main activity consists of the marketing of its own veterinary products, the provision of manufacturing services of pharmaceutical and veterinary products for third parties, the provision of services aimed at the renewal of product registrations, the creation and updating of dossiers and advice on procedures with the health authorities for third parties and its own, the development of new pharmaceutical and veterinary products, and reformulations of existing products, as well as any other activity related to the aforementioned corporate purpose. Its current registered office is in Madrid, Calle Serrano, 93.

Labiana Pharmaceuticals, S.L.U.

Its main activity consists of the manufacture and constitution of pharmaceutical products, as well as activities in the fields of biotechnology, pharmaceuticals, cosmetics, chemicals and foodstuffs. Its industrial facilities are located in Corbera de Llobregat (Barcelona).

Veterinarski zavod a.d., Subotica

Its core business is the manufacture, research and development, marketing, storage and packaging of animal pharmaceuticals.

On 8 December 2021, Labiana South East Europe d.o.o. Beograd-Vracar and Veterinarski zavod a.d., Subotica were merged into Labiana South East Europe d.o.o. Beograd-Vracar. However, it has changed its name to Veterinarski zavod d.o.o. Subotica.

Labiana de México, S.A. de C.V.

Its main activity consists of the commercialisation of pharmacological products and the commercialisation of veterinary instruments. Its current address is in the city of Tejería (Veracruz, Mexico).

Zoleant ILAC

Its main activity consists of manufacturing, research and development, marketing, storage and packaging of animal pharmaceuticals. Its current registered office is in the Republic of Turkey, and its corporate purpose is to

Ecuador - Labiana, S.A.

Its main activity consists of the manufacture, research and development, marketing, storage and packaging of animal pharmaceuticals. Its current domicile is in Ecuador.

LO Vaccines, S.L.

Its main activity consists of the manufacture and marketing of pharmaceutical products. The company was created to carry out a transaction with Laboratorios Ovejero, which in the end did not come to fruition, so the company is currently inactive. Its current registered office is at calle Roa de la Vega, 4, León (Spain).

The financial year of the Parent and Subsidiaries begins on 1 January and ends on 31 December of each year. The latest Annual Accounts prepared are for the financial year ended 31 December 2021.

b) Subsidiaries Excluded from the Consolidation Perimeter

On 31 December 2022, the Parent Company holds the following interests in subsidiaries, which have not been included in the scope of consolidation as the Parent Company's Board of Directors considers that, due to their size and very limited activity, they are currently irrelevant to the overall picture of the consolidated Group.

	Percentage of Participation
Labiana Development, S.L.U.	100,00
Aquilon CyL, S.L.	5,67
Trichome Pharma, S.L.	10,96

NOTE 3. BASIS OF PRESENTATION OF THE ACCOUNTS CONSOLIDATED ANNUAL ACCOUNTS

a) Basis of Presentation

The accompanying consolidated financial statements at 31 December 2022 have been prepared on the basis of the accounting records of the various companies comprising the Group, whose respective financial statements are prepared in accordance with prevailing commercial legislation and the rules established in the Spanish General Accounting Plan approved by Royal Decree 1514/2007, of 16 November, applying the amendments introduced therein by Royal Decree 1159/2010, of 17 September, and Royal Decree 602/2016, of 2 December and Royal Decree 1/2022, of 12 January, in the case of Spanish companies, and are presented in accordance with the provisions of Royal Decree 1159/2010 of 17 September, in order to give a true and fair view of the consolidated net worth, financial position and results, as well as the veracity of the flows included in the Consolidated Statement of Cash Flows.

These Consolidated Annual Accounts have been prepared by the Board of Directors of the Parent Company. The different items in the individual annual accounts of each of the companies have been subject to the corresponding valuation homogenisation, adapting the criteria applied to those used in consolidation.

b) Presentation Currency

In accordance with current accounting legislation, the Consolidated Financial Statements are presented in euros.

c) Responsibility for Information and Estimates Made

The information contained in these Consolidated Financial Statements is the responsibility of the Parent Company's Board of Directors. In these Consolidated Financial Statements estimates have been made in order to measure certain of the assets, liabilities, income, expenses and commitments reported herein.

Basically these estimates relate to:

- The assessment of possible impairment losses on certain assets such as inventories or trade receivables.

- The estimation of useful lives of intangible and tangible assets.

- The assessment of the recoverability of tax assets.

- The assessment of activated development expenditure.

Although these estimates were made on the basis of the best information available at the date of restatement of the Consolidated Financial Statements, it is possible that future events may make it necessary to change these estimates in future periods. If so, this would be done prospectively, recognising the effects of the change in estimate in the related profit and loss accounts.

d) Critical Aspects of Uncertainty Valuation and Estimation

On 31 December 2022, for the second consecutive year, the Group has a negative profit before tax of 7,840 thousand Euros (negative by 2,123 Euros in the previous year). On 31 December 2022, the Group also has a negative working capital of 6,308 Euros (1,040 in the previous year). In addition, the Group is experiencing cash flow tensions due to the high level of indebtedness of the companies that form part of the Group and the increase in interest rates in the financial markets. As a result of this situation, some Group companies have defaulted on certain payments to creditors and have reached agreements with creditors to negotiate payment conditions and the agreed payment schedule.

All of the above factors indicate the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern.

At the date of redrafting these consolidated financial statements, the management of the Parent Company and of the Group, aware of this situation, is, on the one hand, in conversations with its lenders to obtain new schedules and conditions for refinancing its debt, which include the possibility of carrying out lease-back operations on its real estate assets. On the other hand, it is also in negotiations with several investment entities to obtain new financing formulas that will allow the Group to meet its present and future payment obligations, its investment needs and to continue with the normal development of its activity, although no agreement has been formalised. Considering the numerous proposals that are open and the degree of progress of the same, the management of the Parent Company and of the Group considers that there is a high probability that some of them will come to fruition. In this regard, on 24 April 2023, the BME was informed of the signing of an agreement of intent between the Group and Miralta Finance Bank, S.A. and Blantyre Capital Limited to grant financing to the Group for a total amount of 20 million euros. The final signing of the transaction is subject to satisfactory due diligence and documentation by the lender.

Turnover in 2022 is higher compared to 2021.

On the other hand, *profit sharing* contracts for fosfomycin started to bear fruit in 2022, mainly in the US, with a significant volume of business.

Sales are expected to grow in the coming year both due to the recovery of the CDMO market, following the depletion of stocks due to overstocking caused by COVID-19, and the launch of new products developed in the veterinary field, which have been registered or are in the process of being registered in several countries.

This, together with an improvement in margins and containment of operating expenses, should allow for the return to generating sufficient cash flows to be able to meet the disbursements to be made in the coming years and to face the challenges that have not yet been met despite being included in the business plan, linked to improving productivity and increasing production capacity.

On the other hand, the Group's balance sheet as on 31 December 2022 shows in its assets "Developments" with a net book value as at that date of 8,268 Euros (9,649 in the previous year), which mainly corresponds to research projects developed internally to obtain new components or applications for existing APIs. The Parent Company's Board of Directors has analysed the economic-financial viability of all the projects together with that of the business itself, and has considered that there are sound reasons to keep them capitalised for the amount at which they appear in the combined assets, proceeding to the impairment of those for which either it has not obtained sufficient evidence of their future profitability or the current assumptions are that they will obtain negative returns. In addition, given the start of registration of some of the products and the *profit sharing* revenues from fosfomycin, the amortisation of some of the capitalised projects has begun.

In addition, as indicated in note 17, in view of the projections prepared by Group management, it was considered appropriate, in accordance with the applicable financial reporting framework, to derecognise the unused tax credits recognised by Labiana Life Sciences, S.AU. and LO Vaccines, S.L., as well as the tax credit for the tax loss carryforwards recognised by both companies.

In view of the foregoing, and despite the uncertainty inherent in some of the aforementioned aspects, the Board of Directors of the Company has decided to prepare these financial statements on a going concern basis.

e) Comparison of information

In accordance with commercial legislation, the Board of Directors presents, for comparative purposes with each of the items of the Balance Sheet, the Profit and Loss Account and the Statement of Changes in Equity, the Statement of Cash Flows, in addition to the figures for the financial year 2022, the figures for the previous financial year. The items of both financial years are comparable and homogeneous.

f) Changes in Accounting Policies

No changes in accounting policies have been made.

g) Correction of Errors

See note 2.h.

h) Restatement of Annual Accounts

The Board of Directors of the Parent Company prepared the Consolidated Financial Statements for the year ended 31 December 2022 on 27 April 2023. However, subsequent to such formulation, the Board of Directors itself determined that there were misstatements in the Consolidated Financial Statements and, in addition, there were certain estimates that had not been accounted for with a sufficient level of prudence. Therefore, on 24 May 2023, the Board of Directors of the Company decided to revoke the formulation initially made on 27 April 2023 and to restate the Consolidated Financial Statements for the year 2022. The main effect on certain items is due to the high degree of uncertainty regarding the recoverability of certain development projects activated by the Group, in addition to the derecognition of all deferred tax assets related to deductions pending application and tax losses of the companies Labiana Life Sciences, S.A.U. and LO Vaccines, S.L. Finally, goodwill from its subsidiaries Zolean ILAC and Veterinarski zavod d.o.o. Subotica has been fully impaired.

The main items of the Balance Sheet and Profit and Loss Account as amended following the Restatement were as follows:

BALANCE	CAAC Formulated	Effect	Reformulated ACs
NON-CURRENT ASSETS	**36.667.452,09**	**(4.645.141,93)**	**32.022.310,16**
Intangible assets	12.228.729,24	(3.184.239,65)	9.044.489,59
Long-term financial investments	1.578.896,89	(160.972,94)	1.417.923,95
Deferred tax assets	2.223.358,73	(1.299.929,33)	923.429,40
CURRENT ASSETS	**31.036.826,80**	**(2.279.897,31)**	**28.756.929,49**
Stocks	16.015.018,95	(2.182.115,76)	13.832.903,19
Trade and other receivables	12.005.511,17	(97.781,56)	11.907.729,61
NET WORTH	**13.831.690,58**	**(6.925.039,23)**	**6.906.651,35**
Result for the year	(2.017.570,67)	(6.925.039,23)	(8.942.609,90)

PROFIT AND LOSS ACCOUNT	CAAC Formulated	Effect	Reformulated ACs
Change in stocks of finished goods and work in progress	(369.833,13)	(2.182.115,76)	(2.551.948,89)
Impairment and gains/losses on disposal of fixed assets	(653.523,63)	(3.184.239,65)	(3.837.763,28)
OPERATING INCOME	**(700.909,52)**	**(5.366.355,42)**	**(6.067.264,94)**
Impairment and gains/losses on disposals of financial instruments	-	(160.972,94)	(160.972,94)
FINANCIAL RESULT	**(1.611.443,86)**	**(160.972,93)**	**(1.772.416,79)**
PROFIT BEFORE TAX	**(2.312.353,39)**	**(5.527.328,34)**	**(7.839.681,73)**
Taxation of profits	126.576,85	(1.397.710,89)	(1.271.134,04)
RESULT FOR THE YEAR	**(2.185.776,54)**	**(6.925.039,23)**	**(9.110.815,77)**

i) Fair value

The price that would be received to sell an asset or paid to transfer or settle a liability in an orderly transaction between market participants at the measurement date. Fair value shall be determined without any deduction for transaction costs that might be incurred in connection with disposal. In no case shall fair value result from a forced or emergency transaction or as a result of an involuntary liquidation situation.

Fair value is estimated for a particular date and, because market conditions may change over time, that value may be inappropriate for another date. In addition, in estimating fair value, an entity shall take into account the conditions for the asset or liability that market participants would take into account in pricing the asset or liability at the measurement date. Those specific conditions include, but are not limited to, the following for assets:

a) The state of preservation and location, and

b) restrictions, if any, on the sale or use of the asset.

The estimate of the fair value of a non-financial asset shall consider the ability of a market participant to generate economic benefits from the asset at its highest and best use or, alternatively, by selling it to another market participant that would employ the asset at its highest and best use.

The fair value estimate assumes that the transaction to sell the asset or transfer the liability takes place:

a) Between knowledgeable, willing parties in an arm's length transaction,

b) In the main market for the asset or liability, defined as the market with the highest volume and level of activity, or

c) In the absence of a principal market, the most advantageous market to which the company has access for the asset or liability, defined as the market that maximises the amount that would be received from the sale of the asset or minimises the amount that would be paid for the transfer of the liability, after taking into account transaction costs and transportation expenses.

In the absence of evidence to the contrary, the market in which the undertaking would normally enter into a transaction to sell the asset or transfer the liability is presumed to be the principal market or, in the absence of a principal market, the most advantageous market.

Transaction costs do not include transport costs. If location is a characteristic of the asset (as may be the case, for example, for a listed commodity), the price in the principal (or most advantageous) market shall be adjusted for the costs, if any, that would be incurred to transport the asset from its present location to that market.

In general, fair value shall be calculated by reference to a reliable market value. In this regard, the quoted price in an active market shall be the best reference for fair value, where an active market is one in which the following conditions are met:

a) The traded goods or services are homogeneous;

b) Buyers and sellers willing to exchange goods or services can be found at virtually any time; and

c) Prices are public and regularly accessible, reflecting transactions with sufficient frequency and volume.

For those items for which there is no active market, fair value shall be derived, where appropriate, by applying valuation models and techniques. Valuation models and techniques include the use of references to recent arm's length transactions between knowledgeable, willing parties, if available, as well as references to the fair value of other assets that are substantially the same, discounted estimated future cash flow methods and models generally used to value options.

In any case, the valuation techniques used should be consistent with accepted market pricing methodologies, using, where available, the one that has been shown to produce the most realistic estimates of prices. They should take into account the use of observable market data and other factors that market participants would consider in setting the price, limiting as much as possible the use of subjective considerations and unobservable or unverifiable data.

An entity shall evaluate the effectiveness of the valuation techniques it uses periodically by reference to observable prices from recent transactions in the same asset being valued or by using prices based on observable market data or indices that are available and applicable.

In this way, a hierarchy is derived in the inputs used in the determination of fair value and a fair value hierarchy is established that allows estimates to be classified into three levels:

a) Level 1: estimates using unadjusted quoted prices in active markets for identical assets or liabilities that are available to the Company at the measurement date.

b) Level 2: estimates using quoted prices in active markets for similar instruments or other valuation methodologies where all significant inputs are based on directly or indirectly observable market data.

c) Level 3: estimates where some significant variable is not based on observable market data.

An estimate of fair value is classified in the same level of the fair value hierarchy as the lowest level input that is significant to the outcome of the measurement. For this purpose, a significant input is an input that has a decisive influence on the outcome of the estimate. The assessment of the significance of a particular input to the estimate shall take into account the specific terms and conditions of the asset or liability being measured.

The fair value of a financial instrument must take into account, among other things, credit risk and, in the specific case of a financial liability, the company's default risk, which includes, among other components, its own credit risk. However, no adjustments for volume or market capacity should be made in estimating fair value.

When fair value measurement is applied, assets and liabilities that cannot be measured reliably, either by reference to a market value or by applying the valuation models and techniques described above, shall be measured, as appropriate, at amortised cost or at acquisition or production cost, less, where appropriate, any applicable valuation adjustments, with a statement of this fact and the circumstances giving rise to it being disclosed in the notes to the financial statements.

The fair value of an asset or liability for which there is no unadjusted quoted price for an identical asset or liability in an active market can be reliably measured if the variability in the range of estimates of the fair value of the asset or liability is not significant or the probabilities of the various estimates within that range can be reasonably assessed and used in measuring fair value.

j) Principles of Consolidation

The consolidation of the financial statements of **Labiana Health, S.A.** with the financial statements of its investees mentioned in Note 2 has been carried out using the following method:

a) The consolidation method used was the full consolidation method, as it is considered that the parent company has control over the investees.

The consolidation of the operations of **Labiana Health, S.A.** with the aforementioned subsidiaries has been carried out in accordance with the following basic principles:

- The criteria used in the preparation of the individual balance sheet and profit and loss account of each of the consolidated companies are, in general and in their basic aspects, homogeneous.

- The Consolidated Balance Sheet, the Consolidated Profit and Loss Account, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement include the adjustments and eliminations inherent to the consolidation process, as well as the relevant valuation homogenisations to reconcile balances and transactions between the consolidating companies.

- The Consolidated Balance Sheet does not include the tax effect corresponding to the incorporation of the subsidiaries' reserves in the Parent Company's accounts, as it is estimated that no transfers of reserves not subject to taxation at source will be made, as it is considered that these reserves will be used in each subsidiary as a source of self-financing.

- Balances and transactions between consolidated companies have been eliminated on consolidation. Receivables and payables to group, associated and related companies that have been excluded from consolidation (see Note 2.b) are shown under the corresponding asset and liability headings in the consolidated balance sheet.

- The investment/equity of the subsidiaries was eliminated by offsetting the Parent Company's interest against the proportional part of the equity of the subsidiaries represented by this interest at the date of first consolidation. The differences obtained have been treated as follows:

    a) Positive differences, which could not be attributed to the assets and liabilities of the subsidiaries, are included under "Goodwill on consolidation" on the asset side of the consolidated balance sheet. Impairment losses must be recognised in the consolidated income statement and are irreversible.

    b) Negative differences, which arise on first consolidation, are recognised as reserves for the year considering that the group already existed previously in the various subgroups contributed to the Parent Company.

- The consolidated result for the year shows the part attributable to the Parent Company, which is made up of the result obtained by the Parent Company plus the part that corresponds to it, by virtue of the financial participation, of the result obtained by the subsidiary.

- The value of minority interests in equity and the attribution of results in consolidated subsidiaries is presented under "Minority interests" in equity in the consolidated balance sheet. Details of the value of these interests are shown in Note 5.

Integration of Zoleant ILAÇ

In accordance with Article 62 of the Rules for the Preparation of Consolidated Financial Statements, in June 2022, the Turkish economy became a hyperinflationary economy as it has exceeded 100% of the cumulative inflation rate in the last three years.

However, the subsidiary Zoleant ILAÇ, based in Turkey, has the euro as its functional currency and, therefore, the financial statements of this subsidiary have been integrated in these Consolidated Financial Statements in euro. Consequently, and as indicated in this article, no accounting adjustments have been made in relation to the hyperinflation of the subsidiary in Turkey. However, the Group's management will continue to monitor the situation of the Turkish economy and will make the necessary adjustments in the future if the situation so requires.

