REPORT AT 30 JUNE 2022

27 July 2022

MILESTONES

Corporate

- Recurring revenues (sales plus royalties) in the first half of 2022 increased by 5% with respect to the same period of 2021.
- Total revenues totaled €101.4 million in the first half of 2022, 3% more than in the same period of 2021 (€98.7 million)
- Royalties from sales of Yondelis and Zepzelca by our partners in their respective territories amounted to €21.5 million, a 24% increase year-on-year (from €17.3 million).
- Operating cash flow amounted to €35.2 million in the first half of 2022 (€13.3 million in 1H21).
- The net cash balance, after deducting debt, amounted to €210.5 million, an increase of 26% on 2021 year-end (€167.0 million).

Oncology

- PharmaMar applied for the approval of lurbinectedin in the United Kingdom for treating metastatic small cell lung cancer.
- Qatar granted full approval to Zepzelca® for treating small cell lung cancer.
- Pharma Mar's partner in China Luye Pharma Group Ltd., obtained approval from the Chinese health authorities to market lurbinectedin on a compassionate use basis for treating small-cell lung cancer in Hainan province.
- At the annual meeting of the American Society of Clinical Oncology (ASCO), which was held both online and in person in Chicago on June 3-7, 2022, eight abstracts from various clinical trials with Zepzelca® (lurbinectedin) and Yondelis® (trabectedin) were presented with PharmaMar's partners.
- In May, the American Association for Cancer Reseach (AACR) journal published an abstract entitled *"Antitumor Activity of Lurbinectedin, a Selective Inhibitor of Oncogene Transcription, in Patients with Relapsed Ewing Sarcoma: Results of a Basket Phase II Study"*, which reports the results of an open-label single-arm clinical trial with lurbinectedin as monotherapy in a cohort of 28 adults with relapsed Ewing sarcoma.

Diagnostics

- Market launch of qFlu A&B Full Typing, an in-vitro influenza typing diagnostic kit that detects Influenza A (H1N1pdm 2009 and H3N2) and Influenza B (Victoria lineage) using real-time RT-PCR.
- Accreditation was obtained for bone samples within the scope of the UNE-EN ISO/IEC 17.025 quality standard; this, together with the accreditation for tooth samples obtained previously, provides a competitive edge in analyzing filiation.

RNA interference

- The Phase I trial with SYL1801 in retinal diseases has concluded. It consisted of administering ophthalmic drops for treating and/or preventing diseases of the retina, such as macular degeneration, to 36 healthy volunteers.

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FIGURES TO JUNE 2022

	06/30/2022	06/30/2021	Var.
RECURRING REVENUE	**86,676**	**82,365**	**5%**
Oncology sales	62,418	62,517	0%
Diagnostics sales	2,714	2,465	10%
Royalties	21,544	17,383	24%
NON RECURRING REVENUE	**14,758**	**16,327**	**-10%**
License Agreements	14,655	16,280	-10%
Other	103	47	119%
TOTAL REVENUES	**101,434**	**98,692**	**3%**

(Thousand euro)

Group revenue:

Recurring revenues are the sum of the Group's net sales and royalties from sales by our partners in their respective territories. Recurring revenues in the first half of 2022 amounted to €86.7 million, a 5% increase with respect to the same period of 2021 (€82.4 million), driven mainly by royalties.

Net sales in the Oncology segment amounted to €62.4 million in the first half of 2022 (€62.5 million in the same period of 2021). The breakdown of that net sales is as follows: (i) net sales of Yondelis amounting to €35.9 million (€36.7 million in 1H21), (ii) revenues for Zepzelca in Europe under the early access program amounting to €11.1 million (€15.8 million in 1H21), and iii) sales of both Yondelis and Zepzelca raw material to our various partners amounting to €15.4 million (€10.0 million in 1H21). Diagnostics revenues increased by 10% in the first half of to €2.7 million, from €2.5 million in the same period of 2021.
Gross sales of Yondelis increased by 6%, while net sales remained stable year-on-year because of pressure on prices. The decrease in the amount of Zepzelca revenues in Europe ("early access") is due to the entry into force in France of a regulation imposing significant discounts on the prices of drugs in the Temporary Authorization for Use (ATU) system (now called Autorisation d'accès compassionnel" (AAC))under which Zepzelca is marketed in that territory. The increase in raw material sales is mainly due to sales to our Yondelis partners in territories other than the United States and Japan.

Royalties revenues amounted to €21.5 million in the first half of 2022, up from €17.4 million in the same period last year (+24%). That figure includes royalties from Yondelis sales by our partners in the United States and Japan (€1.6 million) and from Zepzelca sales by our US partner Jazz Pharmaceuticals (€19.9 million in 1H22). Royalties on sales by Jazz in the second quarter of 2022 are an estimate since the figures for that period were not available at the date of publishing this report.

Non-recurring revenue, from **out-licensing agreements**, amounted to €14.7 million in 1H22, compared with €16.3 million in the same period of 2021. Those figures relate to the recognition, on the basis of progress with the contractual commitments, of amounts collected in 2020 as a result of the €300 million licensing agreement for Zepzelca with Jazz Pharmaceuticals.

R&D

Group **R&D** spending increased by 39% year-on-year to €40.3 million in the first half of 2022 (€28.9 million in the same period of 2021).

