REPORT AT JUNE 30, 2023

July 27, 2023

MILESTONES

Corporate

- Group revenue in the first half of 2023 amounted to €80.2 million (€101.4 in the same period of 2022), reflecting the impact of the release of generic trabectedin.
- Royalties from sales of Yondelis and Zepzelca by our partners in their respective territories amounted to €22.8 million (€21.5 in the first half of 2022).
- As of June 30, 2023, the Group recorded cash position of €202.3 million with a total debt of €39.8 million (vs. €231.8 million of cash and 39.0 million of debt as of December 31, 2022).
- On June 9, the dividend agreed by the General Shareholders' Meeting of May 31, 2023 was distributed: 0.65 euros per share.
- On July 27, the Board of Directors agreed to carry out the acquisition of treasury stock up to a maximum amount of 15 million euros over the next six months.

Oncology

- In July, accelerated approval was obtained from the Taiwan Food and Drug Administration (TFDA) to commercialize Zepzelca® (lurbinectedin) for treating adults with metastatic small cell lung cancer in that territory. The application had been submitted by our partner in that territory, Lotus Pharmaceutical Co. Ltd.
- In July, PharmaMar partner Immedica Pharma AB received full approval from the Oman Ministry of Health to market Zepzelca® (lurbinectedin) for treating adult patients with metastatic small-cell lung cancer in that territory.
- In June, The National Medical Products Administration of the People's Republic of China accepted a New Drug Application (NDA) for approval of lurbinectedin for the treatment of adult patients with small-cell lung cancer submitted by PharmaMar partner, Luye Inc.
- PharmaMar brought a new molecule into clinical development: PM54, with which it has initiated a Phase I clinical trial in solid tumors.
- The European Commission granted orphan drug designation to lurbinectedin for the treatment of soft tissue sarcoma.
- During the quarter, Zepzelca was launched in Switzerland for the treatment of small-cell lung cancer.
- The combination of trabectedin with doxorubicin has been included in the NCCN Clinical Practice Guidelines in Oncology as a first line of treatment for leiomyosarcoma.

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FIGURES TO JUNE 2023

	06/30/2023	06/30/2022	Var.
RECURRING REVENUE	**67,326**	**86,676**	**-22%**
Oncology sales	43,389	62,418	-30%
Diagnostics sales	1,144	2,714	-58%
Royalties	22,793	21,544	6%
NON RECURRING REVENUE	**12,863**	**14,758**	**-13%**
License Agreements	12,679	14,655	-13%
Other	184	103	79%
TOTAL REVENUES	**80,189**	**101,434**	**-21%**

(Thousand euro)

Group revenue:

Group revenue totaled €80.19 million in H1 '23, compared with €101.43 million in the same period of 2022. The breakdown of that figure is as follows:

Recurring revenue is the sum of the Group's net sales and royalties from sales by our partners. This item went from €86.7 million in H1 '22 to €67.3 million in H1 '23. This 22% variation with respect to the previous year is due mainly to the decrease in oncology sales.

Net revenue in the oncology segment amounted to €43.4 million in the first half of 2023, down 30% on the same period of 2022 (€62.4 million). The breakdown of net sales is as follows:

i) Net sales of Yondelis in the European market. This item amounted to €14.2 million in H1 '23 (€35.9 million in H1 '22). This variation is a consequence of the release of generic trabectedin on the market in the fourth quarter of 2022, resulting in significant pressure on prices. Yondelis received its first marketing authorization in 2007, so it has been on the market for more than fifteen years.

ii) Lurbinectedin revenue in Europe, mainly in France under early access programs. In the first half of 2023, the company recognized net revenues of €21.0 million from France, Austria and Spain under the "Early Access" program (€11.1 million in the same period of 2022). This increase is due to an adjustment made by the French authorities in relation to the previous year's discounts. No further adjustments are expected this year. Units sold were similar to the previous year.

iii) Sales of raw materials, both Yondelis and Zepzelca, to our partners. This item amounted to €8.2 million in the first half of 2023, (vs. €15.4 million in the same period of 2022).

Royalty revenue amounted to €22.8 million in the first half of 2023, a 6% increase on the €21.5 million recognized in the same period of 2022. That figure includes royalties from Zepzelca sales by our US partner, Jazz Pharmaceuticals, amounting to €21.0 million in the first half (vs. 19.9 in the first half of 2022). Royalties in the second quarter are an estimate since Jazz's sales figures in that period were not available at the date of publishing this report; deviations are corrected in the subsequent quarter.