NOTE 4. RECORDING AND VALUATION RULES

The main valuation standards used by the Group in the preparation of its Consolidated Financial Statements as at 31 December 2022, in accordance with those established by the Spanish National Chart of Accounts, were as follows:

a) Intangible Fixed Assets

Intangible assets are stated at cost, either acquisition or production cost, less accumulated amortisation and any impairment losses.

Research and Development Expenditure

Research expenditure is recognised as an expense in the period in which it is incurred.

The capitalised development costs are specifically itemised by project and their cost is clearly defined so that they can be spread over time. In addition, Group management has sound reasons for the technical success and economic and commercial profitability of these projects.

Development costs are amortised from the date of completion of the project, with an estimated useful life of 5 years. The balancing entry for the capitalised expenses is reflected in intangible assets in the consolidated income statement for the costs incurred during the year.

As soon as there are reasonable doubts about the technical success or the economic and commercial profitability of a project, the amounts recorded as assets are charged directly to consolidated losses for the year.

In addition, amounts received as advances from customers related to the aforementioned development projects are recorded under "Advances received on orders" within trade payables and are not recognised as revenue until the project is completed.

Industrial Property

This corresponds to capitalised development expenditure for which the corresponding patent or similar has been obtained, and includes the costs of registration and formalisation of industrial property, as well as the costs of acquiring the corresponding rights from third parties.

They are amortised on a straight-line basis over their useful life.

Goodwill

Goodwill acquired in a transaction in which a Group company acquired control of one or more businesses (business combination) is measured at cost at the date of acquisition, being the excess of the cost of the business combination over the corresponding value of the identifiable assets acquired less the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses, which are considered irreversible. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, between each of the company's cash-generating units or groups of cash-generating units on which the benefits of the synergies of the business combination are expected to accrue. The potential impairment loss is determined by analysing the recoverable amount of the cash-generating unit and, if this is lower than the carrying amount, an irreversible impairment loss is recognised in the consolidated income statement.

Computer Applications

Licences for software purchased from third parties or internally developed software are capitalised on the basis of the costs incurred in acquiring or developing the software and preparing it for use.

Computer software is amortised on a straight-line basis over its useful life, at between 20% and 33% per annum.

Computer software maintenance costs incurred during the year are recorded in the Consolidated Profit and Loss Account.

b) Tangible Fixed Assets

Property, plant and equipment are stated at acquisition cost net of the related accumulated depreciation and, where applicable, the accumulated amount of recognised impairment losses.

Upkeep and maintenance expenses incurred during the year are charged to the consolidated income statement. The costs of renewing, extending or improving property, plant and equipment, which represent an increase in capacity, productivity or a lengthening of the useful life, are capitalised as an increase in the value of the corresponding assets, once the book values of the items that have been replaced have been derecognised.

Property, plant and equipment, net of any residual value, are depreciated on a straight-line basis over the years of estimated useful life over which the Group expects to use them, as shown in the following table:

	Annual Percentage	**Estimated Years of Useful Life**
Constructions	3	33,33
Technical installations	10	10
Machinery	10	10
Tooling	20	5
Other facilities	10	10
Furniture	10	10
Computer equipment	25	4
Transport elements	15	6,67
Other tangible fixed assets	20	5

The gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the net amount, if any, of costs to sell obtained on disposal and the carrying amount of the item and is taken to the consolidated income statement for the year in which the derecognition occurs.

At year-end, the Group assesses whether there is any indication of impairment of an item of property, plant and equipment or a cash-generating unit, in which case the recoverable amounts are estimated and the necessary value adjustments are made.

An impairment loss is understood to exist when the carrying amount of an item of property, plant and equipment exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

Impairment losses on property, plant and equipment and their reversal when the circumstances that gave rise to them cease to exist are recognised as an expense or income, respectively, in the consolidated income statement. The reversal of impairment is limited to the carrying amount of the asset that would have been recognised at the date of reversal had no impairment loss been recognised.

c) <u>Leases and Other Transactions of a Similar Nature</u>

Operating lease expenses incurred during the year are charged to the Consolidated Income Statement.

d) Financial Instruments

A financial asset is any asset that is: cash, an equity instrument of another company, or involves a contractual right to receive cash or another financial asset (a debt instrument), or to exchange financial assets or financial liabilities with another party on potentially favourable terms.

The financial assets used by the Group are classified for valuation purposes in one of the following categories:

1. Financial assets at fair value through profit or loss.
2. Financial assets at amortised cost.
3. Financial assets at fair value through equity.
4. Financial assets at cost.

Financial instruments issued, incurred or assumed shall be classified as financial liabilities, in whole or in part, if, based on their economic substance, they create a direct or indirect contractual obligation for the enterprise to deliver cash or another financial asset or to exchange financial assets or financial liabilities with third parties on potentially unfavourable terms.

Financial liabilities used by the Group are classified for valuation purposes in one of the following categories:

1. Financial liabilities at amortised cost.
2. Financial liabilities at fair value through profit or loss.

The Group has no financial liabilities at fair value.

Financial assets at amortised cost

A financial asset is included in this category, even if it is admitted to trading on an organised market, if the undertaking holds the investment for the purpose of receiving cash flows from the performance of the contract and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent in an arrangement that is in the nature of an ordinary or common loan, notwithstanding that the transaction is arranged at a zero or below-market interest rate.

They are included in this category:

a) Trade receivables: financial assets arising from the sale of goods and the rendering of services in connection with the company's business transactions with deferred payment, and

b) Non-trade receivables: financial assets other than equity instruments and derivatives that are not of a commercial substance and whose proceeds are of a fixed or determinable amount.

Financial Assets at Fair Value Through Shareholders' Equity

A financial asset is included in this category when the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding, and it is neither held for trading nor classified as a financial asset at amortised cost. Investments in equity instruments for which an irrevocable option is exercised at the initial time to present subsequent changes in fair value directly in equity are also included in this category.

Financial Assets at Cost

This category includes investments in the equity of Group companies, as well as other investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and derivatives that have these investments as their underlying.

They are initially measured at cost, which is the fair value of the consideration given plus directly attributable costs, applying, where applicable, in relation to group companies the specific rules relating to transactions between group companies and the criteria for determining the cost of the combination set out in the standard on business combinations.

In subsequent valuations, they shall be valued at cost less any accumulated impairment losses.

At least at the year-end, the necessary value adjustments shall be made whenever there is objective evidence that the carrying amount of an investment will not be recoverable.

The amount of the valuation adjustment shall be the difference between its carrying amount and the recoverable amount, the latter being the higher of its fair value less costs to sell and the present value of the future cash flows arising from the investment, which in the case of equity instruments shall be calculated either either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee, or by estimating its share of the cash flows expected to be generated by the investee from its ordinary activities and from the disposal or derecognition of the investment.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset shall be calculated on the basis of the equity of the investee and the unrealised gains existing at the valuation date, net of the tax effect. In determining this value, and provided that the investee has itself invested in another investee, the equity included in the consolidated annual accounts prepared using the criteria of the Commercial Code and its implementing rules must be taken into account.

The recognition of impairment losses and, where applicable, their reversal, shall be recognised as an expense or income, respectively, in the income statement. The reversal of impairment shall be limited to the carrying amount of the investment that would have been recognised at the date of reversal had no impairment loss been recognised.

Financial Liabilities at Amortised Cost

They are included in this category:

a) Trade payables: financial liabilities arising from the purchase of goods and services in connection with business transactions for which payment is deferred, and

b) Non-trade payables: financial liabilities which, not being derivative instruments, do not have a commercial origin, but arise from loans or credit operations received by the company.

Initially, financial assets and liabilities included in this category are measured at fair value, which is the transaction price, which is the fair value of the consideration received or given adjusted for directly attributable transaction costs.

Notwithstanding the above, trade receivables and payables maturing in less than one year that do not bear interest at a contractual rate, as well as advances and loans to employees, dividends receivable and payments due on equity instruments that are expected to be paid in the short term, are measured at nominal value when the effect of not discounting cash flows is not material.

In subsequent valuations, both assets and liabilities are measured at amortised cost. Accrued interest is recognised in the profit and loss account using the effective interest method. Notwithstanding the above, receivables and payables falling due in less than one year are initially measured at nominal value and continue to be measured at nominal value, unless, in the case of receivables, they are impaired.

At least at the end of each reporting period, an impairment loss shall be recognised whenever there is objective evidence that a financial asset, or a group of financial assets with similar risk characteristics measured collectively, is impaired as a result of one or more events that occurred after initial recognition and that result in a reduction or delay in estimated future cash flows that may be caused by the debtor's insolvency.

As indicated in note 13.1) the main credit risk arises from trade balances, with potential impairments being estimated on a customer-by-customer basis.

The amount of the valuation adjustment is the difference between the asset's carrying amount and the present value of the estimated cash flows.

The estimated future cash flows of a debt instrument are all the amounts, principal and interest, that the company estimates it will earn over the life of the instrument. The estimate considers all relevant information that is available at the date of redrafting the consolidated financial statements that provides information about the collectability of future contractual cash flows.

Where instruments are secured by collateral and personal guarantees, the flows that would result from their realisation, less the amount of the costs necessary to obtain and subsequently sell them, shall be included, irrespective of the probability of realisation of the collateral.

In calculating the present value of the estimated future cash flows, the original effective interest rate of the financial asset shall be used as the discount rate.

The recognition of interest on credit-impaired financial assets shall follow the general rules, without prejudice to the simultaneous assessment of whether the amount will be recovered and, if so, the recognition of a corresponding impairment loss.

The impairment loss so calculated shall be recognised in the profit and loss account.

If, in subsequent periods, the amount of the impairment loss decreases, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds the amortised cost that would have been recognised at the date of reversal had no impairment loss been recognised. The amount of the reversal shall be recognised in profit or loss.

Own Equity Instruments

An equity instrument is any legal arrangement that evidences, or reflects, a residual interest in the assets of the issuing company after deducting all of its liabilities.

In the event that the company enters into any kind of transaction with its own equity instruments, the amount of these instruments shall be recorded in equity, as a change in shareholders' equity, and in no case may they be recognised as financial assets of the company, nor shall any profit or loss be recorded in the profit and loss account.

Expenses arising from these transactions, including the costs of issuing these instruments, such as legal, notary and registry fees; printing of reports, bulletins and securities; taxes; advertising; commissions and other placement expenses, will be recorded directly against equity as a reduction in reserves.

Derecognition of Financial Assets

A financial asset, or part of a financial asset, is derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

Derecognition of Financial Liabilities

A financial liability is derecognised when the related obligation is extinguished.

Interest and Dividends Received on Financial Assets

Interest and dividends on financial assets accrued after the time of acquisition shall be recognised as income in the profit and loss account.

Interest on financial assets measured at amortised cost must be recognised using the effective interest method and dividends when the member's right to receive them is declared.

For these purposes, the amount of explicit interest accrued but not yet due at that time and the amount of dividends agreed by the competent body at the time of acquisition shall be recorded separately in the initial valuation of the financial assets on the basis of their maturity.

Explicit interest' means interest that is obtained by applying the contractual interest rate of the financial instrument. In addition, if the dividends distributed arise unequivocally from profits generated prior to the acquisition date because amounts in excess of the profits generated by the investee since acquisition have been distributed, they are not recognised as income and reduce the carrying amount of the investment.

Bonds Delivered and Received

For deposits given or received under operating leases or for the provision of services, the difference between the fair value of the deposit and the amount paid (for example, because the deposit is long-term and is not interest-bearing) is treated as an advance payment or collection for the lease or provision of the service, and shall be taken to profit or loss over the period of the lease in accordance with paragraph 2 of the standard on leases and similar transactions or over the period in which the service is rendered in accordance with the standard on revenue from sales and services.

e) Stocks

Inventories are initially measured at acquisition or production cost.

Acquisition cost includes the amount invoiced by the seller after deducting any discounts, rebates or other similar items, as well as interest incorporated in the nominal amount of the receivables, plus any additional costs incurred until the goods are located for sale and other costs directly attributable to the acquisition.

The cost of production of inventories comprises the purchase price of raw materials and other consumables and the costs directly related to the units produced and a systematically calculated portion of indirect, variable or fixed costs incurred during the process of their transformation. The allocation of fixed indirect costs is made on the basis of the higher of normal production capacity or actual production.

Advances on account of inventories are valued at cost.

The cost of raw materials and other supplies, the cost of goods and the cost of transformation is allocated to the various units in stock using the Weighted Average Price method.

The cost value of inventories is adjusted by scaling according to the expected period of consumption and an individual analysis of each inventory.

A previously recognised impairment loss is reversed against consolidated profit or loss if the circumstances that caused the impairment no longer exist or when there is clear evidence of an increase in net realisable value as a result of changed economic circumstances. The reversal of the impairment loss is limited to the lower of cost and the new net realisable value of inventories.

Valuation adjustments and reversals of impairment losses on inventories are recognised under "Changes in inventories of finished goods and work in progress" and "Procurements", depending on the type of inventories.

Services in progress correspond to work aimed exclusively at the renewal of product registrations, creation and updating of dossiers and advice on procedures with the health authorities for third parties. These services are valued at the costs directly attributable to the provision of the service and the corresponding profit will be recognised once the contracted services have been completed.

f) Foreign Currency Transactions

Transactions in foreign currencies are recorded in the accounts at their equivalent value in euro, using the exchange rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary items are measured at the exchange rate at the balance sheet date. Exchange gains and losses arising in this process are recognised in the consolidated income statement for the year.

g) Income tax

The Group does not consolidate for tax purposes. Consequently, the consolidated income tax expense has been obtained by adding the income tax expense of each of the consolidated companies and has been calculated on the basis of the individual profits, adjusted for tax purposes and taking into account the applicable tax credits and deductions.

Income tax is recognised in the consolidated income statement or directly in consolidated equity, depending on where the gains or losses giving rise to it are recognised. The income tax for each year includes both current tax and deferred tax, if applicable.

The current tax amount is the amount payable by companies as a result of tax assessments.

Differences between the carrying amounts of assets and liabilities and their tax bases give rise to deferred tax assets or liabilities which are measured using the tax rates expected at the time of reversal and according to the manner in which the asset or liability is rationally expected to be recovered or paid.

Changes in deferred tax assets and liabilities during the year are recognised in the consolidated income statement or directly in consolidated equity, as appropriate.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised.

At each balance sheet date, the carrying amount of deferred tax assets recognised is analysed and adjustments are made to the extent that there are doubts as to their future tax recoverability. In addition, off-balance sheet deferred tax assets are assessed at each balance sheet date and are recognised to the extent that it becomes probable that they will be recoverable against future taxable profit.

h) Revenue

The Group's main products are pharmaceuticals and veterinary products.

Revenue recognition for sales and services rendered

The Group recognises revenue in the ordinary course of business when (or as) control of the committed goods or services is transferred to the customer. At that time, the Group measures revenue at the amount that reflects the consideration to which it expects to be entitled in exchange for the goods or services.

Control of a good or service (an asset) refers to the ability to decide fully on the use of that item of property, plant and equipment and to obtain substantially all of its remaining benefits. Control includes the ability to prevent other entities from deciding on the use of the asset and obtaining its benefits.

In order to apply this fundamental approach to revenue recognition, the Group follows a comprehensive process consisting of the following successive steps:

a) Identify the contract(s) with the client, understood as an agreement between two or more parties that creates enforceable rights and obligations for them.

b) Identify the obligation(s) to be fulfilled in the contract, representing commitments to transfer goods or provide services to a customer.

c) Determine the transaction price, or contract consideration to which the company expects to be entitled in exchange for the transfer of goods or provision of services committed to the customer.

d) Allocate the transaction price to the obligations to be fulfilled, which should be done on the basis of the individual selling prices of each distinct good or service committed to in the contract, or, where appropriate, on the basis of an estimate of the selling price when the selling price is not independently observable.

e) Recognise revenue when (as) the enterprise fulfils a committed obligation by transferring a good or providing a service; fulfilment occurs when the customer obtains control of that good or service, so that the amount of revenue recognised is the amount allocated to the contractual obligation satisfied.

For each obligation to be fulfilled (delivery of goods or provision of services) identified, the Group determines at the beginning of the contract whether the commitment is fulfilled over time or at a specific point in time.

Revenue from commitments (generally for the rendering of services) that are expected to be fulfilled over time is recognised by reference to the stage of completion or progress towards complete fulfilment of the contractual obligations, provided that the Group has reliable information to measure the stage of completion. In addition, the Company reviews estimates of revenue to be recognised as it fulfils its commitments and revises these estimates as necessary.

When, at a given date, the Group is unable to reasonably measure the extent to which the obligation has been satisfied, but expects to recover the costs incurred to settle the obligation, it recognises revenue and the related consideration only in an amount equal to the costs incurred up to that date.

Fulfilment of the obligation over time

The Group is deemed to transfer control of an asset or service over time when the following criteria are met:

a) The customer simultaneously receives and consumes the benefits provided by the Group's activity as the entity carries it out.

b) The Group produces or improves an asset (tangible or intangible) that the customer controls as the activity is carried out.

c) The Group produces a customer-specific asset (typically a complex technical facility or service or a particular good with unique specifications) without an alternative use and the company has an enforceable right to payment for the activity that has been completed to date.

In the case of contractual obligations that are to be performed at a specific point in time, revenue from their performance is recognised at that date. Until such time, costs incurred in the production or manufacture of the product (goods or services) are recognised as inventories.

Fulfilment of the obligation at a given point in time

In cases where the transfer of control over the asset does not occur over time, the Group recognises revenue using the criteria established for obligations that are fulfilled at a specific point in time. To identify the specific point in time at which the customer obtains control of the asset, the Group considers, among others, the following indicators:

a) The customer assumes the significant risks and rewards of ownership of the asset. In assessing this, the Group excludes any risk that gives rise to a separate obligation, other than a commitment to transfer the asset.

b) The Group has transferred physical possession of the asset.

c) The customer has received the asset in accordance with the contractual specifications.

d) The Group has a receivable for transferring the asset.

e) The customer has ownership of the asset.

Valuation

Revenue from the sale of goods and the rendering of services is measured at the monetary amount or, where appropriate, the fair value of the consideration received or expected to be received, which, unless there is evidence to the contrary, is the agreed price of the assets to be transferred to the customer, less: the amount of any discounts, rebates or similar items that the company may grant; and interest incorporated in the face value of receivables.