The Oncology segment spent €33.3 million on R&D in the period, including €9.9 million on developing plitidepsin for the treatment of COVID-19, which is recognized in this segment. Expenditure directly on oncology in the period was related mainly to progress with the Phase III trial with lurbinectedin in small cell lung cancer, as well as progress in clinical trials of this molecule in combination with other agents, and the clinical trials with ecubectedin in solid tumors.

The interference RNA segment increased R&D spending to €5.4 million in the period (from €3.9 million in 1H21), reflecting progress with the first of two Phase III trials in the US with tivanisiran in dry eye disease associated with Sjögren's syndrome, a safety trial associated with that Phase III trial, and the Phase I trial in Spain with SYL18001 in macular degeneration.

The breakdown of R&D expenditure is shown in the next table:

	06/30/2022	06/30/2021	Difª	
R&D expenses	**40,301**	**28,903**	**11,398**	**39%**
Oncology	33,309	24,410	8,899	36%
Diagnostics	1,630	572	1,058	185%
RNAi	5,362	3,921	1,441	37%

(Thousand euro)

Other operating expenses

Other operating, commercial, administrative and corporate expenses amounted to €27.3 million in the first half of 2022, an increase of 9% year-on-year (€25.0 million).

EBITDA

Group EBITDA amounted to €31.9 million in the first half of 2022 (€40.6 million in the same period of 2021).

	06/30/2022	06/30/2021
Net result	**34,924**	**43,205**
Income tax	(2,309)	(3,925)
Net financial income	(3,771)	(1,328)
Depreciation and amortization	3,095	2,619
EBITDA	**31,939**	**40,571**

(Thousand euro)

(EBITDA: earnings before interest, taxes, depreciation and amortization).

The 21% decline in EBITDA, from €40.6 million in 1H21 to €31.9 million in 1H22, is mainly the result of higher R&D spending (+€11.4 million), offset partly by higher recurring revenues (+€4.3 million).

Cash and Debt

As of 30 June 2022, cash and cash equivalents plus current and non-current financial assets amounted to €251.5 million, an 18% increase on same period of 2021 (€212.6 million), mainly because of the receipt in the first half of 2022 of a milestone payment amounting to 22.4 million dolar (€25 million) that accrued in December 2021 under the Zepzelca licensing agreement with Jazz Pharmaceuticals and also to good performance by recurring revenues.

In the first half of 2022, loans from banks and official agencies amounting to €5.8 million were repaid and no new loans were arranged. As a result, total interest-bearing debt was reduced by €4.6 million (10%) with respect to December 2021, to €41.0 million (€45.6 million as of December 2021).

The net cash balance increased by 26% with respect to 2021 year-end.

For the purpose of comparing balance sheet figures, the Group's cash and total interest-bearing debt at amortized cost are detailed below:

	06/30/2022	12/31/2021	Var.
Non current debt	**30,291**	**33,386**	**-3,095**
Bank debt	3,934	4,669	-735
Obligations and bonds	16,681	16,654	27
Govt. Agencies: R&D funding	9,676	12,063	-2,387
Current debt	**10,736**	**12,212**	**-1,476**
Credit facilities	4,612	3,745	867
Bank loan	1,830	3,864	-2,034
Govt. Agencies: R&D funding	3,351	4,077	-726
Interest and others	943	526	417
Total financial debt	**41,027**	**45,598**	**-4,571**
Cash&cash equivalents + non current and current financial investment	**251,478**	**212,602**	**38,876**
TOTAL NET CASH / (DEBT)	**210,451**	**167,004**	**43,447**

(Thousand euro)

RESEARCH AND DEVELOPMENT

Below is an overview of research and development activities.

1.- Oncology segment: Pharma Mar. Compounds:

A) Trabectedin (YONDELIS)

Soft tissue sarcoma

There were 22 post-authorization trials being managed in the second quarter of 2022, seven of which were recruiting new patients. The other trials were in the process of closing and data analysis or were pending the presentation of results. Another trial is currently in the activation phase. There were no changes with respect to the preceding quarter.

The final results of the ISG-STS 1001 and the TRAVELL trials were presented at the American Society of Clinical Oncology (ASCO) meeting in Chicago on 3-7 July as an oral presentation and a poster, respectively.

The oral presentation was entitled ***"Neoadjuvant chemotherapy in high-risk soft tissue sarcomas: Results of the expanded cohort of myxoid liposarcoma of the randomized clinical trial from the Italian Sarcoma Group (ISG), the Spanish Sarcoma Group (GEIS), the French Sarcoma Group (FSG), and the Polish Sarcoma Group (PSG)"***, reporting efficacy data in high-grade myxoid sarcoma. As a result of this trial's previous results, the ESMO Guidelines included trabectedin as a treatment option in this sarcoma subtype in 2021.

Ovarian cancer

There are nine trials ongoing in this indication, six of them actively recruiting.
The final results of the MITO 23 trial were presented at the ASCO meeting.

Enrolment continued for the TOP-ART trial, which combines trabectedin and olaparib in treating solid tumors with DNA repair defects.

B) Lurbinectedin (ZEPZELCA)

Small-cell lung cancer

The LAGOON pivotal Phase III trial in second-line treatment for relapsed small cell lung cancer that had been agreed upon with the FDA received the green light from ethics committees in a number of countries, following that obtained in the USA in December 2021. This is a three-arm trial comparing lurbinectedin as monotherapy or in combination with irinotecan against investigator's choice of irinotecan or topotecan.

