



Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries

Consolidated Annual Accounts

31 December 2018

Consolidated Directors' Report

2018

(With Independent Auditor's Report Thereon)

(Free translation from the originals in Spanish. In the event of discrepancy, the Spanish-language versions prevail.)



KPMG Auditores, S.L.
Paseo de la Castellana 259 C
28046 - Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Laboratorios Farmacéuticos Rovi, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Laboratorios Farmacéuticos Rovi, S.A. (the "Parent") and subsidiaries (together the "Group") which comprise the consolidated balance sheet at 31 December 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2018 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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



Key Audit Matters

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

Capitalisation and recoverability of intangible assets	
See notes 2.7, 4.1, 7 and 24 to the consolidated annual accounts	
<i>Key Audit Matter</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>The Group has significant intangible assets amounting to Euros 34,650 thousand, including Euros 24,498 thousand derived from the acquisition of trademarks and licences of products that are currently marketed, of which Euros 5,366 thousand reflect intangible assets with indefinite useful lives and Euros 8,371 thousand reflect development expenses.</p> <p><u>Intangible assets with indefinite useful lives</u></p> <p>The Group tests intangible assets with indefinite useful lives for impairment on an annual basis. The recoverability of these assets is based on the discounting of future cash flows using budgets which, inherently, requires a high degree of judgement.</p> <p><u>Development expenses</u></p> <p>The capitalisation of any development expenses requires an analysis of the compliance with the requirements established in the applicable financial reporting framework. The main risk is associated with the successful outcome of the projects and obtaining the corresponding clinical and regulatory authorisations for their subsequent marketing.</p> <p>The Group has intangible assets amounting to Euros 8,371 thousand derived from the development of a low-molecular-weight heparin, an enoxaparin biosimilar, for which authorization to market the product was obtained in the year 2017. There are no indications of impairment.</p> <p>In 2018 the Group incurred research and development expenses amounting to Euros 32,376 thousand that have not been capitalised,</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> ▪ Assessment of the design and implementation of the controls associated with the process for estimating the recoverability of intangible assets and the process used to recognise research and development expenses and to identify, where applicable, any expenses that qualify for capitalisation. ▪ We verified the consistency of the profit and loss forecasts used as a basis for assessing the recoverability of the intangible assets, specifically the projected income and expenses and cash flows. ▪ We obtained and assessed the documentation prepared by Management in relation to the analysis of research and development expenses, particularly regarding the capitalisation of any development expenses. ▪ Our procedures related to projects under development included an assessment of the reasonableness of the assumptions used by the Group to determine the probability of obtaining the pertinent authorisations, by considering the current stage of development. ▪ In order to carry out the assessment mentioned in the preceding paragraphs, we held meetings with Management and key personnel of the research and development area to confirm these assumptions. ▪ In addition, we assessed whether the disclosures included in the consolidated annual accounts comply with the

<p>associated mainly with products under development based on the ISM® platform.</p> <p>Due to the significance of the balance and the high degree of judgement associated with the capitalisation and recoverability of these intangible assets, we consider this to be a key audit matter in our audit of the current year.</p>	<p>requirements of the financial reporting framework applicable to the Group.</p>
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Recognition and recoverability of deferred tax assets
 See Notes 2.7, 4.1, 19 and 28 to the consolidated annual accounts

<i>Key Audit Matter</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>The Group has deferred tax assets amounting to Euros 16,036 thousand, of which Euros 3,354 thousand and Euros 10,175 thousand comprise tax loss carryforwards and tax credits, respectively, with the remainder reflecting temporary differences that will be tax deductible in the coming years. In addition, the Group has tax assets totalling Euros 5,751 thousand that have not been recognised as it is not considered probable that future taxable profits will be available against which these assets may be offset.</p> <p>The recognition of deferred tax assets requires a high degree of judgement by the Directors in assessing the probability and sufficiency of the future taxable profit against which they can be offset, future reversals of existing taxable temporary differences and the tax planning opportunities considered by the Group.</p> <p>Due to the significance of the balance and the uncertainty associated with the recovery of the amounts recognised as deferred tax assets, mainly in respect of tax credits and unused tax loss carryforwards, this is considered to be a key audit matter in our audit of the current year.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> ▪ Assessment of the design and implementation of the controls associated with the process for recognising and estimating the recoverability of deferred tax assets. ▪ Assessment of the reasonableness of the criteria and the main assumptions used by the Group to estimate the future taxable profits required to offset these assets. ▪ We contrasted the consistency of the profit and loss forecasts used as a basis for recognising tax loss carryforwards and tax credits with the actual profit or loss obtained and assessed the reasonableness of the time period in which the Group expects to offset these assets. ▪ Assessment of whether the disclosures included in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.



Other Information: Consolidated Directors' Report

Other information solely comprises the 2018 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility as regards the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

- a) A specific level applicable to the consolidated statement of non-financial information and to certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that this information has been provided in the directors' report, or where applicable, in a separate report on non-financial information, as provided for in legislation, to which reference is made in the directors' report, and if not, to report on this matter.
- b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information mentioned in paragraph a) above has been provided in the consolidated directors' report and the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2018, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.



Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts_

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS _____

Additional Report to the Audit Committee of the Parent _____

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 25 February 2019.

Contract Period _____

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 31 May 2017 for a period of three years, from the year ended 31 December 2017.

(Signed on the original in Spanish)

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

José Ignacio Rodríguez Prado
On the Spanish Official Register of Auditors ("ROAC") with number 15825

25 February 2019

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts and
Consolidated Management Report
at 31 December, 2018

Free translation of the Consolidated Annual Accounts originally issued in Spanish and prepared in accordance with International Reporting Standards as adopted by the European Union. In the event of discrepancy, the Spanish version prevails.

CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Thousands of euros)

	Note	31 December	
		2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	95,837	89,056
Intangible assets	7	34,650	27,078
Investment in joint venture	10	2,038	2,054
Deferred income tax assets	19	16,036	11,893
Equity securities	9 & 11	70	69
Financial receivables	9 & 13	65	65
		148,696	130,215
Current assets			
Inventories	12	94,861	75,492
Trade and other receivables	9 & 13	60,180	49,747
Current income tax assets	27	3,414	2,228
Financial derivatives		17	-
Prepaid expenses		21	-
Cash and cash equivalents	9 & 14	95,511	40,700
		254,004	168,167
Total assets		402,700	298,382

Notes 1 to 35 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Thousands of euros)

	Note	31 December	
		2018	2017
EQUITY			
Capital and reserves attributable to shareholders of the company			
Share capital	15	3,364	3,000
Share premium	15	87,636	-
Legal reserve	16	600	600
Treasury shares	16	(8,812)	(8,407)
Retained earnings and voluntary reserves	16	186,792	179,255
Profit for the year	16	17,895	17,241
Other reserves	16	(3)	(2)
Total equity		287,472	191,687
LIABILITIES			
Non-current liabilities			
Financial debt	18	16,589	27,029
Deferred income tax liabilities	19	1,243	1,438
Contract liabilities	20	6,263	-
Deferred income	21	3,621	5,005
		27,716	33,472
Current liabilities			
Financial debt	17	17,635	16,208
Trade and other payables	18	68,165	52,942
Contract liabilities	20	1,159	-
Deferred income	21	553	565
Provisions for other liabilities and charges	22	-	3,508
		87,512	73,223
Total liabilities		115,228	106,695
Total equity and liabilities		402,700	298,382

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CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2018

CONSOLIDATED INCOME STATEMENT (Thousands of euros)

	Note	31 December	
		2018	2017
Revenue	5 & 23	303,203	275,649
Change in inventories of finished goods and work in progress		9,050	8,873
Raw materials and consumables used		(137,662)	(119,065)
Employee benefit expenses	24	(70,180)	(63,990)
Non-current self-constructed assets	7	-	2,057
Other operating expenses	25	(76,496)	(74,809)
Amortisation	6 & 7	(12,044)	(11,479)
Recognition of government grants on non-financial non-current assets and other		1,587	1,773
OPERATING PROFIT		17,458	19,009
Finance income		16	93
Finance costs		(712)	(1,013)
Impairment and gain or loss on measurement of financial instruments		(23)	-
Exchange difference		(83)	-
FINANCE COSTS - NET	27	(802)	(920)
Share of profit of joint venture	10	24	(567)
PROFIT BEFORE INCOME TAX		16,680	17,522
Income tax	28	1,215	(281)
PROFIT FOR THE YEAR		17,895	17,241
Earnings per share (basic and diluted) attributable to the shareholders of the Company (euros)			
- Basic and diluted	29	0.35	0.35

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CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Thousands of euros)

	Note	31 December	
		2018	2017
Profit for the year		17,895	17,241
Items that may subsequently be reclassified to profit and loss		(1)	1
+ Changes in value of equity securities	11	(1)	1
Other comprehensive income (net of taxes)		(1)	1
Total comprehensive income for the year		17,894	17,242

Notes 1 to 35 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Thousands of euros)

	Share capital (Note 15)	Share premium (Note 15)	Legal reserve (Note 16)	Treasury shares (Note 16)	Retained earnings and voluntary reserve (Note 16)	Profit for the year (Note 16)	Other reserves (Note 16)	TOTAL EQUITY
Balance at 1 January, 2017	3,000	-	600	(8,701)	162,421	26,089	(3)	183,406
Total comprehensive income	-	-	-	-	-	17,241	1	17,242
Transfer of 2016 profit	-	-	-	-	17,064	(17,064)	-	-
Dividends 2016 (Note 16 e)	-	-	-	-	-	(9,025)	-	(9,025)
Acquisition of treasury shares (Note 16 d)	-	-	-	(532)	-	-	-	(532)
Reissue of treasury shares (Note 16 d)	-	-	-	826	185	-	-	1,011
Other movements	-	-	-	-	(415)	-	-	(415)
Balance at 31 December, 2017	3,000	-	600	(8,407)	179,255	17,241	(2)	191,687
Total comprehensive income	-	-	-	-	-	17,895	(1)	17,894
Transfer of 2017 profit	-	-	-	-	11,289	(11,289)	-	-
Dividends 2017 (Note 16 e)	-	-	-	-	-	(5,952)	-	(5,952)
Capital increase	364	87,636	-	-	(3,881)	-	-	84,119
Acquisition of treasury shares (Note 16 d)	-	-	-	(1,138)	-	-	-	(1,138)
Reissue of treasury shares (Note 16 d)	-	-	-	733	253	-	-	986
Other movements	-	-	-	-	(124)	-	-	(124)
Balance at 31 December, 2018	3,364	87,636	600	(8,812)	186,792	17,895	(3)	287,472

Notes 1 to 35 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

Free translation of the Consolidated Annual Accounts originally issued in Spanish and prepared in accordance with International Reporting Standards as adopted by the European Union. In the event of discrepancy, the Spanish version prevails.

CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2018

CONSOLIDATED STATEMENT OF CASH FLOWS (Thousands of euros)

	Note	31 December	
		2018	2017
Cash flows from operating activities			
Profit before tax		16,680	17,522
Adjustments for non-monetary transactions			
Amortisation	6 & 7	12,044	11,479
Finance income	27	(16)	(93)
Valuation allowance	12 & 13	1,766	(1,437)
Adjustments for changes in value of derivatives		33	-
Finance expense	27	712	1,013
Net changes in provisions		-	630
Grant on non-financial assets and income from distribution licences		(1,806)	(2,012)
Gain on sale of share in joint venture		(10)	-
Share of profit of joint ventures	10	(24)	567
Changes in working capital			
Trade and other receivables		(9,605)	3,534
Inventories		(21,348)	(6,454)
Other current assets		(21)	-
Trade and other payments		6,540	(6,910)
Other collections and payments			
Proceeds from distribution licences and other deferred revenue	20	6,727	87
Income tax cash flow		(3,141)	113
Net cash generated (used) in operating activities		8,531	18,039
Cash flows from investing activities			
Purchases of intangible assets	7	(10,069)	(5,012)
Purchases of property, plant and equipment	6	(16,390)	(14,932)
Proceeds from sale of property, plant and equipment	6	62	25
Proceeds from sale of share in joint venture	10	50	450
Interest received		105	285
Net cash generated (used) in investing activities		(26,242)	(19,184)
Cash flows from financing activities			
Repayments of financial debt		(16,230)	(13,084)
Proceeds from financial debt	18	7,043	22,350
Interest paid		(187)	(253)
Purchase of treasury shares	16 d)	(1,138)	(532)
Reissue of treasury shares	16 d)	986	1,011
Dividends paid	16 c)	(5,952)	(9,025)
Capital increase	15	88,000	-
Net cash generated (used) in financing activities		72,522	467
Net (decrease)/increase in cash and cash equivalents		54,811	(678)
Cash and cash equivalents at beginning of year	9 & 14	40,700	41,378
Cash and cash equivalents at end of year	9 & 14	95,511	40,700

Notes 1 to 35 and Appendix 1 attached hereto are an integral part of these Consolidated Annual Accounts.

Free translation of the Consolidated Annual Accounts originally issued in Spanish and prepared in accordance with International Reporting Standards as adopted by the European Union. In the event of discrepancy, the Spanish version prevails.

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for the annual period 2018
(Thousands of euros)

1. General information

Laboratorios Farmacéuticos Rovi, S.A. (the "parent company" or "the Company") was incorporated as a public limited company ("*sociedad anónima*") in Madrid on 21 December, 1946. It is entered in the Companies Register of Madrid, sheet 1,179, folio 197 of volume 713 of Companies Book 283. Its registered office and the tax address are at Julián Camarillo, 35, Madrid. Its head office is located at the same address in Madrid.

The Company's principal activity is the sale of its own pharmaceutical products and the distribution of other products for which it holds licences granted by other laboratories for specific periods, in accordance with the terms and conditions contained in the agreements entered into with said laboratories.

Laboratorios Farmacéuticos Rovi, S.A. is the parent of a pharmaceutical business group (hereinafter, "ROVI" or "Rovi Group" or "Group") engaged in the production and sale of pharmaceutical products. The Group's main product is Bemiparin, a low-molecular-weight heparin, which is marketed in various countries.

In October 2018, the Company carried out a capital increase charged to cash contributions, with exclusion of preferential subscription rights (the "Capital Increase"). The final terms of this increase were as follows:

- The Capital Increase was carried out for a nominal amount of 364,137.90 euros through the issue of 6,068,965 newly-issued ordinary shares in the Company with a par value of 0.06 euros each, belonging to the same class and series as the existing shares already in issue (the "New Shares").
- The price of issue of the New Shares was fixed at 14.50 per share, 0.06 euros of which related to the par value, while 14.44 euros was the share premium (the "Issue Price").
- As a consequence of the foregoing, the effective total amount of the Capital Increase was 87,999,992.50 euros, 364,137.90 euros of which related to the nominal and 87,635,854.60 to the share premium.

As a consequence of this Capital Increase, the company Norbel Inversiones, S.L.'s shareholding in Laboratorios Farmacéuticos Rovi, S.L. dropped from 69.64% to 62.10% (Note 15). Norbel Inversiones, S.L., with registered office at Calle Julián Camarillo, 35, Madrid, files consolidated annual accounts with the Madrid Companies Registry.

The Company's shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and included in the Spanish Stock Exchange Interconnection System (Continuous Market).

These Consolidated Annual Accounts were approved by the Board of Directors on February 25, 2019 and are pending approval by the General Meeting of Shareholders. Nevertheless the Directors of the Company expect the Annual Accounts to be approved without any changes.

Changes in the consolidated group

In 2017, the company Rovi S.A.S, with registered office at 24 Rue du Drac, Seyssins (France) and 100%-held by Laboratorios Farmacéuticos Rovi, S.A, was incorporated.

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LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for the annual period 2018
(Thousands of euros)

2. Summary of key accounting policies

The principal accounting policies applied in the preparation of these Consolidated Annual Accounts are set out below. These policies have been consistently applied to all the reporting periods presented in these Consolidated Annual Accounts.

2.1. Bases of presentataion

These Consolidated Annual Accounts for 2018 (and those for 2017 presented for comparative purposes) have been prepared under the International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union pursuant to the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July, 2002, according to which all companies governed by the Law of a Member State of the European Union whose shares are listed on a regulated market of any of the Member States must present their Consolidated Annual Accounts for the reporting periods starting on or after 1 January, 2005 in accordance with the IFRS endorsed by the European Union.

The Consolidated Annual Accounts have been prepared, in general, under the historical cost convention, except for available-for-sale financial assets.

The preparation of Consolidated Annual Accounts in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Annual Accounts are disclosed in Note 4.

2.2 New standards and amendments and interpretations of existing ones

a) Standards, amendments and interpretations mandatory for all annual periods beginning on or after 1 January, 2018

In 2018, the following standards and amendments to existing standards were endorsed by the European Union and came into force on 1 January, 2018. They have either been applied by ROVI or may affect the Group in the future:

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration". This Interpretation addresses how to determine the date of a transaction to determine the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of an advance consideration in foreign currency. The entry into force of this Interpretation has not had a material effect for ROVI.
- Annual Improvements to IFRSs 2014–2016 Cycle. The amendments affect IFRS 1, IFRS 12 and IAS 28. The main amendments that may apply to the Group refer to:
 - IFRS 12 "Disclosure of Interests in Other Entities". Clarification of the scope of the standard.
 - IAS 28 "Investments in Associates and Joint Ventures". Measurement of an investment in an associate or joint venture at fair value.
- IFRS 9 "Financial Instruments". It addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 is effective for annual periods beginning on or after 1 January, 2018. This standard replaces IAS 39 "Financial Instruments: Recognition and Measurement".

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for the annual period 2018
(Thousands of euros)

a) Classification and measurement of financial assets and financial liabilities

Trade and other receivables and Cash and cash equivalents that were classified as loans and receivables under International Accounting Standard (“IAS”) 39 “Financial instruments: recognition and measurement” are now classified at amortised cost. At 31 December, 2017, trade and other receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Equity securities represent investments that the Group intends to hold in the future. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at fair value through profit and loss. The valuation of this type of assets was the same at 31 December, 2017.

b) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The impairment of financial assets, including trade and lease receivables, is now assessed using an expected credit loss model; previously, the incurred loss model was used.

The financial assets at amortised cost consist mainly of trade receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for financial assets measured at amortised cost are presented separately as deductions from the gross carrying amount of the assets.

Given the nature of ROVI’s financial assets, the entry into force of IFRS 9 has not had a significant impact on its allowances for doubtful accounts or impairment.

The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements.

Exposures within each group were segmented based on the type of customer (government and non government customers) and the months past due:

- At 1 January, 2018, government customers amounted to 5,663 thousand of euros. Trade and other receivables of this type of customer relate to accounts receivables from government entities, on which, in view of their nature and the information currently available, ROVI considers there to be a low credit risk and thus no expected losses have been recorded. The Group has a legal right to claim late payment interest on these receivable from the different government entities.

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- At 1 January, 2018 non-government customers included mainly wholesalers, toll manufacturing clients, other pharmaceutical companies and private centres. Impairment loss allowances over non government customers are measured based on the time they are past due:

	Weighted- average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
Current	0.0%	22,756	-	No
3 months past due	0.0%	11,454	-	No
3-6 months past due	0.0%	1,120	-	No
More than 6 months past due	100.0%	1,837	1,837	Yes
		37,167	1,837	

The Group has determined that the application of IFRS 9's impairment requirements at 1 January, 2018 coincides with the loss allowance at 31 December, 2017 under IAS 39, which was 1,837 thousand euros.

The methodology described above was also used at the interim reporting date. Changes during the period to the Group's exposure to credit risk are described in Note 13.

The adoption of IFRS 9 has not had significant effect on the Group's interim financial statements.

- IFRS 15 "Revenue from Contracts with Customers". In May 2014, the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly issued a converged standard on recognition of revenue from contracts with customers. IFRS 15 is effective for annual periods beginning on or after 1 January, 2018. According to this standard, revenue is recognised when the customer obtains control of the good or service sold, i.e. when the customer is able to both direct the use of and obtain the benefits from the good or service. This IFRS includes new guidance to determine whether revenue should be recognised over time or at a point in time, which requires management judgement. The adoption of this standard has not had a significant effect on the consolidated annual accounts for the year ending 31 December, 2018.

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January, 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

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The following tables summarise the impacts of adopting IFRS 15 on the Group's annual statement of financial position as at 31 December, 2018 for each of the line items affected. This adoption has not had any impact on the assets:

31 December, 2018	Note	Amounts without adoption of IFRS 15	Adjust- ments	As reported
ASSETS				
Non-current assets		148,696	-	148,696
Current assets		254,004	-	254,004
Total assets		402,700	-	402,700

Adoption of IFRS 15 had the following effects on liabilities:

31 December, 2018	Note	Amounts without adoption of IFRS 15	Adjust- ments	As reported
EQUITY				
Total equity		287,472	-	287,472
LIABILITIES				
Non-current liabilities		27,716	-	27,716
Financial debt		16,589	-	16,589
Deferred tax liabilities		1,243	-	1,243
Contract liabilities	18	-	6,263	6,263
Deferred income	19	9,884	(6,263)	3,621
Current liabilities		87,512	-	87,512
Financial debt		17,635	-	17,635
Trade and other payables	16	60,938	7,227	68,165
Contract liabilities	18	-	1,159	1,159
Deferred income	19	1,712	(1,159)	553
Provisions for other liabilities and charges	20	7,227	(7,227)	-
Total equity and liabilities		402,700	-	402,700

There was no material impact on the income statement of the statement of cash flows for the annual reporting period ended 31 December, 2018.

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Details of this accounting policy and the nature of the changes to previous accounting policies are set out below:

a) Sales of goods

The Group's "Sales of goods" are derived from the sale of pharmaceutical products, contrast agents and other hospital products and other non-prescription pharmaceutical products, where control transfers to the customers and the performance obligations are satisfied when the goods are made available to other pharmaceutical companies or at the time of the delivery to the remaining customers. Invoices are usually due in a maximum period of 90 days.

IFRS 15 states that an entity that grants the right to return the product should recognise the revenue for the transferred products at the amount of consideration to which the entity expects to be entitled, a refund liability, and an asset for its right to recover products. ROVI recognises its revenues net of estimated returns at the date of sale, together with the refund liability. The Group does not recognise an asset for its right to recover products because, based on experience and the type of product sold, the goods returned can no longer be sold or form part of the Group's inventories.

The amount of revenue recognised is adjusted for expected returns, which are estimated considering the average returns rates of recent years.

Discounts granted to government customers are recorded as a deduction from revenue at the time the related revenues are recorded. Where applicable, a liability is calculated on the basis of historical experience, which requires the use of judgement by the management.

Therefore, ROVI's revenue from contracts with customers is subject to a variable consideration for rebates, refunds and returns, the amount of which is only recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The impact of the application of the IFRS 15 has been a reclassification from the provisions for returns and for the contribution to public healthcare system to the "Trade and other payables" caption.

The adoption of IFRS 15 did not significantly change the timing or amount of revenue recognised under these arrangements.

b) Sales of services

The Group's sales of services (toll manufacturing) consists of revenues from manufacturing and packaging services provided to third parties where control transfers to the toll manufacturing customers and the performance obligations are mainly satisfied when the manufactured goods are made available. Invoices are usually payable between 30 and 120 days.

The adoption of IFRS 15 did not significantly change the timing or amount of revenue recognised under these arrangements.

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c) Sale of services with distribution licenses

Occasionally the Group grants licences to other pharmaceutical companies to sell its products on an exclusive basis in a specific territory and also promises to manufacture the pharmaceutical product for the customer. For these agreements, the Group collects a single down-payment for the transfer of the license, which is either non-refundable or may be refundable under very strict terms if the product is finally not authorised for distribution in a specific territory. In these contracts signed with third parties whereby Rovi grants the distribution licenses, the obligations arising from the granting of these licenses are always linked to the obligation to supply and manufacture the product and no other entity can manufacture it. As the customer cannot benefit from the licence without the manufacturing service, the licence and the manufacturing service cannot be separated and therefore the Group accounts for the licence and the manufacturing service as a single performance obligation.

Additionally, in these types of contracts the Group has an enforceable right to payment for performance completed to date, as the entity would be entitled to an amount that at least compensated the Group for its performance completed to date in the event that the customer or another party were to terminate the contract for reasons other than the entity's failure to perform as promised. Consequently, the Group recognises revenue over time and defers revenues from the granting of product distribution licenses over the number of units produced.

The deferral system implemented by ROVI is in accordance with IFRS 15 for this type of revenue, and therefore the application of this standard has had no significant impact on the contracts already in place. Any impact would be on new contracts for granting distribution licenses, with terms and conditions that differ from those currently in place. This has not occurred to date.

- Amendments to IFRS 9 “Financial Instruments”: “Prepayment Features with Negative Compensation”. According to this amendment, effective 1 January, 2018, financial assets that can be prepaid with compensation may be measured at amortised cost or fair value through other comprehensive income. ROVI will take this amendment into account if any asset with these features is prepaid.

b) Standards, interpretations and amendments that have not yet come into force but which are available for early adoption for annual periods commencing on or after 1 January, 2018

At the signature date of these Consolidated Annual Accounts, the IASB and the IFRS Interpretations Committee had published the following standards, amendments and interpretations application of which is mandatory from 2019 onwards. ROVI considers that the following could be applicable to the Group, although they have not been adopted early:

- IFRS 16 – “Leases” replaces IAS 17, IFRIC 4, IAS 15 and IAS 27. It will be effective for annual periods commencing on or after 1 January, 2019 and early adoption is permitted as long as IFRS 15 is being applied. The principal new feature of IFRS 16 is that there will be a single new accounting model for lessees, who will include all leases (with limited exceptions) in their statements of financial position with an impact similar to that of the present finance leases (there will be depreciation of the right-of-use asset and a finance expense for the amortised cost of the liability, the expense accruing more swiftly under IFRS 16).

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IFRS states that lessees must recognise a financial liability for the present value of the payments to be made over the remaining life of the lease contract and an asset for the right of use of the underlying asset, which is measured on the basis of the associated liability, to which any initial direct costs incurred are added. Additionally, the criterion for recognising the lease expense changes and it is now recognised as an expense for depreciation of the asset and a financial expense for the discounting of the lease liability. In respect of the current accounting by the lessor, the rules do not change substantially and the lessor must continue to classify the lease as operating or financial, depending on the degree to which the risks and rewards of ownership are substantially transferred.

The Group has assessed the first application of the Standard, identifying the lease contracts that may fall within the scope of IFRS 16. To do this, the Group:

- Reviewed the lease contracts and grouped them by type: leases on the real estate where it carries out its principal activities, vehicle leases and computer equipment leases.
- The Group has applied the recognition exemption for underlying assets with a low value (less than 5,000 US dollars) and a short term (12 months or less). Las facturas emitidas por los proveedores contratados recogen servicios de distinta naturaleza.
- In the case of vehicles, the present value of the payments has been determined on the basis of the current commitment, seven months.
- The Group has elected to apply the modified retrospective effect, according to which the 2018 period will not be restated, as its transition model.
- The Group has elected to measure the initial right-of-use asset at the amount of the lease liability at 1 January, 2019 for all the lease contracts.
- To determine the present value of the payments to be made over the remaining lives of the lease contracts for the right-of-use of the underlying assets, the Group's incremental borrowing rate, close to the Group's debt ratio, has been applied. At the date of initial application, this is 1.5%.
- The term of the leases has been identified by classifying leases with a similar nature.

After the aforementioned analysis, the estimated effect of the transition to IFRS 16 at the effective date would be:

- Recognition of assets under the "Right-of-use assets" caption (non-current assets) for an amount of, approximately, 22 million euros.
- Increase in debt under the captions "Financial liabilities for non-current and current leases" of, approximately, 19 million euros and 3 million euros, respectively.

The estimated impacts that application of IFRS 16 would have had on the consolidated income statement and consolidated statement of cash flows for 2018 are:

- Lower operating expenses and, consequently, an increase of, approximately, 0.1 million euros in the gross operating profits, since operating lease payments are recognized under the operating expenses caption, offset by recognition of an increased expense for the depreciation of the right-of-use asset of, approximately, 3 million euros and an increase of 0.3 million euros in the finance costs of the lease liabilities.

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- An increase of, approximately, 0.1 million euros in the cash flows from operating activities, as the result of the increase in the gross operating profit, offset by a decrease of the same amount in the cash flows from financing activities, since the reimbursement of the portion of the principal of the lease liabilities would be classified as cash flows from financing activities, meaning that the generation of cash would not be affected.
- Amendments to IFRS 9 “Financial Instruments”: “Prepayment Features with Negative Compensation”. According to this amendment, effective 1 January, 2018, financial assets that can be prepaid with compensation may be measured at amortised cost or fair value through other comprehensive income. ROVI will take this amendment into account if any asset with these features is prepaid.