Taxes levied on the delivery of goods and services which the company must pass on to third parties, such as value added tax and excise duties, as well as amounts received on behalf of third parties, do not form part of income.

Where variable consideration exists, the Company takes into account the best estimate of the variable consideration in measuring revenue if it is highly probable that there will not be a material reversal of the amount of revenue recognised when the uncertainty associated with the variable consideration is subsequently resolved.

Trade receivables are measured in accordance with the provisions of the Financial Instruments Standard. Where there are doubts concerning the collectibility of the receivable previously recognised as revenue from sales or services rendered, the impairment loss is recognised as an impairment charge rather than as a reduction in revenue.

i) Provisions and Contingencies

Obligations existing at year-end arising from past events which could give rise to a loss for the Group, the amount and timing of which are undetermined, are recognised in the balance sheet as provisions and measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation to a third party.

j) Environmental Heritage Features

Expenses related to the minimisation of environmental impact and the protection and improvement of the environment are recognised in the consolidated income statement for the year in which they are incurred.

Assets assigned to the aforementioned activities are classified under the corresponding tangible fixed asset caption and are stated at acquisition or production cost, net of the related accumulated depreciation and, where applicable, of the accumulated amount of any impairment losses recognised.

k) Liabilities for Long-Term Employee Benefits

The Parent Company rewards its employees with a bonus of half a month's salary, one month's salary and two months' salary when they reach 18 years, 25 years and 40 years of service, respectively.

In addition, the Subsidiary Company rewards its employees with a bonus of 150 euros and 240 euros of salary when they reach 25 years and 40 years of service, respectively.

The Group records a provision to cover this obligation based on its best estimate.

l) Grants, Donations and Bequests

Non-refundable capital grants, as well as donations and bequests, are measured at the fair value of the amount granted or the asset received. They are initially recognised as income directly in consolidated equity and are recognised in the consolidated income statement in proportion to the period depreciation of the assets financed by these grants, unless they are non-depreciable assets, in which case they are recognised in profit or loss in the year in which they are disposed of or derecognised.

Grants for the cancellation of debts are recognised as consolidated income in the year in which the cancellation takes place, unless they were received in connection with specific financing, in which case they are recognised on the basis of the item financed.

Grants that are repayable are recorded as long-term liabilities that can be converted into grants until they become non-repayable.

Operating subsidies are credited to profit or loss when they accrue

Monetary amounts received without earnmarking are recognised as consolidated income in the period in which they are recognised.

m) Interest rate subsidies

The Group has granted loans from public entities or bodies at zero interest rate or at a rate lower than the market rate. As a result, and in accordance with current accounting legislation, the Group has revalued these loans by reference to their average cost of financing. The effect of the initial revaluation is recorded in equity as an interest rate subsidy. The transfer of these grants to the consolidated income statement will be linked to the purpose for which the subsidised resources were used and will be transferred to profit or loss as the development costs are incurred, amortised or derecognised.

n) Related Party Transactions

In general, items in a related party transaction are initially recognised at fair value. Subsequent valuation is carried out in accordance with the relevant standards.

NOTE 5. EXTERNAL PARTNERS

Details of the value of minority interests in the equity of consolidated subsidiaries at 31 December 2022 are as follows, in euros:

Dependent Company	Percentage shareholding of minority shareholders	Participation of the MajorMinorityPar Own funds	Minority interests in the results	Total External Partners
Zoleant ILAC	49%	(668.148,85)	(168.205,88)	(836.354,73)

Details of the value of minority interests in the equity of consolidated subsidiaries as on 31 December 2021 are as follows, in euros:

Dependent Company	Percentage shareholding of minority shareholders	Participation of the MajorMinorityPar Own funds	Minority interests in the results	Total External Partners
Zoleant ILAC	49%	(220.339,59)	(335.078,81)	(555.418,40)

NOTE 6. INTANGIBLE FIXED ASSETS

The detail and movement of intangible assets during the financial year 2022 is as follows, in euros:

	31/12/2021	Altas	Casualties	Transfers	Adjustments for differences in exchange	31/12/2022
Cost:						
Development Expenditure	17.152.362,87	2.402.671,46	(259.011,59)	(71.697,11)	(10.304,68)	19.214.020,95
Industrial property	1.064.548,06	205.410,76	-	71.697,11	1.435,05	1.343.090,98
Computer applications	2.455.733,01	62.727,28	-	3.991,00	11.705,51	2.534.156,80
Goodwill	1.700.781,30	-		-	2.117,57	1.702.898,87
Other Fixed Assets	98.072,33	-	-	(3.991,00)	-	94.081,33
	22.471.497,57	**2.670.809,50**	**(259.011,59)**	**-**	**4.953,44**	**24.888.248,92**
Accumulated Depreciation:						
Development Expenditure	(5.953.957,12)	(1.941.871,39)	-	428.707,59	3.400,55	(7.463.720,37)
Industrial property	(834.440,23)	(241.145,43)	-		(2.515,96)	(1.078.101,62)
Goodwill	(423.686,68)	(167.960,56)			(2.117,57)	(593.764,81)
Computer applications	(1.908.097,96)	(182.674,69)	-	-	(4.097,18)	(2.094.869,83)
	(9.120.181,99)	**(2.533.652,07)**	**-**	**428.707,59**	**(5.330,16)**	**(11.230.456,64)**
Deteriorations:						
Development Expenditure	(592.946,52)	(2.460.252,59)	-	(428.707,59)	-	(3.481.906,70)
Computer applications	(22.261,94)	-	-	-	-	(22.261,94)
Goodwill	-	(1.109.134,06)	-	-	-	(1.109.134,06)
	(615.208,46)	**(3.569.386,65)**	**-**	**(428.707,59)**	**-**	**(4.613.302,70)**
Intangible Fixed Assets, Net	**12.736.107,12**	**(3.432.229,22)**	**(259.011,59)**	**-**	**(376,72)**	**9.044.489,58**

In 2022, after analysing the future profitability of certain projects that it had activated, the Company impaired 2,460 Euros (no amount in the prior year) as it considered that there were insufficient grounds to justify their future profitability. In addition, 429 thousand Euros that were classified as accumulated depreciation were transferred when they corresponded to impairment of projects with negative profitability from previous years.

The detail and movement of intangible assets during the year 2021 is as follows, in euros:

	31/12/2020	Perimeter additions	Altas	Casualties	31/12/2021
Cost:					
Development Expenditure	14.896.419,89	82.354,60	2.225.168,38	(51.580,00)	17.152.362,87
Industrial property	955.606,92	117.898,57	-	(8.957,43)	1.064.548,06
Computer applications	2.248.453,22	3.289,38	203.990,41	-	2.455.733,01
Goodwill	666.014,11	1.034.952,96	-	(185,77)	1.700.781,30
Other Fixed Assets	103.436,96	-	40.510,37	(45.875,00)	98.072,33
	18.869.931,10	**1.238.495,51**	**2.469.669,16**	**(106.598,20)**	**22.471.497,57**
Accumulated Depreciation:					
Development Expenditure	(3.718.973,06)	-	(2.292.273,00)	57.288,94	(5.953.957,12)
Industrial property	(731.541,16)	-	(102.899,07)	-	(834.440,23)
Goodwill	(75.539,93)	(178.068,62)	(170.078,13)	-	(423.686,68)
Computer applications	(1.736.698,12)	(6.974,06)	(164.425,78)	-	(1.908.097,96)
	(6.262.752,27)	**(185.042,68)**	**(2.729.675,98)**	**57.288,94**	**(9.120.181,99)**
Deteriorations:					
Development Expenditure	(592.946,52)	-	-	-	(592.946,52)
Computer applications	(22.261,94)	-	-	-	(22.261,94)
	(615.208,46)	**-**	**-**	**-**	**(615.208,46)**
Intangible Fixed Assets, Net	**11.991.970,37**	**1.053.452,83**	**(260.006,82)**	**(49.309,26)**	**12.736.107,12**

Significant Projects Activated During the Year

DMF Gleptoferron 20% DMF Gleptoferron 20% DMF Gleptoferron

The project consists of the development of a DMF of gleptoferron 20% powder in order to be able to sell this API and to register a generic drug of the drug GLEPTOSIL 200 mg/ml. in injectable solution registered in Spain, which is currently owned by another company.

In this financial year, the Group has activated a total of 18,143 euros in this project (19,189.98 euros in the previous year). This project is expected to be completed by 2023.

Tylosin Oral Powder

The project consists of the development of a generic medicine of the drug TYLAN. The project started in 2017 and was submitted for registration during 2021. The expected project closing date is 2023.

In this financial year, the Group has activated a total of 9,662.25 euros in this project (61,243.49 euros in the previous year).

Ketoprofen 150 solution for injection

The project consists of the development of the first generic of the drug DINALGEN 150 for cattle, pigs and horses.

The project was submitted for registration during 2019 and obtained marketing authorisation in 2020. It is being registered in other EU countries and amortisation has started in 2022. Prior to its closure, the company capitalised EUR 70,336.71 in 2022 (EUR 136,522.65 in the previous year).

Oxytetracycline 300 solution for injection

The project consists of the development of the first generic of the drug ALAMYCIN LA 300. The project was submitted to the registry during the year 2021. The expected project closing date is 2023.

64,505.04 in this project (65,978.31 euros in the previous year).

LPS Leishmania

The project is to develop a generic Leishmania mosquito bite vaccine medicine. Approval for trials is now being sought from the Medicines Agency. It is expected that these trials can proceed in 2023. Approval from the Ministry of Science and Innovation is expected in 2023 thanks to the approval of a CDTI (Centre for the Development of Industrial Technology) for this project.

CEP Fosfomycin

The Group is working on improving the registration of the generic urinary tract antibiotic (Fosfomycin Trometamol) and thereby distinguishing it from other generics and even from the reference medicine.

In this regard, it has been working on the reduction of impurities and the achievement of the first CEP worldwide, which was obtained in April 2014. Since then, the Group has obtained agreements for the marketing of the product through licences in many countries worldwide and continues with its significant geographical expansion, conditioned by the pace of obtaining permits and the requirements established in each country.

During the year, the Group has incurred costs related to this project amounting to 701,130.38 euros, which have been recorded as "Development costs" in intangible assets (586,959.08 euros in the previous year).

The Group continues to work on improving the registration of the generic urinary tract antibiotic (Fosfomycin Trometamol) and thereby distinguishing it from other generics and even from the reference medicine.

The impairment recorded at year-end 2021 relates to the "Ketoprofen" project. After a long process of development and litigation with other laboratories, in June 2012 the Group negotiated with Huvepharma the distribution of the product for all European countries except Spain and Portugal. For its part, the Group marketed the product in Spain and for Portugal, distribution was negotiated with another distributor.

Huvepharma started marketing the product in October 2012 in Belgium, the Netherlands and Denmark. Unfortunately, in June 2014, the client decided to discontinue the marketing of the product after several adverse reactions in animals following administration of the product for other than the registered indications.

The Group carried out the relevant investigation which concluded that the product did not present any quality defect. Furthermore, the opinion of the European Authorities was that the adverse reactions were not attributable to the product.

Despite this, the Group decided to impair the value of the intangible assets attributed to these countries, as it is considered difficult to sell them to third party customers, leaving only the value corresponding to Spain and Portugal activated.

In 2022, a number of Labiana Life Sciences, S.A.U.'s own development projects were impaired due to their lack of viability. The amount of the impairment of the main projects affected were Bicosomas (673 thousand euros), Fosfopets (200 thousand euros), PCV2 Vaccine (59 thousand euros) and Microalgae DHA (98 thousand euros).

On the other hand, and due to the economic situation in some markets, the Group has also considered it appropriate to impair all capitalised assets corresponding to the introduction of Labiana Life Sciences, S.A.U.'s own products in several national markets. The main markets affected include the following: Algeria (182 thousand euros), Cuba (154 thousand euros), Saudi Arabia (88 thousand euros), Iran (75 thousand euros), Serbia (68 thousand euros), Ecuador (54 thousand euros), Egypt (53 thousand euros), Morocco (41 thousand euros), Chile (41 thousand euros) or North Macedonia (39 thousand euros), among others. The Group could reactivate these expenses if it sees that the economy of these countries improves to the point of reconsidering the sale of medicines from its Vademecum.

Fully Depreciated and in Use Items

The breakdown, by heading, of the most significant assets which, at 31 December 2022 and 31 December 2021, are fully depreciated and in use, is shown below, with an indication of their cost value, in euros:

	31/12/2022	31/12/2021
Development	3.397.356,57	3.400.205,20
Industrial property	244.597,12	105.216,02
Computer applications	1.607.431,47	1.557.052,76
Total	**5.249.385,16**	**5.062.473,98**

Trading Funds

Details of goodwill included in intangible assets at 31 December 2022 and 2021 are as follows, in euros:

	31/12/2022	31/12/2021
Cost		
Goodwill in Veterinarski zavod d.o.o. Subotica	667.945,91	665.828,34
Goodwill for the acquisition of Zoleant	1.034.952,96	1.034.952,96
Total Cost	**1.702.898,87**	**1.700.781,30**
Accumulated Depreciation		
Goodwill in Veterinarski zavod d.o.o. Subotica	(208.705,59)	(142.122,77)
Goodwill for the acquisition of Zoleant	(385.059,21)	(281.563,91)
Total Accumulated Depreciation	**(593.764,80)**	**(423.686,68)**
Deterioration:		
Goodwill in Veterinarski zavod d.o.o. Subotica	(459.240,32)	-
Goodwill for the acquisition of Zoleant	(649.893,75)	-
Total Impairment	**(1.109.134,07)**	**-**
Total goodwill	**-**	**1.277.094,62**

Merger of goodwill Veterinarski zavod d.o.o. Subotica - Simbiopharm d.o.o.

This goodwill was generated by the takeover of Simbiopharm by the Group's subsidiary Veterinarski zavod d.o.o. Subotica during 2007.

Zoleant consolidation goodwill

Generated by the acquisition of the Turkish company Zoleant ILAC in the financial year 2020 and its integration into the consolidated group for the first time in the financial year 2021.

Given the uncertainty associated with the future viability of both group companies and the degree of compliance with the assumptions contained in the impairment tests for both goodwill, Group management has recorded an impairment for the full amount of the unamortised goodwill, given the impossibility of proving its future recoverability with reasonable probability.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Details and movement in property, plant and equipment during the year 2022 are as follows, in euros:

	31/12/2021	Altas	Casualties	A exchange rate differences	31/12/2022
Cost:					
Land and natural assets	1.014.378,17	-	-	1.934,63	1.016.312,80
Constructions	6.425.273,66	79.625,12	-	4.944,08	6.509.842,87
Technical installations and machinery	26.635.358,67	995.349,29	(401,56)	5.622,33	27.635.928,73
Other fixtures, fittings and furnishings	2.924.565,39	177.655,17	-	95,46	3.102.316,02
Information processing equipment	1.124.975,38	103.543,05	-	121,99	1.228.640,42
Transport elements	245.515,49	140.248,27	(61.454,42)	506,79	324.816,13
Other tangible fixed assets, advances and fixed assets under construction	1.149.210,95	1.285.572,87	-	15.294,00	2.450.077,82
	39.519.277,71	**2.781.993,77**	**(61.855,98)**	**28.519,29**	**42.267.934,79**
Accumulated Depreciation:					
Constructions	(1.799.525,42)	(185.625,57)	-	(427,20)	(1.985.578,19)
Technical installations and machinery	(13.670.970,34)	(1.835.011,36)	-	(1.319,14)	(15.507.300,84)
Other fixtures, fittings and furnishings	(2.055.348,04)	(180.052,41)	-	(24,36)	(2.235.424,81)
Information processing equipment	(949.334,33)	(110.340,73)	-	-	(1.059.675,06)
Transport elements	(176.848,38)	(91.638,11)	43.419,56	(45,44)	(225.112,37)
Other tangible fixed assets	(36.696,81)	(132.688,22)	-	(116,63)	(169.501,66)
	(18.688.723,32)	**(2.535.356,40)**	**43.419,56**	**(1.932,77)**	**(21.182.592,93)**
Deterioration:					
Technical installations and machinery	(411.244,64)	-	-	-	(411.244,64)
Other fixtures, fittings and furnishings	(32.798,86)	-	-	-	(32.798,86)
Information processing equipment	(4.831,15)	-	-	-	(4.831,15)
	(448.874,65)	**-**	**-**	**-**	**(448.874,65)**
Property, plant and equipment, net	**20.381.679,74**	**246.637,37**	**(18.436,42)**	**26.586,52**	**20.636.467,21**

	31/12/2020	Perimeter additions	Altas	Casualties	Transfers	31/12/2021
Cost:						
Land and natural assets	1.014.486,17	-	-	(108,00)	-	1.014.378,17
Constructions	6.265.661,32	-	150.836,04	-	8.776,30	6.425.273,66
Technical installations and machinery	24.841.676,33	-	1.112.591,15	-	681.091,19	26.635.358,67
Other fixtures, fittings and furnishings	2.674.874,79	5.837,32	176.200,85	(6.736,49)	74.388,92	2.924.565,39
Information processing equipment	1.060.124,99	-	61.121,39	-	3.729,00	1.124.975,38
Transport elements	244.025,49	-	1.490,00	-	-	245.515,49
Other tangible fixed assets, advances and fixed assets under construction	1.079.016,57	45.734,85	793.165,26	(865,00)	(767.840,73)	1.149.210,95
	37.179.865,66	**51.572,17**	**2.295.404,69**	**(7.709,49)**	**144,68**	**39.519.277,71**
Accumulated Depreciation:						
Constructions	(1.616.690,51)	-	(182.834,91)	-	-	(1.799.525,42)
Technical installations and machinery	(11.843.796,26)	-	(1.827.174,08)	-	-	(13.670.970,34)
Other fixtures, fittings and furnishings	(1.907.852,06)	-	(147.495,98)	-	-	(2.055.348,04)
Information processing equipment	(865.431,45)	-	(83.902,88)	-	-	(949.334,33)
Transport elements	(150.566,20)	-	(26.282,18)	-	-	(176.848,38)
Other tangible fixed assets	(25.567,55)	(3.620,24)	(7.509,02)	-	-	(36.696,81)
	(16.409.904,03)	**(3.620,24)**	**(2.275.199,05)**	**-**	**-**	**(18.688.723,32)**
Deterioration:						
Technical installations and machinery	(411.244,64)	-	-	-	-	(411.244,64)
Other fixtures, fittings and furnishings	(32.798,86)	-	-	-	-	(32.798,86)
Information processing equipment	(4.831,15)	-	-	-	-	(4.831,15)
	(448.874,65)	**-**	**-**	**-**	**-**	**(448.874,65)**
Property, plant and equipment, net	**20.321.086,98**	**47.951,93**	**20.205,64**	**(7.709,49)**	**144,68**	**20.381.679,74**

Of the additions in 2022, a total of 657,877.96 euros relates to facility improvement work (261,808.81 euros in 2021) carried out by Group employees.