In addition, royalties were also received for sales of Yondelis by our partners in the United States and Japan in the amount of €1.8 million in the first half of 2023 (€1.6 million in the same period of 2022).

Non-recurring revenue, mainly from out-licensing agreements, amounted to €12.7 million in H1 '23, compared with €14.7 million in H1 '22.

Revenue under this heading in the first half of 2023 and 2022 was entirely from licensing agreements for Zepzelca. In the first half of 2023, €12.1 million in revenue was recognized out of the USD 300 million received in 2020 under the Zepzelca license agreement with Jazz Pharmaceuticals, and €0.6 million were recognized for attaining milestones under various agreements with other partners. Almost all the revenue under this heading in the first half of 2023 was under the agreement with Jazz Pharmaceuticals (€14.6 million).

R&D

R&D spending increased by 16% year-on-year to €46.6 million in the first half of 2023, from €40.3 million in the same period of 2022.

Oncology spent €39.0 million on R&D in the first half of 2023, including €4.8 million on clinical trials to develop plitidepsin as an antiviral, which are recognized in this segment. Expenditure directly on oncology in the period was related mainly to the LAGOON confirmatory Phase III trial with lurbinectedin in small cell lung cancer, in which enrolment is proceeding, as well activities prior to initiation of two other Phase III trials with lurbinectedin: one in mesothelioma and one in leiomyosarcoma. We also continue to invest in the Phase II clinical trial with ecubectedin in solid tumors and the Phase I clinical trials with ecubectedin, PM534 and PM54 in solid tumors. Progress continues to be made in preparing new candidates for clinical development, as well as in researching new compounds in earlier phases and in preclinical trials to bring new molecules to the clinical pipeline.

The main R&D spending in the RNA interference segment relates to Phase III clinical trials with tivanisiran in dry eye associated with Sjögren's syndrome. A Phase II 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 commenced.

	06/30/2023	06/30/2022	Difª	
R&D expenses	**46,647**	**40,301**	**6,346**	**16%**
Oncology	38,959	33,309	5,650	17%
Diagnostics	0	1,630	-1,630	-100%
RNAi	7,688	5,362	2,326	43%

(Thousand euro)

Other operating expenses

Operating expenses: the Group spent €28.3 million on marketing and commercial, general and administrative expenses in the first half of 2023, a 3.6% increase year-on-year (€27.4 million in 2022).

	06/30/2023	06/30/2022	Difª	
Other operating expense	**28,353**	**27,379**	**974**	**3.6%**
Marketing expenses	12,108	12,139	-31	-0.3%
General and Administrative	9,393	9,313	80	0.9%
Other operating expense (Corporate)	6,852	5,927	925	15.6%

(Thousand euro)

EBITDA

Group EBITDA amounted to €4.2 million in H1' 23 and €31.9 million in H1' 22, calculated as follows:

	06/30/2023	06/30/2022
Net result	**6,435**	**34,924**
Income tax	(5,155)	(2,309)
Net financial income	195	(3,771)
Depreciation and amortization	2,685	3,095
EBITDA	**4,160**	**31,939**

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

The variation in EBITDA is due mainly to the increase in R&D expenses (€6.3 million) between the two periods and the reduction in revenue (€21.2 million).

Cash and Debt

As of June 30, 2023, total debt had increased by €0.8 million compared to December 31, 2022. This variation is due mainly to new loans arranged in the first half of 2023 from official agencies amounting to €4.5 million (no new official funding or bank loans were arranged in the same period of 2022), partly offset by repayments of €3.7 million in loans from banks and official agencies.

The Group ended the first half of 2023 with a positive net cash position of €162.5 million (€192.8 at 2022 year-end). This level of net cash will enable the Group to undertake the planned development and R&D work without cash stresses.

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

	06/30/2023	12/31/2022	Var.
Non current debt	**27,060**	**25,883**	**1,177**
Bank debt	116	231	-115
Obligations and bonds	16,738	16,709	29
Govt. Agencies: R&D funding	10,206	8,943	1,263
Current debt	**12,748**	**13,125**	**-377**
Credit facilities	3,761	3,506	255
Bank loan	3,833	4,430	-597
Govt. Agencies: R&D funding	3,127	3,791	-664
Interest and others	2,027	1,398	629
Total financial debt	**39,808**	**39,008**	**800**
Cash&cash equivalents + non current and current financial investment	**202,332**	**231,818**	**-29,486**
TOTAL NET CASH / (DEBT)	**162,524**	**192,810**	**-30,286**

(Thousand euro)

RESEARCH AND DEVELOPMENT

Below is an overview of research and development activities.