If the outcome is positive, the trial could serve in a confirmatory capacity for lurbinectedin in treating small cell lung cancer when patients have experienced progression after first-line treatment with platinum based therapy in the USA, and could serve as a registration trial for territories outside the USA.

The IMforte Phase III trial conducted by our partner Jazz Pharmaceuticals to assess Zepzelca® in combination with a PD-L1 inhibitor for treating small cell lung cancer is enrolling The trial, which is sponsored by Roche and co-financed by Jazz, will measure progression-free survival and overall survival with Zepzelca® in combination with atezolizumab as compared with atezolizumab as monotherapy in the first line maintenance setting of small cell lung cancer. This collaborative research will provide information on a potentially novel first-line treatment option for small cell lung cancer.

A retrospective data collection study continues in France that includes patients who have received lurbinectedin as part of the "ATU nominative" (named-patient authorization) program, now called "Autorisation d'accès compassionnel" (AAC) to describe the clinical and demographic characteristics of these patients by assessing overall survival, real-world progression-free survival, etc. This study is being headed by Intergroupe Francophone de Cancérologie Thoracique and Groupe Français de Pneumo-Cancérologie, and the principal investigator is Professor Nicolas Girard of the Institut Curie (Paris).

A poster entitled "Analysis of patients with relapsed small cell lung cancer (SCLC) receiving single-agent lurbinectedin in the phase 3 ATLANTIS trial" was presented at the ASCO (American Society of Clinical Oncology) meeting in Chicago on June 3-7, 2022, which showed the results of a subgroup of 50 patients with small cell lung cancer in the ATLANTIS Phase III trial who switched per protocol to single-agent lurbinectedin after ten cycles of lurbinectedin in combination with doxorubicin. Upon switching to lurbinectedin monotherapy, these patients tended to maintain or improve the superior tumor response obtained with the combination and no new signs of toxicity were identified.

Combination trials with Zepzelca (lurbinectedin)

During the second quarter, recruitment continued on schedule for the Phase I trials with lurbinectedin in combination with irinotecan, pembrolizumab or atezolizumab.

Specifically, the combination trial with irinotecan is advancing in the expansion process in small cell lung cancer, synovial sarcoma and neuroendocrine tumors, as planned.

The results of the Phase I trial of lurbinectedin in combination with pembrolizumab were also presented at ASCO 2022. A poster entitled "A phase 1/2 trial of lurbinectedin (L) in combination with pembrolizumab (P) in relapsed small cell lung cancer (SCLC): **The LUPER study"** showed a manageable safety profile and preliminary antitumor activity of the combination of lurbinectedin with pembrolizumab as second-line therapy for patients with relapsed small cell lung cancer.

Phase I trial in China

The trial being conducted by our partner, Luye, to ascertain the dose of Zepzelca in Chinese patients ended patient enrolment and is currently in the monitoring phase.

An abstract entitled **"Efficacy and safety of lurbinectedin as second-line therapy in Chinese patients with small cell lung cancer Preliminary results of a phase 1 study"** was presented at the ASCO 2022 meeting; it analyzed the results of the phase I trial in which lurbinectedin as monotherapy showed promising efficacy as a second-line treatment in Chinese patients with small-cell lung cancer, with acceptable tolerability and a manageable safety profile.

C) Ecubectedin (PM14)

The first Phase I/II trial with ecubectedin attained the optimal dose in patients with advanced solid tumors. An expansion Phase II basket trial with a number of tumor types is currently enrolling patients.

Combination trials

Recruitment for the Phase I/II trial with this compound in combination with irinotecan is progressing satisfactorily. The Phase Ib trial in combination with atezolizumab is also recruiting satisfactorily.

D) Virology Unit: Plitidepsin

Plitidepsin

The NEPTUNE multicenter, randomized, controlled Phase III clinical trial to determine the efficacy and safety of two different doses of plitidepsin versus control in adult patients requiring hospitalization for the treatment of moderate COVID-19 infection continues with patient enrolment in Europe and Latin America.

Extension of the APLICOV-PC Phase II trial

During the first quarter of the year, PharmaMar commenced an extension trial in a cohort of adult patients infected with SARS-CoV-2 who required hospitalization and had been treated with plitidepsin in the APLICOV-PC trial, in order to assess the frequency of post-COVID-19 morbidity and characterize the sequelae profile in patients who participated in that trial. Enrolment for this trial has concluded and the clinical study report will be issued shortly.

2.- Diagnostics Genómica

Genómica ended 1H22 with €2.8 million in net revenues (€2.5 million in the same period of 2021). This 13% increase was due mainly to growth in sales of Pneumovir following the launch of Fast CLART® Pneumovir, as well as the spread of respiratory diseases following the

easing of mask requirements, higher sales of HPV kits, and higher revenues from the COVID-19 diagnostics test. That growth was partly offset by poorer international market performance as a result of lower sales to distributors in Scandinavia.

Revenues in the domestic market amounted to €2.5 million in the first half of 2022 (€1.2 million in the same period of 2021). The international market accounted for 13% of sales, with revenues amounting to €0.3 thousand in the quarter (€0.5 thousand in 2021).