Fully Depreciated and in Use Items

The breakdown, by heading, of the most significant fully depreciated assets in use is shown below, with an indication of their cost value:

	31/12/2022	31/12/2021
Constructions	486.375,35	444.371,78
Technical installations	4.228.849,57	3.487.941,05
Machinery	3.198.138,02	3.160.143,02
Tooling	1.189.246,78	1.121.327,14
Furniture	468.753,19	463.960,50
Information processing equipment and other facilities	1.085.046,92	1.030.042,27
Transport elements	87.890,70	82.214,86
Other tangible fixed assets	31.153,85	17.184,59
Total	**10.775.454,38**	**9.807.185,21**

Assets Subject to Guarantees

There are three properties owned by three of the subsidiaries, one located in Terrassa, one located in Corbera de Llobregat and one in Subotica, with a book value of 8,015,727.81 euros at 31 December 2022 (8,145,591.90 euros in the previous year), and which are subject to mortgage guarantees.

Other information

All of the Company's tangible fixed assets are assigned to operations and are duly insured.

The Company has taken out insurance policies to cover the possible risks to which the various items of its property, plant and equipment are subject, on the understanding that these policies sufficiently cover the risks to which they are subject.

Finance Leases

2,494,517.61 euros (3,783,083.27 euros in the previous year) are held under finance leases.

NOTE 8. LEASES AND SIMILAR TRANSACTIONS

8.1) Operating Leases

The charge to the 2022 results for operating leases amounted to EUR 1,198,438.95 (EUR 1,170,192.73 in 2021).

As lessee, the most significant lease contract held by the Group at year-end is as follows:

- Lease of a 3,460 m2 industrial building in the town of Terrassa, for the manufacture of pharmaceutical specialities, storage and offices.

The total amount of future minimum lease payments for non-cancellable operating leases is as follows:

	2022	**2021**
Up to one year	569.696,89	525.098,29
Between one and five years	1.949.398,05	2.104.894,33
	2.519.094,94	**2.629.992,62**

8.2) Finance Leases

As at 31 December 2022, the Group has the following assets financed through finance leases, in euros:

	31/12/2022		**31/12/2021**	
	Initial Recognition Amount	**Call Option Value**	**Initial Recognition Amount**	**Call Option Value**
Vehicles	316.786,67	39.233,70	388.198,46	57.223,78
Machinery	3.338.790,00	37.320,00	3.338.790,00	37.320,00
Total	**3.655.576,67**	**76.553,70**	**3.726.988,46**	**94.543,78**

The total amount of future payments on finance leases at year-end is as follows, in euro:

	31/12/2022	**31/12/2021**
Minimum future payments	2.347.736,74	2.692.426,20
(-) Unearned financial expenses	(238.268,72)	(377.255,25)
Value of the call option	(41.661,18)	(45.157,20)
Present value at year-end	**2.067.806,84**	**2.270.013,75**

Details of the maturities of the finance leases are as follows, in euros:

	Minimum Payments 31/12/2022	Present Value 31/12/2022	Minimum Payments 31/12/2021	Present Value 31/12/2021
Up to one year	548.242,19	619.359,08	516.234,60	372.860,04
Between one and five years	1.572.584,47	1.488.505,23	1.847.546,04	1.380.301,16
	2.120.826,66	**2.107.864,32**	**2.363.780,64**	**1.753.161,20**

NOTE 9. FINANCIAL ASSETS

Details of long-term financial assets at 31 December 2022 and 31 December 2021 are as follows, in euros:

	Equity Instruments		Loans and Other Assets Financial	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Financial assets at amortised cost (Note 9.2)	**-**	**-**	**776.016,42**	**3.977.920,32**
Financial assets at cost (Notes 9.3 and 12)	**641.907,53**	**419.769,42**	**-**	**-**
Total	**641.907,53**	**419.769,42**	**776.016,42**	**3.977.920,32**

Details of short-term financial assets at 31 December 2022 and 31 December 2021 are as follows, in euros:

	Loans and Receivables and Other Financial Assets 31/12/2022	31/12/2021
Cash and cash equivalents (Note 9.1)	**2.520.837,93**	**3.283.159,26**
Financial assets at amortised cost (Note 9.2)	**10.070.489,75**	**8.761.338,78**
Total		**12.044.498,04**

9.1) Cash and Cash Equivalents

Details of these assets as on 31 December 2022 and 31 December 2021 are as follows, in euros:

	31/12/2022 Euros	31/12/2021 Euros
Current accounts	2.509.069,99	3.266.238,81
Box	11.767,94	16.920,45
Total	**2.520.837,93**	**3.283.159,26**

9.2) Financial Assets at Amortised Cost

The composition of this heading as on 31 December 2022 and 31 December 2021 is as follows, in euros:

	Balance on 31/12/2022 Long-term	Balance on 31/12/2022 Short Term	Balance on 31/12/2021 Long-term	Balance on 31/12/2021 Short Term
Trade receivables				
Third-party customers	-	8.777.668,10	-	7.934.142,63
Sundry debtors	-	126.847,64	-	161.151,19
Advance payment from suppliers	-	1.000.863,87	-	624.844,09
Total trade receivables	**-**	**9.905.379,61**	**-**	**8.720.137,91**
Appropriations for non-trading operations				
Credits with third parties	-	2.350,94	3.469.160,82	-
Receivables from related parties (Note 24.1)	370.000,00	11.934,25	385.000,00	-
Bonds and deposits	362.016,42	9.097,42	123.759,50	11.448,36
Staff	44.000,00	141.727,53	-	29.752,51
Total receivables from non-trade operations	**776.016,42**	**165.110,14**	**3.977.920,32**	**41.200,87**
Total	**776.016,42**	**10.070.489,75**	**3.977.920,32**	**8.761.338,78**

Long-term deposits with the liquidity provider

280,898.73 euros are recorded under "Long-term deposits and guarantees", corresponding to the amount held on 30 June 2022 at the disposal of the liquidity provider ("GVC Gaesco Valores") for the sole purpose of meeting the commitments acquired under the liquidity contract. The Company will not be able to dispose of these funds unless they exceed the needs established by the BME Growth regulations.

Credits with third parties

On 31 December 2021, this heading included the amount of the credits held by the Group against Laboratorios Ovejero, S.A. by virtue of a deed signed on 14 January 2022 before the Notary Public of Corbera de Llobregat, Laura Bea García, protocol number 32, for the amount of 3,500,549.39 euros.

Laboratorios Ovejero had filed for pre-insolvency proceedings on 11 December 2020, and had initiated a process to find a strategic investor that could acquire the company and reverse its situation. The Labiana Group and the shareholder of Laboratorios Ovejero signed an agreement for the Labiana Group, on an exclusive basis, to carry out a due diligence process and negotiate the acquisition of Laboratorios Ovejero. During this process, the Labiana Group has financed the operational needs of Laboratorios Ovejero, which has required additional financing, which explains the increase in the Group's indebtedness. All amounts earmarked for the financing of Laboratorios Ovejero and the acquisition of certain creditor positions that have been recovered in 2022 once it was established that the acquisition of Laboratorios Ovejero was not possible. In January 2022, a total of 3,517,433.69 euros were recovered in this respect. At 31 December 2022 there are 160,972.94 euros pending recovery, which have been fully provisioned as it is not considered probable that they will be recovered in the future.

9.3) Financial Assets at Cost

At 31 December, the Group held long-term investments in equity instruments in various companies, the breakdown and information on which is detailed in Note 12.

9.4) Other financial asset information

With the exception of loans to Group companies, guarantees and deposits and loans to personnel, which have maturities of more than five years, the Group's financial assets have maturities of less than one year at year-end.

At 31 December 2022, trade and other receivables included impairments due to bad debt risks, as detailed below, in euro:

Deteriorations	Balance at 31/12/2021	Valuation Correction by Deterioration	Departures and Reductions	Balance at 31/12/2022
Clients	(185.310,24)	(85.699,94)	-	(271.010,18)

As at 31 December 2021, trade and other receivables included impairments caused by bad debt risks, as detailed below, in euro:

Deteriorations	Balance on 31/12/2020	Impairment Loss Allowance	Outputs and Reductions	Balance on 31/12/2021
Clients	(166.233,41)	(72.685,63)	53.608,80	(185.310,24)
Loans to third parties	(1.713.947,51)	-	1.713.947,51	-

Details of the ageing of financial assets and their impairment at the end of 2022 are shown below:

	Unexpired	Expired up to 180 days	More than 180 days	Balance on 31/12/2022
Third-party customers	6.248.173,01	2.334.391,33	466.113,94	9.048.678,28
Impaired balance	(8.263,68)	(24.148,23)	(238.598,27)	(271.010,18)
Net balance	**6.239.909,33**	**2.310.243,10**	**227.515,67**	**8.777.668,10**

Details of the ageing of financial assets and their impairment at the end of 2021 are shown below:

	Unexpired	Expired up to 180 days	More than 180 days	Balance at 31/12/2021
Third-party customers	6.673.920,82	1.135.152,82	310.379,23	8.119.452,87
Impaired balance	(19.609,76)	(84.178,54)	(81.521,94)	(185.310,24)
Net balance	**6.654.311,06**	**1.050.974,28**	**228.857,29**	**7.934.142,63**

NOTE 10. FINANCIAL LIABILITIES

Details of long-term financial liabilities are as follows, in euros:

	Amounts owed to credit institutions		Other Liabilitie:		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Financial liabilities at cost amortised (Note 10.1)	**12.809.947,18**	**15.741.781,27**	**5 .516.302,49**	**10.248.999,38**	**18.326.249,67**	**25.990.780,65**

Details of short-term financial liabilities are as follows, in euros:

	Amounts owed to credit institutions		Other Liabilities		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Financial liabilities at cost Amortised (Note 10.1)	**10,527,906.41**	**11,249,556.82**	**23,773,180.61**	**18,471,489.53**	**34,301,087.02**	**29,721,046.35**

10.1) Financial Liabilities at Amortised Cost

Details as at 31 December 2022 and 31 December 2021 are as follows, in euros:

	Balances 31/12/2022		Balances 31/12/2021	
	Long Term	**TermShort**	**Long Term**	**TermShort**
For commercial operations:				
Suppliers		11.327.777,52	-	8.583.017,41
Sundry creditors		1.236.196,08	-	676.108,59
Customer advances		460.392,55	-	271.247,39
Total trade balances	**-**	**13.024.366,15**	**-**	**9.530.373,39**
For non-commercial operations:				
Amounts owed to credit institutions (Note 10.1.1)	12.809.947,18	10.527.906,41	15.741.781,27	11.249.556,82
Lease creditors financial (Note 10.1.1)	1.488.770,57	619.510,57	1.824.737,65	490.030,88
Other financial liabilities (Note 10.1.2)	4.027.531,92	8.946.178,71	8.424.261,73	7.758.309,83
Financial debt with related parties (Note 24.1)	-	100.000,00	-	-
Loans and other debts	**18.326.249,67**	**20.193.595,69**	**25.990.780,65**	**19.497.897,53**
Staff (outstanding salaries)		1.083.125,18	-	692.775,43
Total balances for non-trade operations	**-**	**21.276.720,87**	**25.990.780,65**	**20.190.672,96**
Total payables and payables	**18.326.249,67**	**34.301.087,02**	**25.990.780,65**	**29.721.046,35**

10.1.1) Amounts owed to credit institutions

The summary of bank borrowings as at 31 December 2022 is shown below, in euros:

	Short Term	Long-term	Total
Loans	2.965.015,66	12.809.947,18	15.774.962,84
Credit policies	4.979.285,89	-	4.979.285,89
Discounted effects	35.237,15	-	35.237,15
Confirming lines	2.548.367,70	-	2.548.367,70
Financial leasing	619.510,58	1.488.770,56	2.108.281,14
Total	**11.147.416,98**	**14.298.717,74**	**25.446.134,72**

The summary of bank borrowings as at 31 December 2021 is shown below, in euros:

	Short Term	Long-term	Total
Loans	2.400.718,12	15.741.781,27	18.142.499,39
Credit policies	5.079.594,00	-	5.079.594,00
Discounted bills	279.872,70	-	279.872,70
Confirming lines	3.489.372,00	-	3.489.372,00
Financial leasing	490.030,88	1.824.737,65	2.314.768,53
Total	**11.739.587,70**	**17.566.518,92**	**29.306.106,62**

Loans

The detail of loans as at 31 December 2022 is as follows, in euro:

Entity	Granted	Type	Interest maturity	Pending on 31/12/2022
Caixabank (Mortgage)	22/10/2018	Fixed	01/11/2028	937.670,09
Sabadell	31/05/2020	Fixed	30/04/2025	77.249,95
Deutsche Bank	22/12/2020	Fixed	22/04/2025	673.049,92
Caixabank	08/06/2020	Fixed	08/04/2026	1.250.000,00
Caixabank	05/04/2021	Fixed	04/03/2028	1.500.000,00
Deutsche Bank	10/08/2019	Fixed	10/07/2024	396.460,85
Caixabank	01/02/2019	Fixed	01/11/2028	937.670,09
Caixabank (Mortgage)	22/10/2018	Fixed	11/10/2028	1.799.357,39
BBVA	26/03/2020	Fixed	31/03/2024	189.624,41
Sabadell	30/04/2020	Fixed	30/04/2025	59.422,96
Deutsche Bank	22/04/2020	Fixed	22/04/2028	672.221,88
Caixabank	07/04/2020	Fixed	07/04/2026	1.250.000,00
AIK Bank (Serbia) (Mortgage)	18/10/2018	Fixed	18/09/2028	6.032.235,30
				15.774.962,84

The detail of loans as at 31 December 2021 is as follows, in euro:

Entity	Granted	Interest rate	Date of expiry	Pending on 31/12/2021
Caixabank	22/10/2018	Fixed	01/11/2028	1.082.503,14
Sabadell	31/05/2020	Fixed	30/04/2025	109.136,83
Deutsche Bank	22/12/2020	Fixed	22/04/2025	750.000,00
Caixabank	08/06/2020	Fixed	08/04/2026	1.500.000,00
Caixabank	05/04/2021	Fixed	04/03/2028	1.500.000,00
Deutsche Bank	10/08/2019	Fixed	10/07/2024	637.944,83
Caixabank	01/02/2019	Fixed	01/11/2028	1.082.503,14
Caixabank (Mortgage)	22/10/2018	Fixed	11/10/2028	2.099.285,21
BBVA	26/03/2020	Fixed	31/03/2024	315.985,77
Sabadell	30/04/2020	Fixed	30/04/2025	83.951,37
Deutsche Bank	22/04/2020	Fixed	22/04/2028	750.000,00
Caixabank	07/04/2020	Fixed	07/04/2026	1.500.000,00
AIK Bank (Serbia)	18/10/2018	Fixed	18/09/2028	6.731.189,10
				18.142.499,39

Credit Policies

On 31 December 2022, the Group has credit facilities granted with a total limit amounting to EUR 6,600,000.00 (EUR 5,750,000.00 in 2021), the amount drawn down on these facilities at that date totalling EUR 4,979,285.90 (EUR 5,079,594.00 in 2021).

Discount lines

As on 31 December 2022, the Group has contracted bill discounting facilities with a total limit of EUR 150,000 (EUR 1,050,000 in financial year 2021) of which a total of EUR 35,237.15 (EUR 279,872.70 in financial year 2021) has been drawn down.

Confirming lines

As on 31 December 2022, the Group has contracted reverse factoring facilities with a total limit of EUR 3,200,000 (EUR 3,500,000 in 2021) of which a total of EUR 2,548,368 (EUR 3,489,372 in 2021) has been drawn down.

10.1.2) Other Financial Liabilities

The composition of "other financial liabilities" as at 31 December 2022 is as follows, in euros:

	Short Term	**Long-term**	**Total**
Finance your Business Plan	-	60.000,00	60.000,00
Ministry of Industry Loan	504.485,43	2.522.427,14	3.026.912,57
CDTI Loan	106.201,62	966.846,12	1.073.047,74
Be Spoke Loan	2.768.278,99	-	2.768.278,99
Loan October Spain	518.816,83	0,03	518.816,86
Bravo Capital Loan	963.000,00	401.250,00	1.364.250,00
Finalbion Loan	999.999,99	-	999.999,99
Bravo Capital II Loan	3.000.000,00	-	3.000.000,00
CDTI II Loan	91.347,00	77.008,63	168.355,63
Interest and outstanding items	(5.951,15)		(5.951,15)
Total	**8.946.178,71**	**4.027.531,92**	**12.973.710,63**

The composition of "other financial liabilities" at year-end 2021 is as follows, in euros:

	Short Term	**Long-term**	**Total**
Finance your Business Plan	-	670.000,00	670.000,00
Ministry of Industry Loan	504.585,43	3.026.912,58	3.531.498,01
CDTI Loan	60.898,00	633.747,54	694.645,54
Be Spoke Loan	2.222.224,00	2.222.224,00	4.444.448,00
Loan October Spain	687.066,22	507.127,61	1.194.193,83
Bravo Capital Loan	561.750,00	1.364.250,00	1.926.000,00
Finalbion Loan	666.666,68	-	666.666,68
Competitiveness Plan	7.782,92	-	7.782,92
Bravo Capital II Loan	3.000.000,00	-	3.000.000,00
Interest and outstanding items	47.336,58	-	47.336,58
Total	**7.758.309,83**	**8.424.261,73**	**16.182.571,56**

Finance Your Business Plan

In 2012, the Group launched a financing plan offered to both employees and third parties in order to obtain the necessary resources to carry out new investments in equipment improvements. The loan agreements signed in the context of this plan bear interest at between 7% and 10% per annum, payable half-yearly, and mature in 2017. As of 31 December 2018, this maturity had been extended to July 2020. On or before the maturity date, under certain conditions, the creditor may request early repayment of the loan or conversion of the loan into shares. On 2 December 2019, a new maturity date of July 2022 was established. On 1 December 2021, the maturity was extended to 1 July 2024.