1.- Oncology segment: Pharma Mar. Compounds:

A) Lurbinectedin (ZEPZELCA)

Zepzelca has been included in the European Society for Medical Oncology (ESMO) Clinical Practice Guidelines as a second-line treatment of small cell lung cancer.

Small-cell lung cancer

The LAGOON pivotal Phase III trial as second-line treatment for small cell lung cancer that had been agreed upon with the FDA continues enrolling patients. 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, this could serve as a confirmatory trial in the United States and as a registration trial in other territories outside the United States including EMA jurisdiction.

Recruitment continues satisfactorily for the Phase III trial that our partner Jazz Pharmaceuticals and Hoffmann-La Roche are conducting with Zepzelca® in combination with Atezolizumab, a PD-L1 inhibitor, for first-line maintenance treatment of small cell lung cancer. This trial, which is sponsored by Hoffmann-La Roche and co-financed by Jazz, will measure progression-free survival and general survival with Zepzelca® in combination with atezolizumab as compared with atezolizumab as sole agent. This research will provide information on a novel first-line treatment option for small cell lung cancer.

A retrospective data collection study in France that included patients who had received lurbinectedin as part of the "ATU nominative" (named-patient authorization) program was presented in a poster session at the ASCO meeting. The study was 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). It described the clinical and demographic characteristics of these patients and assessed overall survival, real-world progression-free survival, etc.

Combination trials with Zepzelca (lurbinectedin)

Recruitment continues on schedule for the Phase I/II trials in combination with irinotecan and atezolizumab. The combination trial with irinotecan continued in the expansion phase in small cell lung cancer, synovial sarcoma and neuroendocrine tumors, as planned.

Patient enrolment for the combination trial with pembrolizumab has concluded and the trial is in the monitoring phase.

The American Society of Clinical Oncology (ASCO) meeting was held in person and online on June 2-6, 2023, in Chicago. Four new abstracts referring to several clinical trials with Zepzelca® (lurbinectedin) were presented, one in an oral presentation.

In an abstract entitled “Efficacy of combination lurbinectedin (LURBI) + doxorubicin (DOX) from the phase 1B soft-tissue sarcoma (STS) lead-in to a randomized phase 2 trial in leiomyosarcoma (LMS)”, Dr. Gregory Cote, a medical oncologist at Massachusetts General Hospital, presented updated phase Ib data that included efficacy and tolerability data for the combination of lurbinectedin with doxorubicin.

The second presentation was a poster presented during the "trial in progress" session: "A phase III study of lurbinectedin alone or in combination with irinotecan vs investigator's choice (topotecan or irinotecan) in patients with relapsed small cell lung cancer (SCLC; LAGOON trial)".

Another was a poster entitled "Efficacy and safety of lurbinectedin in elderly patients with relapsed SCLC".

And a poster was presented with the title "IFCT-2105 lurbiclin real-world effectiveness and treatment sequences in patients (pts) with extensive-stage small cell lung cancer (ES-SCLC) who received lurbinectedin as part of the French Early Access Program (EAP-ATU)".

B) Ecubectedin (PM14)

The first Phase I/II trial with ecubectedin attained the recommended 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.

C) PM54

Enrolment has begun for the Phase I clinical trial for the treatment of patients with different types of solid tumors. The trial will be conducted in Spain, Europe and the United States with the goal of determining the recommended dose.

D) PM534

A Phase I trial commenced in December 2022 with PM534, a new antitumor compound of marine origin arising from the company's solid tumor research program. The endpoints of this first trial are to find the recommended dose and assess the safety and efficacy profile. The trial will be conducted in patients with advanced solid tumors, who will receive the drug intravenously.

E) Virology: Plitidepsin

COVID-19: Phase II

Enrolment commenced for the **NEREIDA** transactional, multicenter, open, randomized, controlled, basket, pragmatic Phase II clinical trial to determine the efficacy and safety of plitidepsin compared to control in immunocompromised adult patients with symptomatic COVID-19 requiring hospitalization.

This trial was launched after evaluating data obtained in compassionate use programs with plitidepsin in more than 70 patients with that profile, which suggest that this treatment may be well-tolerated and could have potential antiviral efficacy in immunocompromised patients with Covid-19.