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

At the date of signature of these Consolidated Annual Accounts, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations described below which have not yet been endorsed by the European Union. ROVI considers that the following could be applicable to the Group:

- IAS 28 (Amendment), “Long-term Interests in Associates and Joint Ventures”. This amendment clarifies that an entity will apply the requirements of IFRS 9 to long-term interests before the allocation of losses and impairment of IAS 28. When applying IFRS 9, the entity will not take any adjustments to the carrying amount of long-term interests as a consequence of the application of IAS 28 into account. ROVI will apply this Interpretation when it enters into force. The impact is not expected to be significant.
- Annual Improvements to IFRS 2015–2017 Cycle. The amendments affect IAS 12, IAS 23 and IAS 28. The main amendments that may apply to the Group refer to:
 - IAS 12, “Income Taxes”. Clarification of the income tax consequences of payments on financial instruments classified as equity.
 - IAS 23, “Borrowing Costs”. The basic principle of this improvement is that borrowing costs directly attributable to the acquisition, construction or production of qualifying assets form part of the cost of said assets. Other borrowing costs are recognised as an expense.
 - IAS 28, “Investments in Associates and Joint Ventures”. This states that an entity will also apply IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied.
- IAS 19 (Amendment) “Employee Benefits”. This amendment requires the entity to use updated assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the amendment, curtailment or settlement of a plan, and to recognise any reduction in a surplus in profit and loss as part of the cost of a past service or a gain or loss on the settlement, even if the surplus has not been recognised previously due to the impact of the asset ceiling. ROVI will take this amendment into account in the event of a change in the plans for employees.

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- Amendments to the Conceptual Framework of International Financial Reporting Standards. In March 2018, the IASB issued a revised version of the Conceptual Framework. The Conceptual Framework sets out a series of basic concepts that guide the IASB in developing the standards and help to ensure that the standards are consistent and that similar transactions receive the same treatment. Furthermore, it also helps entities to develop their accounting policies when there are no specific rules applicable to a transaction. The revised Conceptual Framework includes a new chapter on measurement, improves definitions and guidance, and clarifies important areas, such as prudence and measurement uncertainty. It is immediately applicable for the IASB and will be applied to issuers who develop accounting policies based on the Conceptual Framework in the annual periods commencing on or after 1 January, 2020. After its entry into force, ROVI will take this new Conceptual Framework into account when applying accounting rules.
- IFRS 3 (Amendment) "Business Combinations". In October 2018, the IASB issued a narrow-scope amendment to IFRS 3 "Business Combinations" to enhance the definition of "business". This amendment will help companies determine whether an acquisition made is of a business or a group of assets. Entities are required to apply the amended definition of "business" to acquisitions made on or after 1 January, 2020. Early adoption is permitted. ROVI will take the new definitions into account in the event of a transaction that requires this determination to be made.
- IAS 1 and IAS 8 (Amendment). Definition of material. In October 2018, the IASB issued amendments to the definition of material or relative importance. The amendments clarify the definition of material or relative importance and make the IFRSs more consistent. These amendments must be applied to the annual periods commencing on or after 1 January, 2020. Early adoption is permitted. ROVI will consider the new definition of material but does not expect it to have a significant impact on the preparation of its financial statements.
- IFRIC 23 "Uncertainty over Income Tax Treatments". This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 "Income Taxes". Under these circumstances, an entity will recognise and measure its deferred or current tax asset or liability by applying the IAS 12 requirements to the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates determined by applying this Interpretation. ROVI will apply this Interpretation when it becomes effective as of 1 January, 2019. The impact is not expected to be significant.
- IFRS 17 "Insurance Contracts". In May 2017, the IASB issued IFRS 17 "Insurance Contracts", an integral accounting standard for insurance contract, which includes the recognition, measurement, presentation and disclosure of such contracts. The IFRS 17 model combines measurement of the current balance of insurance liabilities with recognition of the utility over the period for which the services are provided. This Standard has not yet been endorsed by the European Union. ROVI will apply this Standard in the first financial statements issued after it comes into force. The impact of its implementation is not expected to be significant for the Group.

2.3. Consolidation principles

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group holds control. The Group controls an entity when it is exposed to or entitled to obtain variable yields from its involvement in the entity and is able to use its power over said entity to influence these yields. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

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The Group uses the purchase method to account for business combinations. The consideration transferred for acquisition of a subsidiary corresponds to the fair value of the assets transferred, liabilities incurred with the previous owners of the acquiree and equity instruments issued by the Group. The consideration transferred includes the fair value of any asset or liability coming from a contingent consideration agreement. Identifiable assets acquired and identifiable liabilities and contingencies assumed in a business combination are measured initially at their acquisition-date fair value. For each business combination, the Group may elect to recognise any non-controlling interest in the acquired entity at fair value or for the non-controlling entity's proportional part in the amounts recognised for the acquiree's identifiable net assets.

Acquisition-related costs are recognised as expenses in the period in which they are incurred.

If the business combination takes place in stages, the acquisition-date carrying amount of the acquirer's previously-held interest in the equity of the acquiree is remeasured at acquisition-date fair value. Any loss or gain arising from this remeasurement is recognised in profit and loss.

Any contingent consideration to be transferred by the Group is recognised at acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration that are considered an asset or liability are recognised in accordance with IAS 39 in profit and loss. Contingent considerations classified as equity are not remeasured and their subsequent settlement is recognised in equity.

Inter-company transactions and balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated. When necessary, the amounts shown for subsidiaries have been adjusted to adapt them to Group accounting policies.

Appendix I to these Notes lists the identification data of the fully-consolidated subsidiaries. All subsidiaries and associates have the same annual period as the parent company.

(b) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, joint arrangements are classified into either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and has determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method, interests in joint ventures are initially recognised at cost and are then adjusted to recognise the Group's share in post-acquisition profits and losses and other movements in other comprehensive income. When the Group's share in the losses of a joint venture equals or exceeds its interests in joint ventures (including any long-term interest that, substantially, forms part of the Group's net investment in joint ventures), the Group does not recognise additional losses unless it has acquired obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence that the assets transferred have suffered an impairment loss. The accounting policies for joint ventures have been modified where necessary to ensure consistency with the policies adopted by the Group.

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2.4. Segment reporting

Operating segment reporting is presented consistently with the internal information presented to the chief decision-making authority. The chief decision-making authority, which is responsible for allocating resources to the operating segments and assessing the performance of said segments, has been identified as the Management Committee, which makes the strategic decisions.

2.5. Foreign currency transactions

(a) Functional and presentation currency

Items included in the Annual Accounts of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Consolidated Annual Accounts are presented in euros, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates in force at the transaction dates or, if the items have been remeasured, the measurement dates. Foreign currency losses and gains that result from the settlement of these transactions and the translation of the monetary assets and liabilities denominated in foreign currencies at the rates in force at the end of the reporting period are recognised in profit and loss, except if deferred in other comprehensive income, as is the case with eligible cash flow hedges and eligible net investment hedges. Foreign currency losses and gains relating to loans and cash and cash equivalents are presented as "Finance income or expenses" in the income statement. Other foreign currency losses and gains are presented as "Other net gains / (losses)".

Changes in the fair value of monetary securities denominated in foreign currency and classified as equity securities are analysed considering the translation differences resulting from changes in the amortised cost of the security and other changes in its carrying amount. Translation differences relating to variations in the amortised cost are recognised in profit and loss and the other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit and loss, are recognised in profit and loss as part of the fair value gain or loss. Translation differences on non-monetary items measured at fair value, such as equity instruments classified as equity securities, are included in other comprehensive income.

2.6. Property, plant and equipment

Items included in property plant and equipment are recognised at cost less depreciation and, when appropriate, less accumulated impairment losses, except in the case of land, which is presented net of impairment losses, if these exist.

Historical cost includes expenditure that is directly attributable to the acquisition of the items of property, plant and equipment.

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to gradually reduce their acquisition costs to their residual values over their estimated useful lives:

Buildings - 40 years

Technical facilities and machinery – between 4 and 14 years

Other facilities, fittings and equipment and furniture – between 5 and 10 years

Other property, plant and equipment – between 4 and 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Property, plant and equipment in progress includes elements under adaptation, construction or assembly. Property, plant and equipment in progress is recognised at its acquisition cost and is not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are measured by comparing proceeds with carrying amount and are recognised in profit and loss.

2.7. Intangible assets

(a) Patents and industrial property. Trademarks and licences

Patents and industrial property and trademarks and licences bought from third parties are shown at historical cost. In general, they have a finite useful life and are carried at cost less accumulated amortisation. The amortisation of those with finite useful lives is calculated using the straight-line method to allocate the cost of these assets over their useful lives, which are estimated at between 10 and 15 years. Amortisable assets are tested for impairment whenever any event or change in circumstances indicates that their carrying amount may not be recoverable.

There are trademarks and licences with indefinite useful lives, which are tested for impairment annually. An impairment loss is recognised when the asset's carrying amount exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less costs to sell and its value in use. In order to assess impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash inflows that are largely independent (cash-generating units). Previous impairment losses on non-financial assets (other than goodwill) are reviewed at each reporting date to see whether they can be reversed.

Intangible assets in progress are shown at cost less impairment provision, if applicable.

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(b) Computer software

Computer software maintenance costs are recognised as expenses when incurred. Development expenses directly attributable to designing and testing computer programmes that are identifiable and unique and that may be controlled by the Group are recognised as intangible assets when the following conditions are met:

- It is technically possible to complete the production of the intangible asset so it can be available for use or sale;
- Management intends to complete the intangible asset to be used or sold;
- The entity has the capacity to use or sell the intangible asset;
- It is possible to show evidence of how the intangible asset will generate probable economic benefits in the future;
- There are the proper technical, financial or other resources available to complete the development and to use or sell the intangible asset; and
- It is possible to measure reliably the expenditure attributable to the intangible asset during development.

Directly attributable costs that are capitalised as part of the computer software include the costs of the employees developing said programmes and an appropriate percentage of overheads.

Expenses that do not meet these criteria are recognised as expenses when incurred. Expenditure on an intangible asset initially recognised in profit and loss will not subsequently be recognised as intangible assets.

Computer software has a useful life from 4 to 10 years.

(c) Research and development expenses

Research expenditure is recognised as an expense when incurred. Costs incurred in development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following requirements are met:

- It is technically possible to complete the production of the intangible asset so it can be available for use or sale;
- Management intends to complete the intangible asset to be used or sold;
- There is the capacity to use or sell the intangible asset;
- It is possible to show evidence of how the intangible asset will generate probable economic benefits in the future;
- There are the proper technical, financial or other resources available to complete the development and to use or sell the intangible asset; and
- It is possible to measure reliably the expenditure attributable to the intangible asset during development.

The Group considers that, in the case of the development of pharmaceutical products, the aforementioned requirements are met when the drugs have been approved for marketing by the health authorities in the case of new products developed under patent, or, in the case of biosimilars or generics, when the application for marketing authorisation is filed.

The cost of assets generated internally by the Group is measured following the same principles as established for determining the production cost of inventories. Production costs are capitalised by crediting the costs attributable to the asset to accounts under the heading "Work performed by the Group on non-current assets" in the consolidated income statement (consolidated statement of comprehensive income).

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2.8. Borrowing costs

General and specific interest costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are those that necessarily require a substantial time period before they are ready for their planned use or to be sold, are added, if applicable, to the cost of these assets until the time when said assets are substantially ready for their intended use or to be sold.

Finance income obtained from the temporary investment of specific loans while they are waiting to be used on the qualifying assets are deducted from capitalisable interest costs.

The rest of the interest costs are expensed in the annual period in which they are incurred.

2.9. Impairment of non-financial assets

Intangible assets that have an indefinite useful life and those that are not in a usable condition are not amortised and are tested annually for impairment. Amortisable assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent (cash-generating units). Previous impairment losses on non-financial assets (other than goodwill) are reviewed at each reporting date to see whether then can be reversed.

2.10. Financial assets

(a) Classification of financial assets

The Group classifies its financial assets in the following categories: loans and receivables, and equity securities. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities longer than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" and "financial receivables".

Deposits in financial institutions maturing at more than 90 days and less than 12 months are included in this category as current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

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Significant financial difficulties of the debtor, the probability that the debtor will become insolvent or require financial reorganisation and default or delinquency in payments are considered indicators that a trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced when the amount of the provision is used and the amount of the loss is recognised in the income statement within "other operating expenses". When a trade receivable is unrecoverable, it is written off against the provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against "other operating expenses".

Equity securities

Equity securities are non-derivatives that are either designated in this category or not classified in any of the other possible categories. They are included in non-current assets unless Management intends to dispose of the investment within 12 months of the end of the reporting period.

Purchases and sales of investments are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Equity securities are subsequently carried at fair value. Investments are derecognised when the rights to receive cash flows from the investments have expired or been transferred and the Group has substantially transferred all risks and rewards of ownership.

Dividends from equity securities instruments are recognised in the income statement as "Finance costs-net" when the Group's right to receive payment is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value on the basis of an analysis of discounted cash flows.

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for equity securities, the cumulative loss –measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss– is removed from equity and recognised in profit and loss. Impairment losses on equity instruments recognised in profit and loss are not reversed through profit and loss.

b) Derecognition of financial assets

The Company applies the criteria of derecognising financial assets to part of a financial asset or to part of a group of similar financial assets or to a financial asset or to a group of similar financial assets.

Financial assets are derecognised in the accounts when the rights to receive cash flows related to them have expired or been transferred and the Company has substantially transferred the risks and rewards of ownership. Likewise, if the Group retains the contractual rights to receive the cash flows from the financial assets, these financial assets are derecognised only when contractual obligations that determine payment of said flows to one or more recipients have been assumed and the following requirements are met:

- Payment of the cash flows depends on their having been received previously;

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- The Group cannot sell or pledge the financial asset; and
- The cash flows received on behalf of the final recipients are remitted without significant delay and the Company is not able to reinvest the cash flows. An exception is made for investments in cash or cash equivalents made by the Company during the settlement period, running from the date on which the cash flows are received and the remittance date agreed with the final recipients, provided that any interest accrued is attributed to the final recipients.

Derecognition of a financial asset in full implies the recognition of a gain or loss for the difference between its carrying amount and the total consideration received, net of transaction costs, including any assets acquired or liabilities assumed and any loss or gain deferred in other comprehensive income.

2.11. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.13. Share capital

The subscribed share capital is represented by ordinary shares.

Incremental costs directly attributable to the issue of new shares, face value reductions or the write-off of existing shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases shares in the Company (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's shareholders until the shares are cancelled, reissued or resold. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect, is included in equity attributable to the Company's shareholders.

2.14. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants relating to reimbursable advances are recognised when these advances are granted to the Group.

Government grants relating to costs are deferred and recognised in profit and loss over the period necessary to match them with the costs that they are intended to compensate.

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Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit and loss on a straight-line basis over the expected lives of the related assets.

Reimbursable advances at zero interest rate or those with a subsidised interest rate are recognised at fair value at the time they are received, subsequently being recognised at amortised cost. The difference between the fair value and the face value is registered as "Recognition of government grants on non-financial assets and others" if the loans are financing incurred expenses, or are included in non-current liabilities as deferred government grants, and credited to the income statement on a straight-line basis over the useful life of the assets which have been funded with said loans.

2.15. Trade payables

Trade payables are payment obligations for goods or services acquired from suppliers in the ordinary course of business. The payables are classified as current liabilities if they mature at one year or less (or if they mature within a normal operating cycle, if longer). Otherwise, they are shown as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.16. Financial debt

Financial debt is recognised initially at fair value less transaction costs incurred. Subsequently, financial debt is measured at amortised cost, any difference between the funds obtained (less the costs necessary to obtain them) and the repayment value being recognised in profit and loss over the period of the borrowings in accordance with the effective interest rate method.

Financial debt is classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Commissions paid for obtaining a credit line are recognised as debt transaction costs, provided that it is likely that part or all of the line will be drawn down. In this case, the commissions are deferred until the line is drawn down. To the extent that it is unlikely that all or part of the credit line will be drawn down, the commission will be capitalised as an advance payment for liquidity services and amortised over the period for which the credit is available.

2.17. Current and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax expense is calculated on the basis of the laws enacted or substantively enacted at the end of the reporting period in the countries in which the Group operates and in which taxable income is generated. Management regularly assesses the positions adopted in the tax returns in relation to situations where the applicable tax regulations are subject to interpretation and, if necessary, sets up provisions in accordance with the amounts it is expected to pay to the tax authorities.

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Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Annual Accounts. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and deferred tax liabilities are offset when, and only when, there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same entity or taxpayer or on different entities or taxpayers which intend to settle current tax assets and liabilities for their net amount.

2.18. Employee benefits

(a) Pension obligations

The Group holds a defined-contribution plan exclusively on behalf of certain Group employees. A defined-contribution plan is a pension plan under which the Group pays fixed contributions into an external fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For the defined-contribution plans, the Group pays contributions into pension insurance plans managed publicly or privately on a mandatory, contract or voluntary basis. Once the contributions have been paid, the Group holds no further payment obligations. The contributions are recognised as employee benefits when accrued. Benefits paid in advance are recognised as an asset to the extent that cash is refunded or future payments are reduced.

(b) Termination payments

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these benefits on the earlier of the following dates: (a) when the Group can no longer withdraw the offer of said benefits; or (b) when the entity recognises restructuring costs within the scope of IAS 37 and this means termination benefits must be paid. When an offer is made in order to encourage voluntary redundancies on the part of the employees, the termination benefits are measured in accordance with the number of employees who are expected to accept the offer. The benefits that will not be paid within the twelve months following the end of the reporting period are discounted back to their present value.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses based on the estimates of fulfilment of certain corporate targets established for employees.

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2.19. Provisions

The Group recognises provision liabilities when:

- The Group has a legal or constructive obligation, as a result of past events;
- It is more likely than not that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is low.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Revenue recognition

Ordinary revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Ordinary revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount thereof can be measured reliably, it is probable that future economic benefits will flow to the Group and the specific requirements for each one of the Group's activities are fulfilled, as described below.

(a) Sales of goods

The Group's "Sale of goods" are derived from the sale of pharmaceutical products, contrast agents and other hospital products and other non-prescription pharmaceutical products, where control transfers to the customers and the performance obligations are satisfied when the goods are made available to other pharmaceutical companies or at the time of the delivery to the remaining customers. Invoices are usually due in a maximum period of 90 days.

IFRS 15 states that an entity that grants the right to return the product should recognise the revenue for the transferred products at the amount of consideration to which the entity expects to be entitled, a refund liability, and an asset for its right to recover products. ROVI recognises its revenues net of estimated returns at the date of sale, together with the refund liability. The Group does not recognise an asset for its right to recover products because, based on experience and the type of product sold, the goods returned can no longer be sold or form part of the Group's inventories.

The amount of revenue recognised is adjusted for expected returns, which are estimated considering the average returns rates of recent years.

Discounts granted to government customers are recorded as a deduction from revenue at the time the related revenues are recorded. In its case, a liability is calculated on the basis of historical experience which requires the use of judgement by the management.

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Therefore, ROVI's revenue from contract with customers is subject to variable consideration for rebates, refunds and returns, which is only recorded for the amount that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(b) Sales of services

The Group's sales of services (toll manufacturing) consists of revenues from manufacturing and packaging services provided to third parties where control transfers to the toll manufacturing clients and the performance obligations are mainly satisfied when the manufactured goods are made available. Invoices are usually payable between 30 and 120 days.

(c) Interest income

Interest income is recognised in accordance with the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Other revenue: granting of exclusive distribution licences

Occasionally the Group grants licenses to other pharmaceutical companies to sell its products on an exclusive basis in a specific territory and also promises to manufacture the pharmaceutical product for the customer. For these agreements, the Group collects a single down-payment for the transfer of the license, which is either non-refundable or may be refundable under very strict terms if the product is finally not authorised for distribution in a specific territory. In these contracts signed with third parties whereby Rovi grants the distribution licenses, the obligations arising from the granting of these licenses are always linked to the obligation to supply and manufacture the product and no other entity can manufacture this product. As the customer cannot benefit from the licence without the manufacturing service, the licence and the manufacturing service cannot be separate and therefore the Group accounts for the licence and the manufacturing service as a single performance obligation.

Additionally, in these types of contracts the Group has an enforceable right to payment for performance completed to date, as the entity would be entitled to an amount that at least compensates the Group for its performance completed to date in the event that the customer or another party terminates the contract for reasons other than the entity's failure to perform as promised. Consequently, the Group recognises revenue over time and defers revenues from the granting of product distribution licenses over the number of units produced.

2.21. Leases

When a Group company is the lessee – Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight-line basis over the period of the lease.

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2.22. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Consolidated Annual Accounts in the period in which the dividends are approved by the Company's shareholders.

2.23. Health Tax

As the result of the 2005 General State Budget Act (Law 2/2004 of 27 December), Additional Provision 48, a health tax, levied by the Ministry of Health, came into force on 1 January, 2005. This tax applies to individuals and legal entities in Spain engaging in the manufacture and importation of medicines that are officially prescribed in Spanish territory on official National Health Service prescriptions. The amounts payable to the Ministry of Health and Consumer Affairs are calculated on a scale fixed by the aforementioned Additional Provision 48, subsequently amended by Additional Provision 6 of Law 29/2006 of 29 July, on Guarantees and Rational Use of Drugs and Healthcare Products. The Group records the accrued health tax as a sales discount when the sale is made. There is a provision for the estimated amount accrued but unpaid and the possible adjustment of the tax to the actual sales for the period.

During 2010, the Spanish government approved a reduction of the pharmaceutical expenditure of 2,800 million euros through the introduction of two packages of pricing legislation. The first one was approved in March 2010 and was focused on generic products. With regard to these products, which are those out of patent, the reduction was 25% on average applied to the selling price to laboratories. The second package, which was approved in May 2010 and applied from June 2010, was addressed to pharmaceutical products under patent. A discount of 7.5% is applied to the selling price to the public for these products. The Group has recognised the amounts relating to these measures as a decrease in sales.

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group's risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the group Treasury Department following policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Audit Committee analyses written principles for global risk management, as well as written policies covering specific areas, such as, interest rate risk, liquidity risk and the investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is very low because (i) virtually all the Group's assets and liabilities are in euros; (ii) a majority of the transactions with foreign parties are carried out in euros; and (iii) sometimes, transactions for significant amounts in currencies other than the euro are hedged by exchange rate insurance contracts.

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At 31 December, 2018, there were assets of 2,458 thousand pounds sterling and 2,140 thousand zlotys (93 thousand pounds sterling at 31 December, 2017). If the exchange rate at the reporting date had been 10% higher, these assets denominated in pounds sterling and zlotys would have decreased or increased by 295 thousand euros (10 thousand euros in 2017) and, if the exchange rate had been 10% lower, the decrease or increase would have been 360 thousand euros (11 thousand euros at 31 December, 2017).

At 31 December, 2018, there were financial liabilities of 3,209 thousand pounds sterling (307 thousand pounds sterling at 31 December, 2017) on the statement of financial position. If, at 31 December, 2018, the exchange rate had been 10% higher or lower, these liabilities would have decreased or increased by 325 thousand euros or 398 thousand euros, respectively (31 and 38 thousand euros at 31 December, 2017), with the resulting effect on profit and loss.

(ii) Price risk

The Group is exposed to price risk for equity securities because of investments held by the Group and classified as available for sale on the consolidated statement of financial position. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The portfolio is diversified in accordance with the limits set by the Group. The Group does not use derivatives to hedge price risk.

At 31 December, 2018 and 2017, a change in the listed price of equity securities would have had no significant effect of the Group's statement of financial position.

(iii) Cash-flow interest-rate risk

The Group is subject to interest rate risk in respect of cash flows on non-current financial debt transactions at variable rates. Group policy is to try to keep most of its financial debt in the form of debt with government entities by obtaining reimbursable advances on which there is no interest-rate risk and, in the case of bank debt, to obtain cash flows not only at variable rates, but also at fixed rates, thus keeping the impact of interest-rate risk to a minimum.

Had interest rates on financial debt at variable rates been 1% higher or lower at 31 December 2018, with all other variables remaining constant, the gain/loss after taxes for the period would have decreased or increased by 30 thousand euros, respectively, owing to the difference in interest expense on loans at variable rates (33 thousand euros at 31 December, 2017).

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, receivables classified as equity securities and trade receivables.

The banks and financial institutions with which the Group works generally have independent ratings. If customers have been independently rated, such ratings are used. If this is not the case, then the Group assesses the risk on the basis of the customer's financial position, historical experience and a series of other factors. In those cases in which there is no doubt as to the customer's financial solvency, the Group elects not to set credit limits.

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At 31 December, 2018, the greatest investment in financial assets, including cash and cash equivalent and apart from trade receivables, was related to Banco Santander, 76,645 thousand euros (19,782 thousand euros at 31 December, 2017). A significant proportion of trade and other receivables relates to accounts receivable from government entities, on which, in view of their nature, with the information currently available, Management considers that there is no credit risk (Note 13).

(c) Liquidity risk

Management periodically monitors the liquidity estimates of the Group in accordance with the expected cash flows. The Group maintains sufficient cash and marketable securities to meet its liquidity requirements. In 2017, the Group signed a financing agreement with the European Investment Bank, which it can draw down over the next two years as from signature of the agreement a total amount of 45 million euros. In July 2018, ROVI had drawn 5,000 thousand euros (Note 17).

ROVI's liquidity has increased in 2018 as a result of the capital increase of 88,000 thousand euros carried out in October 2018 (Notes 1 and 15).

In 2017, the Group signed a non-recourse factoring contract, which led to an increase in the balance of cash and cash equivalents, while the receivables for which this contract was requested were derecognised. At 31 December, 2018, no factoring agreements were in force.

The following table analyses the Group's financial liabilities grouped by maturity dates based on the periods outstanding at the end of the reporting period through to the maturity date stipulated in the contract, including the corresponding interest. The amounts shown in the table relate to cash flows stipulated in the contract, which have not been discounted. Given that these amounts have not been discounted and that they include future interest accruals, they cannot be matched with figures on the statement of financial position for financial debt and trade and other payables.

At 31 December, 2018	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years
Bank borrowing (Note 18)	15,694	2,344	2,184	2,730
Debt with government entities (Note 18)	2,032	3,907	3,994	2,995
Trade suppliers (Note 17)	47,875	-	-	-
Other payables (Note 17)	20,290	-	-	-
	85,891	6,251	6,178	5,725

At 31 December, 2017	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years
Bank borrowing (Note 18)	13,328	17,784	-	-
Debt with government entities (Note 18)	2,986	4,091	4,006	2,794
Trade suppliers (Note 17)	42,129	-	-	-
Other payables (Note 17)	10,813	-	-	-
	69,256	21,875	4,006	2,794

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3.2. Capital risk management

The Group's objective in relation to the management of capital is to maintain a low level of gearing that will make it easier for the Group to obtain additional financial debt if required in order to make new investments. A part of the Group's financial debt takes the form of reimbursable advances from government entities. There is no interest expense on these operations since they are subsidised.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt/cash divided by net equity. Net debt/cash is calculated as total financial debt less cash and cash equivalents. Equity is as shown under the relevant caption in the statement of financial position in the Consolidated Annual Accounts.

The leverage index or gearing ratio at 31 December, 2018 and 2017 was as follows:

	2018	2017
Financial debt (Note 18)	34,224	43,237
Less: Cash and cash equivalents (Note 14)	(95,511)	(40,700)
Less: Equity securities (Note 11)	(70)	(70)
Less: Deposits (Notes 9 & 13)	(1,394)	(1,374)
Net debt/(Cash)	(62,751)	1,094
Equity	287,472	191,687
Leverage index/Gearing ratio	-21.83%	0.57%

In addition, the Group's net debt/cash at 31 December, 2018 and 2017 was as follows:

	2018	2017
Financial debt (Note 18)	34,224	43,237
Less: Cash and cash equivalents (Note 14)	(95,511)	(40,700)
Less: Available-for-sale financial assets (Note 11)	(70)	(69)
Less: Deposits (Notes 9 & 13)	(1,394)	(1,374)
Net debt/(Cash)	(62,751)	1,094

3.3. Fair value estimate

Measurement of financial instruments at market price is classified into:

- Level 1. Quoted prices in active markets for identical instruments.
- Level 2. Observable inputs for the instrument, either directly observable (prices) or indirectly observable (price-based).
- Level 3. Inputs not based on observable market data.

Measurements at market prices of the Group's financial instruments recorded at fair value, the totality of which are classified as equity securities (Note 11), are classified at Level 1.

The fair value of financial instruments traded in active markets (such as equity securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

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The fair value of the reimbursable advances without a rate of interest or with a subsidised interest rate is determined by applying the interest rate curve in force at the date of receipt of the advance to the reimbursements to be made and adding the spread normally applied in loans to the Group. For financial reporting purposes, fair value is calculated at the end of each reporting period by applying the interest rate curve in force at the end of each reporting period to the payments outstanding and adding the corresponding spread. For loans at variable rates of interest, fair value has been regarded as coinciding with the amount for which they are recognised (Note 18). Measurement of reimbursable advances without an interest rate at market price is classified as Level 2.

4. Critical accounting estimates and judgements

Critical accounting estimates and judgements are continuously assessed and are based on historical experience and other factors, including expectations of future events deemed reasonable under the circumstances.

4.1. Critical estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are outlined below.

Recoverability of intangible assets

Under the caption "Trademarks and licences", assets with indefinite useful lives were recognised for an amount of 5,366 thousand euros at 31 December, 2018 and 2017. Management reviews these assets for indications of impairment on an annual basis, although there has been none to date. The recoverable value, which was higher than the carrying amount at the end of both reporting periods, has been obtained by projecting the forecast cash flows for the following five years.

Capitalisation of development expenses

The Group considers that its development project for a low-molecular-weight heparin, a biosimilar of enoxaparin, has met all the requirements mentioned in note 2.7.c) since last quarter of 2014, when an application was filed with the European health authorities to obtain authorisation for the marketing of this biosimilar. Therefore, from that time until the effective commercialisation in Europe of this biosimilar, all the expenses incurred in this project have been capitalised. Amortisation of this asset commenced during the first quarter of 2017, with the favourable result of the decentralised process used by the Group to apply for marketing authorisation in twenty-six European Union countries. These assets have a useful life of 20 years, which is consistent with the term of pharmaceutical product patents. ROVI considers that it will obtain a positive return on said development over that period.