Ministry of Industry Loan - Reindus

On 18 January 2018, the Ministry of Economy, Industry and Competitiveness, through the Reindustrialisation and Promotion of Industrial Competitiveness Programme, granted the Company a loan of 3,531,398.00 euros. This loan has a grace period of 3 years, a final maturity date of 18 January 2028 and accrues interest at 2.2%.

Loan from the Ministry of Industry - Competitiveness Plan

During 2012, the Ministry of Industry, Energy and Tourism granted aid in the form of a loan to one of the Group companies. This loan had a repayment term of ten years with a two-year grace period and an interest rate of 3.95%. This loan was previously included under the heading "Loan from the Ministry of Industry", but in 2022 it was separated. This loan was terminated in 2022.

CDTI Loan

On 29 June 2018, the Centre for the Development of Industrial Technology approved the granting of a loan to the Group in the amount of 1,279,703.05 euros for the development of the research and development project entitled "New synthesis methodology for the active ingredient fosfomycin trometamol and incorporation of innovative strategies in the development of the pharmaceutical form fosfomycin trometamol granulated". This loan matures on 25 June 2030. Since this loan does not accrue interest, the Group has recognised the subsidised portion of the interest under "Official capital grants" in equity, which will be offset each year by the portion of accrued interest that is subsidised.

CDTI II Loan

On 10 October 2013, the Company entered into a loan agreement with the Centro para el Desarrollo Tecnológico Industrial, E.P.E. for a maximum amount of 528,873 euros for the development of the project entitled "New applications of fosfomycin as an antibiotic for small pets". On 14 December 2017, it was agreed, by means of a public deed, to modify the amortisation clause of the CDTI loan and a new payment schedule was established, the last due date of which was extended to July 2025.

Be Spoke Loan

On 15 December 2017, a loan agreement was signed with Be Spoke Loan Founding DAC for a total amount of € 6 million, to be drawn down in two disbursements. The first of these, for €3 million, €2 million was disbursed in 2017 and the remaining €1 million was disbursed in January 2018. A second disbursement of EUR 3 million remains outstanding. The interest rate applicable to the first disbursement is EURIBOR plus 6.9% per annum.

On 14 December 2018, a novation of the loan agreement with Be Spoke was signed, reducing the total amount of the loan to EUR 5 million. In addition, the amounts to be received in each disbursement were modified. Specifically, the amount of the first disbursement is increased by 1,990,000 euros and, consequently, the amount corresponding to the second disbursement is reduced by the same amount, being fixed at 10,000 euros, disbursed in 2019. The interest rate applicable to the first disbursement remains at EURIBOR plus 6.9% while the interest rate applicable to the second disbursement is set at EURIBOR plus a margin determined by the lender which shall not be higher than 6.9% per annum. At the date of reformulation of these Consolidated Annual Accounts there are two instalments of the same pending payment for a total amount of 1,111 thousand euros as a consequence of the renegotiation process of conditions being carried out by the Group's Management. The final maturity date of the loan, in accordance with the schedule, is 13 December 2023.

Loan October Spain

On 10 June 2019, one of the Group companies signed a loan agreement with October España, P.F.P., S.L. for an amount of 2.2 million euros to finance the acquisition of a new production plant in Serbia. An interest rate of 5.5% and monthly settlements of both principal and interest are established from 1 December to 1 May 2023.

Bravo Capital Loan (Gedesco Innovfin)

On 26 May 2021, one of the Group companies entered into a loan agreement with Gedesco Innovfin, S.L. for a total amount of Euros 1,926 thousand. The interest rate is set at 1-month Euribor plus a spread of 4.361% and monthly settlements in 36 monthly instalments with a 12-month grace period. This loan is backed by the InnovFin SME Guarantee Facility, with the financial support of the European Union under the Horizon 2021 Financial Instruments and the European Fund for Strategic Investments (EFSI) established under the Investment Plan for Europe. The effectiveness of this loan is conditional upon the subscription with Gedesco Factoring, S.L.U., of a contract of assignment of receivables from Boehringer Ingelheim Vetmedica GmbH, accrued but pending maturity and/or payment of at least the monthly repayments of the reference loan.

Bravo Capital Loan (Gedesco Innovfin)

On 18 November 2021, one of the Group companies entered into a loan agreement with Gedesco Services Spain, S.A.U. for a total amount of Euros 3,000 thousand. An interest rate of 6% was established and its initial repayment was scheduled for June 2022, having been renewed to June 2023. The effectiveness of this loan is conditional upon the execution of a contract with Gesdesco Services Spain, S.A.U. for the assignment of receivables from Mylan Ireland Limited.

Finalbion Loan

On 3 June 2022, the Company signed a loan agreement with Finalbion, S.L.U. for an amount of 1.5 million euros. The loan matures on 3 December 2023, with an interest rate of 5.5%.

10.2) Other Information Relating to Financial

Liabilities Maturities of Long-Term Debt

Details of the maturities of long-term debts under the headings "Bank borrowings", "Finance lease payables" and "Other financial liabilities" on 31 December 2022 are as follows, in euros:

Expiration	31/12/2022
2024	4.585.090,12
2025	3.823.429,10
2026	6.305.004,65
2027	1.835.206,59
Rest	1.777.519,21
Total	**18.326.249,67**

Details of the maturities of long-term debts under the headings "Bank borrowings", "Finance lease payables" and "Other financial liabilities" at 31 December 2021 are as follows, in euros:

Expiration	31/12/2022
2023	7.639.947,59
2024	4.926.877,73
2025	3.594.474,14
2026	2.742.343,35
Rest	7.087.137,84
Total	**25.990.780,65**

NOTE 11. INFORMATION ON PAYMENT DEFERRALS MADE TO SUPPLIERS. ADDITIONAL PROVISION THREE "DUTY OF INFORMATION" OF LAW 18/2022, OF 28 SEPTEMBER

In accordance with Law 18/2022 of 28 September, the monetary volume and number of invoices paid in a period of less than the maximum established in the regulations on late payment and the percentage they represent of the total invoices and payments, according to the provisions of the Official State Gazette published on 29 September 2022, are detailed below:

	Payments made and outstanding at balance sheet date	
	Days financial year 2022	**Financial year 2021**
Average supplier payment period	67,73	66,67
Ratio of paid transactions	59,92	54,14
Ratio of transactions outstanding	86,96	62,11

	Financial year 2022 Amount	**Financial year 2021 Amount**
Total payments made	39.854.581,67	47.888.019,00
Total outstanding payments	9.515.673,61	7.554.249,28

Information on invoices paid in a period shorter than the maximum period established in the late payment regulations is as follows:

	Financial year 2022 Amount	**Financial year 2021 Amount**
Monetary Volume Paid	19.085.333,27	22.841.837,14
% of total payments made	47,89%	47,70%
Number of invoices	4.689	7.928
% of total invoices	59,97%	59,56%

NOTE 12. GROUP COMPANIES, ASSOCIATES AND OTHER NON-CONSOLIDATED RELATED COMPANIES

The holdings held on 31 December 2022 in Group companies, associates and other non-consolidated related companies correspond, in euros, to:

Society	**% Shareholding Direct**	**Cost**	**Corrections Valorative**	**Net Value on 31/12/2022**	**Theoretical Value Accountant to 31/12/2022**
Aquilon CYL, S.L.	5,67	385.358,71	-	385.358,71	62.441,07
Trichome Pharma, S.L.	10,96	161.850,00	-	161.850,00	37.767,53
Labiana Development, S.L.U.	100,00	54.506,08	(45.469,27)	9.036,81	42.324,75
The Sampling Solutions	2,05	50.000,00	-	50.000,00	12.831,80

At 31 December 2022, the Group also holds a financial investment in Iberaval amounting to EUR 29,970.

In addition, on 31 December 2021 and 31 December 2022, the Group has recorded two equity investments in Ercros and Reig Jofre amounting to EUR 4,600 and EUR 1,092.01, respectively.

The holdings held at 31 December 2021 in Group companies, associates and other non-consolidated related companies corresponded, in euros, to:

Society	**Direct Participation**	**Cost**	**Valuation Corrections**	**Net value on 31/12/2021**	**Theoretical Value 31/12/2021**
Contract Farm Management, S.A.	80	17.544,71	(17.544,71)	-	-
Tecnofeed, S.L.	8,9	5.683,50	(5.683,50)	-	-
Aquilon CYL, S.L.	5,67	350.070,60	-	350.070,60	97.791,82
Labiana Development, S.L.U.	100,00	54.506,08	(45.469,27)	9.036,81	42.324,75
The Sampling Solutions	1,65%	25.000,00	-	25.000,00	1.624,40

On 8 April 2019, the Group entered into the Shareholders' Agreement of Aquilon Cyl, S.L., a prerequisite for taking up 660 shares in this company created in a capital increase with a nominal value of 1 euro and a share premium of 529.41 euro. This capital increase was registered on 6 May 2019.

The summary of shareholders' equity at 31 December 2022 according to the unaudited annual accounts of the investees is shown below, in euros:

Society	Balance Sheet Date	Social Capital	Reserves and Others	Subsidies	Result for the year	Total Own Funds
Aquilon CYL, S.L.	31/12/2022	11.647,00	1.300.253,11	282.812,84	(493.459,58)	1.101.253,37
Trichome Pharma	31/12/2022	4.711,00	711.445,04	-	(371.561,76)	344.594,28
The Sampling Solutions, S.L.	31/12/2022	48.624,07	774.912,60	-	(310.264,63)	513.272,04
Labiana Development, S.L.	31/12/2022	54.507,08	(12.182,33)	-	-	42.324,75

The summary of shareholders' equity at 31 December 2021 according to the unaudited annual accounts of the investees is as follows, in euros:

Society	Balance Sheet Date	Social Capita l	Reserves and Others	Subsidies	Result for the year	Total Own Funds
Aquilon CYL, S.L.	31/12/2021	11.647,00	1.550.324,75	401.609,65	(238.857,94)	1.724.723,46
Labiana Development, S.L.	31/12/2021	54.507,08	(12.182,33)	-	-	42.324,75
The Sampling Solutions, S.L.	31/12/2021	37.624,00	197.612,00	-	(136.661,00)	98.575,00

None of the Group's investees are listed on domestic or foreign stock exchanges.

<u>Aquilon CYL, S.L.</u>

This company is located in León, Campus Vegazana, and its corporate purpose is the diagnosis and research of swine dysentery.

The investment of 385 thousand euros in the company Aquilon CyL is currently below the theoretical book value of this investment, which may give rise to doubts about its future recovery.

However, the Group has decided not to impair the investment in Aquilon CyL for several reasons. Firstly, the Group's management believes that the sector in which the company operates has great growth potential, due to the growing demand for research and development in the field of vaccines. In this sense, it is confident that Aquilon CyL's efforts and dedication in this field will bear fruit in the future.

Secondly, it has been taken into account that the management and the management team of Aquilon CyL have a solid track record and experience in the sector, which generates confidence in their ability to carry out the strategic objectives and overcome any difficulties that may arise.

Finally, the Group has assessed the possibility of an impairment of the investment in Aquilon CyL, but considered that such action would be premature at this stage, as there have been no significant changes in the financial or strategic situation of the company to justify such action.

All in all, the Group's management is confident that the investment in Aquilon CyL will be profitable in the future and remains confident that the management and the management team of Aquilon CyL will be able to achieve its objectives.

Labiana Development, S.L.U.

The interest in this company lies in a patent owned by Labiana Pharmaceuticals, S.L.U. which may allow Labiana Pharmaceuticals, S.L.U. to introduce new products in the market.

The company's registered office is at Calle Venus, 26, Polígono Can Parellada, Terrassa, and its corporate purpose is the wholesale trade of pharmaceutical products and medicines.

In the financial years 2021 and 2022 there has been no activity.

The Sampling Solutions, S.L.

This company is based in Barcelona and its corporate purpose is the integrated management of sampling, transport and digitisation of information in general industry and the analysis of the need for the service by the potential client. It was incorporated in December 2019 and is still in its initial phase.

Trichome Pharma, S.L.

This company is based in Madrid, and its activity consists of the cultivation, development and marketing of medical cannabis, as well as products derived from hemp for the health and well-being of the consumer. Since it was established in October 2020, it is still in the early stages of developing its activity, making itself known to the market and growing.

Given that management considers that, on the one hand, the market for cannabis and cannabis products is still in its embryonic stage in Spain and that it could potentially be a market with a very significant volume of business and that the company is still in its start-up phase, it has considered both factors so as not to impair this investment, even though its underlying book value is below the net book value of the holding because it does not consider that there are, to date, sufficient grounds to doubt the profitability of the holding.

NOTE 13. DISCLOSURES ON THE NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The Group's activities are exposed to different types of financial risks, mainly credit and liquidity risks.

13.1) Credit Risk

The Group's credit risk is mainly attributable to its trade payables. Amounts are reflected in the balance sheet net of provisions for bad debts, estimated by Group management on the basis of past experience and its assessment of the current economic environment.

The Group has a significant concentration of credit risk as it basically works with four large multinationals in the sector. However, these are fully solvent companies with which it has been working for a long time, so the credit risk is very diluted.

13.2) Liquidity Risk

In recent years, the investee companies of the Group of which the Company is the parent company have had great difficulty in accessing sources of financing due to their insolvency history, having to resort to internally generated resources, contributions from shareholders and loans obtained from public bodies to finance their operations. However, in recent years the aforementioned companies have managed to obtain bank financing in the form of credit accounts and discount lines, which have given them greater financial capacity.

As indicated in note 2.d above, the Group's current cash position is delicate, and it is therefore currently in talks with its lenders to obtain new schedules and conditions for refinancing its debt; and it is also in talks with several investment entities to obtain new financing formulas that will enable the Group to meet its present and future payment obligations, its investment needs and to continue with the normal development of its business.

13.3) Exchange rate risk

The investees of the Group of which the Company is the parent company operate internationally and are therefore exposed to foreign exchange risk on currency transactions, especially the US dollar. Exchange rate risk arises from future commercial transactions, assets and liabilities recognised in businesses. The companies do not use any type of hedging as they consider that there is not a high risk given the average collection period of the customers with which they operate in foreign currencies. In addition, the vast majority of transactions are carried out in low volatility currencies.

In 2021, the depreciation of the lira resulted in a decrease in Zoleant's sales and gross margin in euros. The Group's management estimated this negative impact at 330,323 euros in both items, taking into account the exchange rate at the beginning of 2021 (9.1131 TRY/EUR), as a constant exchange rate. In order to prevent further negative impacts on the group's sales, Zoleant's sales started to be made in US dollars, which eliminates the exchange rate risk due to the devaluation of the Turkish lira.

13.4) Interest rate risk

Since 2015, the Group, of which the Company is the parent company, has had a high level of financial indebtedness, both with banks and third parties, the financial cost of which is closely linked to the evolution of market interest rates. Given the current context of rising interest rates, the Company's management is aware that there may be a significant increase in its financial costs, which could have a negative impact on its financial situation. In this respect, the Company's management is constantly monitoring the evolution of interest rates and considering possible measures to manage its interest rate risk. The Company's management reserves the right to take appropriate decisions based on its analysis and the evolution of the financial market, always in line with its financial policies and objectives.

13.5) Risks Arising from the Current Situation due to the Possible Effects of COVID-19

Since December 2019, COVID-19, a new strain of Coronavirus has spread to many countries, including Spain as of January 2020. This event significantly affects economic activity worldwide.

However, the Company has developed favourably, has secured additional bank financing and no additional risks beyond market risks are foreseen.

Finally, it should be noted that the Board of Directors and Management of the Company no longer foresee significant risks arising directly from the effects of COVID, although the situation is constantly monitored.

NOTE 14. OWN FUNDS

14.1) Share Capital of the Parent Company

On 31 December 2022, the share capital of the Parent Company amounted to 722,125.50 euros and was represented by 7,221,255 shares of 0.10 euros par value each, fully subscribed and paid up, belonging to the same class and series. These shares had equal voting and dividend rights.

On 31 December 2021 the share capital of the Parent Company amounted to 618,787.60 euros and was represented by 6,187,876 fully subscribed and paid-up shares with a nominal value of 0.10 euros each. These shares had equal voting and dividend rights.

On 9 February 2022, the General Shareholders' Meeting of the Parent Company resolved to transform the Parent Company into a public limited company. As from that date, the Parent Company has been operating under the corporate name of "Labiana Health, S.A.". In the same act, the General Shareholders' Meeting agreed to transform all the shares subscribed at that time into shares numbered and distributed in the same way as prior to the transformation, and at that time the share capital was set at 6,187,876 shares with a par value of 0.10 euros each, fully subscribed and paid up, equal, indivisible and cumulative.

Capital increases

By virtue of the admission of BME MTF Equity to trading on BME Growth, the Parent Company carried out the following transactions in its share capital:

- On 9 February 2022, the Universal General Meeting of Shareholders of the Parent Company resolved to modify the share representation system, transforming the registered securities representing the shares into book entries.

  For this purpose, Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) and its participating entities have been appointed to keep the accounting register.

- On 9 February 2022, the General Shareholders' Meeting of the Parent Company resolved to request the listing of all outstanding shares representing the Company's share capital on the BME Growth segment of BME MTF Equity, as well as any shares issued between the date of this resolution and the date on which the shares are effectively listed.

- On 9 February 2022, the Universal General Meeting of Shareholders of the Parent Company resolved to modify the regime for the transfer of the Parent Company's shares, making this transfer of shares free and not subject to any consent or authorisation by either the Parent Company or the shareholders.

- On 21 June 2022, the Universal General Meeting of Shareholders of the Parent Company resolved on two share capital increases:

  - A first share capital increase of 76,950 euros, by issuing and putting into circulation 769,500 new shares of 0.10 euros par value with a share premium of 4.90 euros per share for a total amount of this premium of 3,770,550 euros, which was fully paid up by means of a cash contribution.

  - A second share capital increase of 26,387.90 euros, by issuing and putting into circulation 263,879 new shares of 0.10 euros par value with a share premium of 4.90 euros per share for a total amount of 1,293,007.10 euros.