At the European Society of Clinical Microbiology and Infectious Diseases (ECCMID) meeting in Copenhagen on April 15-18, and **Sociedad Española de Enfermedades Infecciosas y Microbiología Clínica (SEIMC)** meeting in Santiago de Compostela on June 1-3. Pharma Mar presented the following posters:

The first poster, entitled "*Plitidepsin in adult patients with COVID-19 requiring hospital admission: a long-term follow-up analysis*" showed the trial results with regard to efficacy and safety in patients hospitalized with COVID-19; the safety profile is favorable and lasting in adult patients hospitalized with COVID-19.

The second poster, entitled "*Outcomes and Clinical Characteristics of the Compassionate Use of Plitidepsin for Immunocompromised Adult Patients with COVID-19*", assessed the use of plitidepsin in immunocompromised adult patients with COVID-19, in which plitidepsin showed effectiveness with no significant adverse effects.

2.- RNA interference: Sylentis

In the second quarter of 2023, progress was made with enrolling patients for the Phase III clinical trials of tivanisiran in the United States for treating dry eye disease associated with Sjögren's syndrome. The PIVO 1 trial involves more than 30 hospitals in the United States and eight in Spain and will enroll 200 patients. The other Phase III trial (FYDES) is a multicenter (26 centers in the USA), randomized, double-blind trial in which 300 patients with mild to severe dry eye will receive tivanisiran or the ophthalmic vehicle solution for 360 consecutive days. The main endpoint is to assess safety for ocular and non-ocular adverse events. The trial completed patient enrollment in October 2022 and treatment will continue until the last patient reaches 360 days.

Additionally, a Phase II trial has commenced in three European countries (Czech Republic, Poland and Slovakia) on 90 patients with age-related macular degeneration (AMD) to test SYL1801 for the treatment and/or prevention of choroid neovascularization, a common cause of retina pathologies such as AMD and diabetic retinopathy. This is a multicenter, randomized, double-masked trial to compare the safety, tolerability and effect of different doses of SYL1801 in previously untreated patients with neovascular AMD. The first patient was enrolled in December 2022.

The company continues using Sylentis's proprietary SirFINDER 2.0 software to find new RNAi-based candidates for topical treatment of rare retinal diseases. Those new candidates' efficacy continues to be assessed using preclinical models of a number of retinal pathologies.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Thousand euro)*	**June 30, 2023**	**December,31 2022**
ASSETS		
Non-current assets		
Property, plant and equipment	35,373	31,163
Investment property	845	845
Intangible assets	2,220	2,589
Right-of-use assets	3,813	3,552
Non-current financial assets	17,436	49,398
Deferred tax assets	31,164	30,529
	90,851	**118,076**
Current assets		
Inventories	35,559	27,746
Trade and other receivables	26,488	29,328
Financial assets at amortised cost	108,826	32,607
Other assets	20,896	35,689
Cash and cash equivalents	76,070	149,813
	267,839	**275,183**
TOTAL ASSETS	**358,690**	**393,259**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Thousand euro)*	**June 30, 2023**	**December,31 2022**
EQUITY		
Share capital	11,013	11,013
Share premium	71,278	71,278
Treasury shares	(20,186)	(15,865)
Revaluation reserves	17	19
Retained earnings and other reserves	148,180	156,512
Total capital and reserves attributable to equity holders of the parent company	**210,302**	**222,957**
TOTAL EQUITY	**210,302**	**222,957**
LIABILITIES		
Non-current liabilities		
Borrowings	27,060	25,883
Lease liabilities	1,999	2,014
Non-current deferred income	33,629	44,899
Other non-current liabilities	191	186
	62,879	**72,982**
Current liabilities		
Trade and other payables	24,516	29,959
Borrowings	12,748	13,125
Lease liabilities	1,871	1,608
Outstanding remunerations	5,783	8,603
Current deferred income	24,486	24,666
Other current liabilities	16,105	19,359
	85,509	**97,320**
TOTAL LIABILITIES	**148,388**	**170,302**
TOTAL EQUITY AND LIABILITIES	**358,690**	**393,259**