For the rest of the Research and Development projects that ROVI is conducting, the Group considers that the requirements established in the rules on capitalisation of the associated development expenses have not yet been met.

Deferred tax assets

The Group recognises deferred tax assets and tax credits when they are likely to materialise in lower corporate income tax payments in the future.

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In order to determine the maximum amount that can be recognised by the Group overall in relation to the future tax effect of these items, group Management considers only the estimated future results of subsidiaries whose track record clearly indicates future profits and for which sufficiently reliable estimates may be made.

Although the estimates were made using the best information available on the events analysed at 31 December, 2018, it is possible that future events will force them to change (upwards or downwards) over forthcoming reporting periods. This would be done prospectively applying IAS 8, recognising the effects of the change in estimates in consolidated profit and loss.

4.2. Critical judgements in applying the accounting policies

Revenue recognition

The Group has recognised the total sales of goods marketed in 2018 and 2017 as revenue at face value and has, when applicable, claimed late payment interest from the public authorities. The buyer has the right to return the goods sold. Although the Group believes that, based on previous experience, the level of returns will not be very meaningful, ROVI has recognised ordinary revenue for its sales together with the related provision against ordinary revenue for estimated returns. If the estimate changes by 1%, changes in revenue will be not significant.

5. Segment reporting

The Group's operating segments have been determined on the basis of the information used by the Management Committee for decision making. This information is divided in accordance with whether it was generated by manufacturing activities or marketing activities, irrespective of the geographical area where it took place. Therefore, segment identification does not relate so much to geographical distribution of the business as to different types of activity.

Thus, the segment called "manufacturing" obtains its income from service contracts that relate to the finalisation of the pharmaceutical product production process for external entities and the manufacture of products to be subsequently marketed by other group companies, while the "marketing" segment has the principal activity of purchasing and subsequently selling pharmaceutical products.

The heading "Other" includes other service activities that are not significant for the Group.

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The segment information used by the Management Committee for 2018 was as follows:

	Manufacturing	Marketing	Other	Aggregated total	Inter-segment transactions	Consolidated total
Total segment revenues	142,688	287,763	-	430,451	(127,248)	303,203
Profit/(loss)	17,196	13,218	(7)	30,407	(12,512)	17,895
Income tax	4,396	(5,550)	(2)	(1,156)	(59)	(1,215)
Profit/(loss) before tax	21,592	7,668	(9)	29,251	(12,571)	16,680
Finance costs - net	33	(11,578)	-	(11,545)	12,347	802
Amortisation	4,795	7,249	-	12,044	-	12,044
EBITDA (*)	26,420	3,339	(9)	29,750	(224)	29,526
Amortisation	(4,795)	(7,249)	-	(12,044)	-	(12,044)
EBIT (**)	21,625	(3,910)	(9)	17,706	(224)	17,482

The 2017 figures were as follows:

	Manufacturing	Marketing	Other	Aggregated total	Inter-segment transactions	Consolidated total
Total segment revenues	122,199	242,102	-	364,301	(88,652)	275,649
Profit/(loss)	11,699	16,978	(94)	28,583	(11,342)	17,241
Income tax	7,224	(6,296)	(30)	898	(617)	281
Profit/(loss) before tax	18,923	10,682	(124)	29,481	(11,959)	17,522
Finance costs - net	21	(8,602)	1	(8,580)	9,500	920
Amortisation	4,108	7,371	-	11,479	-	11,479
EBITDA (*)	23,052	9,451	(123)	32,380	(2,459)	29,921
Amortisation	(4,108)	(7,371)	-	(11,479)	-	(11,479)
EBIT (**)	18,944	2,080	(123)	20,901	(2,459)	18,442

(*) EBITDA is calculated as profit before taxes, interest and amortization.

(**) EBIT is calculated as profit before taxes and interest.

Inter-segment transactions included on the finance gain/(loss) lines are principally dividends paid between Group companies.

Each segment's sales to customers in 2018 were as follows:

	Manufacturing	Marketing	Other	TOTAL
Total segment revenues	142,688	287,763	-	430,451
Inter-segment revenues	(88,113)	(39,135)	-	(127,248)
Revenues from external customers	54,575	248,628	-	303,203

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Each segment's sales to customers in 2017 were as follows:

	Manufacturing	Marketing	Other	TOTAL
Total segment revenues	122,199	242,102	-	364.301
Inter-segment revenues	(61,100)	(27,552)	-	(88.652)
Revenues from external customers	61,099	214,550	-	275,649

In 2018, a single customer accounted for 5% of the Group's sales (6% in 2017) and this amount came principally from the manufacturing segment.

At 31 December, 2018, the breakdown of assets and liabilities by segment was as follows:

	Manufacturing	Marketing	Other	Aggregated total
Total assets	202,858	410,771	581	614,210
Of which:				
Investments in Group companies	-	8,899	-	8,899
Increases in non-current non-financial assets	11,014	15,445	-	26,459
Total liabilities	(147,128)	(166,664)	(6)	(313,798)

The assets of the aggregated sectors at 31 December, 2018 can be reconciled with the total consolidated assets as follows:

	Manufacturing	Marketing	Other	Intercompany balances	Group investments	Consolidated total
Total assets	202,858	410,771	581	(202,611)	(8,899)	402,700

Details of assets and liabilities by segment at 31 December, 2017 were as follows:

	Manufacturing	Marketing	Other	Aggregated total
Total assets	131,079	259,389	587	391,055
Of which:				
Investments in Group companies	-	8,904	-	8,904
Increases in non-current non-financial assets	8,406	11,538	-	19,944
Total liabilities	(80,198)	(106,385)	(5)	(186,588)

The assets of the aggregated sectors at 31 December, 2017 can be reconciled with the total consolidated assets as follows:

	Manufacturing	Marketing	Other	Intercompany balances	Group investments	Consolidated total
Total assets	131,079	259,389	587	(83,769)	(8,904)	298,382

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The following tables show the Group's ordinary revenue and total assets by geographical area:

Net revenue	2018	2017
Spain	203,765	195,797
European Union	84,967	65,851
OECD countries	8,388	8,397
Other countries	6,083	5,604
	303,203	275,649
Total assets	2018	2017
Spain	374,238	292,809
Portugal	4,409	3,266
Germany	13,111	2,016
Italy	7,839	84
UK	2,524	120
France	80	87
Poland	499	-
	402,700	298,382

Virtually all the investment in property, plant and equipment and intangible assets in 2018 and 2017 was made in Spain.

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6. Property, plant and equipment

The breakdown of the movement on the different categories of property, plant and equipment is shown below:

	Land and buildings	Technical facilities, machinery & tools	Furniture, fittings & other	IT equipment & vehicles	Total
Balance at 01.01.17					
Cost	34,292	154,271	2,998	13,218	204,779
Accumulated amortisation	(17,671)	(90,876)	(2,342)	(11,068)	(121,957)
Carrying amount 01.01.17	16,621	63,395	656	2,150	82,822
Additions	4	14,187	238	503	14,932
Retirements	-	(48)	-	-	(48)
Eliminations from amortisation	-	23	-	-	23
Amortisation charge	(229)	(7,325)	(100)	(1,019)	(8,673)
Balance at 31.12.17					
Cost	34,296	168,410	3,236	13,721	219,663
Accumulated amortisation	(17,900)	(98,178)	(2,442)	(12,087)	(130,607)
Net carrying amount 31.12.17	16,396	70,232	794	1,634	89,056
Additions	-	15,510	61	819	16,390
Retirements	-	(65)	-	-	(65)
Eliminations from amortisation	-	3	-	-	3
Amortisation charge	(229)	(8,250)	(125)	(943)	(9,547)
Balance at 31.12.18					
Cost	34,296	183,855	3,297	14,540	235,988
Accumulated amortisation	(18,129)	(106,425)	(2,567)	(13,030)	(140,151)
Net carrying amount 31.12.18	16,167	77,430	730	1,510	95,837

A majority of the additions recognised in 2018 and 2017 related to investments in ROVI's manufacturing plants, principally:

- 3.8 million euros was invested in the injectables plant, in comparison with the 2.9 million euros invested in 2017;
- 2.8 million euros was invested in the San Sebastián de los Reyes plant in 2017, in comparison with the 4.8 million euros invested in 2017.
- 3.0 million euros was invested in the Granada plant, in comparison with the 1.6 million euros invested in 2017;
- 5.5 million euros was invested in the plant in Alcalá de Henares (Frosst Ibérica), in comparison with the 3.8 million euros invested in 2017;

At 31 December, 2018, the Group held property, plant and equipment with a net carrying amount of 640 thousand euros subject to retention of title (720 thousand euros at 31 December, 2017).

At 31 December, 2018 and 2017, no investment commitments had been made that had not been recognised in the consolidated annual accounts.

In 2018 and 2017, there was no impairment of property, plant and equipment.

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The Group holds several insurance policies to cover the risks the property, plant and equipment is exposed to. The insurance cover is considered sufficient.

7. Intangible assets

Movement on intangible assets was as follows:

	Development	Trademarks & licences	Computer software	Total
Balance at 01.01.17				
Cost	4,251	21,880	10,062	36,193
Accumulated amortisation	(11)	(3,297)	(8,013)	(11,321)
Net carrying amount 01.01.17	4,240	18,583	2,049	24,872
Additions	2,429	40	486	2,955
Transfers (net of amortisation)	2,057	-	-	2,057
Amortisation charge	(297)	(1,568)	(941)	(2,806)
Balance at 31.12.17				
Cost	8,737	21,920	10,548	41,205
Accumulated amortisation	(308)	(4,865)	(8,954)	(14,127)
Net carrying amount 31.12.17	8,429	17,055	1,594	27,078
Additions	123	9,010	936	10,069
Amortisation charge	(181)	(1,567)	(749)	(2,497)
Balance at 31.12.18				
Cost	8,860	30,930	11,484	51,274
Accumulated amortisation	(489)	(6,432)	(9,703)	(16,624)
Net carrying amount 31.12.18	8,371	24,498	1,781	34,650

Under the caption "Trademarks and licences", assets with indefinite useful lives were recognised for an amount of 5,366 thousand euros at 31 December, 2018 and 2017. Management reviews these assets for indications of impairment on an annual basis, although there has been none to date. The recoverable value, which was higher than the carrying amount at the end of both reporting periods, has been obtained by projecting the forecast cash flows for the following five years. In the cash flow projections, a discount rate of 7.6% has been applied and, for each year, the margins forecast on the basis of the characteristics of the manufacturing of the product in said year have been used.

At 31 December, 2018 and 2017, the assets included under the "Development" caption correspond to assets related to the development of a low-molecular-weight heparin, biosimilar to enoxaparin, sales of which commenced in 2017. Amortisation of this asset commenced during the first quarter of 2017, with the favourable result of the decentralised process used by the Group to apply for marketing authorisation in twenty-six European Union countries. The useful life of this asset is 20 years, and no indications of impairment were noted in 2018 or 2017.

In 2018, additions of 9,000 thousand euros were recognised under the caption "Trademarks and licences" relating mainly to the acquisition of the product Falithrom[®], a medicine indicated for the prevention and treatment of thromboembolic disease, including venous thrombosis and pulmonary embolism, as well as the prevention of ischemic strokes in patients with atrial fibrillation.

At 31 December, 2018 and 2017, there was no impairment of intangible assets.

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The Group holds several insurance policies to cover the risks the intangible assets are exposed to. The insurance cover is considered sufficient.

Total research and development expenses incurred in 2018 were 32,376 thousand euros (28,251 thousand euros in 2017) and were mainly concentrated in the Glycomics and ISM® platforms, the latter of which is a drug release system, belonging to ROVI, the objective of which is to improve patient treatment adherence. Of the total research and development expenses incurred in 2018, 7,807 thousand euros was recognised under the “Employee benefit expenses” (Note 23) heading (7,218 thousand euros at 31 December, 2017) and 24,569 thousand euros under “Other operating expenses” (Note 24) (21,033 thousand euros in 2017).

8. Financial instruments by category

Financial assets

At 31 December, 2018, the Group held trade receivables amounting to 52,052 thousand euros (42,830 thousand euros at 31 December, 2017) (Note 13), other receivables amounting to 86 thousand euros (153 thousand euros at 31 December, 2017) (Note 13), and other deposits amounting to 1,394 thousand euros (1,374 thousand euros at 31 December, 2017) (Note 13), which the Group classifies as loans and receivables for recognition and measurement purposes (Note 2.10.a).

At 31 December, 2018, the Group held cash amounting to 95,511 thousand euros (40,700 thousand euros at 31 December, 2017) (Note 14), which it classifies as cash and cash equivalents for recognition and measurement purposes (Note 2.12).

At 31 December, 2018, the Group held financial assets of 70 thousand euros (69 thousand euros at 31 December, 2017) (Note 11), which it classifies as equity securities for recognition and measurement purposes (Note 2.10.b).

Financial liabilities

At 31 December, 2018 and 2017, all the loans included in financial debt (Note 18), as well as trade and other payables (Note 17), were recognised as financial liabilities held at amortised cost and there were no financial liabilities held at fair value through profit and loss.

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9. Credit rating of financial assets

The credit quality of financial assets which have not yet matured and which have suffered no impairment loss can be assessed based on the credit rating assigned by organisations external to the Group or, in the case of unrated customers, by separating those corresponding to Social Security Authorities and government entities which, due to their nature, are not subject to impairment:

Cash and cash equivalents	Rating	2018	2017
	A+	-	460
	A	75,708	185
	A-	18,176	18,390
	BBB+	179	14,685
	BBB	1,329	6,370
	BBB-	76	566
	BB	-	4
	Caa2	-	6
	No rating	43	34
	Total cash (Note 14)	95,511	40,700
Financial receivables	Rating	2018	2017
	A	65	-
	A-	-	65
	Total financial receivables (Note 13)	65	65
Equity securities	Rating	2018	2017
	BBB+	-	10
	A-	11	-
	No rating	59	59
	Total equity securities (Note 11)	70	69
Trade receivables	Rating	2018	2017
	AA	3,012	3,140
	Public centres and institutions (Note 13)	7,317	5,663
	Other (wholesalers, pharmacies, hospitals)	41,723	34,027
	Total trade receivables (Note 13)	52,052	42,830
Other deposits	Rating	2018	2017
	A	1,327	-
	A-	-	1,327
	No rating	67	47
	Total other deposits (Note 13)	1,394	1,374

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10. Interests in joint ventures

Movement on interests in joint ventures in the period was as follows:

	<u>2018</u>	<u>2017</u>
Balance at beginning of the year	2,054	2,571
Additions (b)	-	50
Eliminations (b)	(40)	-
Share in profits	24	(567)
Balance at end of the year	2,038	2,054

The nature of investment in joint ventures at 31 December, 2018 was as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>% interest</u>	<u>Nature of relationships</u>	<u>Measurement method</u>
Alentia Biotech, S.L.	Spain	50%	a)	Equity
Enervit Nutrition, S.L.	Spain	50%	b)	Equity

a) Alentia Biotech, S.L.

In 2010, the company Alentia Biotech, S.L. (Alentia) was created, 100% held by ROVI. In February 2012, the effective sale of 50% of the shares in Alentia Biotech, S.L. by Laboratorios Farmacéuticos Rovi, S.A. to Grupo Ferrer Internacional, S.A. took place and Alentia became a joint venture held by these two companies at 50% each.

b) Enervit Nutrition, S.L.

In the first half of 2016, ROVI contributed assets consisting of the distribution rights of the EnerZona products in Spain and the know-how related to the promotion, distribution and sale of these products to a newly-created subsidiary (Enervit Nutrition, S.L.), which was the vehicle responsible for promoting these products. Said company was incorporated in January 2016 with an initial share capital of 3 thousand euros, 100%-held by Laboratorios Farmacéuticos Rovi, S.A. It was incorporated with the intention of marketing the EnerZona products, for which ROVI held exclusive marketing rights in Spain, and exploring and, if applicable, developing, new market possibilities for dietetic and food supplements.

ROVI and Enervit S.p.A. agreed to create a joint venture between them to carry the project out. To do this, under certain agreements, ROVI lost control of its subsidiary Enervit Nutrition, S.L, which, instead of being 100%-owned by ROVI, became a joint venture under joint control with Enervit, S.p.A. The agreements were signed on 16 March, 2016.

In July 2018, Enervit S.p.A. exercised a call option it held on 1% of the shares of Enervit Nutrition, S.L. for a sum of 50 thousand euros. When the option was exercised, the value at which these shares were recognised in ROVI was 40 thousand euros, generating a profit of 10 thousand euros on the transaction (Note 27). With this sale, ROVI's percentage interest in Enervit Nutrition, S.L. dropped from 51% to 50%.

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Condensed financial information on joint venture

The condensed financial information on Alentia Biotech, S.L. and Enervit Nutrition, S.L. as of 31 December, 2018 is as follows:

Condensed statement of financial position	31 December, 2018		31 December, 2017	
	Alentia Biotech, S.L.	Enervit Nutrition, S.L.	Alentia Biotech, S.L.	Enervit Nutrition, S.L.
Current				
Cash and cash equivalents	102	245	104	703
Other current assets (excluding cash)	6	2,542	6	2,305
Total current assets	108	2,787	110	3,008
Current liabilities (excluding trade payables)		(1,342)		(1,266)
Other current liabilities (including trade payables)	-	(910)	-	(1,427)
Total current liabilities	-	(2,252)	-	(2,693)
Non-current				
Property, plant and equipment	-	21	-	-
Intangible assets	-	3,478	-	3,685
Other financial assets	-	5	-	5
Deferred tax assets	-	37	-	37
Total non-current assets	-	3,541	-	3,727
Financial liabilities	(2,200)	-	(2,200)	-
Other liabilities	-	-	-	(14)
Total non-current liabilities	(2,200)	-	(2,200)	(14)
NET ASSETS	(2,092)	4,076	(2,090)	4,028

Condensed statement of comprehensive income	31 December, 2018		31 December, 2017	
	Alentia Biotech, S.L.	Enervit Nutrition, S.L.	Alentia Biotech, S.L.	Enervit Nutrition, S.L.
Revenue	-	7,379	-	8,347
Procurements	-	(5,126)	-	(5,786)
Other operating income	-	4	-	-
Employee benefit expenses	-	(861)	-	(1,131)
Other operating expenses	(2)	(1,082)	(1)	(2,320)
Amortisation and depreciation	-	(215)	-	(208)
Operating profit / (loss)	(2)	99	(1)	(1,098)
Finance costs - net	-	(38)	1	(13)
Income tax	-	(13)	-	-
Profit / (loss) for period	(2)	48	-	(1,111)
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	(2)	48	-	(1,111)
Dividends received from joint ventures	-	-	-	-

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Reconciliation of the condensed financial information

Reconciliation of the condensed financial information presented with the carrying amount of the interests in the joint ventures at 31 December, 2018:

Condensed financial information	Alentia Biotech, S.L.	Enervit Nutrition, S.L.
Net assets of joint ventures at the beginning of the year	(2,090)	4,028
Profit / (loss) of joint ventures in the year	(2)	48
Net assets of joint ventures at end of the year	(2,092)	4,076
Share in profit of joint venture	-	2,079
Carrying amount	-	2,038

Enervit Nutrition, S.L. and Alentia Biotech, S.L. are private entities and, therefore, no quoted market price is available for their shares.

The Group has no commitments or contingent liabilities in relation to its joint ventures.

11. Equity securities

	2018	2017
Beginning of the year	69	70
Net gains / (losses) recorded in equity	1	(1)
End of the year	70	69
Less: non-current portion	70	69
Current portion	-	-

The maximum credit risk exposure at the reporting date was the fair value of the debt securities classified as equity securities.

	2018	2017
Non-listed securities:		
– Variable-income securities (equity securities)	59	59
	59	59
	2018	2017
Listed securities:		
– Investment funds and equity securities	11	10
	11	10

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12. Inventories

	2018	2017
Raw materials and other securities	36,134	22,117
Work in progress and semi-finished goods	23,912	25,404
Finished goods produced internally	22,187	11,645
Marketing products	12,628	16,326
	94,861	75,492

In 2018, the Group reduced the value of its inventories by 1,979 thousand euros (1,651 thousand euros in 2017) due to obsolescence, expiration and the valuation of the products according to the profit expected from its sale. The reduction in value of inventories is recognised on the "Raw materials and consumables used" and "Change in stocks of finished goods and work in progress" lines of the income statement.

The inventories purchase/sale commitments for the Group at the end of the reporting period were as normal in its course of its business. Management estimates that meeting these commitments will not generate losses for the Group. The Group holds insurance policies to cover the risks the inventories are exposed to. The insurance cover is considered sufficient.

13. Trade and other receivables

The breakdown of trade and other receivables is as follows:

	2018	2017
Trade receivables	52,052	42,830
Less: loss allowance	(1,099)	(1,837)
Trade receivables – Net (13.a)	50,953	40,993
Other receivables	86	153
Receivables from related parties (Nota 32)	123	202
Deposits (13.b)	1,394	1,374
Employee advances	220	271
Public authorities (13.c)	7,469	6,819
Total	60,245	49,812
Less: non-current portion: financial receivables	65	65
Current portion	60,180	49,747

13.a) Trade receivables

As is mentioned in Note 4.2, Management considers that the fair value of trade and other receivables does not differ significantly from their recognised values, since they consist principally of balances receivable at less than one year and are subject to possible interest charges if they are not collected within said period.

The carrying amounts of receivables are denominated in euros and pounds

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In December 2017, the Group signed a non-recourse factoring agreement with Banco Santander, whereby ROVI received the amount of matured items due from customers other than the public authorities (Social Security Authorities or other government entities) for a total of 6,031 thousand euros. At 31 December, 2018, no factoring agreements were in force.

At 31 December, 2018, the balance receivable from the Social Security Authorities and other government entities was 7,317 thousand euros (5,663 thousand euros at 31 December, 2017), geographically distributed as follows:

	Rating	Balance	Rating	Balance
	2018	2018	2017	2017
Italy	BBB	1,597	-	-
Madrid	BBB	1,301	BBB+	848
Portugal	BBB	1,134	BBB-	1,720
Andalusia	BBB-	598	BBB+	419
Catalonia	BBB-	595	B+	854
Valencia	BBB-	563	BB	496
Canary Islands	BBB-	333	BBB+	174
Castilla la Mancha	BBB-	268	BBB-	126
Basque Country	BBB+	211	A	247
Extremadura	BBB	131	BBB	84
Cantabria	BBB	120	BBB	144
Aragón	BBB	93	BBB-	160
Other	-	373	-	391
		7,317		5,663

At 31 December 2018, there were matured receivables amounting to 15,180 thousand euros (12,815 thousand euros at 31 December, 2017), although they had suffered no impairment. For both the 2018 and 2017 amounts, almost the entire debt aged over six months related to Social Security Authorities and government entities. The Group claims the late payment interest on these debts from the different government entities and Social Security authorities.

The ageing analysis of trade receivables due for payment is as follows:

	2018	2017
Up to 3 months	14,937	11,454
From 3 to 6 months	603	1,120
From 6 months to one year	270	357
Over one year	(630)	(116)
	15,180	12,815

The total of the matured debt due from government entities at 31 December, 2018 was 1,782 thousand euros, in comparison with the 2,468 thousand euros that was outstanding at 31 December, 2017. This amount was geographically distributed as follows:

	2018	2017
Spain	962	1,183
Portugal	820	1,285
	1,782	2,468

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Matured receivables that had been impaired at 31 December, 2018 were 1,099 thousand euros (1,837 thousand euros at 31 December, 2017). Movement on the provision for impairment of trade receivables was as follows:

	<u>2018</u>	<u>2017</u>
Beginning of the year	1,837	1,623
Net remeasurement of loss allowance	(211)	248
Derecognition due to non-collectibility	(527)	(34)
End of the year	1,099	1,837

The ageing of these accounts was as follows:

	<u>2018</u>	<u>2017</u>
From 6 to 9 months	202	410
Over 9 months	897	1,427
	<u>1,099</u>	<u>1,837</u>

13.b) Deposits

At 31 December, 2018, the deposits caption included fixed-term deposits amounting to 1,394 thousand euros (1,374 thousand euros at 31 December, 2017) bearing interest at a rate ranging from 2% to 3%. At 31 December, 2018 and 2017, 1,327 thousand euros of these deposits was pledged to Banco Santander. The Group considers those deposits as low credit risk and thus no expected losses have been recorded.

13.c) Public authorities

Balances included in this caption at 31 December 2018 and 2017 relate to the following items:

	<u>2018</u>	<u>2017</u>
Value-added tax	6,322	5,522
Late payment interest receivable	237	326
Grants awarded by not received	910	971
	<u>7,469</u>	<u>6,819</u>

Maximum credit exposure at the date this information is presented is the value recognised for each one of the receivables mentioned above. The Group does not hold any guarantee as security.

14. Cash and cash equivalents

The breakdown of cash and cash equivalents at the end of the 2018 and 2017 reporting periods was as follows:

	<u>2018</u>	<u>2017</u>
Cash at bank and on hand	95,511	40,700
	<u>95,511</u>	<u>40,700</u>

In 2018 the Group carried out a capital increase of 88,000 thousand euros (Notes 1 & 15). The expenses associated to this transaction were 5,175 thousand euros (3,881 thousand euros net of taxes)

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15. Share capital and share premium

The number of shares, the face value of the shares and the total share capital for the years 2018 and 2017 were as follows:

	No. shares	Face value (euros)	Total share capital (thousands)
Balance at 1 January, 2017	50,000,000	0.06	3,000
Balance at 31 December, 2017	50,000,000	0.06	3,000
Balance at 31 December, 2018	56,068,965	0.06	3,364

In October 2018, the Group carried out a capital increase charged to cash contributions with exclusion of preferential subscription rights ("the Capital Increase"). The final terms of this increase were as follows:

- The Capital Increase was carried out for a nominal amount of 364,137.90 euros through the issue of 6,068,965 newly-issued ordinary shares in the Company with a par value of 0.06 euros each, belonging to the same class and series as the existing shares that were already in issue (the "New Shares").
- The price of issue of the New Shares was fixed at 14.50 per shares, 0.06 euros of which related to the nominal value, while 14.44 euros was the share premium (the "Issue Price").
- As a consequence of the foregoing, the effective total amount of the Capital Increase was 87,999,992.50 euros, 364,137.90 euros of which related to the nominal value and 87,635,854.60 to the share premium.

The expenses associated to the Capital Increase were 5,175 thousand euros (3,881 thousand euros net of tax), which were recognised under the "Retained earnings and voluntary reserves" caption.

All issued shares are fully paid up.

Shareholders owning significant direct or indirect interests of more than 3% in the share capital of Laboratorios Farmacéuticos Rovi, S.A. of which the Company is aware, according to the information in the official records of the National Securities Market Commission at 31 December, 2018, are the following:

Shareholder	% direct	% indirect	TOTAL
Norbel Inversiones, S.L.	62.102	-	62.102
JO Hambro Capital Management Limited	-	4.787	4.787
Indumenta Pueri, S.L.	-	5.057	5.057
Alantra Asset Management SGIIC, S.A.	-	4.821	4.821
T. Rowe Price International Funds, INC.	-	3.390	3.390
Wellington Management Group, LLP.	-	5.116	5.116

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As a consequence of the Capital Increase, the interest held by the company Norbel Inversiones, S.L. in Laboratorios Farmacéuticos Rovi, S.A. dropped from 69.64% to 62.10%. Norbel Inversiones, S.L. is owned by Juan López-Belmonte López (20.00%) and Messrs Juan, Iván and Javier López Belmonte Encina (26.67% each). Therefore, Mr Juan López-Belmonte López held an interest of 12.42% in the share capital of ROVI at the end of the 2017 reporting period (13.93% at 31 December, 2017), while Messrs Juan, Iván and Javier López-Belmonte Encina each held 16.56% at the end of 2018 (18.57% at 31 December, 2017).

16. Other information on reserves

a) Legal reserve

The legal reserve, which totalled 600 thousand euros at 31 December 2018 and 2017, was set up in accordance with Article 274 of the Capital Companies Act ("Ley de Sociedades de Capital"), which states that 10% of the profit for the period must be allocated to the legal reserve until at least 20% of the share capital is covered. The legal reserve is not available for distribution. Should the legal reserve be used to offset losses in the event of no other reserves being available for this purpose, it must be replenished with future profits.

b) Other reserves

These reserves include cumulative variations in the value of equity securities (Note 11) net of transfers to profit and loss due to impairment.

c) Retained earnings and voluntary reserves

During 2018, retained earnings were increased and/or reduced as follows:

- On 29 May, 2018, the General Meeting of Shareholders of Laboratorios Rovi, S.A. resolved to approve the proposal for distribution of the profit for 2017 (18,673 thousand euros), allocating 6,035 thousand euros to dividends and the remainder to retained earnings. The dividend on the treasury shares held by ROVI at the time of the distribution was 83 thousand euros.
- The sale of treasury shares in 2018 led to a profit of 253 thousand euros, which was recognised in the retained earnings account (Note 16.d).
- The expenses associated to the Capital Increase, which were 5,175 thousand euros (3,881 thousand euros net of tax), were recognised under the "Retained earnings and voluntary reserves" caption.