On 4 September 2020, the Universal General Meeting of Shareholders of the Parent Company resolved to split the number of outstanding shares of the Parent Company by converting each share with a par value of 5.80 euros into 58 new shares with a par value of 0.10 euros, thereby increasing the number of shares from 80,000 to 4,640,000, without altering the share capital figure. The new shares were ordinary shares and their holders were granted the same rights as the old ones.

On the same date, 4 September 2020, the Universal General Meeting of Shareholders of the Parent Company resolved to increase capital in the amount of 154,787.60 euros by creating 1,547,876 shares with a par value of 0.10 euros per share and a share premium of 1.967 euros per share.

As on 31 December 2022 and 31 December 2021, the companies holding 10% or more of the Parent Company's share capital are as follows:

	31/12/2022		31/12/2021	
Shareholder	**Participation**	**Number of Shares**	**Participations**	**Number of Participations**
Bluecolt, S.A	40,26%	2.907.277	46,87%	2.900.000
Ortega Farming, S.L.	14,97%	1.081.022	18,43%	1.140.685

14.2) Share premium

This reserve amounts to 8,198,233.23 euros, of which 5,063,557.10 euros arose as a result of the capital increases carried out in financial year 2022 and the remainder arose from capital increases carried out in previous financial years. This premium has the same restrictions and can be used for the same purposes as voluntary reserves, including conversion into share capital.

14.3) Reservations

Details of the Parent Company's reserves are as follows:

	31/12/2022	**31/12/2021**
Legal reserve	55.400,00	55.400,00
Voluntary reserves	5.434.947,99	5.988.184,45
Total	**5.490.347,99**	**6.043.584,45**

a) Legal reserve

The legal reserve is restricted in terms of its use, which is determined by various legal provisions. In accordance with the Capital Companies Act, companies that make profits under this legal form are obliged to set aside 10% of these profits until the reserve fund is equal to one fifth of the subscribed share capital. The purpose of the legal reserve is to offset losses or to increase the share capital by the portion exceeding 10% of the increased share capital, as well as to distribute it to shareholders in the event of liquidation. As on 31 December 2022, the legal reserve was not fully funded.

b) Issuance Costs of Equity Instruments

During the process of the capital increase and public offering of its securities, the Company incurred incremental expenses of 435,864.08 euros (net of tax effect) for lawyers' fees and commissions and other placement expenses. In accordance with current legislation, these expenses have been recorded directly in equity as a reduction in reserves, without going through the profit and loss account.

14.4) Own actions

On 4 March 2022, the Parent Company's Shareholders' Meeting resolved to authorise the Board of Directors to derivatively acquire treasury shares under the terms provided for by current legislation. On 21 June 2022, the Board of Directors of the Parent Company resolved to acquire 60,000 of the Company's own shares at a price of EUR 5 per share for the sole purpose of enabling the liquidity provider to meet its commitments under the Liquidity Agreement.

Given the evolution of the Parent Company's share price since its listing, certain transactions have taken place in the market. Specifically, transactions with treasury shares carried out by the Group, recognising the results of these transactions in equity as established by current regulations. On 31 December 2022, these results have led to a decrease in voluntary reserves in the amount of 117,372.38 euros.

On 31 December 2022, the Parent Company holds treasury shares amounting to 294,725.76 euros (no amount at the end of the previous year) at an average market price of 3.36 euros per share (no amount per share in the previous year).

14.5) Reserves in Consolidated Companies

The breakdown of the Reserves is as follows, in euros:

	31/12/2022	31/12/2021
Labiana Life, S.A.U.	2.851.800,80	4.177.626,88
Labiana Pharmaceuticals, S.L.U.	739.780,42	275.194,88
Veterinarski zavod d.o.o. Subotica	282.515,21	203.444,37
Labiana México, S.A de C.V.	(412.587,67)	(414.337,44)
Zoleant ILAC	(1.055.031,19)	(485.448,37)
Ecuador-Labiana, S.A.	(21.270,88)	(6.676,43)
Lo Vaccines, S.L.	(94.714,68)	-
	2.290.492,01	**3.749.803,89**

NOTE 15. STOCKS

The movements in impairment losses on inventories were as follows:

	Exercise 2022	Exercise 2021
Opening Balance	**914.551,29**	**642.225,14**
Correction of the exercise	362.844,51	272.326,15
Reversal of the exercise	(359.347,37)	-
Closing balance	**918.048,43**	**914.551,29**

The criteria used to determine the need for impairment losses on inventories, as well as for the reversal of impairment losses, are mainly based on a detailed analysis of each reference and their inclusion in the production schedule for the following months.

Impairment of finished goods and work in progress has been recorded under "Changes in inventories of finished goods and work in progress" in the income statement.

NOTE 16. FOREIGN CURRENCY

The foreign currency balances as at 31 December 2022 are as follows:

	Total Amount in Euro	Amount in Dollars American	Amount in Sterling Pounds	Amount in Serbian dinars	Amount in Mexicans Pesos	Amount in Turkish lira
CURRENT LIABILITIES						
Trade creditors and other accounts payable	2.193.024,35	758.488,24	6.678,17	166.185.117,06	22.500,00	1.215.272,11
CURRENT ASSETS						
Trade and other accounts receivable	1.927.305,46	-	-	185.391.596,09	7.334.016,80	-
Treasury	93.503,69	-	-	9.765.150,17	214.295,42	-

The foreign currency balances at year-end 2021 are as follows:

	Total Amount in Euro	Amount in American dollars	Amount in Sterling Pounds	Amount in Turkish Lira
CURRENT LIABILITIES				
Trade creditors and other accounts payable	1.739.418,34	790.667,18	2.029,50	3.539.379,47

Transactions in foreign currencies during the financial year 2022 are as follows:

	Total Amount in Serbian	**Amount in American Dollars**	**Amount in Swiss Francs**	**Amount in British Pound**	**Amount in Mexican Pesos**	**Amount in Turkish Lira**	**Amount in Serbian Lira**	**Amount in Danish kroner**	**Amount in Canadian Dollars**
Reception of Goods/Services	7.698.245,48	5.792.955,23	4.090,00	19.460,40	1.230.839,30	2.337.895,82	292.843.671,93	70.863,00	10.724,00
Delivery of Goods/Services	3.834.975,83	-	-	-	7.898.311,37	-	406.664.600,32	-	-

Transactions in foreign currencies during the financial year 2021 are as follows:

	Currency classification							
	Total Amount in Euros	**Amount in American Dollars**	**Amount in Swiss Francs**	**Amount in British Pound**	**Amount in Mexican Pesos**	**Amount in Turkish Lira**	**Amount in Canadian Dollars**	**Amount in Danish kroner**
Goods Receipt	3.296.902	2.662.760	8.670	29.886	384.000	3.539.379	62.000	53.930

NOTE 17. TAX POSITION

The detail of the balances held with public authorities as on 31 December 2022 and 31 December 2021 is as follows, in euros:

	31/12/2022		31/12/2021	
	To be collected	To be paid	Receivable	Payable
Non-current:				
Deferred tax assets	923.429,40	-	1.440.423,86	-
Deferred tax liabilities	-	399.277,70	-	322.905,61
	923.429,40	**399.277,70**	**1.440.423,86**	**322.905,61**
Current:				
Value Added Tax	1.073.290,04	13.534,06	1.176.993,46	61.226,50
Personal income tax withholdings	-	345.990,64	-	313.856,40
Corporate taxation	1.788.196,30	-	1.650.689,20	5.946,73
Social Security Agencies	-	404.115,54	-	349.581,64
	2.861.486,34	**763.640,24**	**2.827.682,66**	**730.611,27**

Fiscal Situation

Under current statutory provisions, tax assessments cannot be considered final until they have been inspected by the tax authorities or the statute of limitations period, which is generally four years, has elapsed. On 31 December 2022, the Group has all taxes to which it is subject from 2016 to 2022 open for inspection by the tax authorities. Consequently, additional liabilities to those recorded by the companies could arise as a result of any tax audits. However, the Board of Directors of the Parent Company and its tax advisors consider that such liabilities, should they arise, would not be material to the Consolidated Financial Statements taken as a whole.

Tax Consolidation Regime

On 30 March 2022, the Board of Directors of the Parent Company resolved to include the Parent Company in the special tax consolidation regime as required by article 61 of Law 27/2014, of 27 November, on Corporate Income Tax ("LIS") regulated in Chapter VI of Title VII of the LIS with effect for the tax period commencing on 1 January 2023.

In accordance with the provisions of article 58, section 2 and related articles of the LIS, the Parent Company meets all the requirements to be considered a parent company and to form part, from the period commencing on 1 January 2023 and subsequent years, of the Tax Group, of which it will also be the representative.

The Tax Group, without prejudice to potential variations in the future composition of the Tax Group, with effect from 1 January 2023, will comprise the following subsidiaries, in addition to Labiana Health, S.A. as parent company:

- Labiana Life Sciences, S.A.U.
- Labiana Pharmaceuticals, S.L.U.

Income tax

The 2022 income tax expense has been calculated as follows:

	Accounting result	**(Expenditure)/ Income**
Labiana Life, S.A.U.	(7.955.119,68)	(472.912,19)
Labiana Pharmaceuticals, S.L.U.	(3.395.117,32)	(605.465,96)
Veterinarski zavod d.o.o. Subotica	(2.064.621,14)	(15.897,32)
Labiana Health, S.A.	(5.470.254,03)	(145.288,03)
Labiana México, S.A de C.V.	83.981,70	-
Zoleant ILAC	(343.277,30)	-
Ecuador-Labiana, S.A.	(11.526,91)	-
L.O. Vaccines, S.L.	(237.475,96)	(31.570,54)
Total	**(19.393.410,64)**	**(1.271.134,04)**

The 2021 income tax expense has been calculated as follows:

	Accounting result	**(Expenditure)/ Income**
Labiana Life, S.A.U.	(1.325.826,08)	556.511,44
Labiana Pharmaceuticals, S.L.U.	464.585,54	(572.680,29)
Veterinarski zavod d.o.o. Subotica	23.674,38	29.509,15
Labiana Health, S.A.	(45.697,36)	-
Labiana México, S.A de C.V.	1.749,77	-
Zoleant ILAC	(683.834,49)	-
Ecuador-Labiana, S.A.	(14.594,45)	-
L.O. Vaccines, S.L.	(126.285,22)	-
Total	**(1.706.227,91)**	**13.340,30**

The main components of the income tax expense are as follows, in euros:

	2022	**2021**
Current tax	*(706.671,72)*	*(176.331,58)*
Deferred tax	*(564.462,34)*	*189.671,88*
Temporary Differences	262.503,27	331.789,65
Registration / (Reversal) Tax Credit	(411.329,19)	379.758,65
Application of Deductions	(527.037,30)	(354.157,28)
Regularisation Deductions	(52.232,52)	(408.875,97)
Activation of Deductions	163.633,40	241.156,83
Total (expenditure) / income for income tax	**(1.271.134,06)**	**13.340,30**

The movement in deferred taxes generated and cancelled in 2022 is detailed below, in euros:

	Balance on 31/12/2021	Generated	Applied	Regularised	Balance on 31/12/2022
Deferred tax assets	**1.440.423,86**	**756.284,75**	**(841.288,03)**	**(431.991,17)**	**923.429,41**
Tax base credits	379.758,65	-	-	(379.758,65)	-
Other non-deductible provisions	277.808,95	592.651,35	(295.897,76)	-	574.562,54
Limitation of deductibility amortisation	203.586,44	-	(18.352,97)	-	185.233,47
Deductions to be applied	579.269,82	163.633,40	(527.037,30)	(52.232,52)	163.633,40
Deferred tax liabilities	**322.905,61**	**76.372,09**	**-**	**-**	**399.277,70**
Freedom of depreciation	322.905,61	34.006,67	-	-	356.912,28
Tax effect capital grant	-	42.365,42	-	-	42.365,42

The movement in deferred taxes generated and cancelled in 2021 is detailed below, in euros:

	Balance on 31/12/2020	Generated	Applied	Regularisation	Balance on 31/12/2021
Deferred tax assets	**2.175.921,09**	**747.305,65**	**(1.226.965,31)**	**(255.837,57)**	**1.440.423,86**
Tax base credits	-	379.758,65	-	-	379.758,65
Other non-deductible provisions	170.497,05	290.106,00	(162.173,22)	(20.620,88)	277.808,95
Limitation of deductibility amortisation	201.882,53	9.943,44	(8.239,53)	-	203.586,44
Deductions to be applied	1.803.541,51	67.497,56	(1.056.552,56)	(235.216,69)	579.269,82
Deferred tax liabilities	**545.745,70**	**-**	**(222.840,09)**	**-**	**322.905,61**
Freedom of depreciation	380.379,94	-	(57.474,33)	-	322.905,61
Reversal of portfolio value	165.365,76	-	(165.365,76)	-	-

In accordance with the provisions of Chapter II of Title IV of the Corporate Income Tax Regulations, one of the Group companies has recorded withholdings from movable capital amounting to 799,033 euros, corresponding to the settlement of royalties (transfer of use of industrial property) made by it to the company Chemo Research, S.L. during the 2022 financial year. This amount has been treated for accounting purposes as an asset account with the tax authorities and must be deducted, subject to the legally established limitations, in the corresponding income tax settlement for the same year.

Activation of deductions to be applied

In the previous year, the companies comprising the Group decided to recognise tax credits for the amount of the deductions generated by the R&D investments made in 2021 and prior years that they were unable to offset due to a lack of taxable income during the income tax settlement. However, in 2022, two of them have decided to regularise the capitalised deductions pending application as they do not have a high probability of recovering them in a period shorter than that established by accounting regulations.

The Group has recognised current tax assets in the year 2022 amounting to 702,396 euros, corresponding to R&D deductions whose collection has been requested in advance through the application of article 39.2 of the Corporate Income Tax Law, as the decision was taken during the year to monetise all of the R&D deductions, and it was reasonably estimated that the obligations to maintain average personnel and reinvestment would be fulfilled.

In addition, the Group already had deductions pending application from previous years.

The breakdown of the capitalised deductions on 31 December 2022 for group companies, together with the date of generation and expiry is as follows:

Year of origin	Concept	Euros	Expiration
2022	R&D	163.633,40	2040/2041

The breakdown of outstanding and unused tax credits on 31 December 2022 for Group companies, together with the date of generation and maturity, is as follows:

Year of origin	Concept	Euros	Expiration
2016	R&D	38.173,00	2034/2035
2016	IT	22.447,64	2034/2035
2017	IT	21.298,13	2035/2036
2018	IT	43.605,49	2036/2037
2019	IT	45.917,17	2037/2038
2020	IT	32.070,39	2038/2039
2021	IT	-	2039/2040
2022	R&D	136.039,21	2040/2041
		339.551,03	

Credit for losses to be offset for the year

The Group decided to recognise a tax credit corresponding to the 2021 losses of one of its companies as it considered that it complied with the requirements established by current regulations for its recognition, and as management considered that there were no doubts as to the Company's ability to generate future taxable profits that would allow its recovery. However, given the result obtained in 2022, and as the trend of negative results from the previous year has not been reversed, the Group has decided not to capitalise the tax credit for the tax loss carryforwards and to reverse the tax credit that had been capitalised in the previous year in that company.

The detail of the tax loss carryforwards to be offset in future years corresponding to this tax credit is as follows, in euros:

Year of origin	Taxable Bases pending application
2021	1.519.034,58
2022	1.880.213,51
Total	**3.399.248,09**

NOTE 18. INCOME AND EXPENSES

a) Revenue

The distribution of revenue from the Group's ordinary activities in FY2022 and FY2021 by geographic market is shown below:

	2022		2021	
Description of the activity	**Euros**	**%**	**Euros**	**%**
National	18.636.706,74	32,22%	23.215.028,46	40,76%
Rest of the European Union	32.766.063,98	56,64%	25.803.625,18	45,30%
Rest of the World	6.445.681,15	11,14%	7.937.360,14	13,94%
Total	**57.848.451,87**	**100,00%**	**56.956.013,78**	**100,00%**

The distribution of the net turnover corresponding to the Company's ordinary activities, by category of activity, is as follows shown below, in euros:

	2022		2021	
Description of the Activity	**Euros**	**%**	**Euros**	**%**
Income from sale of goods	52.383.524,56	90,55%	50.369.341,92	88,44%
Income from the provision of services	5.464.927,31	0,09%	6.586.671,86	11,56%
Total	**57.848.451,87**	**100,00%**	**56.956.013,78**	**100,00%**

The distribution of revenue from the Company's ordinary activities, by type of contract, is shown below:

	Financial year 2022	Financial year 2021
Type of contract		
Fixed price contracts	38.723.459,56	35.654.582,27
Variable contracts	19.124.992,31	21.301.431,51
Total	**57.848.451,87**	**56.956.013,78**

The distribution of revenue from the Company's ordinary activities, by contract term, is shown below:

	Financial year 2022	Financial year 2021
Duration of the contract		
Short-term contracts	9.483.222,03	9.216.665,04
Long-term contracts	48.365.229,84	47.739.348,74
Total (*)	**57.848.451,87**	**56.956.013,78**

	Financial year 2022	Financial year 2021
Transfer calendar		
At one point in time	52.383.524,56	50.369.341,92
Over time	5.464.927,31	6.586.671,86
Total	**57.848.451,87**	**56.956.013,78**

The distribution of the net turnover corresponding to the Company's ordinary activities, by sales channels, is shown below:

	Financial year 2022	Financial year 2021
Sales channels		
Distributors or wholesalers	6.790.666,07	6.833.047,22
Retailers	2.752.538,79	1.619.778,48
Direct sales	48.305.247,01	48.503.188,08
Total	**57.848.451,87**	**56.956.013,78**

b) Procurement

The breakdown of this heading in the accompanying income statement is as follows, in euros:

	2022	2021
Consumption of goods:		
Shopping		
National	877.217,97	1.603.649,16
Intra-Community	945.744,49	1.376.278,29
Imports	1.051.763,46	593.889,39
Change in stock of goods	933.496,51	(317.070,18)
	3.808.222,43	**3.256.746,66**
Consumption of raw materials and other consumables:		
Shopping		
National	12.817.932,19	13.424.136,40
Intra-Community	3.235.026,68	4.947.622,83
Imports	5.520.118,48	1.941.646,34
Change in stocks of raw materials	(900.710,32)	(70.979,14)
	20.672.367,03	**20.242.426,43**
Work carried out by other companies	1.235.178,56	989.545,95
Impairment of raw materials	(142.524,52)	374.553,33
Total Procurement	**25.573.243,50**	**24.863.272,37**

c) <u>Social Charges</u>

The breakdown of this item in the accompanying income statement is as follows:

	2022	2021
Social security to be paid by the company	3.638.803,21	3.572.550,22
Other social expenditure	284.768,72	252.448,51
	3.923.571,93	**3.824.998,73**

d) <u>Other Operating Expenses</u>

The breakdown of External services, the main item of Other operating expenses, was as follows:

	2022	2021
Expenditure on research and development	428.047,24	455.789,14
Leases and royalties	1.177.234,08	1.251.067,58
Repairs and maintenance	1.866.713,89	1.708.841,96
Independent professional services	1.856.795,02	2.786.294,30
Transport	1.249.472,92	724.487,81
Insurance premium	522.747,60	367.784,54
Bank charges	61.513,89	52.219,28
Advertising and publicity	347.082,34	228.624,68
Supplies	1.449.170,01	1.333.932,91
Other operating expenses	2.223.835,02	2.291.534,54
External services	**11.182.612,02**	**11.200.576,74**

<u>NOTE 19. ENVIRONMENTAL INFORMATION</u>

In financial year 2022, the Group has incurred significant expenses of EUR 270,117.50 (EUR 246,158.13 in financial year 2021) to minimise the environmental impact and to protect and improve the environment. Furthermore, there are no provisions for risks and expenses or contingencies related to the protection and improvement of the environment.