3.- RNA interference: Sylentis

The Phase III trial with tivanisiran for treating dry eye disease associated with Sjögren's syndrome, which aims to enroll 200 patients, continued in the first second quarter of 2022. The number of participating centers was expanded from 31 to 35 hospitals in the United States. The primary endpoint is efficacy (signs and symptoms) and the secondary endpoint is safety.

In March, the first patient was enrolled in the USA in a new Phase III trial to assess the long-term safety of tivanisiran for treating the signs and symptoms of dry eye disease. This multicenter, randomized study will enroll approximately 300 patients with mild to severe dry eye disease. Patient recruitment was advancing at a good pace at the end of June. The primary endpoint is to evaluate the safety of tivanisiran when administered in the form of eye drops in both eyes once daily for one year. Efficacy (signs and symptoms) will also be assessed in those patients. The design of the long-term safety study has been cleared by the FDA and will be part of the marketing application.

The first Phase I trial with SYL1801 for treating and/or preventing choroid neovascularization, a common cause of retinal diseases such as age-related macular degeneration (AMD) and diabetic retinopathy, has concluded. It involved 36 healthy volunteers and was conducted at Hospital Universitario Ramón y Cajal in Madrid with two treatment intervals: a single ascending dose and multiple ascending doses for seven consecutive days. The final results show that all doses of SYL1801 administered as ophthalmic solution were safe and well tolerated in healthy volunteers. The regulatory documentation to commence the next clinical trial was prepared in the second quarter.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Thousand euro)*	June 30, 2022	December,31 2021
ASSETS		
Non-current assets		
Property, plant and equipment	26,563	26,961
Investment property	845	845
Intangible assets	2,926	3,233
Right-of-use assets	3,514	3,644
Non-current financial assets	54,782	10,722
Deferred tax assets	27,453	27,750
	116,083	**73,155**
Current assets		
Inventories	18,590	10,536
Trade and other receivables	32,497	50,908
Financial assets at amortised cost	53,973	88,532
Other assets	26,906	31,907
Cash and cash equivalents	142,723	113,348
	274,689	**295,231**
TOTAL ASSETS	**390,772**	**368,386**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Thousand euro)*	June 30, 2022	December,31 2021
EQUITY		
Share capital	11,013	11,013
Share premium	71,278	71,278
Treasury shares	(18,026)	(25,679)
Revaluation reserves	21	19
Retained earnings and other reserves	142,650	121,287
Total capital and reserves attributable to equity holders of the parent company	**206,936**	**177,918**
TOTAL EQUITY	**206,936**	**177,918**
LIABILITIES		
Non-current liabilities		
Borrowings	30,291	33,386
Lease liabilities	1,587	1,916
Non-current deferred income	55,687	68,634
Other non-current liabilities	184	186
	87,749	**104,122**
Current liabilities		
Trade and other payables	32,568	29,269
Borrowings	10,736	12,212
Lease liabilities	2,006	1,819
Outstanding remunerations	5,433	7,546
Current deferred income	27,978	29,667
Other current liabilities	17,366	5,833
	96,087	**86,346**
TOTAL LIABILITIES	**183,836**	**190,468**
TOTAL EQUITY AND LIABILITIES	**390,772**	**368,386**

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS		
(Thousand euro)	**June 30, 2022**	**June 30, 2021**
Revenue:		
Revenue from contracts with customers	65,132	64,982
Revenue from licensing and development agreements	14,655	16,280
Royalties	21,544	17,383
Other	103	47
	101,434	**98,692**
Cost of sales	(7,430)	(7,620)
Gross Result	**94,004**	**91,072**
Marketing expenses	(12,139)	(10,736)
General and administrative expenses	(9,313)	(8,582)
Research and development expenses	(40,301)	(28,903)
Net impairment on financial assets	(427)	168
Other operating expenses	(5,927)	(5,682)
Other results	2,947	615
Operating Result	**28,844**	**37,952**
Finance costs - net	**3,771**	**1,328**
Result of the period before income taxes	**32,615**	**39,280**
Income tax benefit / (expense)	2,309	3,925
Result for the period	**34,924**	**43,205**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (Thousand euro)	June 30,2022
Result before taxes:	**32,615**
Result before taxes from continuing operations	*32,615*
Adjustments for:	**(439)**
Depreciation and amortization	3,088
Provision for impairment of accounts receivable	(91)
Impairment losses of property, plant and equipment	60
Finance income	(240)
Finance costs	1,272
Results on disposals of intangible assets	(12)
Share based payments	202
Deferred income - grants	85
Exchange differences on translation of foreign operations	(4,803)
Changes in working capital:	**(8,974)**
Inventories	(8,054)
Trade and other receivables	18,462
Other assets and liabilities	(5,867)
Trade and other accounts payable	1,225
Deferred or accrual items	(14,740)
Other cash flows from operations:	**12,045**
Interest paid	(1,272)
Interest received	240
Income taxes paid	13,077
Net cash outflow from operating activities	**35,247**
Acquisitions:	**(7,163)**
Property, plant and equipment, intangible assets and investment property	(1,283)
Other financial assets	(5,880)
Proceeds from:	**12**
Property, plant and equipment, intangible assets and investment property	12
Net cash inflow from investing activities	**(7,151)**
Receipts and (payments) in connection with equity instruments:	**5,809**
Purchase of treasury shares	(19,764)
Proceeds from shares issued	25,573
Receipts and (payments) in connection with financial liabilities:	**(5,725)**
Repayment of borrowings	(5,725)
Net cash inflow (outflow) from financing activities	**84**
Effects of exchange rate changes on cash and cash equivalents	**1,195**
Net increase (decrease) in cash and cash equivalents	**29,375**
Cash and cash equivalents at beginning of the period	113,348
Cash and cash equivalents at end of the period	**142,723**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS OF PHARMA MAR, S.A. FOR THE FIRST HALF OF 2022.