During 2017, retained earnings were increased and/or reduced as follows:

- On 31 May, 2017, the General Meeting of Shareholders of Laboratorios Rovi, S.A. resolved to approve the proposal for distribution of the profit for 2016 (29,932 thousand euros), allocating 9,150 thousand euros to dividends and the remainder to retained earnings. The dividend on the treasury shares held by ROVI at the time of the distribution was 125 thousand euros.

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- The sale of treasury shares in 2017 led to a profit of 185 thousand euros, which was recognised in the retained earnings account (Note 16.d).

Retained earnings at 31 December 2018 and 2017 included restricted reserves amounting to 1,704 thousand euros relating to legal reserves in group companies other than the Company itself. Also included was a special restricted reserve of 5,036 thousand euros at 31 December 2018 and 2017 set up by ROVI in 1994, when the share capital was reduced without contributions being refunded to shareholders. This reserve is treated in the same way as the legal reserve and may only be used to offset losses if there are no other reserves available for this purpose.

Dividends that reduce the balance of available reserves to an amount lower than the total research and development expense balances that have not yet been amortised may not be distributed (Note 7).

d) Treasury shares

In the course of 2018, the Group acquired a total of 68,603 of its own shares (35,421 in 2017), paying the sum of 1,138 thousand euros for them (532 thousand euros in 2017). Likewise, it resold a total of 58,731 of its own shares (67,784 in 2017) for a sum of 986 thousand euros (1,011 thousand euros in 2017). These shares had been acquired at a weighted average cost of 733 thousand euros (826 thousand euros in 2017), giving rise to a profit of 253 thousand euros on the sale (185 thousand euros in 2016), which was taken to reserves. At 31 December, 2018, the Group held 695,055 treasury shares (685,183 at 31 December, 2017).

The Company is entitled to reissue these shares at a later date.

e) Dividends

On 29 May, 2018, the General Meeting of Shareholders approved the distribution of the 2017 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 6,035 thousand euros (0.1207 euros gross per share). This dividend was paid out in July 2018.

On 31 May, 2017, the General Meeting of Shareholders approved the distribution of the 2016 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 9,150 thousand euros (0.1830 euros gross per share). This dividend was paid out in July 2017.

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f) Application of profit

The proposed application of the profit for the period 2018 of the parent company, determined on the basis of generally-accepted accounting principles in Spain, that will be submitted to the General Meeting of Shareholders, together with the application approved for 2017 based on the profit of the parent company, is as follows:

	<u>2018</u>	<u>2017</u>
<u>Basis of application</u>		
Profit for the year	15,581	18,673
<u>Application</u>		
Legal reserve	73	-
Dividend	4,474	6,035
Retained earnings	11,034	12,638
	<u>15,581</u>	<u>18,673</u>

17. Trade and other payables

	<u>2018</u>	<u>2017</u>
Trade payables	47,875	42,129
Payables to related parties (Note 32)	2,250	1,935
Outstanding remuneration	5,177	4,434
Public authorities	5,586	4,315
Other payables	7,277	129
	<u>68,165</u>	<u>52,942</u>

At 31 December, 2018, the "Other payables" caption included the following liabilities:

	<u>2018</u>
Returns	898
Contribution to public health system	6,222
Other	107
	<u>7,227</u>

Contribution to public health system

In Spain, in accordance with Law 29/2006, all companies that sell prescription pharmaceuticals or other health products paid with public funds must make payments of between 1.5% and 2.0% of their sales (depending on the volume) into the National Health System. This is a levy aimed to adjust the margin on a regulated activity through the price intervention established by the Law. The Group recognises the contribution to the public health system as a reduction in revenue when the sale is made. The sums accrued but not yet paid are recognised under the "Other payables" caption.

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Additionally, 3,467 thousand euros of the total amount of rebates to the National Health System were related to the co-operation agreement signed between Farmaindustria, the Spanish pharmaceutical industry association, and the Spanish government in 2016 and renewed in December 2017. ROVI, as a member of Farmaindustria, is subject to this agreement. According to the agreement, in the event that public spending on medicines (excluding generics and biosimilar) exceeds the actual growth rate of the GDP of the Spanish economy, the pharmaceutical industry must reimburse the government for said excess in cash. In 2018, the public spending growth rate exceeded the growth rate of the GDP, meaning that the companies subject to the agreement must make the applicable reimbursement (3,467 thousand euros in the case of ROVI).

Although these amounts should not be considered as returns or refunds to customers, they are recognised as a reduction in revenue because the objective of the Law is to regulate the prices and margins obtained for these products.

In 2017, these sums were recognised under the “Provisions for other liabilities and charges” caption in the same way as expected returns from customers. In 2018, these amounts were presented under the “Other payables” caption, like any other refund or discount and customer returns.

Delay in payments to suppliers

Details of payments for trading transactions performed during the reporting period and outstanding at the reporting date in relation to the maximum legal periods provided for in Law 15/2010, amended by Law 11/2013, are as follows:

	2018	2017
	Days	Days
Average payment period to suppliers	51	57
Ratio of transactions paid	53	61
Ratio of transactions outstanding	36	33
	2018	2017
Total payments made (thousands of euros)	165,685	127,441
Total payments outstanding (thousands of euros)	20,254	18,915

18. Financial debt

Non-current	2018	2017
Bank borrowings	7,113	17,716
Debt with government entities	9,476	9,313
	16,589	27,029
Current		
Bank borrowings	15,603	13,222
Debt with government entities	2,032	2,986
	17,635	16,208
	34,224	43,237

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a) Bank borrowings

Bank borrowings at 31 December, 2018 consisted of the following bank loans:

	a.1)	a.2)	a.4)	a.5)	a.6)	TOTAL
Entity	BBVA	BBVA	Santander	Santander	BEI	
Face value	20,000	10,000	4,000	6,000	5,000	
Interest rate	0.65% Fixed	0.90% Fixed	0.90% Fixed	Eur12+0.70%	Eur3+0.84%	
2019	12,642	1,481	592	888	-	15,603
2020	2,113	-	-	-	-	2,113
2021	-	-	-	-	175	175
2022	-	-	-	-	704	704
2023	-	-	-	-	708	708
2024 onward	-	-	-	-	3,413	3,413
	14,755	1,481	592	888	5,000	22,716
Non-current	2,113	-	-	-	5,000	7,113
Current	12,642	1,481	592	888	-	15,603

At 31 December, 2017, the bank loan maturities were as follows:

	a.1)	a.2)	a.3)	a.4)	a.5)	TOTAL
Entity	BBVA	BBVA	Bankinter	Santander	Santander	
Face value	20,000	10,000	10,000	4,000	6,000	
Interest rate	0.65% Fixed	0.90% Fixed	1.00% Fixed	0.90% Fixed	Eur12+0.70%	
2018	5,244	2,521	2,939	1,008	1,510	13,222
2019	12,642	1,481	-	592	887	15,602
2020	2,114	-	-	-	-	2,114
	20,000	4,002	2,939	1,600	2,397	30,938
Non-current	14,756	1,481	-	592	887	17,716
Current	5,244	2,521	2,939	1,008	1,510	13,222

a.1) Loan of 20,000 thousand euros granted by BBVA in the first half of 2017. The repayment term of this loan is 3 years, with a grace period of 17 months and a fixed interest rate of 0.65%.

a.2) Loan of 10,000 thousand euros obtained from BBVA in July 2015, with a fixed annual interest rate of 0.90% and a 4-year repayment period. Part of this amount, 6,000 thousand euros, was used to cancel the loan of the same amount signed with BBVA in July 2014, repayment of which had not commenced at the time of cancellation.

a.3) In July 2015, the Group signed the novation of the loan contract for 8,000 thousand euros signed with Bankinter in 2014. Under the new agreement, the capital provided rose to 10,000 thousand euros and the fixed annual interest rate dropped from 2.15% to 1.00%. The repayment period is 36 months, 12 of which are a grace period. This loan was fully repaid in 2018.

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a.4) Loan signed in July 2014 with Banco Santander for 6,000 thousand euros, which came from European Investment Bank (EIB) funds. In 2015, a novation of this loan was signed and the spread applied to Euribor at 12 months, to which the loan is indexed, dropped from 1.50% to 0.70%. The repayment period is 48 months.

a.5) In 2015, a loan of 4,000 thousand euros was signed with Banco Santander with a fixed annual interest rate of 0.90% and a repayment period of 4 years.

a.6) In December 2017, the European Investment Bank (EIB) granted ROVI a credit line to support its investments in Research, Development and Innovation (R&D&i). The credit line was for 45,000 thousand euros. ROVI may draw down this amount over a term of 24 months as from signature of the agreement and the credit matures in 2029. The credit line provides for a three-year grace period and financial conditions (i.e. applicable interest rates, repayment period, etc.) that are favourable to ROVI. In July 2018, ROVI used 5,000 thousand euros of this credit line at an interest rate of Euribor plus 0.844. In the first half of 2018, compliance as of 31 December, 2017 with the financial ratios fixed in this financing agreement was certified. At 31 December, 2018, ROVI met the ratios fixed, although this will not be certified until after these annual accounts have been approved.

b) Debt with government entities

b.1) Since 2001, the Company has been receiving reimbursable grants from different Ministries to finance a number of R&D projects. The amounts recorded as non-current financial debt for this item at 31 December, 2018 amounted to 9,476 thousand euros (9,313 thousand euros at 31 December, 2017). The transactions do not accrue interest and have been recognised at their initial fair values. The difference between the initial fair value and the face value accrues at market interest rates (Euribor and the interest rate on Spanish Treasury debt plus a spread in accordance with the Group's risk). This means that this debt accrues interest at effective interest rates ranging from 2.9% to 4.9%.

b.2.1) Advances received in 2018:

Company	Government entity	Project	Thousands of euros		Years	
			Face value	Initial fair value	Repayment period	Grace period
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	4	3	10	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	160	136	7	3
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	956	799	7	3
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	734	611	7	3
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	79	66	7	3
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	28	22	10	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	64	53	7	3
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	2	1	10	4
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	16	12	10	4
			2,043	1,703		

(1) Funds the project to develop drugs with ISM technology.

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b.2.2) Advances received in 2017:

In 2017, the different Group companies received various reimbursable advances from different entities, details of which are given below:

Company	Government entity	Project	Thousands of euros		Years	
			Face value	Initial fair value	Repayment period	Grace period
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	229	188	10	4
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	77	64	10	4
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	28	23	10	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	140	118	7	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	1,575	1,314	8	4
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	84	69	10	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	160	133	7	4
Lab. Farm. Rovi	Torres Quevedo Programme	(2)	57	50	3	3
			2,350	1,959		

(1) Funds the project to develop drugs with ISM technology.

(2) Funds the recruitment of qualified personnel for R&D&I activities.

At 31 December, 2018 and 2017, debt with government entities matured as follows:

Year	2018	2017
2018	-	2,986
2019	2,032	1,474
2020	1,791	1,707
2021	1,540	1,419
2022	1,595	1,410
2023	934	688
2024 onward	3,616	2,615
	11,508	12,299
Non-current	9,476	9,313
Current	2,032	2,986

Fair value of the financial debt

The carrying amounts and fair values of non-current bank borrowings and debt with government entities liabilities at 31 December, 2018 and 2017 were as follows:

	Carrying amounts		Fair value	
	2018	2017	2018	2017
Bank borrowings	7,113	17,716	7,061	17,521
Debt with government entities	9,476	9,313	10,002	10,071
	16,589	27,029	17,063	27,592

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The fair values of current financial debt are equal to their corresponding nominal amounts since the effect of discounting is not significant. The fair values are based on cash flows discounted at a rate of 2%, based on the borrowing rate (2% in 2017).

To calculate the fair value of fixed rate non-current bank borrowings at 31 December, 2018, the interest rate of the last variable interest loan received by the Company was taken as a reference: Euribor at 3 months plus a 0.844% spread (as at 31 December, 2017 the reference was given by the only variable interest loan existing at that date, Euribor at 12 months plus a 0.70% spread).

19. Deferred taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority. A breakdown of the estimated periods for offsetting is as follows:

	<u>2018</u>	<u>2017</u>
Deferred tax assets:		
– Deferred tax assets to be recovered at more than 12 months	11.332	5.816
– Deferred tax assets to be recovered within 12 months	4.704	6,077
	<u>16,036</u>	<u>11,893</u>
Deferred tax liabilities:		
– Deferred tax liabilities to be settled at more than 12 months	1.033	1.206
– Deferred tax liabilities to be settled within 12 months	210	232
	<u>1,243</u>	<u>1,438</u>

Net movement on the deferred tax account was as follows:

	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
At 1 January, 2017	10,252	(1,640)	8,612
(Charged) / credited to the income statement	1,641	202	1,843
At 31 December, 2017	11,893	(1,438)	10,455
(Charged) / credited to the income statement (Note 28)	4.277	195	4,472
Tax charged to equity	(134)	-	(134)
At 31 December, 2018	16,036	(1,243)	14,793

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Movement on deferred tax assets was as follows:

	Negative tax bases	Tax credits not yet applied	30% amort./depr. 13 & 14	Provisions	Other	Total
At 1 January, 2017	4,716	4,034	1,251	184	67	10,252
(Charged)/credited to the income stat.	(2,319)	4,002	(117)	8	67	1,641
At 31 December, 2017	2,397	8,036	1,134	192	134	11,893
(Charged)/credited to the income stat.	957	2,139	(106)	50	1,237	4,277
Tax charged to equity	-	-	-	-	(134)	(134)
At 31 December, 2018	3,354	10,175	1,028	242	1,237	16,036

The amounts for deferred tax assets shown in the “30% amortisation/depreciation 2013 & 2014” column relate to the tax effect of the 30% of the amortisation/depreciation charge for the period, which was not tax deductible in the years 2013 and 2014, as established in Royal Decree-Law 16/2012 of 27 December, whereby various measures intended to consolidate public finance and stimulate economic activity were adopted.

Movement on deferred tax liabilities was as follows:

	Freedom of amort./deprec.	Other	Total
At 1 January, 2017	996	644	1,640
Charged / (credited) to income statement	(200)	(2)	(202)
At 31 December, 2017	796	642	1,438
Charged / (credited) to income statement	(185)	(10)	(195)
At 31 December, 2018	611	632	1,243

The deferred tax liabilities included as “freedom of amortisation/depreciation” refer to the application of the free amortisation/depreciation system associated to assets attached to R&D activity and to maintaining jobs.

20. Contract liabilities

Movement on contract liabilities in 2018 was as follows:

	Distribution licences	Other contracts	Total
At 1 January, 2018	914	-	914
Additions	5,927	800	6,727
Charged / (credited) to income statement	(219)	-	(219)
At 31 December, 2018	6,622	800	7,422

Distribution licences

In 2018, new contract liabilities of 5,927 thousand euros were recognised in relation to agreements granting distribution licences.

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In 2018, ROVI recognised revenue from distribution licences for a total amount of 219 thousand euros (Note 23).

At 31 December, 2018, the contract liabilities related to distribution licences had the following estimated maturities:

Year	2018
2019	359
2020	703
2021	992
2022	1,192
2023	872
	<u>4,118</u>
Non-current	<u>3,759</u>
Current	<u>359</u>

At 31 December, 2018, there were contract liabilities related to distribution licences for an amount of 2,554 thousand euros for which the time at which they would be recognised in the income statement could not be determined, since they were subject to meeting certain milestones for which no dates had been fixed.

21. Deferred revenues

	2018	2017
Non-current		
a) Deferred revenues from distribution licences	-	835
b) Deferred revenues from grants	3,621	4,170
	<u>3,621</u>	<u>5,005</u>
Current		
a) Deferred revenues from distribution licences	-	79
b) Deferred revenues from grants	553	486
	<u>553</u>	<u>565</u>
	<u>4,174</u>	<u>5,570</u>

a) Deferred revenues from distribution licences

In 2017, new deferred revenues totalling 28 thousand euros were recognised on agreements granting distribution licences.

In 2017, ROVI recognised total revenues of 88 thousand euros on distribution licences (Note 21).

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At 31 December, 2017, deferred revenues from distribution licences matured as follows:

	31 de diciembre de 2017
2018	79
2019	70
2020	70
	<u>219</u>
No corriente	<u>140</u>
Corriente	<u>79</u>

At 31 December, 2017, there were deferred revenues from distribution licences of 695 thousand euros euros for which the time at which they would be recognised in the income statement could not be determined, since they were subject to meeting certain milestones for which no dates had been fixed.

b) Deferred revenues from grants

The “Deferred revenues from grants” caption shows the amounts received for grants awarded by government entities and may be classified into two broad blocks:

	2018	2017
b.1) Deferred revenues from non-reimbursable capital grants	3,958	4,424
b.2) Deferred revenues from reimbursable capital grants	216	232
	<u>4,174</u>	<u>4,656</u>

b.1) Deferred revenues from non-reimbursable grants

These are taken to profit and loss in proportion to the provision made in the period for the assets whose purchase is subsidised. The most significant non-reimbursable grants that have not yet been taken to profit and loss are related to construction of the Granada bemiparin plant, which came into operation in 2009. In said reporting period, the allocation of a non-reimbursable grant of 5,431 thousand euros, awarded by the Innovation and Development Agency of Andalusia (Innovation, Science and Business Department), to profit and loss commenced. This grant was received in November 2008. The amount recognised for this grant under the caption “Current and non-current deferred revenues from grants” at 31 December, 2018 was 2,629 thousand euros (2,924 thousand euros at 31 December, 2017).

b.2) Deferred revenues from reimbursable grants

These relate to grants with an implicit interest rate derived from recognising reimbursable grants awarded at a zero interest rate at fair value (Note 18.b). The most significant amounts recognised as deferred revenues in relation to reimbursable grants awarded by government entities relate mainly to a number of research and development projects. They are taken to profit and loss on the basis of accrual of the expenses for which the reimbursable grant was awarded.

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21. Provisions for other liabilities and charges

Movement on the provisions for other liabilities and charges for the 2017 and the breakdown at 31 December, 2017 were as follows:

	Returns	Contribution to public health system	Other	Total
At 1 January 2017	665	2.093	120	2.878
Additions	699	2.690	119	3.508
Applications	(665)	(2.093)	(120)	(2.878)
At 1 December 2017	699	2.690	119	3.508

Due to the entry into force of IFRS 15 in 2018, these liabilities have been reclassified under the caption "Trade and other payables" (Note 17).

23. Revenues

Revenues are broken down into the following items:

	2018	2017
Sales of goods	248,409	214,309
Sales of services	54,575	61,099
Revenue from distribution licences	219	241
	303,203	275,649

Total sales of goods fell by 18,252 thousand euros in 2018 (14,679 thousand euros in 2017) as a consequence of the rebates furnished to the National Health System (Note 2.23). 3,467 thousand euros of the total amount of rebates to the National Health System were related to the co-operation agreement signed between Farmaindustria and the Spanish government (Note 17).

As of 31 December, 2018 "Sales of good" caption includes 673 thousand euros related to royalties received on the basis of enoxaparin distribution agreements signed with third parties.

The breakdown of "Sales of goods" by product group was as follows:

	2018	2017
Pharmaceutical products	216,563	183,166
Contrast agents and other hospital products	29,688	28,541
Non-prescription pharmaceutical products	1,408	1,800
Other	750	802
	248,409	214,309

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The revenue disaggregated by primary geographical market and reportable segment at 31 December, 2018 is shown below:

	Manufacturing	Marketing	TOTAL
Spain	10,300	193,465	203,765
UE	42,355	42,612	84,967
Other countries	1,920	12,551	14,471
	54,575	248,628	303,203

At 31 December, 2017 the breakdown was as follow:

	Manufacturing	Marketing	TOTAL
Spain	12,097	183,700	195,797
UE	48,164	17,687	65,851
Other countries	838	13,163	14,001
	61,099	214,550	275,649

24. Employee benefit expenses

The summary of employee benefit expenses is as follows:

	2018	2017
Wages and salaries	57,982	52,293
Social security costs	12,174	11,673
Pension costs – defined-contribution pension plans	24	24
	70,180	63,990

Total employee benefit expenses at 31 December, 2018 included R&D department-related expenses of 7,807 thousand euros (7,218 thousand euros at 31 December, 2017, Note 7).

At 31 December, 2018 “Wages and salaries” caption included a compensation for a substantial change to the Frosst Ibérica employees’ working conditions, amounting to 1,094 thousand euros.

The wages and salaries figure includes severance payments of 1,686 thousand euros in 2018 and 1,265 thousand euros in 2017.

The average number of employees was as follows:

	2018	2017
Management	30	34
Administration	192	179
Sales force	294	288
Production and plant	501	491
R&D	192	185
	1,209	1,177

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At 31 December, 2018, the Group's total headcount was 1,224 employees (1,191 at 31 December, 2017), 666 of whom were women (664 at 31 December, 2017). There were 9 women in management positions in 2017 (10 in 2017).

At 31 December, 2018, the Group's total headcount included 20 people with a disability rating of 33% or more (15 at 31 December, 2017).

25. Other operating expenses

	2018	2017
Advertising costs	17,354	17,468
Services from third parties	6,322	5,926
Supplies	10,890	9,890
Transport and warehouse expenses	4,139	2,488
Repairs and maintenance	3,533	3,612
Operating leases	3,564	3,137
Other taxes	2,350	1,021
Other operating expenses	28,344	31,267
	<u>76,496</u>	<u>74,809</u>

Total operating expenses at 31 December, 2018 included R&D-related expenses of 24,569 thousand euros (21,033 thousand euros at 31 December, 2017, Note 7), most of which are registered in "Other operating expenses" caption.

26. Operating leases

The minimum future payments to be made for uncancellable operating leases at 31 December, 2018 amounted to 883 thousand euros (1,629 thousand euros at 31 December, 2017), 714 thousand euros of which related to payments due at less than one year (1,050 thousand euros at less than one year at 31 December, 2017).

The operating lease expense recognised in profit and loss in 2018 was 3,564 thousand euros (3,137 thousand euros in 2017).

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27. Finance income/(costs)

	2018	2017
Interest income	16	93
Total finance income	16	93
Interest costs	(712)	(909)
Other finance costs		(104)
Total finance costs	(712)	(1,013)
Proceeds on disposal of financial instruments	10	-
Change in fair value of financial instruments	(33)	-
Impairment and gain/(loss) on measurement of financial instruments	(23)	-
Exchange rate differences	(83)	-
	(83)	-
Net finance income/(cost)	(802)	(920)

28. Income tax

	2018	2017
Current tax	(3,314)	(2,151)
Deferred tax (Nota 19)	4,472	1,843
Adjustment corporate income tax prior years	57	27
	1,215	(281)

The tax on the Group's pre-tax profit differs from the notional amount that would have been calculated using the 25% tax rate applicable to the profits of the consolidated companies, as follows:

	2018	2017
Profit before tax	16,680	17,522
Tax calculated at domestic tax rate of 25%	(4,170)	(4,381)
Share of profit of joint ventures	6	(142)
Tax deductible expenses not included in the consolidation	-	134
Movement on capitalised negative tax assets	1,313	(1,942)
Adjustment corporate income tax prior years	57	27
Non-tax deductible expenses	(271)	(683)
Non-taxable income	-	6
Tax differences in subsidiaries results	(135)	-
Movement on capitalised R&D tax credits	4,235	6,426
Other tax credits applied	180	274
Income tax expense	1,215	(281)

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The non-deductible expenses and non-taxable income captions include principally the permanent differences of the companies at individual level, as well as the effect of the adjustment of corporate income tax from previous periods.

Consolidated current corporate income tax for 2018, after deduction of the amounts paid on account and withholdings operated in the period, generated a current tax receivable of 3,414 thousand euros (2,228 thousand euros at 31 December, 2017).

The Group generated tax credits of 4,045 thousand euros in 2018 (5,371 thousand euros in 2017) and likewise was entitled to offset tax credits of 8,406 thousand euros from previous years (6,170 thousand euros at 31 December, 2017). In 2018, tax credits of 2,276 thousand euros were applied (2,698 thousand euros in 2017) and there were further R&D tax credits of 10,175 thousand euros that were pending application in future years (8,843 thousand euros at 31 December, 2017). The totality of the tax credits not yet offset were recognised in the Group's assets at 31 December, 2018 (8,036 thousand euros at 31 December, 2017) (Note19) and are expected to be recovered within a maximum term of 4 years.

In 2018 and 2017, the corporate income tax return was submitted jointly for the following group companies as a tax group, the company Laboratorios Farmacéuticos Rovi, S.A. being the tax group 362/07 parent:

- Rovi Contract Manufacturing, S.L.
- Bemipharma Manufacturing, S.L.
- Pan Química Farmacéutica, S.A.
- Gineladius, S.L.
- Frosst Ibérica, S.A.

Of the total negative tax bases that had not been offset at the end of the 2017 reporting period, the Group applied 1,509 thousand euros in the corporate income tax for 2017. During 2018, new negative tax bases were generated for a total amount of 1,425 thousand euros. Additionally, as a consequence of the partial inspection of the offsetting of negative tax bases in 2015, signed in acceptance in January 2019 with no material impact for the Group, negative tax bases pending application of 1,292 thousand euros were reinstated. Therefore, at 31 December, 2018, the negative tax bases pending application were 36,335 thousand euros (35,127 thousand euros at 31 December, 2017), a total of 1,424 thousand euros of which will be applied in the 2018 corporate income tax.

Of the total negative tax bases pending application, the Group has only recognised as assets those that it expects to recover within a ten-year period, which totalled 13,331 thousand euros at 31 December, 2018 (9,589 thousand euros at 31 December, 2017).

The following periods' taxes are open to inspection:

	<u>Year</u>
Corporate income tax	2014-17
Value-added tax	2015-18
Transfer tax	2015-18
Personal income tax (withholdings)	2015-18

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As a result of, among other things, possible different interpretations of current tax legislation, additional liabilities could arise as the result of an inspection. At any event, the Directors consider that any such liabilities would not have a significant effect on the Annual Accounts.

28. Earnings per share

Basic and diluted

The basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of ordinary shares in issue during the period.

In order to determine the number of shares in issue for 2018 and 2017, the weighted average number of shares was calculated without taking the treasury shares that existed at any given moment into account.

	<u>2018</u>	<u>2017</u>
Profit attributable to the Company's shareholders	17,895	17,241
Weighted average number of outstanding ordinary shares (thousands)	<u>51,223</u>	<u>49,308</u>
Basic and diluted earnings per share (euros per share)	<u>0.35</u>	<u>0.35</u>

At 31 December, 2018 and 2017, there were no shares with potential diluting effects.

30. Contingencies

At 31 December, 2018, the Group held bank guarantees amounting to 3,459 thousand euros (4,139 thousand euros in 2017). These guarantees were granted principally to enable Group companies to participate in public tenders and to receive reimbursable grants and advances.

31. Commitments

Acquisition of Bertex Pharma GmbH

Future payment commitments derive from the agreement to purchase assets through the acquisition of the company Bertex Pharma GmbH that took place in 2007. The purchase agreement fixes a variable component that will depend upon the successful completion of clinical trials for the development of products and the subsequent marketing. The commitments related to this transaction are:

a) If the development and marketing are performed internally:

- 350 thousand euros after finishing successfully the development of clinical trials of phase 1. Part of this amount, 100 thousand euros, was settled in 2011, while 250 thousand euros were settled in 2014;
- A payment of 200 thousand euros after finishing successfully the development of clinical trials of phase 2. This payment was made in 2016;
- A payment of 300 thousand euros after successfully finishing the development of clinical trials of phase 3;

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- A payment of 200 thousand euros at the beginning of the marketing of any pharmaceutical product;
- A payment of 200 thousand euros at the beginning of the marketing of any pharmaceutical product in any of the main markets (USA, Japan, Germany, France, Italy or UK).

b) If the development and marketing are performed by third parties:

- 5% of the revenues obtained by ROVI from the development and marketing of the products by third parties (net of direct or indirect production costs and administration expenses).

Payments for the internal development or marketing detailed in section a) exclude those performed under section b) and vice versa, but if ROVI completes clinical development phases 1 and 2 and entrusts the subsequent phases to a third party or performs them for a third party, this clause will apply, but the payments made for phases 1 and 2 under section a) will be deducted.

The work and clinical trials for development of the products mentioned in point a) above are progressing as planned.

31. Related-party transactions

The Group is controlled by Norbel Inversiones, S.L., which held 62.10% of the shares of the parent company at 31 December, 2018 (69.64% at 31 December, 2017). Norbel Inversiones, S.L. belongs to Mr Juan López-Belmonte López and Messrs Juan, Javier and Iván López-Belmonte Encina.

a) Sales of goods and services

	<u>2018</u>	<u>2017</u>
Goods sold and services rendered:		
– Joint ventures	62	173
	<u>62</u>	<u>173</u>

b) Purchases of goods and services

	<u>2018</u>	<u>2017</u>
Purchases of services:		
– Joint ventures	200	200
– Directors who are also shareholders	24	24
– Entities in which Mr Juan López-Belmonte López holds an interest	2,026	1,627
	<u>2,250</u>	<u>1,851</u>

Purchase of services from companies in which Mr Juan López-Belmonte López holds an interest relates to operating lease payments to the companies Inversiones Borbollón, S.L. and Norba Inversiones, S.L.

The Services recognised on the “Joint ventures” line relate to product promotion services received.