<u>NOTE 20. POST-CLOSING EVENTS</u>

As indicated in note 2.d above, on 24 April 2023, the signing of an agreement of intent between the Group and Miralta Finance Bank, S.A. and Blantyre Capital Limited to provide financing to the Group for a total amount of 20 million euros was communicated by means of a relevant fact to the BME. The final signing of the transaction is subject to satisfactory due diligence and documentation by the lender.

As indicated in note 2.h above, on 27 April 2023, the Board of Directors of the Company prepared the Annual Accounts for the year ended 31 December 2022.

Subsequent to that date and as the Group's auditors did not issue the audit report of the Parent Company and the Group's Consolidated Financial Statements before 30 April 2023, on 2 May 2023 BME Growth suspended the listing of the Company.

On 24 May 2023, the Board of Directors of the Company decided to revoke the Consolidated Financial Statements for the year ended 31 December 2022 initially prepared on 27 April 2023 in order to restate them.

Apart from the above, there have been no significant events between 31 December 2022 and the date of the restatement of these financial statements that have not been included in these financial statements or of which a user of these financial statements would find it useful to be aware.

NOTE 21. CONSOLIDATED RESULT

The detail of the consolidated result, as well as the adjustments made to the Parent Company's attributable profit for 2022, is as follows, in euros:

Dependent Company	Individual Company Results	Direct + Indirect Participation	Amortisation and Impairment of Goodwill	Exchange rate differences	Impairment of Balances and Participating interests Groups	Profit Attributable to Minority Interests	Result Attributed to the Parent Company
Labiana Health, S.A.	(5.470.254,03)	-	-	-	5.103.318,88	-	(366.935,15)
Labiana Life Sciences, S.A.U.	(7.955.119,68)	100%	-	-	763.832,99	-	(7.191.286,69)
Labiana Pharmaceuticals, S.L.U.	(3.395.117,32)	100%	-	-	5.714.206,29	-	2.319.088,97
Veterinarski zavod d.o.o. Subotica	(2.064.621,14)	100%	(525.823,15)	1.389,25	-	-	(2.589.055,03)
Labiana México, S.A de C.V.	83.981,70	95%	-	(20.039,59)	-	-	63.942,11
Zoleant ILAC	(343.277,30)	51%	(753.389,05)	(2.567,99)	-	168.205,88	(931.028,46)
Ecuador-Labiana, S.A.	(11.526,91)	100%	-	1.667,23	-	-	(9.859,68)
L.O. Vaccines, S.L.	(237.475,96)	100%	-	-	-	-	(237.475,96)
Result attributed to the Parent Company	**(19.393.410,65)**		**(1.279.212,19)**	**(19.551,10)**	**11.581.358,16**	**168.205,88**	**(8.942.609,90)**

The detail of the consolidated result, as well as the adjustments made to the Parent Company's attributable profit for 2021, was as follows, in euros:

Dependent Company	Individual Company Results	Direct + Indirect Participation	Amortisation of goodwill	Exchange rate differences	Dividends	Profit Attributable to Minority Interests	Result Attributed to the Parent Company
Labiana Health, S.A.	(45.697,36)	-	-	-	(200.000,00)	-	(245.697,36)
Labiana Life Sciences, S.A.U.	(1.325.826,08)	100%	-	-	-	-	(1.325.826,08)
Labiana Pharmaceuticals, S.L.U.	464.585,54	100%	-	-	-	-	464.585,54
Veterinarski zavod d.o.o. Subotica	23.674,38	100%	(66.582,83)	-	-	-	(42.908,45)
Labiana México, S.A de C.V.	1.749,77	100%	-	-	-	-	1.749,77
Zoleant ILAC	(683.834,49)	51%	(103.495,30)	(34.012,41)	-	335.078,81	(486.263,39)
Ecuador-Labiana, S.A.	(14.594,45)	100%	-	-	-	-	(14.594,45)
L.O. Vaccines, S.L.	(126.285,22)	100%	-	-	-	-	(126.285,22)
Result attributed to the Parent Company	**(1.706.227,91)**		**(170.078,13)**	**(34.012,41)**	**(200.000,00)**	**335.078,81**	**(1.775.239,64)**

NOTE 22. PROVISIONS AND CONTINGENCIES

Provisions

The Group rewards its employees with a bonus of half a month's salary, one month's salary and two months' salary when they reach 18 years, 25 years and 40 years of service, respectively.

NOTE 23. GRANTS, DONATIONS AND LEGACIES

Details of grants attributable to the Group are as follows:

	31/12/2022	31/12/2021
Capital grants	-	55.062,00
Subsidies for subsidised loans	127.096,25	-

Interest rate subsidies

The Company has received loans from various public bodies at subsidised or zero interest rates, which, in accordance with current accounting regulations, must be recorded at amortised cost, recognising the interest implicit in each transaction. A market interest rate of 3.5% has been used to calculate the amortised cost.

On 31 December 2022, the loans granted by official bodies and collected by the Company at that date are summarised as follows:

Entity Concessionaire	Date Concession	Amount Granted	Present Value Initial	Subsidy net to 31/12/2022	Effect Tax	Subsidy gross to 31/12/2022
CDTI	2018	1.279.703,05	1.073.047,74	127.096,25	42.365,42	169.461,66

Capital grants

On 31 December 2021 the grant recognised corresponds to the Torres Quevedo Programme, amounting to Euros 27,531 per annuity (Euros 55,062 on 31 December 2021 and Euros 27,531 on 31 December 2020). In 2022, the Group has repaid the full amount received for this programme and cancelled the amount recognised as a grant.

The grant corresponding to the Torres Quevedo programme was initially awarded in 2012 for a total amount of 134,064 euros, and has been received annually at a rate of 33,516 euros per year. In 2014, the Company did not transfer this grant to the income statement as it financed costs that had been included as an addition to the value of one of its active research projects. Since 2015, the grant has been transferred as the project is amortised.

NOTE 24. RELATED PARTY TRANSACTIONS

24.1) Balances between Related Parties

Details of balances held with related parties as on 31 December 2022 and 31 December 2021 are shown below, in euros:

	31/12/2021	31/12/2021
NON-CURRENT ASSETS	**370.000,00**	**400.000,00**
Long-term loans	**370.000,00**	**400.000,00**
Ortega Farming, S.L.U.	335.000,00	385.000,00
Montjuïc Horses, S.L.	35.000,00	15.000,00
CURRENT ASSETS	**11.934,25**	**-**
Short-term loans	**11.934,25**	**-**
Ortega Farming, S.L.U.	11.488,36	-
Montjuïc Horses, S.L.	445,89	-
CURRENT LIABILITIES	**(100.000,00)**	**(16.940,00)**
Short-term debts	**(100.000,00)**	**(16.940,00)**
Ortega Farming, S.L.	(100.000,00)	(16.940,00)

Details of loans and receivables from related parties as at 31 December 2022 and 2021 are shown below, in euros:

Company name	Start date	Interest rate	Expiration	Amount Outstanding on 31/12/2022	Amount Outstanding on 31/12/2021
Loans granted					
Ortega Farming, S.L	23/12/2021	3%	23/12/2024	150.000,00	200.000,00
Ortega Farming, S.L.	23/12/2021	3%	23/12/2024	185.000,00	185.000,00
Monjuic Horses, S.L.	23/12/2021	3%	23/12/2024	35.000,00	15.000,00
Total				**370.000,00**	**400.000,00**
Loans received					
Ortega Farming, S.L	22/12/2022	8%	22/12/2023	(100.000,00)	-
Total				**(100.000,00)**	**-**

On 22 December 2022 a convertible loan agreement was entered into with the Company's shareholder, Ortega Farming, S.L. for an amount of 100,000 euros. This loan matures on 22 December 2023 and bears interest at a capitalisable rate of 8% per annum.

24.2) Related Party Transactions

The most significant transactions with related parties in 2022 are detailed below, in euros:

	Services Received	Financial Income
Montjuic Horses, S.L.	-	445,89
Ortega Farming, S.L.	48.000,00	11.488,36
	48.000,00	**11.934,25**

There were no related party transactions during the financial year 2021.

24.3) Significant Partners and Shareholders

The most relevant transactions carried out during the financial year 2022 and during the financial year 2021 with the Partners or Shareholders of the companies, all of them closed on market conditions, are detailed in Note 24.2.

24.3) Balances and Transactions with Directors and Senior Management

The amounts received by the Parent Company's Board of Directors during the financial year 2022 and the financial year 2021, for any concept, either personally or through companies controlled by them, are detailed below, in euros:

	2022	2021
Salaries, allowances and other remuneration	563.656,10	404.509,82

These amounts include the remuneration received by the members of the Board of Directors of the Parent Company and other Group companies.

The Parent Company has on its staff personnel classified as "Senior Management" who coincide with a member of the Parent Company's Board.

As on 31 December 2022 and 31 December 2021, there are no commitments for pension supplements, guarantees or sureties granted in favour of the Parent Company's Board member.

Other information concerning the directors of the parent company

Pursuant to the Spanish Companies Act, it is reported that the members of the Parent's governing body do not hold any interests or positions in other companies with the same, similar or complementary corporate purpose, other than those included in the scope of consolidation.

Likewise, in accordance with the aforementioned Law, it is reported that the members of the Parent Company's Board of Directors have not carried out any activity, on their own account or on behalf of others, with the Group that may be considered to be outside the ordinary course of business that has not been carried out under normal market conditions.

The premium paid for the civil liability insurance of the Parent Company's Board of Directors for damages caused by acts or omissions in the exercise of the office amounts to 54,615.75 euros (3,607.70 euros in the financial year 2021).

NOTE 25. OTHER INFORMATION

The distribution of the group's staff at the end of the year ended 31 December 2022 and the year ended 31 December 2021, by category, is as follows:

	2022	2021
Directors and Managers	25	28
Professionals and Technicians	201	210
Commercials and Salespeople	30	32
Workers and Subordinates	182	193
Total staff at year-end	**438**	**463**

The distribution of staff at 31 December 2022 with a disability equal to or greater than 33% is as follows:

	2022		
	Men	Women	Total
Professionals and Technicians	1	1	2
Other	-	-	-
Total staff at year-end	**1**	**1**	**2**

The distribution of staff on 31 December 2021 with a disability equal to or greater than 33% is as follows:

	2021		
	Men	Women	Total
Professionals and Technicians	2	2	4
Other	-	2	2
Total staff at year-end	**2**	**4**	**6**

The average number of people employed during the financial year 2021 and 2022 distributed by genre and category, is as follows:

	31/12/2022			31/12/2021		
	Men	Women	Total	Men	Women	Total
Directors and Managers	15	11	26	14	14	28
Professionals and Technicians	74	137	211	71	139	210
Commercials and Salespeople	16	14	30	19	13	32
Workers and Subordinates	104	78	182	107	86	193
Total staff at end of the exercise	**209**	**240**	**449**	**211**	**252**	**463**

The breakdown of the audit fees for the financial years 2022 and 2021 is as follows:

	2022	2021
Statutory Auditors' fees for the provision of audit services	86.000	65.000
Statutory Auditors' fees for the provision of other services (*)	48.650	35.000
Fees of the Wirtschaftsprüfer's Network firms for the provision of audit services	19.753	15.600
Fees of the Statutory Auditor's Network firms for other non-audit services (**)	37.080	206.504
Total	**191.483**	**322.104**

(*)And the amount of fees for other services in the financial year 2021 corresponds to the audit of the limited review of the interim financial statements as of 31 October 2021.
The fees for other services in 2022 correspond to the verification corresponding to the limited review of the interim financial statements of 30 June 2022 and the issuance of the comfort letter to BME Growth.
(**) The amount of the auditor's network firm fees for other services corresponds to Vendor Due Diligence reports.

LABIANA HEALTH, S.A.
AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2022

LABIANA HEALTH, S.A.
AND SUBSIDIARIES

CONSOLIDATED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2022

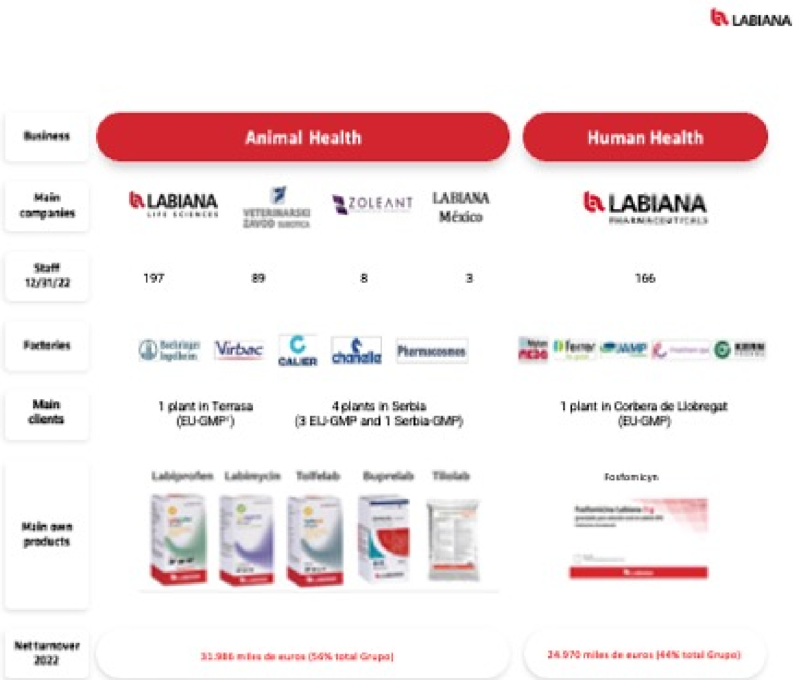
Labiana Health is the parent company of a Spanish pharmaceutical group dedicated to the development, manufacture and marketing of medicines in the areas of animal and human health.

Since its foundation in 1958 as a group specialising in animal nutrition products, the Group has undergone a continuous process of growth, diversification and internationalisation, becoming today a pharmaceutical group of reference that stands out as:

- CDMO (*Contract Development and Manufacturing Organisation*), which provides third party drug development and manufacturing services in a wide variety of presentations, specialising in sterile, lyophilised and biological dosage forms.
- Manufacturer of a wide range of its own products for both animal and human health. Particularly noteworthy is Fosfomycin Trometamol (human health), a product that has been key to Labiana's development and growth in recent years.

Today, Labiana consists of four main operating companies employing 441 people, operates six manufacturing plants (two of which are located in Spain and four in Serbia), works with more than 300 leading national and international pharmaceutical groups and has a proprietary drug portfolio of more than 50 products including Fosfomycin Trometamol (a generic antibiotic for urinary tract infections) in human health.

The Group is structured as follows to address its two core markets, animal health and human health:



Since the takeover of the Group in 2013 by the current management team, Labiana has experienced strong growth in turnover thanks to its efforts in CDMO service quality, investment in R&D for the development of new products, internationalisation and the acquisition of complementary companies.

Today, the Group's products are marketed in more than 150 countries globally, thanks to its GMP ("*Good Manufacturing Practice*") manufacturing plants in Spain and Serbia, its international subsidiaries in Serbia, Turkey and Mexico, its growing network of multinational customers and its licensing agreements with international distributors for the sale of its own products.

Labiana develops a multidisciplinary activity both in the area of human and animal health based on:

- Research and development (R&D) of new in-house and third-party medicines, based on the "Stage Gate" methodology. Labiana carries out both galenic and analytical development, for which it has its own laboratories.

- Manufacture of both chemical and biological medicinal products from:

    - Development and optimisation of formulations, design of production processes for new products or product transfers.
    - Aseptic filling and terminal sterilisation in sterile products and non-sterile filling in liquid and solid oral forms.
    - Capacity to supply active pharmaceutical ingredients (APIs).
    - Manufacture of bacterial vaccines

- Regulatory services: Labiana has extensive expertise in pharmaceutical product registration procedures for proprietary and third party products, both for the registration of dossiers worldwide and for legalising the change of manufacturer of a drug for CDMO clients, making it easier for new pharmaceutical companies to start working with Labiana as a manufacturer of their products.

As part of its Strategic Plan, Labiana is committed to developing its own pipeline, with 16 projects planned up to 2025, both for animal and human health products.

The context in which Labiana Pharmaceuticals develops its business, according to the data, the pharmaceutical industry is consolidated as a strategic sector of the national economy, with an estimated total turnover of 16,000 million euros and an export volume that represents 5.4% of the country's total exports.

The sector comprises a total of 173 pharmaceutical plants, belonging to 122 business groups. Of these, a total of 103 plants are dedicated to the production of medicines for human use (11 of them biological medicines), in addition to 46 factories for the production of active ingredients and 24 for veterinary use. The total number of pharmaceutical plants in Spain is 173, belonging to 122 business groups. A sector that, with a turnover of 16,000 million euros and exports that represent 5.4% of the country's total exports, is today a key sector in the Spanish economy.[1]

In terms of employment, this is an exemplary sector. According to data from Farmaindustria, in terms of direct job creation, the sector has been experiencing sustained annual growth of 2% since 2017, reaching a figure of 44,000 direct jobs by 2021.