1. General information

Pharma Mar, S.A. is the company that resulted from the merger of Zeltia, S.A. (absorbed company) into Pharma Mar, S.A. (acquiring company). Pharma Mar, S.A., the Group's parent company (hereinafter, "PharmaMar" or "the Company"), was incorporated as a limited company in Spain for an indefinite period on 30 April 1986. Its registered offices are located in Colmenar Viejo (Madrid) at Avenida de los Reyes, 1 (Pol. Industrial La Mina – norte).

PharmaMar's main activity is research, development, production and commercialization of bio-active principles of marine origin for application in oncology, as well as management, support and development of its investees, in the diagnostics and RNA interference areas, and investees whose object is the commercialization of oncology products in Europe.

The interim financial statements for the first half of 2022 have not been audited.

Significant events in the first half of 2022

Commercial:

In January, the Company collected USD 25 million (€22.1 million) from Jazz Pharmaceuticals as the first commercial milestone payment for Zepzelca, which had accrued in December 2021.
Regulatory:

In May, PharmaMar applied for approval to market lurbinectedin in the United Kingdom for treating metastatic small cell lung cancer. This conditional application is based on data from the Phase II basket trial with single-agent lurbinectedin. The LAGOON Phase III trial can serve as a confirmatory trial.

Inmedica, PharmaMar's partner in Qatar, obtained approval for Zepzelca® to treat small cell lung cancer in that territory.

Pharma Mar's partner in Asia, Luye Pharma Group Ltd., obtained approval from the Chinese health authorities to market lurbinectedin on a compassionate use basis for treating small-cell lung cancer in Hainan Province.

In April, rating agency Axesor maintained PharmaMar's long-term rating at "BB+", outlook stable.

Scientific:

The ASCO journal Clinical Cancer Research published an abstract entitled *"Antitumor Activity of Lurbinectedin, a Selective Inhibitor of Oncogene Transcription, in Patients with Relapsed Ewing Sarcoma: Results of a Basket Phase II Study"* that showed the results of a cohort of 28 adult patients with relapsed Ewing sarcoma from the single-arm, open-label, Phase II clinical trial with lurbinectedin as single agent. The trial achieved its primary endpoint: Overall Response Rate (ORR).

With its partners, PharmaMar presented eight abstracts from various clinical trials with Zepzelca® (lurbinectedin) and Yondelis® (trabectedin) at the American Society of Clinical Oncology (ASCO) annual meeting that was held online and in person in Chicago from 3 to 7 June 2022.

PharmaMar organized a meeting of Europe's leading experts in soft tissue sarcoma. The event, held in Madrid on 23 April, was attended by the principal oncologists, radiologists and surgeons in Europe with a view to advancing with approaches for treating sarcoma.

In March, Sylentis completed the Phase I trial with SYL1801 in retinal diseases. In the trial, 36 healthy volunteers received ophthalmic drops designed to treat and/or prevent retinal diseases such as macular degeneration. The trial showed that SYL1801 is safe and well tolerated and, consequently, attained its primary endpoint: safety. SYL1801, developed by Sylentis, is based on RNA interference (RNAi) technology.

Sylentis also commenced a Phase III trial in the United States to assess the safety of tivanisiran in patients with dry eye disease. Entitled FYDES, the trial involves 26 hospitals in the United States. It will assess the long-term safety of tivanisiran in patients with mild to severe dry eye disease. The design of the long-term safety study has been cleared by the FDA and will be part of the marketing application.

In April, Sylentis inaugurated the first pilot plant in Spain for the manufacture of oligonucleotides.

The 400-square-meter plant will serve the needs of both Sylentis and other pharmaceutical companies. Oligonucleotides are short strands of DNA or RNA that are manufactured by chemical synthesis, and they are the active ingredient of a new class of drugs.

Liquidity

Regarding liquidity, as of 30 June 2022, the Group had a net cash position of €210.5 million (cash plus current and non-current financial assets, net of current and non-current debt), and €11.7 million available in credit lines.

None of the existing loans is subject to covenants.

In the first half of 2022, the Group generated €35.2 million in operating cash flow.

At the date of this report, the Group's ability to continue as a going concern is well assured.

The directors and managers of the Group constantly monitor the situation in order to anticipate any financial or non-financial impacts that might arise.

Consolidation scope

There have been no changes in the consolidation scope with respect to the last audited financial statements as of 31 December 2021.

2. Basis of presentation, accounting standards, judgments, and material accounting estimates.

A.- The interim separate financial statements for the first half of 2022 were prepared in accordance with Spain's New General Accounting Plan (NPGC), which came into force on 1 January 2008, and the same accounting principles and standards were applied as in the financial statements for the year ended 31 December 2021.