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c) Director and key management remuneration

c.1) Director remuneration

	<u>2018</u>	<u>2017</u>
Wages and salaries and other current benefits	2,593	1,640
Contributions to defined-contribution pension plans (Notes 23 & 33.1.c)	<u>24</u>	<u>24</u>
	<u>2,617</u>	<u>1,664</u>

The “wages and salaries and other current benefits” caption includes the remuneration of the executive directors for performing senior management functions (Note 33.1.f)) and the remuneration agreed for the directors as members of the Board of Directors (Note 33.1.a).

ROVI has a Long-Term Incentive Plan for the executive directors for the years 2016-2018. The purpose of this plan is to provide compensation for the long-term creation of value for the Group in the interests of the shareholders. This Incentive Plan accrued at 31 December, 2018 and is recognised under “Wages and salaries and other current benefits”.

On 29 May, 2018, the General Shareholders’ meeting approved a new incentive plan with the same characteristics as the aforementioned for the years 2019 to 2021.

c.2) Key management remuneration

Members of the Management Committee are deemed to be key management. The following table shows the annual remuneration of those who were members of the Management Committee but not of the Board of Directors at the end of each reporting period:

	<u>2018</u>	<u>2017</u>
Wages and salaries and other current benefits	<u>1,773</u>	<u>1,668</u>
	<u>1,773</u>	<u>1,668</u>

At 31 December, 2018, the Management Committee was formed by 13 members (14 at 31 December, 2017), three of whom were also members of the Board of Directors.

d) Dividends paid

Dividends paid to the company Norbel Inversiones, S.L. in 2018 were 4,203 thousand euros (6,327 thousand euros in 2017).

e) Other transactions

In 2013, Laboratorios Farmacéuticos Rovi, S.A. granted a loan of 1,050 thousand euros to Alentia Biotech, S.L. (Note 10). The interest rate agreed was 2.00% p.a. Interest accrued on this loan is 22 thousand euros p.a.

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f) Balances at the end of the reporting period

	<u>2018</u>	<u>2017</u>
Receivables from related parties (Note 13):		
– Directors	44	45
– Entities in which Mr Juan López-Belmonte López holds an interest	33	33
– Joint ventures (*)	46	124
	<u>123</u>	<u>202</u>
Payables to related parties (Note 17):		
– Key management	290	313
– Directors	1,537	1,147
– Joint ventures	100	120
– Entities in which Mr Juan López-Belmonte López holds an interest	323	355
	<u>2,250</u>	<u>1,935</u>

(*) This caption includes the balances receivable from joint ventures for sales of services and those relating to loans granted at their fair value.

33. Fees of account auditors and their group or related companies

The net fees accrued by KPMG Auditores, S.L. for annual accounts audit and other services related to audit in the year 2018 were 151 thousand euros and 315 thousand euros, respectively (142 thousand euros and 38 thousand euros in 2017).

The services related to audit include the work carried out on the review of the System for Internal Control over Financial Information (SCIIF), as well as the limited reviews of the three-month period ended 31 March, 2018 and the six-month period ended 30 June, 2018, review of compliance with the financial ratios and the underwriting work related to the capital increase (Note 15). In 2017 services related to audit included the work carried out on the review of the System for Internal Control over Financial Information (SCIIF), as well as the limited review of the six-month period ended 30 June, 2017.

Additionally, the group to which KPMG Auditores, S.L. belongs has provided services for the verification of the 2018 Statement of Non-Financial Information amounting to 22 thousand euros.

34. Director remuneration

At 31 December, 2018, the members of the Board of Directors were as follows:

Mr Juan López-Belmonte López	Chairman
Mr Iván López-Belmonte Encina	First Deputy Chairman
Mr Javier López-Belmonte Encina	Second Deputy Chairman
Mr Juan López-Belmonte Encina	Chief Executive Officer
Mr Enrique Castellón Leal	Director
Mr Miguel Corsini Freese	Director
Mr Fernando de Almansa Moreno-Barreda	Director

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The non-director Secretary is Mr. Gabriel Núñez Fernández.

a) In accordance with the provisions of Article 28 of the Board of Directors Regulations of Laboratorios Farmacéuticos Rovi, S.A., the following information is provided with respect to the members of the Board of Directors at 31 December 2018:

1. An individual breakdown of the remuneration of each director, including, where applicable:

a. Per diem expenses or other fixed remuneration received as director and additional remuneration received as chairman or member of any Board committee. The amounts for 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Mr Juan López-Belmonte López	150	150
Mr Juan López-Belmonte Encina	60	60
Mr Enrique Castellón Leal	60	60
Mr Javier López-Belmonte Encina	60	60
Mr Iván López-Belmonte Encina	60	60
Mr Miguel Corsini Freese	60	60
Mr Fernando de Almansa Moreno-Barreda	60	60
	<u>510</u>	<u>510</u>

b. No director received remuneration from profit-sharing or premiums, and the reason why such amounts were awarded.

c. Contributions made to defined contribution pension plans in the directors' favour (Note 2.18.a) or increases in the vested rights of the director in the case of contributions to defined-benefit plans:

	<u>2018</u>	<u>2017</u>
Mr Juan López-Belmonte Encina	8	8
Mr Javier López-Belmonte Encina	8	8
Mr Iván López-Belmonte Encina	8	8
	<u>24</u>	<u>24</u>

d. No director received any severance payments agreed to or paid upon termination of his mandate.

e. No director received any remuneration as a director of other group companies.

f. Remuneration for the performance of senior management functions received by executive directors. The remuneration of this nature for 2018 and 2017 was as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Fixed</u>	<u>Variable</u>	<u>Fixed</u>	<u>Variable</u>
Mr Juan López-Belmonte Encina	312	528	303	153
Mr Javier López-Belmonte Encina	229	392	221	115
Mr Iván López-Belmonte Encina	229	393	223	115
	<u>770</u>	<u>1,313</u>	<u>747</u>	<u>383</u>

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At 31 December, 2018, the variable remuneration of the executive directors included the sums accrued under the Long-Term Incentive Plan (Note 32 c.1).

g. In 2018 and 2017, no item of remuneration existed of any nature other than the above or paid by any group company, specifically including related-party transactions and any items the omission of which would distort the true and fair view of the total remuneration received by the director.

2. Individual breakdown of any awards made to directors of shares, share options or any other instrument linked to share price, stating:

- a. The number of shares or options awarded in the year and the conditions applicable for exercising them;
- b. The number of options exercised during the year, indicating the number of shares involved and the exercise price;
- c. The number of options pending exercise at the year end, indicating price, date, and other exercise requirements;
- d. Any amendment during the year of the conditions for the exercising of options already awarded.

In the periods 2018 and 2017, no shares, options or other instruments linked to the share value were given to directors.

3. Information on the relationship between remuneration received by executive directors and results or other measurements of the Company's performance:

	<u>2018</u>	<u>2017</u>
Remuneration of executive directors	2,083	1,130
Profit attributed to parent company	<u>15,581</u>	<u>18,673</u>
Remuneration of executive directors / Profit attributed to parent company	<u>13.37%</u>	<u>6.06%</u>

The Company holds a liability insurance policy for directors and senior management. A premium of 12 thousand euros accrued for this policy in 2018 (12 thousand euros in 2017).

b) Conflicts of interests on the part of the directors

In compliance with their duty to avoid situations where conflict with the Company's interests exists, the directors who held office on the Board of Directors during the period met the obligations set forth in article 228 of the Revised Text of the Capital Companies Act. Likewise, both they and the persons related to them refrained from entering into the situations of conflict of interests provided for in article 229 of said Act.

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(Thousands of euros)

35. Events after the end of the reporting period

On 15th of February 2019, ROVI has announced that the Group has reached an agreement with a subsidiary of MSD ("MSD") whereby ROVI acquires certain rights to MSD's dexchlorpheniramine maleate product line in Spain and France, allowing it to distribute this product directly in Spain in its different pharmaceutical forms (tablets, syrup and ampoules, marketed under the brand name POLARAMINE[®], and cream, marketed under the brand name POLARACREM[™]) and, in France, in its injectable form (ampoules). Under this agreement, this line of products will be marketed directly by ROVI in Spain in its different pharmaceutical forms and, in France, in its injectable form, when the administrative procedures to authorise the transfer of the marketing authorisations have been concluded at the Spanish Medicines Agency and the French Agency for the Safety of Medicines and Health Products.

According to MSD, net sales of these products in Spain and France, were approximately 6.3 million US dollars in 2017.

ROVI will pay MSD 13.5 million euros for the product.

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(Thousands of euros)

APPENDIX 1

Subsidiaries included in the Consolidated Group

Corporate name	Registered office	Ownership interest		Activity	Auditor
		2018	2017		
Pan Química Farmacéutica, S.A.	Madrid, C/Rufino González, 50	100%	100%	(1)	A
Gineladius, S.L.	Madrid, C/Rufino González, 50	100%	100%	(2)	N/A
Rovi Contract Manufacturing, S.L.	Madrid, C/Julián Camarillo, 35	100%	100%	(1)	A
Bemipharma Manufacturing, S.L.	Madrid, C/Julián Camarillo, 35	100%	100%	(1)	N/A
Bertex Pharma GmbH	Inselstr.17. 14129 Berlin (Germany)	100%	100%	(3)	N/A
Frosst Ibérica, S.A.	Alcalá de Henares, Avenida Complutense, 140 (Madrid)	100%	100%	(1)	A
Rovi Biotech, Ltda.	La Paz (Bolivia)	100%	100%	(1)	N/A
Rovi Biotech Limited	10-18 Union Street, London (United Kingdom)	100%	100%	(1)	B
Rovi Biotech, S.R.L.	Via Monte Rosa 91, Milan (Italy)	100%	100%	(1)	N/A
Rovi, GmbH	Ruhlandstr. 5, Bad Tölz (Germany)	100%	100%	(1)	N/A
Rovi, S.A.S.	24 Rue du Drac, Seyssins (France)	100%	n/a	(1)	C

The percentage ownership interests have been rounded up or down to two decimal points.

Unless otherwise stated, the closing date of the latest Annual Accounts is 31 December.

Activity:

- (1) Production, marketing and sale of pharmaceutical, healthcare and medicine products.
- (2) Import-export, purchase, sale, distribution and marketing of articles related to integral female healthcare.
- (3) Development, distribution and marketing of pharmaceutical products related to micro-particle technologies.

Auditor:

A Audited in 2017 and 2018 by KPMG Auditores, S.L.

B Rovi Biotech Limited is exempt from the statutory audit under article 479a of the United Kingdom 2006 Companies Act.

C. Audited by KPMG, S.A. in 2018.

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Juan López-Belmonte López, as Board of Directors Chairman of Laboratorios Farmacéuticos Rovi, S.A. (“the Company”) issues the following management report in accordance with Article 262, 148 d) and 526 of the Spanish Capital Company Act (“Ley de Sociedades de Capital”), 61 bis of the Securities Market Law and 49 of the Code of Commerce.

1.- CORPORATE PROFILE AND BUSINESS MODEL

The Company is the parent company of a fully-integrated specialized Spanish pharmaceutical group (ROVI or “the Group”) engaged in the research and development, contract manufacturing and the marketing of small molecules and biological specialties. The group has three principal growth pillars:

- Pharmaceutical products, with a diversified portfolio of both its own and licensed innovative products, protected by patents.
- Contract manufacturing of prefilled syringes and oral forms.
- A sound, low-risk R&D policy.

The growth of these pillars provides ROVI with a defensive profile that has allowed it to increase profits over recent years, in spite of the difficult environment that exists in the sector, hampered by the cuts in public pharmaceutical spending.

ROVI enjoys a series of competitive advantages that have allowed it to position itself as one of the principal leaders in its market niche, in a sector which, moreover, has high entry barriers.

- Unique knowledge of low-molecular-weight heparins (LMWH)
- Infrastructure with operating advantages
- Diversified portfolio
- Low-risk innovation
- International expansion

All the companies that form the ROVI Group are aware of the health improvements their products provide and would like to meet certain social demands in relation to the impact of their activities on society and the environment. Therefore, ROVI’s economic development must be compatible with its conduct in relation to ethics, society, the workplace, the environment and respect for human rights.

Awareness of these values, which express the Group’s commitment in relation to business ethics and corporate responsibility, making them known to others and implementing them provide guidance for the actions of ROVI’s Board of Directors and other governing bodies in their relations with stakeholders. For this purpose, the Group has support tools the objectives of which are to:

- Favour attainment of the Group’s strategic objectives.
- Improve the Group’s competitiveness by implementing management practices based on innovation, equal opportunities, productivity, profitability and sustainability.
- Manage risks and opportunities derived from the changing environment responsibly, maximizing the positive impacts of the Group’s activities in the different territories where it operates and minimizing any adverse impacts as far as possible.

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- Promote a culture of ethical conduct and increase business transparency, in order to generate credibility and confidence among stakeholders, including society as a whole.
- Promote trust relationships and value creation for all stakeholders, providing all of them with a balanced response that integrates their concerns.

The business model, supported by the Group's financial model, has allowed the group to achieve high revenues and cash flows, as well as high profitability for the interested parties, on a sustainable basis.

For more information, please visit: www.rovi.es

2.- BUSINESS PERFORMANCE AND SIGNIFICANT MATTERS

2.1.- Business performance

€ Million	2018	2017	Growth	% Growth
Operating revenues	303.2	275.6	27.6	10%
Other income	1.6	1.8	-0.2	-10%
Total revenue	304.8	277.4	27.4	10%
Cost of sales	-128.6	-110.2	-18.4	17%
Gross profit	176.2	167.2	8.9	5%
% margin	58.1%	60.7%		-2.6pp
R&D expenses	-32.4	-28.3	-4.1	15%
Other SG&A	-113.2	-108.5	-4.7	4%
Other income	-1.1	-	-1.1	n.a.
Share of profit/loss of a joint venture	0.0	-0.6	0.6	-104%
EBITDA¹	29.5	29.9	-0.4	-1%
% margin	9.7%	10.9%		-1.1pp
EBIT¹	17.5	18.4	-1.0	-5%
% margin	5.8%	6.7%		-0.9pp
Net profit	17.9	17.2	0.7	4%

[1] See Appendix 1 about Alternative Performance Measures

Note: certain numerical figures included in this document have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

Operating revenue increased by 10% to 303.2 million euros in 2018, driven by the strength of the specialty pharmaceutical business, where sales rose 16%, strongly outperforming the market. Total revenue increased by 10% to 304.8 million euros in 2018..

Sales of prescription-based pharmaceutical products rose 18% to 216.8 million euros in 2018.

Sales of the Low Molecular Weight Heparin (LMWH) franchise (Enoxaparin biosimilar and Bemiparin) increased by 42% to 121.5 million euros in 2018. LMWH sales represented 40% of operating revenue in 2018 compared to 31% in 2017.

Sales of the Enoxaparin biosimilar amounted to 30.2 million euros in 2018. ROVI commenced the marketing of its Enoxaparin biosimilar in UK, Italy, Spain, France, Austria, Latvia and Estonia in 2018.

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ROVI's low molecular weight heparin (LMWH), Bemiparin, had a positive performance in 2018, with sales up 9% to 91.3 million euros. Sales of Bemiparin in Spain (Hibor®) increased by 15% to 67.4 million euros, while international sales decreased by 5% to 23.8 million euros.

Sales of Neparvis®, a specialty product from Novartis, launched in December 2016, indicated for the treatment of adult patients with symptomatic chronic heart failure and reduced ejection fraction, reached 13.6 million euros in 2018, compared to 4.7 million euros in 2017.

Sales of Hirobriz® Breezhaler® and Ulunar® Breezhaler®, both inhaled bronchodilators from Novartis for patients with respiratory difficulties due to a pulmonary disease known as Chronic Obstructive Pulmonary Disease (COPD), launched in Spain in the fourth quarter of 2014, increased by 7% to 15.3 million euros in 2018, compared to the previous year.

Sales of Volutsa®, a specialty product from Astellas Pharma indicated for the treatment of moderate to severe storage symptoms and voiding symptoms associated with benign prostatic hyperplasia, launched in Spain in February 2015, increased by 25% to 11.2 million euros in 2018.

Sales of Vytorin®, Orvatez® and Absorcol®, the first of the five licenses of MSD, indicated as adjunctive therapy to diet in patients with hypercholesterolemia, decreased by 9% to 36.0 million euros in 2018. In the second quarter of 2018, the active principle ezetimibe went out of patent and the price of Absorcol® was reduced. Likewise, generics formulated with ezetimibe and simvastatin have recently been marketed, so the price of Vytorin® has been reduced to be competitive.

Sales of Medicebran® and Medikinet®, specialty products from Medice indicated for the treatment of ADHD (Attention Deficit and Hyperactivity Disorder) in children and teenagers, launched in December 2013 and marketed on exclusivity basis by ROVI in Spain, decreased by 2% to 7.4 million euros in 2018.

Sales of Exxiv®, a selective COX-2 inhibitor from Merck Sharp & Dohme (MSD), decreased by 35% to 2.3 million euros in 2018, mainly due to a continued deceleration of the COX-2 market.

Corlontor® and Thymanax® products were not marketed by ROVI in 2018. In 2017 sales of Corlontor® and Thymanax® amounted to 2.5 million euros and 3.9 million euros respectively.

According to QuintilesIMS, Spanish innovative product market increased by 2% in 2018 compared to the previous year. Nevertheless, ROVI prescription-based pharmaceutical product sales rose 18% in the same period, beating the market by 16 percentage points.

As a member of Farmaindustria, a Spanish pharmaceutical industry association, ROVI is subject to a collaboration agreement entered into between Farmaindustria and the Spanish government in 2016. This agreement was renewed in December 2017. Pursuant to the agreement, in the event that public spending on drugs (excluding generics and biosimilars) increases at a rate in excess of the actual rate of growth of the Spanish gross domestic product (GDP), the pharmaceutical industry must reimburse the difference to the government through monetary payments. In 2018, the public spending growth rate was higher than the GDP growth rate and, therefore, the sales recorded by ROVI were 3.5 million euros lower than the actual sales (this amount is included in the "Discounts to the National Health System" line).

Sales of contrast imaging agents and other hospital products increased by 4% to 29.7 million euros in 2018.

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Sales of over-the-counter pharmaceutical products ("OTC") and other decreased by 17% to 2.2 million euros in 2018 compared to the previous year.

Toll manufacturing sales decreased by 11% to 54.6 million euros in 2018 mainly because of the reduction of the injectable business compared to 2017, when exceptional high volumes were manufactured for some customers. Frosst Ibérica plant sales decreased by 1% to 25.9 million euros in 2018 compared to the previous year.

Sales outside Spain increased by 25% to 99.4 million euros in 2018, 27.1 million euros (or 27%) of which related to international subsidiaries, mainly due to recognition of Enoxaparin biosimilar sales. Sales outside Spain represented 33% of operating revenue in 2018 compared to 29% in 2017.

Other income (subsidiaries) decreased by 10% to 1.6 million euros in 2018, compared to the previous year.

Gross profit increased by 5% to 176.2 million euros in 2018, the gross margin showing a decrease of 2.6 percentage points from 60.7% in 2017 to 58.1%, mainly due to (i) the drop in the injectable business, which had added higher margins in 2017; (ii) the increase of Enoxaparin biosimilar sales, which added lower margins in 2018 after the launch of the product in seven new markets; (iii) the 3.5 million euro reduction in sales recorded in connection with the agreement entered into between Farmaindustria and the Spanish government mentioned above and (iv) the increase in the LMWH raw material prices, which, in 2018, were running around 30% over 2017 prices. ROVI expects this rising trend to continue during 2019.

Research and development expenses (R&D) mainly related to ISM[®] technology platform rose 15% to 32.4 million euros in 2018 mainly due to the development of the Risperidone-ISM[®] Phase III trial and the Letrozole-ISM[®] Phase I trial.

Selling, general and administrative expenses (SG&A) increased 4% to 113.2 million euros in 2018, mainly due to international subsidiaries expenses which amounted to 6.6 million euros compared to 1.6 million euros in 2017. Excluding expenses related to international subsidiaries, SG&A would have decreased by 0.2% in 2018. In 2019, expenses related to international subsidiaries are expected to be around 10 million euros.

In 2018, EBITDA was affected by non-recurring expenses of 1.1 million euros, linked to a substantial change to Frosst Ibérica employees working conditions. This change in working conditions was mainly related to the removal of the catering service, for which the employees were compensated with a sum similar to the costs that ROVI would have incurred in the following five-year period.

The press release on the results for the first half of 2018 included 1.5 million euros of non-recurring expenses relating to the capital increase, which had not been executed as of the press release publication date. When it became known that the transaction would be successful, although before it was completed, said expenses (1.5 million euros), as well as other expenses accrued up to 30 September 2018 (total gross expenses of 2.0 million euros; 1.5 million euros net of taxes), were recognised as "prepaid expenses" in the balance sheet assets. After completion of the capital increase in October 2018, these "prepaid expenses" and other expenses accrued up to 31 December 2018 (total gross expenses of 5.2 million euros; 3.9 million euros net of taxes) were recognised as "retained earnings and voluntary reserves".

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EBITDA decreased to 29.5 million euros in 2018, a fall of 1% compared to the previous year, reflecting a 1.1 percentage point decrease in the EBITDA margin, which was down to 9.7% in 2018 from 10.9% in 2017. However, EBITDA “Pre-R&D”, calculated excluding R&D expenses in 2018 and 2017 and the impact of non-recurring expenses in 2018, increased by 8%, from 58.2 million euros in 2017 to 63.0 million euros in 2018, reflecting a 0.3 percentage point fall in the EBITDA margin to 20.8% in 2018. Likewise, recognising the same amount of R&D expenses in 2018 as in 2017 and excluding the impact of non-recurring expenses in 2018, EBITDA would have increased by 16% to 34.7 million euros, reflecting a 0.6 percentage point rise in the EBITDA margin to 11.5% in 2018, up from 10.9% in 2017.

Depreciation and amortisation expenses increased by 5% to 12.0 million euros in 2018, mainly due to the new property, plant and equipment and intangible assets purchases made during the last twelve months.

EBIT decreased to 17.5 million euros in 2018, reflecting a 0.9 percentage point decrease in the EBIT margin, which was down to 5.8% in 2018 from 6.7% in 2017. However, EBIT “pre-R&D”, calculated excluding R&D expenses in 2018 and 2017 and the impact of non-recurring expenses in 2018, increased by 9%, from 46.7 million euros in 2017 to 51.0 million euros in 2018, reflecting a 0.1 percentage point fall in the EBIT margin to 16.8% in 2018. Likewise, recognising the same amount of R&D expenses in 2018 as in 2017 and excluding the impact of non-recurring expenses in 2018, EBIT would have increased by 23% to 22.7 million euros, reflecting a 0.8 percentage point rise in the EBIT margin to 7.5% in 2018, up from 6.7% in 2017.

Financial expense decreased by 30% in 2018, compared to the previous year.

Financial income decreased by 83% in 2018, compared to 2017.

The effective tax rate was -7.3% in 2018, generating a positive income tax of 1.2 million euros, compared to 1.6% in 2017 (negative income tax of 0.3 million euros). This favourable effective tax rate is due to the deduction of existing research and development expenses and the capitalisation of negative tax bases. As of 31 December 2018, negative tax bases of the Group amounted to 36.3 million euros, of which 1.4 million euros will be used in the 2018 income tax.

While the Risperidone-ISM[®] Phase III trial is ongoing, adding higher R&D expenses, ROVI expects a very beneficial effective tax rate to be applicable, which could cause the income tax item to be positive income. Notwithstanding, when the R&D expenses are normalised after completion of the Phase III trial, ROVI expects the effective tax rate to be in mid-single-digit numbers (i.e. between 0 and 10%) in the following years.

Net profit increased by 4%, from 17.2 million euros in 2017 to 17.9 million euros in 2018. However, net profit “pre-R&D”, calculated excluding R&D expenses in 2018 and 2017 and the impact of non-recurring expenses in 2018, increased by 19%, from 45.0 million euros in 2017 to 53.8 million euros in 2018. Likewise, recognising the same amount of R&D expenses in 2018 as in 2017 and excluding the impact of non-recurring expenses in 2018, net profit would have increased by 36% to 23.5 million euros.

2.2.- Outlook for 2019

In 2019, ROVI expects a high single digit growth rate for the operating revenue. The Group forecasts that it will continue to grow at a higher rate than Spanish pharmaceutical market expenditure in the first nine months of 2018, which, according to the Ministry of Health, Consumption and Social Welfare, showed a growth rate of 3%.

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ROVI expects its growth drivers to be Bemiparin, the latest license agreements (Neparvis[®], Volutsa[®], Orvatez[®] and Ulunar[®]), the Enoxaparin biosimilar, its existing portfolio of specialty pharmaceuticals, new product distribution licenses and new contracts in the toll manufacturing area.

2.3.- Key operating and financial events

2.3.1 ROVI acquires Falithrom[®] for the German market

ROVI informed (by publication of the relevant fact number 273591 dated 9th of January of 2019) about the acquisition of Falithrom[®], which was owned by Hexal AG ("Hexal"), a company belonging to the Sandoz division of Novartis, to be directly marketed by ROVI in Germany.

Falithrom[®] is used for the prevention and treatment of thromboembolic disease including venous thrombosis, thromboembolism, and pulmonary embolism as well as for the prevention of ischemic stroke in patients with atrial fibrillation (AF).

According to IQVIA, the 2017 net sales of the product in Germany totalled around 3.5 million euros. ROVI will pay Hexal nine million euros for the product.

Under this agreement, Falithrom[®] will be directly marketed by ROVI in Germany as soon as the administrative processes to authorize the transfer of the marketing authorization are completed before the Federal Institute for Drugs and Medical Devices (BfArM).

2.3.2 ROVI has increased its equity by approximately 88 million euros

ROVI informed (by publication of the relevant fact number 270159 dated 4th of October of 2018) that the Board of Directors adopted a resolution to increase the share capital of ROVI by means of monetary contributions through the issue of new ordinary shares with a nominal value of €0.06 each (the "Initial Offer Shares") (the "Capital Increase"), which may be increased by a number of new ordinary shares representing up to 10% of the number of Initial Offer Shares that are issued (the "Option Shares" and, together with the Initial Offer Shares, the "Offer Shares") to cover over-allotments (if any) which may be made in connection with the offering of the Initial Offer Shares and short positions resulting from stabilization transactions. The final number of Offer Shares has led to the raising of approximately 88 million euros (share capital and issue premium).

The proceeds obtained from the sale of the Offer Shares are to be used to partly finance the Phase III clinical testing of Risperidone ISM[®] and other expenses related to Risperidone ISM[®] until its commercialization, if approved, to finance, in whole or in part, the Phase I clinical testing of Letrozol ISM[®], to support the ongoing marketing of its enoxaparin biosimilar Becat[®] and for general corporate purposes, which may include acquisitions.

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2.3.3 ROVI has commenced the marketing of the Enoxaparin biosimilar in eight countries and has reached distribution and marketing agreements with Hikma and Sandoz

ROVI informed (by publication of the relevant fact number 249265 dated 7th of March of 2017) that the decentralised procedure used for the Company to submit, in 26 countries of the European Union, the marketing authorization application of a low molecular weight heparin (Enoxaparin biosimilar) was completed with positive outcome.

In the mentioned decentralised procedure, Germany has acted as Reference Member State (RMS). The national phase of the registration process, which is expected to be completed with the granting by the competent local authorities of the marketing authorisation in each concerned country, was initiated in the first half 2017, and it continued during the rest of the year and 2018.

In September 2017, ROVI informed by publication of a relevant fact (number 256121) about the commencement of marketing of Enoxaparin biosimilar in Germany, the first European country where ROVI launches its biosimilar and one of the top Enoxaparin countries in Europe (in terms of volume and value). In 2018, ROVI commenced the marketing of its Enoxaparin biosimilar in UK, Italy, Spain and France, Austria, Latvia and Estonia.

As of 31st December 2018, all the European Union countries where ROVI had applied for the national registration of the Enoxaparin biosimilar had approved such registration, except Greece and Luxembourg.

In April 2018, ROVI signed a licensing agreement with Hikma Pharmaceuticals PLC, the quoted multinational pharmaceutical group (LSE: HIK), for the exclusive distribution and marketing of its Enoxaparin biosimilar in 17 MENA¹ (Middle East and North Africa) countries: Kingdom of Saudi Arabia, Jordan, Algeria, Egypt, Tunisia, Sudan, Syria, Yemen, Iraq, Oman, United Arab Emirates, Kuwait, Qatar, Bahrain, Libya, Palestine and Lebanon.

Likewise, in June 2018 ROVI announced the signature of a licensing agreement with Sandoz, a division of Novartis AG and a global leader in generic pharmaceuticals and biosimilars, to distribute and market its enoxaparin biosimilar in 14 countries/regions (Australia, New Zealand, Philippines, Hong Kong, Singapore, Vietnam, Malaysia, Canada, South Africa, Brazil, Colombia, Argentina, Mexico and Central America). Under the terms of the agreement, Sandoz has the exclusive rights for three of these countries, which are Hong Kong, Singapore and Vietnam.

In September 2018, ROVI announced it had signed an agreement with Biogaran SAS, the leading French pharmaceutical company in biosimilar generic medicines and a subsidiary of Servier laboratories, for the semi-exclusive marketing of its enoxaparin biosimilar in France.

Besides Europe, by December 2018, ROVI has distribution and marketing agreements for the Enoxaparin biosimilar in 64 countries.

ROVI will regularly update the milestones considered relevant in this process of marketing authorisation as the schedule of the registration of the medicinal product progresses in each country.

¹ The agreement does not include Morocco and Lebanon has a semi-exclusive agreement.