Of these direct jobs, 93.4% are permanent and 63% are qualified with higher degrees in 2 out of 3 jobs, a ratio that reaches 9 out of 10 in the R&D area.

The figure for female employment has been growing at an annual rate of 2.8% over the last four years, reaching 53.4% in 2021, as well as the employment rate in two of the groups with the highest unemployment rates in the national economy. Thus, in the over-54s, the pharmaceutical sector maintains an average annual growth rate of 8.4% in the period 2017-2021 and 10% in young recruits under 30, reaching 37% in new hires under 30 in 2021.

Meanwhile, according to data from Mordor Intelligence, *the generic drugs market* was valued at USD 364,925.27 million in 2021 and is expected to reach USD 468,787.86 million by 2027, registering a CAGR of 4.27% during the forecast period 2022-2027.

The same report highlights that of all possible forms of administration (oral, topical, injectable and other routes of administration) the most effective is the injectable form, as it provides greater bioavailability of the drug and does so in a shorter reaction time, which is why the increase in IV generic launches is expected to further drive growth in this segment over the period 2022-2027.

[1] Pharmaindustry

Meanwhile, **the Contract Manufacturing Market (CMO)** was valued at USD 120.29 billion in 2020, and is expected to reach USD 195.70 billion by 2026, registering a CAGR of 7.85% from 2021 to 2026.

This report considers that this segment has grown mainly for two reasons:

- clinical trial manufacturing, where there is a large drug pipeline and small- and large-cap companies outsource to partners to advance the pipeline.
- The COVID-19 pandemic that has led large pharmaceutical companies to free up internal vaccine manufacturing capacity at the expense of outsourcing the manufacture of other proprietary products to CMOs.

The context in which Labiana Life Sciences operates, according to data published by **La Patronal de la Industria Veterinaria** (Veterindustria), the Spanish animal health and nutrition industry grew overall in 2022 by 1.49% compared to the previous year, which translated into 1.950 million euros in turnover, although **the domestic market fell by 1.32%** to 1,215 million euros, while exports grew once again this year, in this case by 6.52% to 735 million euros, which now represents almost 38% of the sector's overall volume.

The evolution of the animal health market by species in a year such as 2022, which began with the entry into force of the new regulations on veterinary medicines and the Russian invasion of Ukraine, which has had an impact that has directly affected the Spanish livestock sector, both due to the increase in the price of energy and agricultural raw materials, is very noteworthy. All this has led to a decrease in turnover data for all livestock species (except poultry), with particular falls in: pigs -14%, sheep/goats -10%, horses -8% and cattle -5%.

On the other hand, pets, a segment that not only continues to lead the animal health turnover, but also, with 18%, is the one that has experienced the highest growth in the entire sector.

Both the data from La Patronal de la Industria Veterinaria (Veterindustria) and those published by AMVAC-AEDPAC, coincide in the growth potential of the pet segment. In this sense, some data from the small animal veterinary clinics sector are noteworthy, such as:

- A sector that employs more than 20,000 veterinarians which, added to ACVs and other auxiliary staff, means more than 40,120 people employed directly by small animal veterinary clinics in Spain.

- It has a turnover of more than 2.3 billion euros and is made up of more than 10,636 companies, of which more than 6,700 are veterinary clinics.

- Of the more than 6,700 veterinary clinics, 65% are independent, 17% are part of groups of independent clinics and 18% belong to corporations.

- A sector that has specific weight, with an activity that represents 0.10% of GDP, much higher than sectors such as Forestry and logging and similar to a sector such as Fishing and aquaculture with 2,381 million euros (source INE).

- According to Morgan Stanley's 2019 report, revised on 2 Nov 2022, this sector is expected to double its 2020 figures, reaching a projected turnover of 3.8 billion euros by 2030.

- More than 43% of Spanish households (FEDIAF study) have pets and their status has changed from being an animal in the home to being a member of the family.

- According to the animal census of ANFAAC and La Patronal de la Industria Veterinaria (Veterindustria), Spaniards have 29 million pets, of which 9.31 million are dogs, 6 million are cats and 10.7 million are other species. On the other hand, in 2021, Spain only had 4.22 million children aged 0 to 9 years, a figure that rises to 6,265,153 children if we extend the range to children under 14 years of age (source: INE).

In the case of Labiana Life in 2022, its relationship with Veterinasrski Zavod Subotica, its subsidiary in Serbia, acquired at the end of 2019 with 100% ownership of the veterinary products company, has been strengthened.

Veterinasrski Zavod Subotica is a Serbian-based company founded in 1921, which was part of the former Yugoslavia Patria Group, which also included Genera in Croatia. Veterinasrski Zavod Subotica has three main pillars in the development and manufacturing of animal health products: manufacturing of vaccines (viral, bacterial and autogenous), chemical-pharmaceutical products (sterile solutions, aseptic filling and terminal sterilisation, non-sterile liquids and solids) manufactured under EU-GMP authorisation and biocides (disinfection, disinsectisation and deratisation - DDD).

By complying with ISO standards and holding HACCP and GMP certificates, Veterinasrski Zavod Subotica now exports to EU markets and recently also to Russia.

This consolidation with Veterinarski Zavod has brought Labiana Life Sciences an emerging capacity for innovation, superior customer experience and regional business acceleration in a highly competitive and dynamic market.

The consolidated results of the LABIANA Group for the financial year 2022 show a slightly positive performance in its turnover, reaching 57.848 million euros, a slight growth of 1.57% with respect to the year 2021. This growth, despite being positive, has also been conditioned by the lack of production components, which has limited commercial activity and therefore the sales recorded in the period. However, it is worth highlighting the great effort made by the entire Labiana Pharmaceuticals, S.L. team in its different areas in order to meet the objectives set out in the *business plan*.

For the Pharma division, in terms of geographical distribution of sales, it should be noted that more than 63.15% of sales are made in the European Union market (excluding the domestic market), which represents an increase of almost 14 p.p. with respect to 2021 and mainly to Direct Sales customers. With regard to the segmentation by type of product, the results are very positive in the Sales of Finished Product with an increase of 4M€ by more than 22% with respect to the previous year, a fall in the provision of services by almost 1.9M€ with respect to the previous year and a maintenance of the rest of the business lines with slight increases or decreases with respect to the previous year.

In the case of the LIFE division, in terms of geographical distribution of sales, it should be noted that more than 50% of sales are made in the European Union market (excluding the domestic market) and mainly to direct sales customers, with a slight increase in this segment compared to the previous year. Thus, the distribution by type of customer in 2022 was practically 70% of sales to Direct Selling customers and 30% to customers in the Retailer and/or Wholesaler segment. With respect to the segmentation by product type, the results are practically the same as in the previous year, with an increase in sales service revenues of approximately 52% vs. the previous year. The segment with the highest revenue volume, Manufactured Product, repeats the revenue figure, with a very slight decrease of 1.3% vs. the previous year.

From the point of view of the profitability of the operating activity, the LABIANA Group has obtained a negative EBITDA of 0.5% with respect to the net amount of the turnover to reach an amount of 300 thousand euros, due to the regularisations of product in process registered in this financial year, despite the effort in the monitoring and control of expenses, Despite this, with respect to the previous year, it has suffered a deterioration of 14.07%, being -3.4M€ below the EBIDTA of 2021 and due to an increase in personnel expenses of almost 6%, an increase in supplies of almost 3% and a significant fall in the stocks of finished products and products in process of manufacture.

EBIT shows a negative result of €6m and a deterioration of €6.6m compared to the operating result in 2021. This significant deterioration is explained by the significant negative result of Impairment and results on disposal of fixed assets of €3.8m and the regularisation of work in progress amounting to €2.2m.

Payables to credit institutions and finance leases stood at €25.4m at the end of 2022, an improvement of more than €3.8m compared to the end of 2021, representing a reduction in percentage terms of 15.16%. This balance would have continued to decline at the end of the half year if the €20m target had been achieved with the Group's IPO. However, the IPO process has strengthened the Group's capital structure. The reduction and reorganisation of liabilities remains one of the priority objectives of the company's strategic plan.

Given the results achieved during the 2022 financial year and the certainty that it has already been possible to overcome the limitations that the company has suffered in its commercial activity during the year that has ended as a result of the various price increases of different production factors (raw materials, energy, etc.), as well as incidents in the supply chain of essential manufacturing components, the company confirms a closing in a volume of debt with credit institutions and financial leasing of €25.4M.

It should be noted that since 2019, the Labiana Group's net turnover has grown steadily, except in 2020, an exceptional and atypical year in which, in the case of PHARMA, the stockpiling of product by customers as a result of COVID-19 caused sales to fall by around 14% in 2021 compared to 2020 sales. In this regard, year-end 2022 sales figures are already very similar to those of 2020 and higher than those of 2019.

On the other hand, factors external to the current business of the Labiana Group, such as the war in Ukraine, the energy crisis which has affected production costs (transport, raw materials, energy) and fluctuations in the currency market, have weighed down the company's results. As containment measures already implemented, the Labiana Group has proceeded, on the one hand, to renegotiate prices with customers and, on the other hand, all new quotations to customers are made on the basis of prospective purchase prices. Energy purchase prices have also been set and exchange rates are closely monitored in case it is necessary to secure any foreign currency transactions.

Within the Group, Labiana Pharmaceuticals also suffered as a result of the merger process of one of the human health customers. Thus, at the beginning of 2022, there was a deferral of business volume from the first to the second half of the year, which affected the presentation of the first half results. The situation has now been restored, and at the end of 2022 the initial forecasts were met.

EBITDA stood at €300k in 2022, lower than the €3.1m achieved in 2021, a fall of €3.4m. Despite the greater control and monitoring of operating costs, together with the gains in productivity and efficiency achieved through investments in process optimisation, the regularisations of the year have not allowed the positive evolution of this indicator, which has been recorded in recent years, to continue. It is worth noting the impact of the problems in the supply chain, not only on the company's sales, but also on the performance of the supplies item.

In terms of operating results, an accounting loss for 2022 of €6M is recorded compared to a positive result in 2021 of €617K, i.e. a drop of €6.6M.

It is worth highlighting in the financial expenses section an increase in financial income of 490K€, while financial expenses have had a similar behaviour to 2021. On the other hand, exchange differences have had a negative performance compared to the end of the previous year due to the fluctuations of the euro against the US dollar, especially in the second half of 2022 and one of the consequences of the policies adopted by the Turkish government such as the devaluation of the Turkish lira. This has resulted in high negative exchange differences amounting to nearly €500K, which have affected the consolidation perimeter and accounted for more than 90% of the total amount of this item in the income statement, which stands at €539K.

From the point of view of the capital structure and financing, equity recorded a fall of 40.04% as a result of the €5m raised on the stock market, but mitigated by the incorporation of losses of the different companies and the application of reserves.

In terms of cash flows from operating activities, the result was 770K€ higher than in 2021, with a cash flow from operating activities of 4.7M€ in 2022, while in 2021 the result of cash flows from operating activities was 3.9M€.

With regard to cash flows from investing activities, there is a lower impact from investing activities, mainly due to the absence of impact from business combination acquisitions and a lower impact on other financial assets of €2.8m, while divestment proceeds amounted to €3.4m, €1.1m more than in 2021.

Finally, financing activities include the amount raised by the capital increase, but there are also very significant amounts of repayment and amortisation of debts and payments for financial liability instruments, amounting to more than €7.5m, which makes the item corresponding to cash flow from financing activities negative €2.5m.

At the end of 2022, the LABIANA Group achieved a turnover of €57.848 million.

Human Health (CDMO and Own Vademecum)

The results of the human health business segment (Labiana Pharma) for 2022 show a positive sales performance with a turnover of €27.238m, an increase of 9.08% compared to the previous year. This performance has been helped by the own vademecum line which, with a turnover of €8.7m (32%). Among the explanatory factors, it is worth highlighting the significant recovery in the pace of orders once the overstocking in 2020 that affected sales in 2021 as a result of COVID-19 was overcome, recovering levels similar to those of 2020. The CDMO line showed a stable evolution in terms of turnover with €18.5m (68%).
In the 2022 financial year, 12 new registrations have been initiated, bringing the number of registrations in the pipeline during 2022 to 27, and the company obtained, at the end of the 2022 financial year, 6 new registrations in addition to the current ones, bringing the total to 90, spread over 67 countries in all latitudes.

At the operational level, the current capacity of sterile ampoules in solution has recently been increased by 25 million at the Corbera de Llobregat facilities, where a new high-productivity line with a capacity of 20,000 ampoules/hour for formats from 1 to 10 ml and for batches of up to 1,000 litres has been authorised. In addition, the line has a final optical inspection equipment for the detection of particles, possible aesthetic or level defects, with a capacity of 12,000 units/hour. With this addition, the production capacity of ampoules in solution is increased to 31 million units.

Finally, in the area of human health, the company highlights the approval on 21 June by the Health and Consumer Affairs Committee of Congress of the final report on the regulation of cannabis for medicinal use, which proposes to guarantee the availability of cannabis-derived medicines for therapeutic use with medical and pharmaceutical control, which opens up the possibility of its dispensation in pharmacies.

Labiana has a 10.71% stake in a Spanish startup (Trichome Pharma) specialising in the medical cannabis and self-care sector. This company also has in its shareholding the participation of Little Green Pharma, a listed company leader in medical cannabis in Australia.

Labiana Pharmaceuticals has clearly grown in Europe and North America, areas with the most developed and consolidated economies and strategic markets for the group. In the year, these two territories accounted for 63.15% and 4.03% of the total market share, an increase of 17 p.p. compared to the previous year.

Animal Health (CDMO and Own Vademecum)

At the end of the 2022 financial year, the animal health division achieved a turnover of €27.185 million, 85.45% of which corresponds to manufactured products, 8.19% to licensed products and 6.4% to services. With the exception of services, these figures are practically identical to the previous year.

Operationally, the animal health division, which also includes the companies in Serbia and Turkey (Zavod Subotica and Zoleant), currently has 452 registrations in place with a presence in more than 62 countries, with a further 43 in the pipeline.

In the 2022 financial year, 27 new animal health product registrations were submitted and up to 71 new registrations were approved throughout 2022.

In terms of new product launches:

- Last May, prior to the launch on BME Growth, the first MA of Tilolab© tartrate 800,000 IU/g was registered in Spain. It is a generic veterinary medicinal product based on tylosin tartrate in oral powder form to be administered in water or milk to help treat respiratory diseases in pigs, cattle, chickens and turkeys.
- At the beginning of the second half of 2022 and after overcoming the inconveniences caused by the lack of manufacturing components (especially sterilisation filters), the first generic oxytetracycillin injection 300mg/ml (Labimycin© LA 300), one of the longest acting injectable antibiotics in category D (recommended as first choice in the use of veterinary antibiotics), authorised for the treatment of sheep and cattle, will be released.
- During 2022, Tolfelab, an anti-inflammatory drug that can be prescribed as an adjuvant in the treatment of diseases involving pain and inflammation in cattle, pigs, dogs and cats, was also launched on the market. Its active ingredient is tolfenamic acid.

Regarding the evolution of the latest launches, the company highlights the evolution of Labiprofen© , the first generic 15% injectable ketoprofen (anti-inflammatory with analgesic and antipyretic effect for cattle, pigs and horses), which was launched in 2021, considering that since then it has had a very positive evolution, exceeding the initial business plan expectations.

Geographic Markets

Labiana Life Sciences has clearly grown in Europe (60.19% sales in 2022 vs. 56.67% in 2021, an area where the most developed and consolidated economies and strategic markets for the company are concentrated. Germany accounted for 61.07% of EU sales (excluding Spain), with growth of almost €2m compared to 2021.

In this financial year in Spain there is a 3.74 p.p. drop in turnover compared to the same period in 2021 in its share of the overall market. The main reason lies in the temporary setback of the veterinary market as a result of the publication of the new drug regulation.

Labiana Life is focused on the growth of its own product market through the registration of the Labiana vademecum in countries outside the European Union. This year, efforts have focused on consolidating the market in the Middle East, Central Asia, North Africa and Spanish-speaking countries.

In 2022, investments in tangible fixed assets totalling more than six hundred thousand euros were made. These investments were necessary to continue with the productivity improvement plan and the maintenance of GMP standards, which Labiana takes as a serious commitment to comply with.

Thanks to all of the above, Labiana Life Sciences, S.A. intends to ensure its stability and growth within the veterinary pharmaceutical sector and thus continue to consolidate itself as a solid company with broad future prospects within its sector. Furthermore, thanks to its subsidiaries, Labiana continues its inorganic growth with a focus on emerging markets.

Notwithstanding the foregoing, as explained in more detail in note 2.e of the notes to the financial statements, certain circumstances have arisen during the year that have had a very significant negative impact on the Group's results for the year and its economic and financial capacity. This has led to the existence of material uncertainty as to the Group's ability to continue its activity in the future. In order to resolve this situation, the Group's management has implemented business measures to minimise its losses and improve its cash flow and has started negotiations with potential investors to obtain new financing formulas that will allow the Group to meet its present and future payment obligations, its investment needs and to continue with the normal development of its activity.

SUBSEQUENT EVENTS

The most significant events affecting the financial statements on 31 December 2022 are described in note 20 of the accompanying notes to the financial statements.

TREASURY SHARES

During the financial year 2022 the Parent Company has carried out the treasury share transactions indicated in note 14.4.

FINANCIAL INSTRUMENTS

During the year 2022 the Group has not used any instruments related to financial derivatives.

DEFERRALS OF PAYMENTS TO SUPPLIERS

Information on deferrals of payments to suppliers is included in note 11 of the accompanying notes to the consolidated financial statements.

STATEMENT OF NON-FINANCIAL INFORMATION

In accordance with article 49 of the Commercial Code, the Group does not include the Statement of Non-Financial Information in the Consolidated Management Report, opting instead to prepare a separate statement. This report is available on the website https://www.labiana.com/es/.

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RESTATEMENT OF CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED MANAGEMENT REPORT

In compliance with current mercantile regulations, the Board of Directors of **LABIANA HEALTH, S.A.** hereby restates the Consolidated Annual Accounts and Consolidated Management Report for the year ended 31 December 2022, comprising the attached sheets 1 to 90.

Pozuelo de Alarcón (Madrid), 07 June 2022 The
Board of Directors

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