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS		
(Thousand euro)	**Jun 30, 2023**	**Jun 30, 2022**
Revenue:		
Revenue from contracts with customers	44,533	65,132
Revenue from licensing and development agreements	12,679	14,655
Royalties	22,793	21,544
Other	184	103
	80,189	**101,434**
Cost of sales	(4,018)	(7,430)
Gross Result	**76,171**	**94,004**
Marketing expenses	(12,108)	(12,139)
General and administrative expenses	(9,393)	(9,313)
Research and development expenses	(46,647)	(40,301)
Net impairment on financial assets	(193)	(427)
Other operating expenses	(6,852)	(5,927)
Other results	497	2,947
Operating Result	**1,475**	**28,844**
Finance costs - net	**(195)**	**3,771**
Result of the period before income taxes	**1,280**	**32,615**
Income tax benefit / (expense)	5,155	2,309
Result for the period	**6,435**	**34,924**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (Thousand euro)	June 30,2023
Result before taxes:	**1,282**
Adjustments for:	**3,979**
Depreciation and amortization	2,773
Variation of provisions	(66)
Impairment losses of property, plant and equipment	(65)
Finance income	(1,678)
Finance costs	1,277
Results on disposals of intangible assets	170
Share based payments	134
Deferred income - grants	883
Exchange differences on translation of foreign operations	582
Other adjustments to profit or loss	(31)
Changes in working capital:	**(26,028)**
Inventories	(7,814)
Trade and other receivables	2,862
Other assets and liabilities	(525)
Trade and other accounts payable	(8,219)
Deferred or accrual items	(12,332)
Other cash flows from operations:	**16,991**
Interest paid	(1,277)
Interest received	1,678
Income taxes paid	16,590
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	**(3,776)**
Acquisitions:	**(252,111)**
Property, plant and equipment, intangible assets and investment property	(5,726)
Other financial assets	(246,385)
Proceeds from:	**201,223**
Other financial assets	201,223
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES	**(50,888)**
Receipts and (payments) in connection with equity instruments:	**(7,536)**
Purchase of treasury shares	(23,889)
Proceeds from shares issued	16,353
Receipts and (payments) in connection with financial liabilities:	**(174)**
Proceeds from borrowings	4,521
Repayment of borrowings	(4,695)
Dividends paid	**(11,689)**
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES	**(19,399)**
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**320**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(73,743)**
Cash and cash equivalents at beginning of the period	149,813
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**76,070**

ANNEX I: Alternative performance metrics

In preparing the financial information, Pharma Mar's Board of Directors adopted a series of Alternative Performance Metrics ("APM") in order to gain a better understanding of business performance.

The APM are important indicators for users of the information, and for the Company's operational and strategic decision-making. Their purpose is to measure the Company's financial performance, cash flows and/or financial position in comparison with previous periods.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

EBITDA means earnings before interest, taxes, depreciation and amortization. It is calculated from the balances of each of those items in the income statement.

The components and the basis of calculation of this APM are the following items in the income statement: Profit or loss - Income tax - Net financial income + Depreciation and amortization.

This APM reflects the Company's operating profitability, as it measures operating profit before interest, taxes, impairment and depreciation.

Net cash/(debt) position

Net cash is the amount of cash, both current and non-current, that would be available to the Company after deducting total current and non-current interest-bearing debt.

The components and calculation basis of this APM are the following balance sheet items: Cash and cash equivalents + Financial assets at amortized cost (current) + Financial assets (non-current) - Interest-bearing debt (non-current) - Interest-bearing debt (current); the calculation is based on the balances of each of those items in the balance sheet.

This APM helps to determine:

(i) Net cash position: indicates the Company's liquidity after deducting financial obligations. It reflects the portion of cash available for use in the Company's activities, i.e., the liquidity buffer;

(ii) Net debt position: indicates the Company's level of indebtedness after deducting available cash and cash equivalents; therefore, it reflects the part of the Company's activity that is financed with external funds.

ANNEX II: Glossary

In order to improve reporting quality and ensure better and proper understanding on the part of the user of such information, below we define a number of terms used by the Company.

Revenue

Refers to consolidated net revenue. It is calculated as the sum of:

(i) recurring revenue (net sales by the oncology segment, plus oncology royalties),
(ii) non-recurring revenue (oncology out-licensing agreements, etc.).

Recurring revenue

This item includes:

(i) net sales by the oncology segment, after deducting returns, discounts and sales rebates
(ii) royalties collected on sales by our partners in their respective territories.

Non-recurring revenue

This item includes revenue from licensing agreements, mainly in oncology, which is received or recognized as revenue in the income statement on an irregular basis over time, such as upfront payments and payments for attaining a milestone (clinical, regulatory or commercial), as set out in the agreement.

Sales by the oncology segment

Recurring revenue, which includes:

(i) Net sales of finished products by PharmaMar (both commercial sales and compassionate use/early access sales).
(ii) net sales of raw materials.