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2.3.4 ROVI updates the pivotal PRISMA 3 study of Risperidone ISM®

ROVI informed that after a prespecified Interim Analysis on the pivotal PRISMA-3 study for the once-monthly injectable formulation of Risperidone ISM®, an independent Data Monitoring Committee has recommended to continue the clinical trial and not increasing the currently planned number of randomized patients.

The PRISMA-3 study is a multicentre, randomized, double-blind, placebo-controlled clinical trial to evaluate the efficacy and safety of monthly intramuscular injections of Risperidone ISM® in patients with acute exacerbation of schizophrenia¹, having initiated patients' recruitment in May 2017, as previously informed the 25th of October 2017 on a relevant fact (number 257753).

As expected, ROVI carried out one unblinded interim analysis that was planned to be conducted when approximately 50% of randomized patients have either reached study day 85 or withdrawn from the study to re-estimate the sample size required for the final analysis. In this sense, an independent Data Monitoring Committee received unblinded results from this interim analysis and communicated to ROVI the blinded outcome, concluding that the clinical trial can continue and an increase of the study sample size is not needed.

In December 2018, all patients completed the double-blind (main) part of the study. Therefore, ROVI plans to file an NDA (New Drug Application) US Registration Dossier for the FDA (Food and Drug Administration), the second half 2019.

2.4.- Research and development

ISM® technology platform

As previously informed, ROVI has progressed in the development of Risperidone ISM®, the first candidate for its leading-edge drug delivery technology, ISM®, for a prolonged release of risperidone, a well-established second-generation antipsychotic medicine.

After successfully finishing the phase I & II program^{2,3} of Risperidone ISM®, ROVI started the pivotal phase III trial "PRISMA-3"⁴ with the recruitment of the first patient in May 2017. After finishing the recruitment in September 2018, all patients completed the double-blind (main) part of the study in December 2018. Therefore, ROVI plans to file an NDA (New Drug Application) US Registration Dossier for the FDA (Food and Drug Administration), the second half 2019.

¹ <https://clinicaltrials.gov/ct2/show/NCT03160521>

² Llaudó J, et al. Phase I, open-label, randomized, parallel study to evaluate the pharmacokinetics, safety, and tolerability of one intramuscular injection of risperidone ISM at different dose strengths in patients with schizophrenia or schizoaffective disorder (PRISMA-1). *Int Clin Psychopharmacol.* 2016;31(6):323-31.

³ Anta L, Llaudó J, Ayani I, Martínez J, Litman RE, Gutierrez I. A phase II study to evaluate the pharmacokinetics, safety, and tolerability of Risperidone ISM multiple intramuscular injections once every 4 weeks in patients with schizophrenia. *Int Clin Psychopharmacol.* 2018;33(2):79-87.

⁴ Study to Evaluate the Efficacy and Safety of Risperidone In Situ Microparticles® (ISM®) in Patients With Acute Schizophrenia (PRISMA-3). *Clinicaltrials.gov#NCT03160521* [<https://clinicaltrials.gov/show/NCT03160521>].

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On the other hand, in November 2017 ROVI started the clinical development of Letrozole ISM[®], the first long-acting injectable aromatase inhibitor intended for the treatment of hormone-dependent breast cancer. The first phase I clinical trial, the LISA-1 study¹, is currently ongoing; this is an open-label, dose escalation study to evaluate the pharmacokinetics, safety and tolerability of single intramuscular injections of Letrozole ISM[®] at different strengths in healthy post-menopausal women.

2.5.- Stock market capitalization

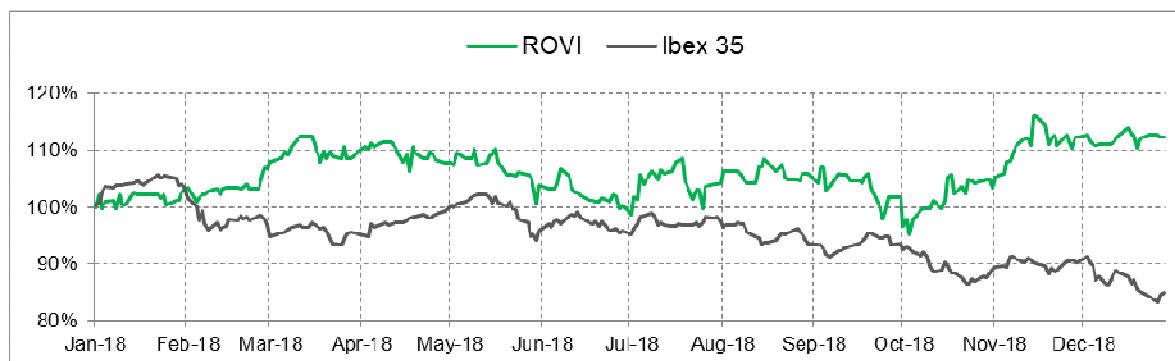
On the December 5th 2007, ROVI carried out an Initial Public Offering (IPO) of shares initially intended for qualified investors in Spain and to qualified institutional investors abroad. The face value of the operation, without including the shares corresponding to the green shoe purchase option, was 17,389,350 shares already issued and in circulation with a nominal value of 0.06 euros per share, giving a total nominal amount of 1,043,361 euros. The offering price for the operation was 9.60 euros per share.

Additionally, in 2018, a capital increase was carried out through the issue of 6,068,965 newly-issued ordinary shares in the Company with a par value of 0.06 euros each, belonging to the same class and series as the existing shares that were already in issue.

The following graph shows the fluctuations of the share price in the stock market in 2018:



The following chart shows the performance of the share price of ROVI compared with the IBEX 35 index in 2018:



¹ Evaluation of IM Letrozole ISM[®] Pharmacokinetics, Safety, and Tolerability in Healthy Post-menopausal Women (LISA-1). [Clinicaltrials.gov#NCT03401320 \[https://clinicaltrials.gov/ct2/show/NCT03401320\]](https://clinicaltrials.gov/ct2/show/NCT03401320).

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3.- FINANCIAL INFORMATION

3.1.- Liquidity and capital resources

3.1.1.- Liquidity

As of 31 December 2018, ROVI had gross cash position of 18.9 million euros, compared to 42.1 million euros as of 31 December 2017, and net debt¹ (equity securities plus deposits plus cash and cash equivalents minus short term and long term financial debt) of 20.6 million euros, compared to 1.1 million euros as of 31 December 2017.

3.1.2.- Capital resources

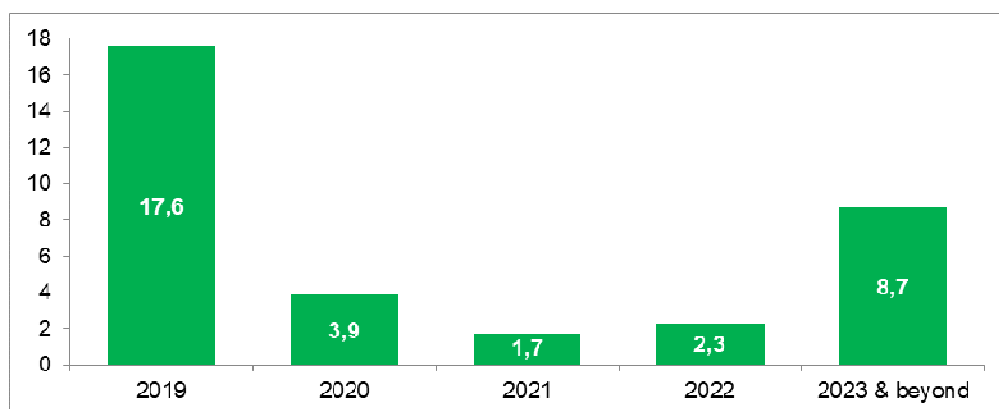
As of 31 December 2018, ROVI had total debt of 34.2 million euros. Debt with public administration, which is 0% interest rate debt, represented 34% of total debt as of 31 December 2018:

<i>In thousand euros</i>	2018	2017
Bank borrowings	22,716	30,938
Debt with public administration	11,508	12,299
Total	34,224	43,237

As of 31 December 2018, bank borrowings decreased by 8.2 million euros due to debt amortization.

In December 2017, ROVI announced the European Investment Bank (EIB) granted it a loan to support its investments in Research, Development and Innovation. The loan is for 45 million euros. ROVI may draw down this amount during a period of 24 months as from signature of the contract and the loan will mature in 2029. The loan provides for a three-year grace period and financial conditions (i.e. applicable interest rates, repayment periods, etc.) favorable to ROVI. As of 31 December 2018, ROVI had drawn down 5 million euros against this credit line.

Debt maturities at 31 December, 2018 are shown in the following graph (millions of euros):



¹ See description in Appendix 1 about Alternative Performance Measures

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3.1.3.- Analysis of contractual obligations and items off the statement of financial position

In the ordinary course of activities, in order to manage its own transactions and financing, the Group has carried out certain transactions that are not included on the statement of financial position, such as operating leases. The Group's objective is to optimize the financing costs that are involved in determined financial transactions and, therefore, on certain occasions, has chosen operating leases rather than the acquisition of assets. The minimum future payments to be made for non-cancellable operating leases at 31 December, 2018 were 883 thousand euros (1,629 thousand euros at 31 December, 2017), of which 714 thousand euros are related to maturities at less than one year (1,050 thousand euros at less than one year at 31 December, 2017).

3.2.- Capital expenditure

ROVI invested 26.4 million euros in 2018, compared to 19.9 million euros in 2017. Of this amount:

- 3.8 million euros corresponds to investment capex related to the injectable facility, versus 2.9 million euros in 2017;
- 2.8 million euros relates to investment capex regarding the San Sebastián de los Reyes plant, versus 4.8 million euros in 2017;
- 3.0 million euros were invested in the Granada facility, versus 1.6 million euros in 2017;
- 5.5 million euros were invested in the Alcalá de Henares (Frosst Ibérica) facility, versus 3.8 million euros in 2017; and
- 11.3 million euros relates to expenditure on maintenance and other capex (including 9 million euro capex invested for the acquisition of Falithrom[®]), versus 6.8 million euros in 2017 (including capex related to the biosimilar of enoxaparin).

3.3.- Treasury shares transactions

In the course of 2018, ROVI acquired a total of 68,603 of its own shares (35,421 in 2017), paying the amount of 1,138 thousand euros for them (532 thousand euros in 2017). Likewise, it resold a total of 58,731 of its own shares (67,784 in 2017) for an amount of 986 thousand euros (1,011 thousand euros in 2017). These shares had been acquired at a weighted average cost of 733 thousand euros (826 thousand euros in 2017), giving rise to a profit of 253 thousand euros on the sale (185 thousand euros in 2017), which was taken to reserves. At 31 December, 2018, ROVI held 695,055 treasury shares (685,183 at 31 December, 2017).

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3.4.- Dividends

In line with the Company's announcement in the Relevant Event dated 24 September, 2018 (concerning the capital increase carried out in September 2018), which stated that ROVI's Board of Directors had agreed to reflect on a possible adjustment of the present dividend distribution policy in order to maintain the Company's growth strategy, the Board of Directors has decided to put a proposal to the General Shareholders' Meeting to allocate the 2018 profit to, firstly, the reserves item on the Company's statement of financial position and, secondly, the distribution of a dividend of 0.0798 euros per share entitled to receive it, which would entail the distribution of approximately 25% of the consolidated net profit for 2018 (in comparison with the 35% of the consolidated net profit that ROVI has been distributing as a dividend over recent years).

The ROVI General Shareholders Meeting, on 29 May 2018, approved the payment of a gross dividend of 0.1207 euros per share on 2017 earnings. This dividend was paid in July 2018.

4.- OTHER NON-FINANCIAL INFORMATION

Appendix 2 includes the "Non-financial information statement" for 2018.

5.- RISK MANAGEMENT

5.1 Operational risks

The main risk factors to which the Group considers itself to be exposed in respect of meeting its business objectives are the following:

- Changes in the legislation regulating the market aimed to contain pharmaceutical expense (price control, reference prices, support for generic products, co-payment, purchase platforms, ...);
- Finalization of contractual relationships with customers representing a significant part of its sales or renewal in less favourable conditions than the current ones;
- Changes in the conditions under which raw materials and other packaging materials needed for manufacturing its products are supplied;
- Late payment on the part of the public authorities in the short term; and
- Tax risk inherent to the activity of companies of the size and complexity of the Group.

ROVI is permanently on the alert and is keeping any risks that may have an adverse effect on its business activities under constant surveillance, applying the appropriate policies and mechanisms to manage them and constantly developing contingency plans that can be used to mitigate or offset their impact. Among them, we highlight the fact that the Group (i) continues, every year, to apply an internal saving policy that is principally based on improving the efficiency of its internal and external operating processes; (ii) is working intensively to maintain a broad and diversified portfolio of products and customers; (iii) is continuing with its target of constantly opening up new markets as a result of its international expansion plan; and (iv) the Group exercises strict credit control and manages its cash effectively, which ensures that sufficient working capital is generated and maintained to allow its day-to-day operations to be carried out; and (v) The Group has an exhaustive tax risk control system, with external tax advisors who review the preparation and filing of the different taxes as well as the Group's decision-making on tax issues.

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5.2 Financial risks

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The main detected and managed risks of the Group are detailed below:

- *Market risk*

Market risk is divided in:

- a) Foreign exchange risk: is very low as virtually all assets and liabilities of the Group are in euros, with no subsidiary out of the Euro zone. Additionally the majority of the foreign transactions are carried out in euros.
- b) Price risk: the Group is exposed to price risk by its short-term and long-term financial investments. To manage the price risk arising from the investments, the Group diversifies its portfolio.
- c) Interest rate risk: The Group is subject to an interest rate risk in respect of cash flows on long-term borrowing transactions at variable rates. The risk, however, is slight since most of the Group's debt consists of refundable advances from official organisations on which there is no interest rate risk.
- d) Raw material price risk: the Group is exposed to changes in the conditions under which raw materials and other packaging materials needed to manufacture its products are supplied.

- *Credit risk*

Credit risk is managed by groups. The credit risk arises from cash and cash equivalents, long-term financial investments, deposits held at call in banks and financial institutions and other receivables available for sale, as well as from wholesalers and retailers, including accounts receivables and committed transactions. The Group monitors the solvency of these assets by reviewing external credit ratings and qualifying internally assets which are not externally rated.

It should be mentioned here that despite this management work, the Regional Government continue to be extremely slow in making payments for pharmaceutical supplies, to the detriment of companies operating in this sector. Despite this, the Group's financial position is sound and its liquidity unaffected.

- *Liquidity risk*

Management monitors the liquidity estimates of the Group according to the expected cash flows; therefore, the Group always has sufficient cash and trade securities to confront its liquidity requirements.

6.- CORPORATE GOVERNMENT ANNUAL REPORT

Appendix 3 includes the Corporate Government Annual Report prepared by the Company for 2018.

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7.- EVENTS AFTER BALANCE SHEET DATE

On 15th of February 2019, ROVI has announced that the Group has reached an agreement with a subsidiary of MSD ("MSD") whereby ROVI acquires certain rights to MSD's dexchlorpheniramine maleate product line in Spain and France, allowing it to distribute this product directly in Spain in its different pharmaceutical forms (tablets, syrup and ampoules, marketed under the brand name POLARAMINE®, and cream, marketed under the brand name POLARACREM™) and, in France, in its injectable form (ampoules). Under this agreement, this line of products will be marketed directly by ROVI in Spain in its different pharmaceutical forms and, in France, in its injectable form, when the administrative procedures to authorise the transfer of the marketing authorisations have been concluded at the Spanish Medicines Agency and the French Agency for the Safety of Medicines and Health Products.

According to MSD, net sales of these products in Spain and France, were approximately 6.3 million US dollars in 2017.

ROVI will pay MSD 13.5 million euros for the product.

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APPENDIX 1

ALTERNATIVE PERFORMANCE MEASURES

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ROVI's financial information contains figures and measures prepared in accordance with the applicable accounting legislation, as well as another series of measures prepared in accordance with established reporting standards, which are known as Alternative Performance Measures (APMs)

These APMs are considered adjusted figures in comparison with those that are reported under International Financial Reporting Standards endorsed by the European Union (IFRS-EU), which is the reporting framework applicable to the consolidated financial statements of the ROVI Group and, therefore, the reader should consider them to supplement the latter, but not replace them.

The APMs are important for the users of the financial information because they are the measures used by ROVI Management to evaluate the financial performance, the cash flows or the financial situation for making the Group's operating or strategic decisions. These APMs are consistent with the principal indicators used by the investor and analyst communities in the financial markets. In this respect, in accordance with the Guide issued by the European Securities and Markets Authority (ESMA), which has been in force since 3 July, 2016 and concerns the transparency of Alternative Performance Measures, ROVI sets out below information on the APMs included in the consolidated management information for the year ended 31 December 2018 that it considers significant:

EBITDA

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) is an indicator that measures the group's operating profit before interest, taxes, impairment, depreciation and amortization have been deducted. Management uses it to assess the results over time, allowing a comparison with other companies in the sector.

We calculate EBITDA as profit before taxes, interest, depreciation and amortization.

EBITDA "Pre-R&D"

This APM is used by ROVI to show EBITDA from the on-going business.

We calculate EBITDA "Pre-R&D" as EBITDA excluding:

- Research and Development expenses ("R&D") (see Note 7 to the consolidated annual accounts at 31 December 2018); and
- Non-recurring expenses/income (see Note 24 to the consolidated annual accounts at 31 December 2018).

EBIT

EBIT (Earnings Before Interest and Taxes) is an indicator that measures the group's operating profit before interest and tax are deducted. Like the preceding indicator, Management uses it to assess the results over time, allowing a comparison with other companies in the sector.

We calculate EBIT as profit before taxes and interest.

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EBIT “Pre-R&D”

This APM is used by ROVI to show EBIT from the on-going business.

We calculate EBIT “Pre-R&D” as operating profit for the period excluding:

- Research and Development expenses (“R&D”) (see Note 7 to the consolidated annual accounts at 31 December 2018); and
- Non-recurring expenses/income (see Note 24 to the consolidated annual accounts at 31 December 2018).

Net profit “Pre-R&D”

This APM is used by ROVI to show the profit for the period related to the on-going business.

We calculate Net profit “Pre-R&D” as EBIT “Pre-R&D” plus:

- Finance costs-net; and
- Income tax. Net profit “Pre-R&D” income tax is calculated by applying the same effective tax rate as reported in the income statement of the period.

Net debt/cash

Net Financial Debt or Net Debt is the main indicator used by Management to measure the Group’s indebtedness. It is composed of equity securities, plus deposits, plus cash and cash equivalents, less current and non-current financial debt.

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APPENDIX 2

NON-FINANCIAL INFORMATION STATEMENT

The Board of Directors of Laboratorios Farmacéuticas Rovi, S.A. ("the Company") authorises the following Statement of Non-Financial Information in accordance with Law 11/2018, which amended the Code of Commerce, the revised text of the Capital Companies Act and the Account Auditing Law in respect of non-financial information and diversity.

1. BASES FOR AUTHORISATION OF THE STATEMENT OF NON-FINANCIAL INFORMATION

In view of the foregoing, the Company has analysed the impacts derived from its business model and considers the following non-financial aspects to be relevant:

- General Group information: business model, geographical presence, objectives, strategy and market trends.
- Environment: pollution and waste management, sustainable use of resources and climate change.
- Social and employee issues: employment, organisation of work, employee health and safety, labour relations, training and equality.
- Human rights.
- Corruption and bribery.
- Information on social contribution: commitment to sustainable development, subcontractors and suppliers, consumers and tax information.

2. GENERAL INFORMATION

2.1.- Group's business model (business environment and organisation)

The Company is the parent company of a leading pharmaceutical group ("ROVI" or the "Group") company engaged in the research, development, manufacturing and marketing of small molecules and biological specialties. It has three principal pillars of growth:

- Pharmaceutical specialties: with a diversified portfolio of innovative products, both of its own and licensed, protected by patents. The company has more than 30 products on its portfolio (including both its own and licensed products) for which there is growing demand and which are not affected by the reference pricing system in Spain, covering nine therapeutic areas. The most important products in terms of their contribution to the Group's EBITDA are:
 - Hibor[®] (bemiparin). Low-molecular-weight heparin (fast-acting anticoagulant) used to prevent and treat venous thromboembolic disease
 - Enoxaparin biosimilar. This is the leading low-molecular-weight heparin worldwide and was first marketed in 2017.
 - Neparvis[®] (sacubitril/valsartan). This product is indicated in adult patients for treatment of symptomatic chronic heart failure with reduced ejection (the proportion of blood leaving the heart) fraction. The product is marketed under a licence from Novartis.
 - Absorcol[®], Vytarin[®] y Orvatez[®] (ezetimibe) / (ezetimibe and simvastatin) / (ezetimibe y atorvastatin). Adjunctive therapy to diet in patients with hypercholesterolemia. It is distributed by ROVI under a co-marketing agreement with MSD.
 - Hirobriz[®] Breezhaler[®] y Ulunar[®] Breezhaler[®] (indacaterol maleate) / (indacaterol maleate and glycopyrronium bromide). Long-acting bronchodilators indicated for the maintenance treatment of Chronic Obstructive Pulmonary Diseases (COPD). These products are marketed by ROVI under licence from Novartis.
 - Volutsa[®] (solifenacin succinate and tamsulosin hydrochloride). Indicated for the treatment of moderate to severe storage systems symptoms (urgency, increased micturition frequency) and voiding symptoms associated with benign prostatic hyperplasia (BPH) in men who are not responding adequately to monotherapy treatment. This product is marketed by ROVI under licence from Astellas Pharma.
 - Medikinet[®] y Medicebrán[®] (methylphenidate hydrochloride with modified release) ((methylphenidate hydrochloride with immediate release). Prescription medicines that are indicated for treatment of ADHD (Attention Deficit Hyperactivity Disorder) in children and adolescents. These products belong to the company Medice.

Additionally, ROVI is one of the market leaders in the marketing of contrast agents, hospital products for imaging diagnosis. This area comprises a broad product portfolio, including those marketed under licence from Bracco: Iomeron[®] and Iopamiro[®] (for computed tomography and intervention), Multihance[®] and Prohance[®] (for magnetic resonance imaging), Sonovue[®] (for ultrasounds), and Bracco Injeenering: EmpowerCTA+[®], EmpowerMR[®] and CT Exprès (contrast injection systems and compatible disposable material).

- Contract manufacturing of prefilled syringes and oral forms. Through three production plants, two of which are used for injectables (one in Madrid and one in San Sebastián de Los Reyes), while the other is more specialised in oral forms (Alcalá de Henares), ROVI provides manufacturing services to other companies for a wide range of pharmaceutical forms, including prefilled syringes, vials, suppositories, tablets, hard capsules and sachets.
- A sound, low-risk R&D policy. Currently, ROVI's product portfolio in the research and development phase focuses mainly on the development of new controlled-release systems based on ISM[®] technology, in order to obtain new pharmaceutical products that allow drugs that require daily administration for chronic or prolonged conditions to be administered only periodically, such as Risperidona ISM[®] and Letrozol ISM[®]. In addition, in the Glycomics field, ROVI has recently developed an enoxaparin sodium biosimilar (currently the leading low-molecular-weight heparin worldwide), which was first marketed in 2017 in Germany. Likewise, the company continues to expand scientific knowledge of the use of its second-generation low-molecular-weight heparin, Hibor[®] (bemiparin), in various clinical situations and special patient populations, through co-operation agreements with several research centres.

ROVI has a series of competitive edges that have positioned it as one of the main leaders in its market niche in a sector which, moreover, has high entry barriers:

- Unique knowledge of LMWH (low-molecular-weight heparins): As a result of ROVI's more than 70 years' experience, its main product, Bemiparin, has positioned itself as one of the principal treatments for venous thromboembolic disease worldwide.
- Infrastructure with operating advantages: ROVI is one of the main companies in the contract manufacturing business in the sector and among the world leaders in prefilled syringe production.
- Diversified portfolio: the Company has a portfolio of more than 30 products (of its own and licensed) for which there is growing demand and which are not affected by the reference pricing system in Spain.
- Low-risk innovation. ROVI operates with a low-risk strategy, concentrating on chronic diseases with broad medical requirements.
- International expansion: ROVI continues with its strategic objective of expanding its international presence and, in 2018, made great strides forward in this respect.

At 31 December, 2018, ROVI had a total of 1,224 employees and sales of 303,203 thousand euros in the period ended at said date.

ROVI is listed on the Barcelona, Bilbao, Valencia y Madrid stock exchanges. In 2018, the Company carried out a capital increase, after which the share capital consisted of 56,068,965 shares with a face value of 0.06 euros each. The quoted price of the share at 31 December, 2018 was 17.45 euros.

2.2.- Geographical presence

Laboratorios Farmacéuticos Rovi, S.A. has its current registered office in Madrid (C/ Julián Camarillo, 35). In addition to these offices, in 2017, ROVI opened new offices in Pozuelo de Alarcón, Madrid (Calle José Isbert 2), where the management team and the marketing and sales area are located, as well as other central group services.

At the end of 2018, ROVI was operating directly in the following countries:

- Spain, where a large part of its marketing operations are conducted, as well as all the manufacturing services and R&D activities.
- France
- Portugal
- Italy
- Germany
- United Kingdom

In the last four of these countries, ROVI has corporate structures through which it carries out pharmaceutical product marketing activities directly. In the case of the French subsidiary, product marketing had not commenced at 31 December, 2018.

As we have said, the ROVI Group is present directly in Spain, Portugal, Germany, France, United Kingdom and Italy.

Additionally, through strategic alliances with international partners, at the end of 2018, ROVI was distributing its principal product, bemparin, in more than 50 countries all over the world, as well as its enoxaparin biosimilar in France, Austria, Latvia and Estonia.

Likewise, ROVI has one of the largest European plants for the manufacture of oral solid forms and exports to over 40 countries.

2.3.- The organisation's objectives and strategies

In a complicated environment which, nevertheless, offers new opportunities, over the last few years, ROVI has been getting ready to take advantage of the circumstances with:

1. The marketing of an enoxaparin biosimilar, which began in 2018 and with which ROVI aspires to become one of the main European players, due to the competitive edge provided by the vertical integration of processes in the Group. Likewise, the company hopes to increase its presence in emerging markets, where enoxaparin sales total 500 million euros.
2. The development of drugs to treat complaints with high growth prospects. Currently, ROVI's product portfolio in the research and development phase focuses mainly on the development of new controlled-release systems based on ISM[®] technology, as mentioned above.
3. Launching new products in the market.

Additionally, all the companies that form the ROVI Group are aware of the health improvements provided by their products and wish to provide a response to certain social demands in relation to the impacts of their activities on society and the environment. For this reason, ROVI's economic development must be compatible with its conduct in respect of ethics, society, employment, the environment and respect for human rights.

The knowledge, communication and implementation of these values, which express the Group's commitment to business ethics and corporate social responsibility, guide the actions of the Board of Directors and other Group bodies in their relations with stakeholders. Therefore, the Group has support tools the objectives of which are to:

- Favour attainment of the group's strategic objectives.
- Improve the group's competitiveness by implementing management practices based on innovation, equal opportunities, productivity, profitability and sustainability.
- Manage risks and opportunities derived from the changing environment responsibly, maximising the positive impacts of the group's activities in the different territories where it operates and minimising any adverse impacts as far as possible.
- Promote a culture of ethical conduct and increase business transparency, in order to generate credibility and confidence among stakeholders, including society as a whole.
- Promote trust relationships and value creation for all stakeholders, providing all of them with a balanced and integrating response.

2.4.- Main factors and trends that may affect future evolution

Although public spending on medicines has dropped over recent years, especially in Spain, the prospects for forthcoming years are more optimistic. As QuintilesIMS Institute says in its report "*Outlook for Global Medicines through 2021*", medicine expenditure worldwide will grow by between 4% and 5%, mainly driven by new medicines in developed markets and a higher volume in emerging markets. According to said document, the total volume of medicines consumed all over the world will rise by approximately 3% per year until 2021. This growth rate is a little faster than the growth in the population and demographic changes, caused by different factors worldwide.

The U.S.A. continues to be the principal world market, although it will suffer a reduction in its growth, followed by China, which has remained in this position since 2012. In the first 20 places, there are nine countries with emerging medicine markets, which will continue to be driven by generic products, which already account for 98% of the market and 78% of the spending. The opposite is true in the developed markets, where the original brands still have specific weight in comparison with generics.

But the difference between some companies and others will be denoted by their capacity to provide the market with new and better products. New medicines, which represented 20% ten years ago, will hold 35% of the market in 2021. This growth is due to the latest scientific and R&D advances, such as ROVI's ISM® technology, including their capacity to contribute to improving costs and the value provided by prescribing these products.

2.5.- Reporting framework used to select key non-financial result indicators

The key non-financial result indicators used in this Statement on Non-Financial Information are those that are generally applied and meet the guidelines of the European Commission on the subject, as well as the standards of the Global Reporting Institute (GRI) for each one of the matters discussed herein.

3.- ENVIRONMENT

3.1.- ROVI's objective in relation to performance concerning environmental variables

ROVI's commitment to environmental protection is firm and constant and forms part of its day-to-day activity. Together with the principles of quality and occupational safety for protection of ROVI's employees, the Company assumes care of the environment as an indispensable foundation for its actions.

In this respect, ROVI carries on its activity with the firm commitment of contributing to sustainability from an environmental standpoint, which materialises through pollution prevention, efficient resource management and fomenting responsibility in respect of the environment in accordance with the Group's Environmental Policy.