B.- The interim consolidated financial statements for the first half of 2022 were prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU-IFRS).

The accounting standards were applied on a uniform basis with respect to the year ended 31 December 2021.

These interim financial statements were authorized by the Board of Directors of PharmaMar on 27 July 2022.

C.- Accounting estimates and judgements

The accounting estimates and judgements made by application of PharmaMar's accounting policies for 2021 are detailed in Note 2.2 to the separate financial statements of PharmaMar and Note 4 to the consolidated financial statements.

In both cases, they address the following issues:

a) Deferred tax assets
b) Recognition of revenue under licensing agreements

No estimates or judgements on additional matters were made in the first half of 2022.

D.- Presentation currency

The interim consolidated financial statements are expressed in thousand euro.

3. Seasonal or cyclical nature of the PharmaMar Group's transactions

In addition to recurring sales of its products, whether directly or through its partners (on which it collects royalties), the Oncology segment also collects revenues from out-licensing and/or co-development agreements for its products. These licensing agreements involve payments on a schedule that is not uniform and they normally depend on milestones that are defined in the agreement itself and can vary considerably in terms of type and amount, and may produce sizeable variations in earnings between periods whose materialization is difficult to predict in advance.

4. Segment reporting

The Board of Directors is the highest decision-making body in operating matters. Management has determined the operating segments based on the information submitted to the Board of Directors for the purpose of assigning resources and assessing performance.

The Board of Directors evaluates the performance of the operating segments by monitoring revenue, gross margin, cost of sales, R&D expenses, marketing and distribution expenses, and EBITDA. These magnitudes are also used as indicators for determining which operating segments have similar economic characteristics.

Consequently, three business segments have been identified: Oncology, Diagnostics and RNA interference.

1. Oncology segment. This segment encompasses the Group undertakings whose object is to research, develop and market anti-tumor drugs (Pharma Mar, S.A., Pharma Mar USA, PharmaMar AG, Pharma Mar SARL, Pharma Mar GmbH, Pharma Mar, S.r.L., Pharma Mar, Sprl, and Pharma Mar Ges.m.b.H).

2. Diagnostics. This segment encompasses the development and marketing of diagnostic kits: Genómica, S.A.U. and its subsidiaries: Genómica AB, y Genómica Trading Co. Ltd.).

3. RNAi. This segment encompasses the development of drugs with therapeutic activity based on reducing or silencing gene expression (Sylentis, S.A.U.).

Transactions between operating segments were not material in the first half of 2022.

The disclosures by business segment are as follows:

06/30/2022	Oncology	Diagnostics	RNAi	Unallocated	Group
Revenue	98,618	2,814	2	0	101,434
Cost of sales	(6,023)	(1,407)	0	0	(7,430)
R&D expenses	(33,309)	(1,630)	(5,362)	0	(40,301)
Operating expenses	(18,814)	(26)	(163)	(5,856)	(24,859)
Operating result	**40,472**	**(249)**	**(5,523)**	**(5,856)**	**28,844**
EBITDA	**42,816**	**294**	**(5,315)**	**(5,856)**	**31,939**
Result before income taxes	**44,533**	**(360)**	**(5,702)**	**(5,856)**	**32,615**
Total Assets	**377,360**	**10,801**	**2,611**	**0**	**390,772**
Total Liabilities	**173,425**	**7,009**	**3,402**	**0**	**183,836**
Investment fixed assets and intangible as:	**1,083**	**73**	**255**	**0**	**1,411**

Thousand euro

06/30/2021	Oncology	Diagnostics	RNAi	Unallocated	Group
Revenue	96,203	2,487	2	0	98,692
Cost of sales	(6,248)	(1,372)	0	0	(7,620)
R&D expenses	(24,410)	(572)	(3,921)	0	(28,903)
Operating expenses	(16,129)	(2,104)	(329)	(5,655)	(24,217)
Operating result	**49,416**	**-1,561**	**(4,248)**	**(5,655)**	**37,952**
EBITDA	**51,392**	**-1,037**	**-4,129**	**-5,655**	**40,571**
Result before income taxes	**51,054**	**-1,652**	**(4,467)**	**(5,655)**	**39,280**
Total Assets	**327,318**	**11,502**	**3,722**	**0**	**342,542**
Total Liabilities	**195,024**	**6,956**	**5,708**	**0**	**207,688**
Investment fixed assets and intangible assets	**2,379**	**254**	**178**	**0**	**2,811**

Thousand euro

For more information, see item 14 in Chapter IV of the Selected financial information and the Interim directors' report contained in Chapter VI of this document.

5. Fixed and other non-current assets: Property, plant and equipment, etc.

There were no material changes in property, plant and equipment in the first half of 2022, and the additions were mainly to replace or upgrade equipment.

No items of property, plant and equipment were disposed of.

No impairment was recognized in connection with property, plant and equipment, intangible assets or other non-current assets in the period.

There were no material changes in investment property or intangible assets in the first half of 2022.

6. Inventories

No impairment was recognized in the first half of 2022 as a result of writing down the carrying amount of inventories to net realizable value, nor was any such impairment reversed.

	06/30/2022	12/31/2021
Goods for resale	1,041	188
Raw materials and other supplies	1,644	605
Semi-finished products and products in p	15,433	9,245
Finished products	472	498
Total inventories	**18,590**	**10,536**

Thousand euro

PharmaMar has arranged insurance policies to cover the risks to which the inventories are exposed. The coverage is deemed to be sufficient.