Royalties

Recurring revenue includes royalties on the sale of:

(i) Yondelis by our partners outside the territories in which Pharma Mar has its own sales network
(ii) Zepzelca by our partners outside the territories in which Pharma Mar has its own sales network

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS OF PHARMA MAR, S.A. FOR THE FIRST HALF OF 2023.

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 2023 have not been audited.

Significant events in the first half of 2023

Regulatory:

In January 2023, PharmaMar partner Adium Pharma received full approval from the Mexican Federal Commission for Protection against Health Risks (COFEPRIS) to market Zepzelca® (lurbinectedin) for the treatment of adult patients with metastatic small cell lung cancer that had progressed with or after platinum-based chemotherapy. That same month, Megapharm Ltd. received conditional approval from Israel's Ministry of Health to commercialize Zepzelca® (lurbinectedin) for that same indication and patient category.

In March, PharmaMar received temporary authorization from the Swiss Agency for Therapeutic Products (Swissmedic) to market Zepzelca® (lurbinectedin) for the treatment of adult patients with metastatic small-cell lung cancer that had experienced progression during or after platinum-based chemotherapy without metastasis in the central nervous system.

Subsequently, in June, PharmaMar partner Luye Pharma Group Ltd. announced that the Centre for Drug Evaluation (CDE) of the National Medical Products Administration (NMPA) of the People's Republic of China had accepted a New Drug Application (NDA) for approval of lurbinectedin for the treatment of adult patients with metastatic small-cell lung cancer that had experienced progression during or after platinum-based chemotherapy.

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

Scientific:

PharmaMar ended enrolment for the Neptuno Phase III trial with plitidepsin for treating Covid-19, in view of the pandemic's evolution and its impact on the number of patients.

In April, PharmaMar commenced the Nereida clinical trial with plitidepsin for treating immunosuppressed patients with Covid-19.

In May, a new Phase I clinical trial was launched for the treatment of patients with different types of solid tumors using a new molecule of marine origin: PM54, expanding the portfolio of compounds under development.
In May, the European Commission granted Orphan Drug designation to Zepzelca (lurbinectedin) for the treatment of soft tissue sarcoma, after receiving a positive opinion from the European Medicines Agency's Committee for Orphan Medicinal Products (COMP).

Liquidity

Regarding liquidity, as of 30 June 2023, the Group had a net cash position of €162.5 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.

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 2022. The process of liquidating wholly-owned subsidiary Genómica, SAU that was decided by the Board of Directors of PharmaMar on 27 September 2022 is ongoing.

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

A.- The interim separate financial statements for the first half of 2023 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 2022.

B.- The interim consolidated financial statements for the first half of 2023 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 2022.

These interim financial statements were authorized by the Board of Directors of PharmaMar on 27 July 2023.

C.- Accounting estimates and judgements

The accounting estimates and judgements made by application of PharmaMar's accounting policies for 2022 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 2023.

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 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.

On this basis, 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 includes the development and marketing of diagnostic kits (Genómica, S.A.U. en liquidación and its subsidiaries, Genómica AB, and Genómica Trading Co. Ltd.) As indicated in section 1, Genómica S.A.U. is in the process of being liquidated. The company made its last sales in the first quarter in order to meet its commercial commitments. The figures are not material for the Group.

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 2023.

The disclosures by business segment are as follows:

06/30/2023	Oncology	Diagnostics	RNAi	Unallocated	Group
Revenue	79,020	1,144	25	0	80,189
Cost of sales	(3,320)	(698)	0	0	(4,018)
R&D expenses	(38,959)	0	(7,688)	0	(46,647)
Operating expenses	(19,568)	(1,355)	(565)	(6,561)	(28,049)
Operating result	**17,173**	**(909)**	**(8,228)**	**(6,561)**	**1,475**
EBITDA	**19,634**	**(940)**	**(7,973)**	**(6,561)**	**4,160**
Result before income taxes	**16,967**	**(978)**	**(8,148)**	**(6,561)**	**1,280**
Total Assets	**346,630**	**1,045**	**11,015**	**0**	**358,690**
Total Liabilities	**140,961**	**3,821**	**3,606**	**0**	**148,388**
Investment fixed assets and intangible assets	**1,774**	**0**	**4,207**	**0**	**5,981**

Thousand euro

For more information, see item 11 in Chapter IV of the selected financial information and the interim directors' report contained in Chapter V of this document.