By defining environmental objectives and goals, ROVI undertakes to improve day by day, upholding a firm vision of a more sustainable future in which to develop. The main goals that ROVI has defined in relation to the environment are:

- Attaining efficient energy management, rationalizing the use of natural resources.
- Promoting the best guidelines for risk and waste management, including the principles of risk prevention, waste minimization and, whenever possible, recycling in its activities.
- Obtaining certifications of the environmental management systems. At present, the environmental management systems of the Group companies Frosst Ibérica S.A., Rovi Contract Manufacturing S.L. and Laboratorios Farmacéuticos ROVI S.A. are certified under the standard ISO14001:2015.

Additionally, ROVI is committed to making a joint effort with its suppliers and contractors to minimise the impact of their activities on the environment and the risks derived for safety and health, both in the environment and for their workers.

3.2.- Main environmental risks that affect the organisation

ROVI has a corporate Risk and Opportunity Management Procedure, the objective of which is to define a work method that allows environmental risks and opportunities to be identified, together with an action plan to address them and the planning and review of the resulting actions, taking the context of the organisation and the interested parties into account. This procedure is applied to all the activities carried on by any of the Group's plants and/or companies, including internal and external factors that affect or may exert an influence on the preparation of the product, provision of the service and/or operational control.

In accordance with the corporate Risk and Opportunity Management Procedure, the Company detects the risks and opportunities related to:

- Environmental aspects.
- Legal and regulatory requirements.
- Other questions and requirements related to the organisation and its context, and the needs and expectations of the interested parties.

Among the main risks related to the environmental activity, apart from those inherent thereto, are those concerning access to and verification of the environmental regulations in the different areas in which ROVI operates, as well as possible restrictions imposed by the authorities in particular locations and specifically the following:

- Non-compliance with legal requirements due to deficient identification of either legal requirements concerning the environment or environmental aspects or of emergencies, when this may lead to possible sanctions or stakeholder dissatisfaction.
- Failure to adapt to a change in the trend in legislation or any applicable new legislation on a timely basis.
- Possible administrative restrictions in force in particular locations.
- Impact on material and human assets due to an environmental incident caused by neighbours or employees.
- Bad environmental practices on the part of external companies providing services on a permanent basis or the Group personnel supervising them.
- Non-compliance with noise regulations that leads to contingencies or disciplinary sanctions.
- Pollution due to exceeding the pollutant emission limits on boilers or discharges to groundwater that may lead to an administrative sanction.
- Incidents in transporting hazardous waste that may lead to a sanction.
- Deficiencies in personnel training on environmental matters.
- Releasing emissions into the atmosphere due to the absence of mechanisms to prevent the product leaking from the equipment.
- Mixture of different kinds of waste and generation of hazardous waste.
- Absence of energy efficiency certification.
- Failure to file the annual waste report and minimisation plan on a timely basis.

Specific control of environmental risks stems from, among other mechanisms, the Environmental Management System applied by the aforementioned Group companies, certified under the standard ISO14001:2015, and all the tools that form part of it.

Likewise, ROVI has information systems that keep the personal updated on these matters. Company personnel communicate smoothly and cooperate with the different public authorities that ensure environmental conservation, which allows constant updating of the changes in legislation that apply to ROVI.

In addition, ROVI manages indirect environmental aspects resulting from trading relations, products or services that may have adverse effects in the environmental area. For each production plant, an analysis is made of the life cycle of the process or product, where all direct and indirect environmental aspects involved (coming from suppliers) are identified bidirectionally. Once they have been identified, in accordance with the corporate Procedure for Identification and Assessment of Environmental Aspects, the indirect aspects on which ROVI is able to take action are verified.

The possible materialisation of environmental risks is managed, likewise, through the aforementioned corporate Procedure for Identification and Assessment of Environmental Aspects, which sets out how environmental risks should be identified, communicated and quantified.

3.3.- Policies and commitments

One of the key tools to ensure correct management of environmental aspects is the introduction of an environmental management system based on the criteria established by the international standard ISO 14001:2015. These certifications recognise the quality of ROVI's environmental management system and assure its commitment to the environment in terms that go beyond current national legislation. Therefore, at all ROVI's production facilities, production management respectful of the environment is fostered, meaning a constant effort to reduce energy consumption and manage waste more efficiently.

The ROVI Group has a department that is responsible exclusively for aspects related to environmental management, as well as those concerning workplace health and safety throughout the Group, and an Integrated Environmental Management and Occupational Hazard Prevention Policy which governs ROVI's activities in respect of environmental issues, most recently updated in June 2017. Within its project of environmental management and workplace health and safety, ROVI assumes not only compliance with current legal requirements and the different third-party requirements that it meets voluntarily, but also the concept of sustainable development. ROVI's vocation is to be a business project that is sustainable in environmental terms and committed to the prevention of any damage to or deterioration in people's health.

In relation to environmental queries, ROVI has a corporate communication, participation and query procedure, though which communications (queries, complaints, etc.) related to the environment and workplace health and safety are managed. On the corporate website (www.rovi.es), the environmental certificates held by group companies are available to the public.

As mentioned previously, ROVI has a Corporate Procedure for Risk and Opportunity Management, which defines the work method that allows environmental risks and opportunities to be detected, together with the action plan to address them. Additionally, ROVI has a Procedure for Identification and Assessment of Environmental Aspects, which sets out how environmental risks should be identified, communicated and quantified, with, likewise, a Procedure for Identification and Assessment of Legal Aspects.

ROVI also has a Procedure for Management of Non-Conformity, Preventive and Corrective Actions, which sets out the mechanisms for the identification of deviations (in quality or work procedures), the implementation of actions to correct these deviations and the procedures to prevent them (preventive actions).

Among its operating procedures, ROVI has specific waste, noise and discharge management procedures, which are intended to establish the methodology to follow to control waste, noise in the external environment and liquid discharges generated at ROVI's production plants, respectively.

3.4.- Results of application of the policies and indicators

The result of the policies and procedures applied by ROVI in environmental issues is, year after year, a favourable assessment of the Group's integrated environmental management system, both internally and externally by the firms issuing the certificates. Additionally, the whole system is periodically reviewed with the management of the different centres and the points on which these reviews are based include any improvement opportunities and significant changes that may affect the system and/or environmental management.

1. Pollution and waste management

Waste generation is inherent to ROVI's activity. Precisely for this reason, the treatment and reduction of waste form an essential part of the Company's commitment to prevent pollution. The processes related to waste treatment are intended mainly to minimise it in the production processes and, once it has been produced, to manage it correctly to foment using and valuing it whenever possible.

2. Sustainable use of resources

Regarding energy, at all ROVI's product plants, water, electricity and gas indicators are verified and reported on a monthly basis, analysing any possible deviations. Likewise, in the Distribution business, the energy has been contracted with a provider of 100% renewable energy.

3. Climate change

At ROVI, as a contribution to the fight against climate change, not only is electricity taken into account, but the CO2 emissions caused by the consumption of natural gas and diesel fuel, derived from electricity and automobiles, are measured, as are other substances that act to destroy the ozone layer. ROVI's greenhouse gas emissions have always been insignificant and very much below the legally-established levels.

Likewise, in the Distribution business in Spain, a Mobility Plan that is intended to decrease fuel and electricity consumption, which are ROVI's only sources of emissions, has been approved.

3.5.- Indicators

The following are the main environmental indicators. The data have been divided between different companies or businesses to enable comparisons between them, since the units produced are measured in different units for each company / business. Specifically

- Own products manufacturing plant of Laboratorios Farmacéuticos ROVI, S.A. located in Granada: this is the plant in which Bemiparin and Enoxaparin are produced, the active substances of ROVI's main research products. In this case, the units produced are measured in MUI, that is, the activity of the active substance produced.
- Laboratorios Farmacéuticos ROVI, S.A. distribution business: in this case, unit used is reflected as distributed items.
- Injectables plant of Rovi Contract Manufacturing, S.L. (Plants located in San Sebastián de los Reyes and Madrid): in this case, the units produced are expressed in individual packaged units.
- Oral solid forms plant of Frosst Ibérica, S.A. located in Alcalá de Henares: for this case, pack of oral solid forms conditioned as unit produced (tablets, coated tablets, hard capsules and envelopes) is used.

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WASTE (*)	ROVI Granada	ROCM	Frosst	Distribution
Tn of hazardous waste generated	1,037	186	176	25
Tn of non-hazardous waste generated	1,336	464	283	1
TOTAL	2,373	651	459	25
Tn of hazardous waste/ million units produced	0.003	1.70	5.17	1.15
Tn of non-hazardous waste/ million units produced	0.004	4.24	8.31	0.03
Ton. Waste/million units produced	0.008	5.95	13.49	1.18

ENERGY CONSUMPTION (*)	ROVI Granada	ROCM	Frosst	Distribution
kWh electricity consumed	3,002,572	7,206,775	8,100,711	630,352
kWh electricity consumed/million units produced	10	65,863	238,256	29,306
kWh natural gas consumed	1,941,716	6,371,676	14,426,850	-
kWh natural gas consumed/million units produced	6	58,231	424,319	-
Litres vehicle fuel	500	409	1,279	518,653

NATURAL RESOURCE CONSUMPTION (*)	ROVI Granada	ROCM	Frosst	Distribution
m3 water consumed	27,399	51,842	62,516	985
m3 water / million units produced	0.1	473.8	1,838.7	45.8

ATMOSPHERIC EMISSIONS (*)	ROVI Granada	ROCM	Frosst	Distribution
Tonnes of CO2 emitted	1,135	3,073	4,936	290
Tonnes of CO2 emitted / million units produced	0.004	28.08	145.18	13.47

(*) Last month of 2018 data is an estimate made based on information from previous periods.

4.- SOCIAL AND EMPLOYEES ISSUES

4.1.- Employment

The key figures concerning ROVI's personnel structure are shown below. They show that workforce management in 2018 continued the sustained upward trend of previous years. This is consistent with the Company's continuing growth strategy and is aimed to adapt the workforce to current needs.

The workforce management strategy fosters stable employment through permanent and temporary contracts, both of which are used to cover, in a balanced manner, both structural needs and specific needs for workers at any given moment in time. This is shown in the distribution of the workforce, where permanent contracts and stable employment prevail.

In the recruitments carried out in 2018, the bet on job creation with young professionals continued, at the same time as they were supplemented by experienced professionals. Thus, a balanced workforce that allows the Company's strategy to be implemented is achieved.

Likewise, the results of the Company's efforts to maintain and consolidate its workforce with a balance between men and women and promote the inclusion and access of candidates with disabilities under equitable conditions, consistent with the strategy of consolidating diversity and equal opportunities as part of its culture, may be observed.

Indicators concerning ROVI's personnel at 31 December, 2018 are set out below. Data shown do not consider information related to scholarship contracts.

- Total number and distribution of employees by:

a) Gender

DISTRIBUTION OF EMPLOYEES BY GENDER	2018
Men	558
Women	666
TOTAL	1.224

b) Age

DISTRIBUTION OF EMPLOYEES BY AGE / GENDER	Men	Women	TOTAL
18-30 years	78	106	184
31-40 years	156	216	372
41-50 years	195	213	408
51-60 years	109	114	223
>60 years	20	17	37
TOTAL	558	666	1,224

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c) Country

DISTRIBUTION EMPLOYEES BY COUNTRY / GENDER	Men	Women	TOTAL
Spain	550	654	1,204
UK	-	1	1
Germany	3	3	6
Italy	3	3	6
France	1	1	2
Portugal	1	4	5
TOTAL	558	666	1,224

d) Professional group

DISTRIBUTION EMPLOYEES BY PROFESSIONAL GROUP / GENDER	Men	Women	TOTAL
1	1	5	6
2	27	35	62
3	68	88	156
4	108	93	201
5	210	201	411
6	60	84	144
7	59	142	201
8	5	3	8
0	12	3	15
Subsidiaries	8	12	20
TOTAL	558	666	1,224

* Professional group according to the XIX Collective Agreement of the Chemical Industry.

- Total number and distribution of types of employment contract by:

a) Gender

DISTRIBUTION EMPLOYEES BY TYPE OF CONTRACT / GENDER	Men	Women	TOTAL	Distribut.
Permant full-time	462	532	994	81%
Permanent part-time	-	4	4	0%
Total permanent	462	536	998	82%
Temporary for specific project or service	2	3	5	0%
Temporary due to work backlog	47	55	102	8%
Temporary substitution contract	4	6	10	1%
Training / apprenticeship	27	49	76	6%
Temporary part-time	15	17	32	3%
Temporary full-time - empl. with disabilities	1	-	1	0%
Total temporary	96	130	226	18%
TOTAL	558	666	1	

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b) Age

DISTRIBUTION EMPLOYEES BY TYPE OF CONTRACT / AGE	18-30	31-40	41-50	51-60	>60	TOTAL
Permanent	79	328	370	213	8	998
Temporary for specific project or service	2	2	1	-	-	5
Temporary due to work backlog	31	31	33	7	1	103
Temporary substitution contract	1	5	3	1	-	10
Training / apprenticeship	69	6	1	-	-	76
Temporary part-time	2	-	-	2	28	32
TOTAL	184	372	408	223	37	1,224

c) Professional group

DISTRIBUTION OF EMPLOYEES BY TYPE OF CONTRACT / PROFESSIONAL GROUP *	1	2	3	4	5	6	7	8	0	Subsidiaries	TOTAL
Permanent full-time	3	19	119	171	336	109	196	8	15	18	994
Permanent part-time	-	1	-	1	1	-	1	-	-	-	4
Temporary for specific project or service	-	1	-	-	2	2	-	-	-	-	5
Temporary due to work backlog	1	39	20	9	25	6	2	-	-	-	102
Temporary substitution contract	-	2	4	4	-	-	-	-	-	-	10
Training / apprenticeship	-	-	7	7	35	27	-	-	-	-	76
Temporary part-time	1	-	6	9	12	-	2	-	-	2	32
Temporary full-time - empl. with disability	1	-	-	-	-	-	-	-	-	-	1
TOTAL	6	62	156	201	411	144	201	8	15	20	1,224

- Number of dismissals by:

a) Gender

DISTRIBUTION OF DISMISSALS BY GENDER	2018
Men	17
Women	16
TOTAL	33

b) Age

DISTRIBUTION OF DISMISSALS BY AGE / GENDER	Men	Women	TOTAL
18-30 years	2	-	2
31-40 años	3	4	7
41-50 años	5	8	13
51-60 años	3	2	5
>60 años	4	2	6
TOTAL	17	16	33

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c) Professional group

DISTRIBUTION OF DISMISSALS BY PROFESSIONAL GROUP */ GENDER	Men	Women	TOTAL
1	-	-	-
2	3	-	3
3	2	2	4
4	1	2	3
5	7	5	12
6	-	3	3
7	3	2	5
8	-	1	1
0	1	1	2
TOTAL	17	16	33

- Average remuneration by:

a) Gender

AVERAGE REMUNERATION BY GENDER	2018	2017	Var.
Men	40,733 €	40,953 €	-1%
Women	36,738 €	35,534 €	3%
AVERAGE	38,735 €	38,244 €	1%

b) Age

AVERAGE REMUNERATION BY AGE/GENDER	2018		2017		Var.
	Men	Women	Men	Women	
18-30 years	21,966 €	21,983 €	21,099 €	19,787 €	7%
31-40 years	30,535 €	34,460 €	29,625 €	32,108 €	5%
41-50 years	47,312 €	45,095 €	46,989 €	45,167 €	0%
51-60 years	58,097 €	41,546 €	55,003 €	28,357 €	20%
>60 years	33,459 €	11,908 €	53,148 €	14,612 €	-33%

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c) Professional group

AVERAGE REMUNERATION* BY PROFESSIONAL GROUP** / GENDER	2018		2017		Var.
	Men	Women	Men	Women	
1	15,311 €	14,892 €	0 €	17,472 €	73%
2	16,677 €	17,012 €	16,170 €	16,194 €	4%
3	19,000 €	19,266 €	18,209 €	19,065 €	3%
4	25,082 €	23,432 €	25,641 €	23,736 €	-2%
5	42,078 €	40,546 €	41,099 €	38,237 €	4%
6	50,426 €	36,687 €	52,153 €	37,993 €	-3%
7	51,208 €	47,265 €	54,958 €	44,413 €	-1%
8	105,465 €	105,050 €	153,205 €	146,637 €	-30%
0	202,978 €	130,182 €	197,584 €	112,505 €	7%
Subsidiaries	87,949 €	72,367 €	106,499 €	103,300 €	-24%

Remuneration data shown above contains concepts related to fixed and variable remuneration (commissions and bonuses).

- Average remuneration of management

The average remuneration of the members of the Company's Management Committee in 2018, including fixed and variable remuneration and remuneration in kind, was 234,142 euros for men and 135,462 euros for women. The difference is because, in the case of the men, three of them are also Executive Directors and their salaries reflect the additional responsibilities they hold.

Details of the above figures are shown below:

AVERAGE REMUNERATION OF MANAGEMENT COMMITTEE	Men	Women	AVERAGE
Fixed remuneration	163,430 €	93,419 €	128,425 €
Variable remuneration	61,960 €	36,763 €	49,362 €
Remuneration in kind	8,752 €	5,280 €	7,016 €
TOTAL	234,142 €	135,462 €	184,802 €

- Gender Pay gap

ROVI is convinced of the need to apply the principle of equal pay for equal work effectively and takes said principle as the basis of its wage policy, applying it in its salary-fixing practice upon recruitment of the employee and in the salary reviews throughout the employee's working life.

In order to ensure application of the principle of wage equality, ROVI monitors the gender pay gap by periodically assessing indicators that show pay gaps by job and gender, in order to follow up on any gender differences and reduce them.

In 2018, ROVI engaged the audit firm PricewaterhouseCoopers Auditores S.L. to carry out a limited assurance review of wage group indicators by professional classification in Group companies. The indicators related to the annual period running from 1 April, 2017 to 31 March, 2018 and the reports were prepared on the basis of the methodology published in January 2015 by the Ministry of the Presidency, Parliamentary Relations and Equality in relation to calculating the gender pay gap.

The aforementioned indicators make a diagnostic analysis of the Group's workforce to find out the differences in the remuneration of men and women with the same jobs. The analysis of the indicators shows, according to the opinion of the aforementioned auditor, that there is no gender-based pay discrimination or differences in remuneration that is not based on personal factors (qualifications, work experience, length of service, etc.) or position (duties, degree of responsibility, working hours, etc.).

- Disconnection from work

So that its employees can enjoy their time off effectively and conserve their personal and family privacy, ROVI foment policies aligned with disconnection from work, avoiding communication with employees through any channel (telephone, e-mail or any other) outside working hours unless there is an urgent, unforeseen need that cannot be met otherwise.

Likewise, meetings in the later part of the working day are avoided, in order to prevent overstepping working hours at the end of the day and thus affecting the work-life balance.

- Employees with disabilities

ROVI is aware that the group of people with disabilities is one of the groups at risk of social exclusion with the greatest difficulties in finding work. Additionally, we are convinced that the Company is enriched by the contribution of these differently-abled people, who provide us with added value.

In line with the foregoing, ROVI is committed to mainstreaming people with disabilities at work and encourages hiring them. Thus, at 31 December, 2018, 25 employees with disabilities were working for the Company, 20 of them formed part of ROVI's workforce directly, while 5 were working through temporary employment companies.

The Company holds an agreement with the Fundación Prodis whereby it conducts a supported employment programme aimed at the workplace inclusion of persons with intellectual disabilities who are able to perform high-quality work when they receive the necessary training and support.

In addition to the foregoing, ROVI carries out actions to foment the inclusion of this group in the workplace in two spheres. First, within its activities related to Corporate Social Responsibility, it provides economic cooperation to various non-profit entities that carry on their activities in the area of the workplace and social inclusion of persons with intellectual disabilities. Likewise, Special Employment Centres are its service providers in several different areas of the Company's activity (to consult these two spheres of action, see the CSR section).

4.2.- Organisation of work

- Organisation of working hours

ROVI carries on its economic activities in three different environments: the industrial production area, the sales area and the industrial structure/offices area. The activity of each one of them has different dynamics, requiring different working hours and ways of organising working time. In all of them, the Company foments criteria for organising working time and time off to facilitate the best work-life balance possible, as well as enabling ROVI employees to exercise motherhood and fatherhood responsibly.

The industrial environment, which includes the employees working at the pharmaceutical product production plants, makes it necessary for employees who are engaged in manufacturing tasks or work directly related thereto to have working hours that coincide with the times of activity of the production processes. This means that this group of people works, in general, under a shift system. Since we are aware that shift work is more arduous, it is used when there is no other possible alternative that is compatible with the viability of the activity and the demand for the product manufactured and we strive to reduce the inconvenience of the shift dynamics as much as possible. The holiday period in the industrial area is also subject to the volume of activity and must, in general, be arranged on fixed dates for the whole workforce. At any event, we endeavour to ensure that it is always in summer and ROVI undertakes that at least half the holidays will be enjoyed in the summer period. Additionally, the time off scheduled to adjust the work calendar of this group of employees is fixed to coincide with school holidays, so that the employees can enjoy it with the rest of their families.

Employees in the sales area carry on their activity in daytime working hours, coinciding with those of the customers to whom they market ROVI's products. Given the nature of their activity, they have a high degree of independence in planning their work, which allows them to reconcile their work with any needs that may arise in their family life.

In the industrial structure and office area, time is organised through flexible working hours. This allows employees to start and end their working day with a margin of choice, depending on their needs or preferences.

In these last two groups, holidays are preferably taken in summer and, additionally, time off is arranged during school holidays.

- Absenteeism

A fundamental element for the proper operation of ROVI's activity is the health of its workers. Good management in this respect has a direct effect on the health and well-being of the workforce and, as a consequence, on the Company's economic performance and the attainment of its strategic objectives.

In view of the foregoing, the indicators shown below are of great importance to the Company, since they monitor the monthly and annual absenteeism in accordance with whether the cause is an ordinary illness, an accident at work or an occupational disease. These indicators are set out below compared with those of the pharmaceutical sector. It may be seen that ROVI's levels are lower than those of the sector in which it carries on its activity.

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Next table shows the summary of absolute absence rate in the period:

	2018		2017	
	ECONOMIC GROUP	COMP. SECTOR	ECONOMIC GROUP	COMP. SECTOR
Total absolute absence rate	2.25%	3.44%	2.03%	3.20%
Absolute absence rate WA & OD	0.16%	0.20%	0.19%	0.22%
Absolute absence rate OI	2.09%	3.23%	1.84%	2.98%

WA: Work-related Accident OD: Occupational Disease OI: Ordinary Illness

	2018				2017			
	Days off	Days worked	Absence rate	Sector absence rate	Days off	Days worked	Absence rate	Sector absence rate
TOTAL	9,972	443,803	2.25%	3.44%	8,943	440,817	2.03%	3.20%

Source: Mutua de Accidentes de Trabajo FREMAP. Global Annual Absenteeism Report ROVI GROUP

From the figures shown, it may be noted that the number of days of absence was 9,972, which is equivalent to lost working hours of 79,776, meaning an absenteeism rate of 2.09%.

- Reconciliation of work and family life and support of co-responsibility therein

At ROVI, a set of measures to reconcile family life and work are applied, with options adapted to different personal and family situations aimed to create a work environment that allows a higher quality of life and harmony between the employees' family life and their promotion and professional career.

The Company applies the work-life balance measures contained in current legislation and the enhancements introduced by the Collective Agreement of the Chemical Industry. Regarding working hours and time off, as stated above, ROVI has flexible starting and finishing times for office and industrial structure personnel, allows changes in shift or day between workers in the industrial area, and shorter working days adapted to the needs of each person. Likewise, it offers flexibility in the holiday calendars provided this is compatible with the activity of the area in which the employee works.

In respect of remuneration, ROVI guarantees that maternity does not represent any decrease in the usual income of the pregnant woman. Thus, the Company pays a wage supplement that completes the benefit received from the Social Security to 100% of her salary. It also offers salary options, with the availability of nursery school vouchers, restaurant vouchers and health insurance. Furthermore, ROVI offers all its permanent employees cover by the life insurance policy paid by the Company.

In order to prevent avoidable travel and trips, ROVI provides all the personnel who so require with a laptop computer with connectivity to the ROVI network and encourages the use of videoconferences and on-line meetings. Likewise, if the work performed so permits, teleworking is organised during the last weeks of pregnancy. Additionally, at work centres where street parking is difficult, parking spaces are made available to pregnant women.

4.3.- Health and Safety

The management of personnel-related risks is the duty of the Health and Environment Department, which holds exclusive responsibility for aspects related to environmental management, as well as workplace safety and health throughout the Group.

As stated in other sections of this report, ROVI has an Integrated Environmental and Occupational Hazard Prevention Management Policy, applicable to the whole group, the objective of which to protect the life, physical integrity and health of all the workers, including both the group's own workers and those of the companies who work with ROVI. This Policy is based on a series of corporate procedures, as well as local procedures or work instructions specific to each centre.

Specifically, the ROVI Group set a goal of an accident rate (No. of accidents / No. of workers * 100) of lower than 1.5% with sick leave and lower than 3.5% without sick leave. In addition, each plant, individually, defines specific prevention objectives. Examples of these are:

- Acquisition of a system for neutralising chemical products that allows injuries caused by contact with chemicals to be minimised in laboratory and production jobs in comparison with 2017. This goal was set at the Madrid plant.
- Increase of 20% in comparison with 2017 of Production Area workers with broader prevention training. This goal was set at the Granada plant.
- Reduction in the moderate risk category associated to falling to a different level in the task of installing/removing the rotary valve of the roller compactor. This goal was set at the Alcalá de Henares plant.

The principal occupational hazards identified by ROVI, having followed the corporate procedure for identifying hazards, assessing risks and determining controls, are mainly those inherent to a production plant: contact with and exposure to chemical products, noise exposure, overexertion, etc.

These risks are managed through planning the preventive activity (existence of specific procedures compliance with which minimizes the probability that these risks will materialize) and training (there are occupational hazard training plans and refresher plans). Furthermore, the risks identified are managed in accordance with the specific procedures created to control and regularly monitor the actions taken, such as those concerning work permits, safety inspections and the identification and evaluation of legal requirements.

Furthermore, the Group has several Health and Safety Committees, on which all ROVI employees (100%) are represented.

In addition, in the aspect of promoting healthy lifestyle habits among employees, ROVI continued with the initiatives implemented in previous years, such as healthy breakfasts and vending, cooperation with sports centres to encourage sports among the employees and participation in races, among others.

Annually, the Safety and Environment Department prepares a report reviewing the prevention management system with the managements of the different plants. This year's conclusion is that the evolution is satisfactory, although there is always room for potential improvement.

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In particular, application of the specific employee safety protection measures contributed to meeting the accident goal for 2018 in all Group companies, with an accident rate lower than 1.5% per number of workers at all the centres.

The workplace accident indicators for 2018 are shown below:

FREQUENCY RATE FOR WORK-RELATED ACCIDENTS (*) BY GENDER	2018
Men	3.176
Women	4.662
TOTAL	3.919

** Rate calculated as No. of accidents / No. of hours worked * 1000000*

WORK-RELATED ACCIDENT SEVERITY RATE (*) BY GENDER	2018
Men	0.229
Women	0.125
TOTAL	0.177

** Rate calculated as No. of working days lost / No. of hours worked * 1000*

WORK-RELATED ACCIDENT FREQUENCY RATE (*) BY GENDER	2018
Men	0.375
Women	0.674
TOTAL	0.524

** Rate calculated as No. of accidents / No. of workers * 100*

Note: accidents on the way to work and data of ROVI Group employees are included. Information on personnel hired through temporary employment companies are excluded.

4.4.- Labour relations

Labour relations at ROVI are based on respect for the workers' legal representatives, strict compliance with the different applicable regulations and permanent dialogue that allows a constructive relationship of trust to be built between the Company and its workers.

Dialogue with the workers takes place with smooth communication using all the resources available, especially meetings -both regularly, in accordance with a scheduled calendar, and specific, at the request of either the company or the workers' representatives. This allows the status of agreements to be monitored and any incidents arising from the Company's day-to-day activity to be solved swiftly.

In 2018, labour relations ran as normal without any conflictive incidents. During the year, two significant negotiations were commenced and concluded in relation to items of remuneration, with a substantial change to working conditions and a move from one work centre to another, which concluded successfully.

ROVI informs its employees of matters of general interest, company milestones, agreements or organisational changes through the channels available. The resources used try to make the best use of the latest technological advances available to reach the entire workforce, both the people who have access to office IT in the course of the work and those who do not. Thus, communication takes place through the internal television channel, notice boards, e-mail or the mobile phone application that is currently being implemented.

We should highlight the fact that all ROVI's employees in Spain work under the employment conditions regulated in the Collective Agreement of the Chemical Industry, signed in 2018. The employees of the subsidiaries in the rest of Europe also work under the relevant collective agreements, except in those cases where local legislation states that general labour law is applicable because the subsidiary has very few employees.

An important aspect of the Group's works councils is that they are highly representative and participate in the Safety and Occupational Health Committees. On these committees, on a regular basis, the Company's actions in these areas are consulted, debated and proposed, as well as any incidents that have arisen and proposals for corrective measures.

The main matters discussed on these committees where the company and the workers have equal representation are: the assessment and valuation of occupational hazards, the provision of individual protection equipment, the protection facilities, information and training on occupational hazards, among other issues. Through these joint bodies, ROVI's employees are represented in these matters at the highest level.