7. Customer and other accounts receivable

The detail of this account is as follows:

	06/30/2022	12/31/2021
Customer receivables for sales and services	32,115	50,562
Other receivables	205	196
Supplier advances	177	150
Total Trade and other receivables	**32,497**	**50,908**

Thousand euro

Of the total amount of customer and other accounts receivable, 11,199 are in USD.

No provisions for bad debts have been recognized.

8. Non-current and current financial assets and Cash and cash equivalents

Non-current financial assets in June 2022 consist mainly of time deposits for over one year at a number of financial institutions.

Current financial assets refer to a number of time deposits for periods of more than three months. The balance as of 30 June 2022 was €54.0 million.

Cash and cash equivalents refers mainly to deposits and other investments maturing at no more than three months from the acquisition date.

	6/30/2022	12/31/2021
Non current financial assets	54,782	10,722
Current financial assets	53,973	88,532
Cash & cash equivalents	142,723	113,348
Total	**251,478**	**212,602**

Thousand Euro

9. Shareholders' equity

As of 30 June, PharmaMar's capital stock amounted to €11,013 thousand (€11,013 as of 31 December 2021), represented by 18,354,907 shares with a par value of 60 cent each. All the shares have been fully subscribed and paid.

As of 30 June, the Group held 263k own shares, representing 1.429% of PharmaMar's capital stock (344k shares as of 31 December 2021), worth €18.0 million (€25.7 million as of 31 December 2021).

Dividends in 2022

A dividend of €0.65 gross per share, equivalent to €11.9 million, was paid on 15 July 2022, in accordance with the resolution on the distribution of 2021 income adopted by the 2022 Shareholders' Meeting.

10.- Trade and other payables

The breakdown of this account is as follows:

	06/30/2022	12/31/2021
Trade payables for purchases	2,153	1,322
Trade payables for services received	22,536	25,606
Advances received for orders	6,335	1,225
Other accounts payable	1,544	1,116
Total	**32,568**	**29,269**

Thousand euro

11.- Current and non-current financial liabilities

The breakdown of non-current and current bank debt is as follows:

	06/30/2022	12/31/2021	Var.
Non current debt	**30,291**	**33,386**	**-3,095**
Bank debt	3,934	4,669	-735
Obligations and bonds	16,681	16,654	27
Govt. Agencies: R&D funding	9,676	12,063	-2,387
Current debt	**10,736**	**12,212**	**-1,476**
Credit facilities	4,612	3,745	867
Bank loan	1,830	3,864	-2,034
Govt. Agencies: R&D funding	3,351	4,077	-726
Interest and others	943	526	417
Total financial debt	**41,027**	**45,598**	**-4,571**

Thousand euro

In the first half of 2022, loans from banks and official agencies amounting to €5.8 million were repaid and no new loans were arranged. Total interest-bearing debt was reduced by 10% to €41.0 million as of 30 June 2022.

The Group's debt is not subject to covenants or secured by its assets.

12.- Current and non-current deferred revenues

As of 30 June 2022, current deferred revenue amounts to €28.0 million (€29.7 million as of 31 December 2021) and non-current deferred revenue amounts to €55.7 million (€68.6 million as of 31 December 2021). Those amounts include mainly the part of the upfront and milestone payments under licensing agreements signed by the Group that, in accordance with IFRS 15, have not yet been recognized as revenues in the income statement.

Revenues amounting to €14.7 million were recognized in the first half of 2022 under the licensing agreement for Zepzelca signed with Jazz Pharmaceuticals in 2019.

13. Revenues

The breakdown of Group net revenues is as follows:

	06/30/2022	06/30/2021	Var.
RECURRING REVENUE	**86,676**	**82,365**	**5%**
Oncology sales	62,418	62,517	0%
Diagnostics sales	2,714	2,465	10%
Royalties	21,544	17,383	24%
NON RECURRING REVENUE	**14,758**	**16,327**	**-10%**
License Agreements	14,655	16,280	-10%
Other	103	47	119%
TOTAL REVENUES	**101,434**	**98,692**	**3%**

Thousand euro

Recurring revenues are the sum of the Group's net sales and royalties from sales by our partners in their respective territories. Recurring revenues in the first half of 2022 amounted to €86.7 million, a 5% increase with respect to the same period of 2021 (€82.4 million), driven mainly by royalties.

Net sales in the Oncology segment amounted to €62.4 million in the first half of 2022 (€62.5 million in the same period of 2021). The breakdown of net sales is as follows: (i) net sales of Yondelis amounting to €35.9 million (€36.7 million in 1H21), (ii) sales of Zepzelca in Europe under the early access program amounting to €11.1 million (€15.8 million in 1H21), and iii) sales of both

Yondelis and Zepzelca raw material to our various partners amounting to €15.4 million (€10.0 million in 1H21). Diagnostics revenues increased by 10% in the first half of to €2.7 million, from €2.5 million in the same period of 2021.
Gross sales of Yondelis increased by 6%, while revenues remained stable year-on-year because of pressure on prices. The decrease in the amount of Zepzelca sales in Europe ("early access") is due to the entry into force in France of a regulation imposing significant discounts on the prices of drugs in the Temporary Authorization for Use (ATU) system under which Zepzelca is marketed in that territory. The increase in raw material sales is mainly due to sales to our Yondelis partners in territories other than the United States and Japan.