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

The net increase in property, plant and equipment in the first half of 2023 (€4,210 thousand) is mainly the result of investments in progress due to the start of refurbishment of the plant acquired at the end of 2022 in order to outfit it as an oligonucleotide production plant (€3,749 thousand).

No material 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 2023.

6. Inventories

No impairment was recognized in the first half of 2023 as a result of writing down the carrying amount of inventories to net realizable value, nor was any such impairment reversed.

PharmaMar has increased stocks of work-in-process and semi-finished products to guarantee supply to its partners, due to the approvals received recently and expected in several regions.

	6/30/2023	12/31/2022
Goods for resale	0	324
Raw materials and other supplies	1,600	2,033
Semi-finished products and products in process	33,379	25,091
Finished products	580	298
Total inventories	**35,559**	**27,746**

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:

	6/30/2023	12/31/2022
Customer receivables for sales and services	25,936	28,972
Other receivables	197	352
Supplier advances	355	4
Total Trade and other receivables	**26,488**	**29,328**

Thousand euro

Of the total amount of customer and other accounts receivable, €12,269 thousand are in USD (€11,199 in June 2022).

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 2023 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.

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

	6/30/2023	12/31/2022
Non current financial assets	17,436	49,398
Current financial assets	108,826	32,607
Cash & cash equivalents	76,070	149,813
Total	**202,332**	**231,818**

Thousand euro

9. Shareholders' equity

As of 30 June, PharmaMar's capital stock amounted to €11,013 thousand (€11,013 as of 31 December 2022), 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 378k own shares, representing 2.061% of PharmaMar's capital stock (247k shares as of 31 December 2022), worth €20.2 million (€15.9 million as of 31 December 2022).

Dividends in 2023

A dividend of €0.65 gross per share, equivalent to €11.9 million, was paid on 9 June 2023, in accordance with the resolution on the distribution of 2022 income adopted by the 2023 Shareholders' Meeting.

10.- Trade and other payables

The breakdown of this account is as follows:

	6/30/2023	12/31/2022
Trade payables for purchases	846	1,374
Trade payables for services received	22,288	26,118
Advances received for orders	683	1,446
Other accounts payable	699	1,021
Total	**24,516**	**29,959**

Thousand euro

11.- Current and non-current financial liabilities

The breakdown of non-current and current debt to banks and official agencies is as follows:

	6/30/2023	12/31/2022
Non current debt	**27,060**	**25,883**
Bank debt	116	231
Obligations and bonds	16,738	16,709
Govt. Agencies: R&D funding	10,206	8,943
Current debt	**12,748**	**13,125**
Credit facilities	3,761	3,506
Bank loan	3,833	4,430
Govt. Agencies: R&D funding	3,127	3,791
Interest and others	2,027	1,398
Total financial debt	**39,808**	**39,008**

Thousand euro

In the first half of 2023, loans from banks and official agencies amounting to €3.7 million were repaid, and new loans from official agencies in the amount of €4.5 million were arranged to fund R&D projects.

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

The Group has credit lines with a limit of €15.4 million of which €11.6 million were available as of 30 June.

12.- Current and non-current deferred revenues

As of 30 June 2023, current deferred revenue amounts to €24.5 million (€24.7 million as of 31 December 2022) and non-current deferred revenue amounts to €33.6 million (€44.9 million as of 31 December 2022). 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 revenue in the income statement.

Revenue amounting to €12.1 million was recognized in the first half of 2023 under the licensing agreement for Zepzelca signed with Jazz Pharmaceuticals in 2019.

13. Revenue

The breakdown of Group net revenue is as follows:

	06/30/2023	06/30/2022	Var.
RECURRING REVENUE	**67,326**	**86,676**	**-22%**
Oncology sales	43,389	62,418	-30%
Diagnostics sales	1,144	2,714	-58%
Royalties	22,793	21,544	6%
NON RECURRING REVENUE	**12,863**	**14,758**	**-13%**
License Agreements	12,679	14,655	-13%
Other	184	103	79%
TOTAL REVENUES	**80,189**	**101,434**	**-21%**

Thousand euro

Group revenue:

Group revenue totaled €80.19 million in H1 '23, compared with €101.43 million in the same period of 2022. The breakdown of that figure is as follows:

Recurring revenue is the sum of the Group's net sales and royalties from sales by our partners. This item went from €86.7 million in H1 '22 to €67.3 million in H1 '23. This 22% variation with respect to the previous year is due mainly to the decrease in oncology sales.