Royalties revenues amounted to €21.5 million in the first half of 2022, up from €17.4 million in the same period last year (+24%). That figure includes royalties from Yondelis sales by our partners in the United States and Japan (€1.6 million) and from Zepzelca sales by our US partner Jazz Pharmaceuticals (€19.9 million in 1H22). Royalties on sales by Jazz in the second quarter of 2021 are an estimate since the figures for that period were not available at the date of publishing this report.

Non-recurring revenue, from **out-licensing agreements**, amounted to €14.7 million in 1H22, compared with €16.3 million in the same period of 2021. Those figures relate to the recognition, on the basis of progress with the contractual commitments, of amounts collected in 2020 as a result of the €300 million licensing agreement for Zepzelca with Jazz Pharmaceuticals.

14. Deferred tax assets and Income tax

The Group calculated its deferred tax assets as a function of the amount it estimates it will be able to recover against projected future profits; there were no changes with respect to the calculations as of 31 December 2021.

Each Group company calculates its tax expense using the tax rate applicable in each country. Effective tax rates were not used to calculate income tax presented in the consolidated income statement.

To calculate income tax, the Group availed itself of a reduction factor for revenues from the assignment of the right to use or exploit patents. Additionally, the Group offset tax losses, used international double taxation tax credits, and took deductions for research and development. As a result, the effective tax rate as of 30 June was 3.26%. The effective rate for the full year may differ from that in the first half. The balance of the income tax item includes the €3.4 million in revenue arising from monetizing research and development tax credits.

15. Subsequent events

No material events have occurred since 30 June that might affect the content of the financial statements or require disclosure.

16. Risks and uncertainties in the second half of the year

As regards the activities within the biopharmaceutical area, there is the inherent risk that research and development processes may not be completed successfully, as well as the risk that a project, once completed, may not be approved by the regulatory authorities.

Pressure on drug prices and discounts in Europe as a result of the adjustment measures being adopted in the countries where our product is commercialized.

Risk of legislative changes that may change the initial conditions of regulatory requirements, prices and discounts or qualitative requirements.

Risk of the entrance of generics as a result of patent expiration, and risk of loss of market exclusivity granted by regulatory agents.

Additionally, the approval of new rival products may reduce net sales of our products.

There is also exchange rate risk in licensing agreements whose consideration is in a currency other than the euro.

17. Related-party disclosures

See section 18 of Chapter IV Selected financial information.

INCOME STATEMENT BY FUNCTION

As provided in IAS 1.88, expenses in the income statement may be classified on the basis of their nature or function. In its consolidated financial statements, the PharmaMar Group elects to classify expenses by function. For this reason, this section contains a consolidated income statement as of 30 June 2022 by function, with the comparable figures for 30 June 2021. There is also a table reconciling expenses by nature from chapter IV with the expenses by function in the income statement used by the Group to draw up its consolidated financial statements.

The other components of the consolidated financial statements drawn up by the Group conform to the forms presented in Chapter IV of this report.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS		
(Thousand euro)	June 30, 2022	June 30, 2021
Revenue:		
Revenue from contracts with customers	65,132	64,982
Revenue from licensing and development agreements	14,655	16,280
Royalties	21,544	17,383
Other	103	47
	101,434	**98,692**
Cost of sales	(7,430)	(7,620)
Gross Result	**94,004**	**91,072**
Marketing expenses	(12,139)	(10,736)
General and administrative expenses	(9,313)	(8,582)
Research and development expenses	(40,301)	(28,903)
Net impairment on financial assets	(427)	168
Other operating expenses	(5,927)	(5,682)
Other results	2,947	615
Operating Result	**28,844**	**37,952**
Finance costs - net	**3,771**	**1,328**
Result of the period before income taxes	**32,615**	**39,280**
Income tax benefit / (expense)	2,309	3,925
Result for the period	**34,924**	**43,205**

Reconciliation of expenses by nature with expenses by function:

June 2022	Cost of sales	Marketing & commercial organisation expenses	General and administration expenses	Research & development expenses	Other operating expenses	Other operating revenues	Total
(+/-) Change in inventories of finished products and work in progress	(6,556)	12	12,507	(663)	0	0	5,299
(+) Work carried out by the company for its assets	0	0	0	0	0	0	0
(-) Supplies	(326)	(103)	(10,660)	(2,643)	0	0	(13,732)
(+) Other operating income	0	0	0	0	0	81	81
(-) Personnel expenses	(351)	(5,872)	(6,434)	(10,242)	(2,730)	0	(25,630)
(-) Other operating expenses	(98)	(5,554)	(3,853)	(25,468)	(3,356)	0	(38,328)
(-) Depreciation and amortization	(99)	(625)	(876)	(1,285)	(202)	0	(3,088)
(+) Allocation of grants for non-financial and other investments	0	0	0	0	0	851	851
(+/-) Impairment and gains or losses on disposal of fixed assets	0	3	0	0	(66)	15	(48)
(+/-) Other income	0	(0)	3	1	0	2,000	2,004
Total	**(7,430)**	**(12,139)**	**(9,313)**	**(40,301)**	**(6,354)**	**2,947**	**(72,590)**