Net revenue in the oncology segment amounted to €43.4 million in the first half of 2023, down 30% on the same period of 2022 (€62.4 million). The breakdown of net sales is as follows:

i) Net sales of Yondelis in the European market. This item amounted to €14,2 million in H1 '23 (€35.9 million in H1 '22). This variation is a consequence of the release of generic trabectedin on the market in the last quarter of 2022, resulting in significant pressure on prices. Yondelis received its first marketing authorization in 2007, so it has been on the market for more than fifteen years.

ii) Zepzelca revenue in Europe, mainly in France under early access programs. In the first half of 2023, the company recognized net sales in the amount of €21 million from the sale of lurbinectedin in France, Austria and Spain under the "Early Access" program (€11.1 million in the same period of 2022). This increase is due to the adjustment made by the French authorities in relation to the previous year's discounts. No further adjustments are expected this year. Units sold were similar to the previous year.

iii) Sales of raw materials, both Yondelis and Zepzelca, to our partners. This item amounted to €8.2 million in the first half of 2023, compared with €15.4 million in the same period of 2022. This item is expected to rebound in the coming months.

Royalties revenue amounted to €22.8 million in the first half of 2023, a 6% increase on the €21.5 million recognized in the same period of 2022. That figure includes royalties from Zepzelca sales by our US partner, Jazz Pharmaceuticals, amounting to €21.0 million in the first half (19.9 in the first half of 2022). Royalties in the second quarter are an estimate since Jazz's sales figures in that period were not available at the date of publishing this report; deviations are corrected in the subsequent quarter.

In addition, royalties were also received for sales of Yondelis by our partners in the United States and Japan in the amount of €1.8 million in the first half of 2023 (€1.6 million in the same period of 2022).

Non-recurring revenue, mainly from out-licensing agreements, amounted to €12.7 million in H1 '23, compared with €14.7 million in H1 '22.

Revenue under this heading in the first half of 2023 and 2022 was entirely from licensing agreements for Zepzelca. In the first half of 2023, €12.1 million in revenue were recognized out of the USD 300 million received in 2020 under the Zepzelca license agreement with Jazz Pharmaceuticals, and €0.6 million were recognized for attaining milestones under various agreements with other partners. Almost all the revenue under this heading in the first half of 2022 was under the agreement with Jazz Pharmaceuticals (€14.6 million).

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 2022.

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 6,26%. The effective rate for the full year may differ from that in the first half. The balance of the income tax item includes the €4.3 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 alter 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.

17. Related-party disclosures

See section 14 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 2023 by function, with the comparable figures for 30 June 2022. 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)	**Jun 30, 2023**	**Jun 30, 2022**
Revenue:		
Revenue from contracts with customers	44,533	65,132
Revenue from licensing and development agreements	12,679	14,655
Royalties	22,793	21,544
Other	184	103
	80,189	**101,434**
Cost of sales	(4,018)	(7,430)
Gross Result	**76,171**	**94,004**
Marketing expenses	(12,108)	(12,139)
General and administrative expenses	(9,393)	(9,313)
Research and development expenses	(46,647)	(40,301)
Net impairment on financial assets	(193)	(427)
Other operating expenses	(6,852)	(5,927)
Other results	497	2,947
Operating Result	**1,475**	**28,844**
Finance costs - net	**(195)**	**3,771**
Result of the period before income taxes	**1,280**	**32,615**
Income tax benefit / (expense)	5,155	2,309
Result for the period	**6,435**	**34,924**

Reconciliation of expenses by nature with expenses by function:

June 2023	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	(3,373)	(973)	13,656	(878)	(1)	0	8,432
(+) Work carried out by the company for its assets	0	0	0	0	0	0	0
(-) Supplies	(452)	866	(11,167)	(2,709)	(34)	0	(13,496)
(+) Other operating income	0	0	0	0	131	37	168
(-) Personnel expenses	(117)	(5,956)	(6,279)	(10,992)	(2,738)	0	(26,083)
(-) Other operating expenses	(42)	(5,628)	(4,885)	(30,721)	(3,802)	0	(45,077)
(-) Depreciation and amortization	(34)	(446)	(717)	(1,351)	(224)	0	(2,773)
(+) Allocation of grants for non-financial and other investments	0	0	0	0	0	460	460
(+/-) Impairment and gains or losses on disposal of fixed assets	0	0	0	0	(105)	0	(105)
(+/-) Other income	0	29	0	4	(271)	0	(238)
Total	**(4,018)**	**(12,108)**	**(9,393)**	**(46,647)**	**(7,045)**	**497**	**(78,712)**