4.5.- Training

In the ROVI Group, it is known that making training a priority is a long-term investment so that the Company's talent is well prepared and develops its highest potential.

For this reason, we strive for the employees to have the necessary training to cover, not only the requirements of their present job, but also to tackle future needs derived from the use of new technologies, equipment, instruments, etc. or the need to take on greater responsibilities and more important projects.

To draw up the annual training plans, the training needs in each area are identified, a process in which the Human Resources Department, Group Management and Middle Management are involved.

ROVI's annual plan is aligned with the strategic and business objectives. Through training, it is sought to efficiently help people to contribute and add value to the attainment and achievement of ROVI's strategic objectives. Likewise, ROVI has Individual Development Plans. Depending on the specific needs identified, different alternatives and training plans are put into place in order to promote the career plans of specific employees.

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ROVI works with a training model that foments self-responsibility and commitment. Thus, 10% of development and learning takes place through training actions in the classroom or in virtual or e-learning format and 20% takes place through feed-back, observation or with the support of mentors, coaches, professional associations, spaces for reflection, conversations with other people, leaders, etc. Lastly 70% of development and learning takes the form of job experience, applying new learning in real situations, problem-solving, participating in projects and new challenges, rotating through different departments, etc., always taking the professional profile and the needs of each area into account.

- Basic principles of ROVI Group's training programmes/actions:

- Training programmes will contain aspects related to respect for human rights and will foster an ethical culture.
- No discrimination on the grounds of gender, age or origin. Professionals with equal positions and professional development have the same training opportunities.
- Training actions will respect the current regulatory framework and demands of the work and business environment. ROVI will provide training in new legislation, so that workers know and comply with current laws.
- The use of different training tools is favoured (classroom, on-line, platforms, etc.).
- Sharing the knowledge that exists in the Company, continuing learning and cultural exchange is encouraged.

- Scholarship policy:

For the ROVI Group, cooperation with universities and professional training centres is of key importance in recruiting new, young talent for its teams. This is why the Company holds more than 20 agreements with Spanish universities at national level, so that undergraduates in their last year and students studying for a Master's degree or doctorate can carry out their practical training in different areas of the Company, while professional training students can obtain their practical training credits with ROVI.

85% of the people who have a scholarship at ROVI finally join the Company with a contract. The possibility for young talents to train and ROVI's investment in this training is indispensable in order to have a good reserve of talent for the future.

- 90% of the ROVI Group's scholarships are remunerated
- 90% of the scholarship are full time
- 90% of the scholarships last for 6+6 months

The total number of hours of training distributed by professional group are shown below:

	1	2	3	4	5	6	7	8	0	TOTAL
TOTAL HOURS OF TRAINING BY PROFESSIONAL GROUP *	0.0	973.4	3,014.1	3,860.6	8,735.4	2,996.0	4,180.8	170.1	127.5	24,057.9

* Professional group according to the XIX Collective Agreement of the Chemical Industry.

The number of hours shown refers to training actions recorded either in the quality system or with the State Foundation for Training in Employment. In addition to the aforementioned, numerous training actions are carried out as part of normal job dynamics.

4.6.- Universal accessibility

The problems of physical accessibility in work environments and difficulty in using objects and products, irrespective of their technical, cognitive or physical skills, are barriers that hinder the full mainstreaming of people with disabilities in work and social environments.

Regarding the first of the barriers, ROVI strives for the work centres where it carries on its activity to be accessible to everyone safely, comfortably and autonomously.

In addition, the products marketed by ROVI are also labelled in Braille for the blind, so that the latter can use them autonomously, thus fully attaining the objectives for which they were designed.

In addition to the foregoing, ROVI fosters sensitisation as the primary tool to combat barriers to persons with disabilities. In this respect, it conducts corporate volunteering activities in cooperation with non-profit organisations engaged in the social integration of persons with mental and intellectual disabilities.

Thus, employees obtain first-hand knowledge of the main barriers that persons with disabilities have to surmount in their daily lives. These activities are made known through the Company's internal television channel and periodic internal publications. Thus, the Company's commitment to accessibility and inclusion is shared with the employees and ROVI strives to raise awareness of disabilities and combat the discrimination suffered by this group of people.

4.7.- Equality

ROVI is committed to establishing and developing policies that include equal treatment and opportunities for women and men, with no direct or indirect gender discrimination, and to drive and foster measures to achieve real equality within the organisation, establishing equal opportunities as a strategic principle in its human resources policy.

ROVI is committed to no discrimination based on gender or any other personal characteristic in selection, promotion and personal development processes and the remuneration policy according to which workers are paid.

Applying this commitment, it has an Equal Opportunities Plan for men and women. Applying this Plan, an Equal Opportunities Commission has been created, with the main mission of properly monitoring the measures implemented to ensure equal opportunities and non-discrimination and to promote the inclusion of new actions in this respect.

ROVI's commitment to equality and non-discrimination is also set out in the Company's Code of Ethics and the principles that govern training programmes and actions.

ROVI does not tolerate harassment and rejects any kind of violence, physical, sexual, psychological or moral harassment, the abuse of authority at work or any other form of conduct that generates an atmosphere that is intimidatory or offensive in respect of the employees' rights.

Therefore, ROVI has a Protocol for the Prevention and Handling of Cases of Moral and Sexual Harassment in the workplace, which all employees are obliged to know and respect.

To guarantee that any reports that may be received informing of a violation of the aforementioned Protocol, the Regulations of the Ethics Channel or, in general, any approved policy or procedure are handled properly and receive an appropriate response, ROVI has made an Ethics Channel available to its employees, suppliers, trading partners, agents and external collaborators. The Regulations of the Ethics Channel govern the procedure to follow to handle and process any reports or notifications received and ensures that, when faced with an action that potentially contravenes the Company's principles and values, the Company is able to react strictly, efficiently and diligently.

5.- HUMAN RIGHTS

5.1.- Principal risks

The ROVI Group operates in Spain and the European Union (UK, Germany, Italy, France and Portugal) through subsidiaries. Since these are territories with legislation that protects human rights more than sufficiently, no risks of this nature that can derive directly from the ROVI Group's activity have been identified.

In addition, more than 90% of the ROVI Group's suppliers also operate in countries belonging to the European Union and those that carry on their activity outside the European Union enjoy recognised prestige in the international community.

At any event, the ROVI Group considers that the main risk affecting the organisation in relation to human rights comes from possible non-compliance in this respect on the part of a supplier.

Additionally, in the Crime Prevention Model, the possible existence of risks related to (i) criminal offences against foreign citizens; and (ii) the offence of human trafficking, was analysed and it was concluded that these risks do not currently exist within the ROVI Group's organisation.

5.2.- Policies and commitments:

As may be seen from the Code of Ethics, ROVI is committed to actively supporting the Universal Declaration of Human Rights and requires its employees to comply with the principles thereof in the course of the Group's day-to-day activity. The Company combats practices contrary to human dignity and strives to prevent workplace discrimination.

ROVI upholds, by adopting and communicating it, the inclusion of the principles of the United Nations Global Compact, as well as other international instruments, especially in the spheres of human rights, workplace practices, the environment and the fight against corruption.

Additionally, the ROVI Group has a Code of Ethics for Suppliers, which establishes that all suppliers must respect the protection of fundamental human and labour rights recognised internationally. Specifically, the Code of Ethics for Suppliers requires all suppliers to comply with the following principles:

- Elimination of forced labour.
- Elimination of child labour.
- Respect for the right of association and collective bargaining.
- Equal opportunities and non-discrimination.
- The supplier must provide a fair work environment, free of any kind of violence.
- Respect for current legislation on working hours and remuneration.

5.3.- Results of application of the policies:

- Human rights due diligence procedures, prevention of the risk of violation of human rights and, where applicable, measures to mitigate, manage and provide reparation for any abuses committed

The ROVI Group applies the Collective Agreement of the Chemical Industry in all its business in Spain, likewise complying with the labour legislation in force at any given moment in all the territories where it operates. Additionally, it has the following procedures and measures in place:

- The ROVI Group has an Ethics Channel through which all employees must communicate any situation that may represent a breach of (i) current legislation; (ii) the standards and codes to which the ROVI Group has adhered voluntarily, (iii) the Group's internal policies, (iv) the Crime Prevention Model, or (vi) accounting and financial standards. Said Ethics Channel has a Regulation that was approved by the Board of Directors on November 7, 2017 and is managed by a Management Committee. Likewise, the Compliance Department reports periodically to the Compliance Committee, the Audit Committee and the Board of Directors on the communications received through the Ethics Channel.
- The Group has a Protocol on Moral and Sexual Harassment.
- The workers have legal representatives at the Julián Camarillo, San Sebastián de los Reyes and Alcalá de Henares work centres.

- Number of reports of human rights violations

No reports have been received in relation to human rights violations.

- Description of the measures implemented for promotion of and compliance with the rules of the fundamental conventions of the International Labour Organisation related to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the elimination of forced or compulsory labour; the effective elimination of child labour:

We refer to the contents of the first point of this section "Human rights due diligence procedures, prevention of the risk of violation of human rights and, where applicable, measures to mitigate, manage and provide reparation for any abuses committed".

6.- CORRUPTION AND BRIBERY

6.1.- Principal risks

The ROVI Group has a Crime Prevention Model in which the risks related to corruption and bribery are analysed. The main risks observed in this respect are:

1. Relations with public authorities and/or political office-holders, both national and foreign, for any reason related to the Group's activities; for example: (i) receipt and processing of inspections on the part of the authorities, (ii) obtaining authorisations and licences related to the Group's activities, (iii) subscription and signature of public contracts (medicine supply), (iv) relations with health professionals, and (v) applications for subsidies and European public funds.
2. Management of the processes for contracting works and services with third parties, related to the activities carried on by the ROVI Group.
3. Signature of donation and sponsorship agreements with public or private entities.

These risks were identified within the framework of the analysis of crime risks performed in accordance with article 31 bis of the Spanish Criminal Code, which requires "*identification of the activities in the sphere of which the offences that must be prevented may be committed*". The risk assessment was prepared by an external consultant and approved by the Audit Committee and Board of Directors, and is reviewed regularly (on an annual basis) by the ROVI Group's Compliance Department with the help of an external consultant.

6.2.- Policies and commitments

To detect and prevent the risks of corruption and bribery, the ROVI Group has the following policies and procedures in place:

- ROVI's Code of Ethics (the update of which was approved by the Board of Directors on 19 February, 2018) sets out ROVI's commitment to fight against corruption and bribery. Specifically, the Code of Ethics expressly rejects any practice that includes bribery and corruption as a way to obtain a decision in favour of ROVI Group companies and any practice intended to do business using improper means is prohibited. Likewise, the Code of Ethics prohibits any ROVI employee from offering a third party any kind of benefit intended to influence, or given with the intention of unlawfully influencing, said person's capacity to adopt objective and lawful business decisions. Likewise, ROVI employees are expressly prohibited from accepting any form of corruption or bribery that may be offered by a third party.
- The Group has an Anti-Bribery Policy (the update of which was approved by the Board of Directors on 19 February, 2018) that prohibits: (i) any form of bribery, (ii) corruption between private individuals, and (iii) influence peddling, and in which the guidelines for action and the precautions that all ROVI Group employees should adopt to prevent and mitigate the risks related to corruption and bribery are set out. Said Policy also includes the rules on courtesies, gifts and hospitality.

- The ROVI Group's medicine marketing activity is subject to the Code of Good Practice for the Pharmaceutical Industry (CBPIF), which means that all relations with health professionals must apply the content of said Code.

6.3.- Results of application of the policies

- Anti-corruption and anti-bribery measures

In addition to the policies described in the preceding section, the Group has the following measures in place:

- The Group has entrusted the management and supervision of crime risks to the Audit Committee, which, in turn, has delegated the ordinary management of said risks to a Compliance Committee that advises the Group on these matters and the Compliance Department. Both the Compliance Committee and the Compliance Department have a charter that governs their operation and in which their obligations in this respect are described.
- The ROVI Group has a Practice Surveillance Department the purpose of which is to monitor compliance with the Code of Good Practice for the Pharmaceutical Industry. Likewise, the Group is audited in this respect by an independent auditor on a quarterly basis.
- The ROVI Group has an Ethics Channel through which all employees must notify any situation that may represent a breach of i) current legislation; (ii) the standards and codes to which the ROVI Group has adhered voluntarily, (iii) the Group's internal policies, (iv) the Crime Prevention Model, or (vi) accounting and financial standards. Said Ethics Channel has Regulations that were approved by the Board of Directors on November 7, 2017 and is managed by a Management Committee. Likewise, the Compliance Department reports periodically to the Compliance Committee, the Audit Committee and the Board of Directors on the communications received through the Ethics Channel.
- The Crime Prevention Model is reviewed annually by an external consultant, who verifies its degree of efficacy and suggests recommendations and improvements.
- The ROVI Group has a procedure for contract approval, which includes, among other items, a review by the following departments: Legal, Intellectual and Industrial Property, and Compliance.
- The Group has a payment policy and a policy for per diem allowances and other expenses.

- Anti-money laundering measures

None of the companies that form the ROVI Group is considered an obligated entity in the terms of article 2 of Spanish Law 10/2010 on the Prevention of Money Laundering and Terrorist Financing.

However, ROVI has procedures in place to combat money laundering. All of them are listed below:

- The registration process for any new Group supplier requires submission of the following documentation: (i) Spanish tax identification card or tax residency card for foreign suppliers, and (ii) bank account-holder's certificate. Additionally, a supplier registration form must be completed with other information.

- The registration of a new customer requires submission of the following documentation: (i) completion of the new customer template, in which the following information is requested: corporate name, registered address, contact details and bank details, (ii) copy of tax identification number or equivalent document, (iii) in the case of customers of the medicine marketing area, a copy of the authorisation as a pharmaceutical product distributor is likewise requested.
- All payments are processed in SAP. No payments are made outside SAP and the customer / supplier is only registered in SAP if the aforementioned documentation has been provided.
- There is a supplier selection policy, SOP 002, that includes a list of the criteria used to select each type of supplier. It provides for an initial evaluation and another periodic evaluation. This is used to draw up a list of approved suppliers custodiated by Quality Department.
- Supplier engagement and payment: (i) suppliers with an annual volume of over 100,000 euros, always have a duly signed contract, (ii) it regulates how invoices should be sent and recorded, and (iii) the means of payment accepted.
- Policy for reimbursement of expenses and payment of per diem allowances: (i) ROVI only reimburses the following expenses: Transport, Accommodation, Food (per diem) and others: Photocopies / Paper / Envelopes / Couriers / Toner / Ink; Books / Publications; Projector Hire; Professional Association Fees; Courses / Training; Exchange Rate Adjustments. The reimbursement of expenses is preceded by the pertinent expense note, which must be accompanied by the documentary support of the expenses (invoices, etc.). Employees must settle the expenses incurred in providing their services preferably with the corporate credit card and must minimize cash payments.
- The ROVI Group accepts the following means of payment for collections:
 - Transfers - 61%
 - Direct debits - 38%
 - Cheque, promissory notes - 1%
 - Cash and point-of-sale terminals (only in the business of Pan Química – it represents roughly 5% of the total collections of Pan Química and 0.5% of the group total).
- The ROVI Group accepts the following means of payment for payments:
 - “Confirming”
 - Bank transfers
 - Direct debits
 - Nominative cheques: only for payments of conferences to health professionals. The average invoice from speakers is €500.

- Donations to foundations and non-profit organisations

The ROVI Group has a Donation Management Procedure that describes the process to be followed to approve a donation. As part of this procedure, the Group has appointed a Donations Committee, which evaluates and, if appropriate, approves or rejects the Group's donation requests. This procedure came into force in July 2018.

7.- INFORMATION ABOUT SOCIETY

7.1.- Commitment to sustainable development:

ROVI has a strong commitment to Corporate Social Responsibility, which materialises in co-operation with a series of non-profit organisations with a marked social nature. Thus, in 2018, it continued to co-operate with the Granada Red Cross in its child assistance and protection projects; with Proyecto Hombre Granada, in the continuity of its social reintegration activities; and with Fundación Recover, co-operating in its programmes to improve healthcare in Africa.

The Company has continued to bet on co-operation with entities that work on the integration and mainstreaming of persons with disabilities through sport, such as Fundación También and Fundación Deporte & Desafío.

Working with many of these foundations, ROVI has been able to expand the corporate volunteering activities available, so that ROVI employees can get to know the world of disability first-hand, thanks to our inclusive sports events, such as the Adaptive Skiing Campus in Sierra Nevada (Granada), the Adaptive Descent of the River Sella (Asturias), the VII Sponsored Race of Madrid, and the Eco Trekking and Multisports Days (both in Madrid). In 2018, 135 ROVI employees took part in some of the activities scheduled by the CSR Area.

Furthermore, continuing with its policy of promoting healthy living habits and co-operation with non-profit entities that work to include groups at risk or to improve healthcare in different countries, ROVI co-operated, for the first time, as a sponsor for several charity races, such as the VII Charity Race for Mental Health, organised by Fundación Manantial in Madrid, or the I Medicusmundi South Charity Race South, organised by Medicusmundi South (Granada).

Fundación Prodis also joined the list of foundations that co-operate with ROVI in 2018. In this case, through a dual channel: Prodis helped the company in the process of recruiting a person with Down's syndrome for ROVI's Human Resources Department, while its Special Employment Centre worked with the Corporate Social Responsibility Department as a supplier of sports material for corporate volunteering (T-shirts, caps, etc.). Thus, Prodis joined other suppliers, such as ISS Facility Services (Gelim), Ilunion or Fundación Manantial, which are engaged to provide certain services performed by persons with disabilities.

Additionally, throughout 2018, ROVI continued the work of the Donations Committee, which channels the requests for co-operation that ROVI receives from healthcare organisations and social or humanitarian entities. Its mission is to review each application and check that it complies with current legislation, the Code of Good Practices of the Pharmaceutical Industry and ROVI's Code of Ethics.

- Commitment to research

ROVI is fully committed to supporting medical research and uses a significant part of its resources to promote it. Over recent years, it has been carrying on intensive research activity to foment the prevention and knowledge of certain diseases, in order to improve patient health and quality of life. At the same time, ROVI focuses on supporting co-operative research, holding important co-operation agreements with different public bodies and universities, such as the co-operation agreement with the University of Granada, with which it aims to combine efforts to increase scientific, technological and training activities, as well as to spread knowledge.

The Company likewise co-operates with scientific associations and societies of different types in supporting the health professionals' quest for innovation. An example is the SEFH/ROVI Hospital Pharmacy Development awards, which have been awarded jointly with the Spanish Hospital Pharmacy Society (SEFH) for the last two years and which recognise projects that represent the contribution of innovative and beneficial solutions for patient well-being and quality of life.

- Commitment to training

In order for qualified students to enter a work environment and improve their skills, knowledge and experience, the Company has a training programme underway in the organisation. In this respect, there are co-operation agreements with 73 educational centres (universities, institutes, centres imparting official training programmes and business schools) all over Spain. This practical training helps students to start their working life in a professional work environment. In 2018, 49 persons took part.

7.2.- Subcontracting and suppliers

The Group's General Corporate Social Responsibility Policy establishes a course of action in relation to suppliers that allows them to find in ROVI a partner for mutual benefit. It is indispensable to ensure a supply chain that respects the principles of corporate social responsibility assumed by the ROVI Group. To do this, ROVI undertakes to promote CSR-related values among its suppliers and subcontractors of goods and services.

Suppliers are a group of strategic interest in relation to ROVI's activities. For this reason, it has put in place a series of specific action principles aligned with the company's principles and values and intended to reinforce the sustainability and competitive edge of the value chain

As stated in preceding sections, the ROVI Group has a Code of Ethics for Suppliers, which establishes that all suppliers must respect the protection of fundamental human and labour rights recognised internationally. Specifically, the Code of Ethics for Suppliers requires all suppliers to comply with the following principles:

- Elimination of forced labour.
- Elimination of child labour.
- Respect for the right of association and collective bargaining.
- Equal opportunities and non-discrimination.
- The supplier must provide a fair work environment, free of any kind of violence.
- Respect for current legislation on working hours and remuneration.

In the same way as ROVI maintains a constant focus on equal opportunities, occupational safety or care of the environment, it invites all its suppliers to guarantee these factors and to declare their commitment to basic principles of ethics and professional conduct. To do this, in the same way as ROVI develops them internally, it tries to involve suppliers and subcontractors in the adoption of the best corporate social responsibility practices in order to regulate their activities in accordance with the standards included in the certifications SA-8000, SGE-21 or similar.

We highlight the fact that, as stated above, more than 90% of the ROVI Group's suppliers operate in countries belonging to the European Union and those that carry on their activity outside the European Union enjoy recognised prestige in the international community. This means that supplier non-compliance with Human Rights requirements is considered limited and under control.

Additionally, regarding the environment, as stated above, ROVI is committed to making a joint effort with its suppliers and contractors to minimise the impact of their activities on the environment and the risks derived for safety and health, both in the environment and for their workers.

ROVI has a supplier selection policy (SOP 002) that includes a list of the criteria used to select each type of supplier. It provides for an initial evaluation and another periodic evaluation. This is used to draw up a list of approved suppliers kept by the Quality Department.

There is also a Supplier Engagement and Payment Policy, in order to establish a framework for relations with suppliers and creditors that is shared by the whole Company. It sets out the following: (i) suppliers with an annual volume of over 100,000 euros must always have a duly signed contract, (ii) it regulates how invoices should be sent and recorded, and (iii) the means of payment accepted.

Additionally, on-site audits are conducted to check that suppliers operate in accordance with national and local regulations, there are no important breaches in respect of workplace safety and there are no practices that violate the workers' rights. Among other aspects, the auditors ensure that a safe working environment is provided, environmental legislation is respected and employees are not subject to abuse or discrimination.

7.3.- Consumers

Given their nature, products intended to improve patient health, medicines and healthcare products, require the instructions of a health professional for their administration or final use. The health professional determines the best therapeutic approach for a specific patient. Thus, prescription medicines and healthcare products are those that reach patients on the instructions of a doctor, using a prescription, irrespective of whether they are dispensed in a pharmacy or administered at health centres. There is, furthermore, a third category: non-prescription pharmaceuticals (OTC), which do not need a medical prescription but are obtained through pharmacies on the recommendation of the pharmacist.

Most of ROVI's medicines and health products fall within the category of prescription products, which means they reach the patients because they have been prescribed by a health professional. Therefore, ROVI's "consumers" can be divided into three broad groups:

- Customers, mainly wholesalers, who then distribute to pharmacies, but to whom service must be given.
- Professionals: doctors, nursing staff or pharmacists.
- Patients.

- Health and safety measures for patients and professionals

Customers, including potential customers, health professionals and patients, are the basis of the business and, therefore, ROVI assumes the following commitments:

- a) To bet on innovative drugs as a growth engine for ROVI.
- b) To place special importance on the protection of the health and safety of customers and patients throughout the products' life cycles through strict compliance with the applicable legislation.
- c) To observe due confidentiality in processing customer data.
- d) To manage and solve their queries and complaints in the shortest period possible.
- e) To monitor the customer's experience through surveys that measure their satisfaction and other means and systems that allow us to actively and permanently listen to the customer in all the processes and operations in which the latter interacts with the Company.
- f) To have appropriate and efficient communication channels, using the most suitable means to do so.
- g) To observe and comply with the rules that govern communication and marketing activities and assume the voluntary codes that ensure the transparency and veracity of such actions.

Guaranteeing the quality, safety and efficacy of the products that the Company places in the market is the main goal of ROVI and all the people who form part of it. In this respect, all the Group companies have procedures in place that define the verifications performed in all phases of the processes, including product research and development, the receipt of raw materials and packaging materials, production, storage and distribution, until the products are consumed by the customers.

The standards in place fully meet the Company's internal requirements and also the external requirements imposed by the regulatory bodies for the different products on ROVI's portfolio.

In order to assess the compliance of these procedures, internal audits are performed periodically at all the Group's facilities. Furthermore, there are annual management reviews, which analyse the main points where our organisations have room for improvement.

In addition, the quality audits by external entities show the commitment to continuing improvement and maintaining high quality standards.

Moreover, in accordance with the frequency stipulated in the legislation applicable to the products, all Group companies, both in Spain and in the countries to which our products are exported, are inspected by the health authorities.

- Complaints system: complaints received and solution thereto

When any customer or health professional contacts ROVI to notify a claim or complaint, the Company immediately opens an enquiry in order to identify the cause and prevent any repetition. These enquiries may involve several departments and may also include suppliers and/or subcontractors. The efficacy of these actions is analysed annually in the review that ROVI management conducts of the system.

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Any request for information made by a customer/health professional and/or customer is considered a query. Depending on its content, it is handled by one department or another (Quality, Pharmacovigilance or Medical Science Liaison), both in Spain and in the subsidiaries.

		Lab. Fcos. Rovi	Pan Química	Lab. Fcos. Rovi establ. Permanente Portugal	Rovi GmbH (Alemania)	Rovi Biotech Limited (Reino Unido)	Rovi Biotech, S.R.L (Italia)	Rovi S.A.S (Francia)	SUB.DISTR
GENERAL	Units manufactured / Units distribut.	19,571,222	25,353	296,268	312,691	135,192	1,168,506	0	21,509,232
	Employees	465	5	5	4	1	6	2	475
CUSTOMER COMPLAINTS	No. of customer complaints	155	9	10	13	3	4	0	174
	Complaints / million units	7.92	354.99	33.75	0	22	3	0	8.09
CUSTOMER QUERIES - QUALITY + THERAPEUTIC -	No. of customer queries	237	0	9	171	19	0	0	246
	Queries / million units	12.11	0.00	30.38	547	141	0	0	11.44

ROVI has, likewise, a Pharmacovigilance System in place, which allows detection of any possible adverse reactions (any response to a medicine which is noxious and unintended) that take place in relation to our medicines or healthcare products.

The system means that, if an adverse reaction is notified, the Pharmacovigilance Department analyses whether it may be due to a quality problem, so that the process described above may be initiated. In the event that, while a complaint is being studied, a possible risk for the patient and/or health professional is observed, the Quality Department informs Pharmacovigilance, so that the case can be handled correctly.

ROVI's Pharmacovigilance Department has communications channel open by e-mail (farmacovigilance@rovi.es) or telephone ([(+34) 91 021 30 00]), both of which may be accessed through the Company's website (www.rovi.es).

7.4. Tax information

ROVI has a tax policy that sets out how tax matters should be managed by applying good tax practices and acting with transparency, paying taxes responsibly and efficiently, and promoting co-operative relations with governments, endeavouring to prevent significant risks and unnecessary conflicts.

To support its tax practices, ROVI has engaged the services of an external tax advisor, who keeps the Group updated on new developments in this field and advises on any doubts that may arise. Additionally, the tax advisor reviews the preparation and filing of the different taxes as well as the Group's decision-making on tax matters.

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In general, ROVI pays special attention to compliance with the tax obligations that are applicable in the different countries where it operates. Specifically, the following tax information by country or company is provided for 2018:

In thousand euros	Profit before tax	Corporate income tax paid	Government grants received
Laboratorios Farmacéuticos Rovi, S.A.	11,444	(3,108)	1,587
Laboratorios Farmacéuticos Rovi, S.A. establecimiento permanente Portugal	(343)	(33)	-
Laboratorios Farmacéuticos Rovi, S.A. establecimiento permanente Polonia	(2)	-	-
Laboratorios Farmacéuticos Rovi, S.A. establecimiento permanente Alemania	-	-	-
Rovi Contract Manufacturing, S.L. (*)	16,348	-	-
Bemipharma Manufacturing, S.L. (*)	(36)	-	-
Pan Química Farmacéutica, S.A. (*)	531	-	-
Gineladius, S.L. (*)	(9)	-	-
Frosst Ibérica, S.A. (*)	5,351	-	-
Bertex Pharma GmbH	-	-	-
Rovi Biotech, Limited	(30)	-	-
Rovi Biotech, S.R.L.	9	-	-
Rovi Biotech, GmbH	(82)	-	-
Rovi S.A.S.	(729)	-	-
Rovi Biotech, Ltda.	-	-	-
TOTAL		(3,141)	1,587

(*) These companies are part of the fiscal group 362/07 of which Laboratorios Farmacéuticos Rovi, S.A. is the parent company.

8.- INDEX OF GRI INDICATORS

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1.1 General information			
1.1.a	A description of the policies applied by the Group on these issues, which will include the due diligence procedures applied to identify, assess, prevent and attenuate material risks and impact and the verification and control procedures, including the measures adopted.	103-2 The management approach and its components.	6-8
1.1.b	The results of these policies , including relevant key non-financial results indicators that allow the monitoring and evaluation of the progress and favour comparability between companies and sectors, in accordance with the national, European or international frameworks used as a reference for each subject.	103-2 The management approach and its components. 103-3 Evaluation of the management approach.	8-10
1.1.c	The key risks related to these issues linked to the group's activity, among them, when relevant and proportionate, its trading relations, goods or services that may have adverse effects in these areas, and how the group manages said risks, explaining the procedures used to detect and assess them, in accordance with the national, European or international frameworks used as a reference for each subject. Information on impacts observed should be included, providing a breakdown thereof, in particular, of the key short-, medium- and long-term risks .	102-15 Key impacts, risks and opportunities.	6-7
1.1 Detailed information			
1.1.1 Detailed general information			
1.1.1.1	On the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety.	-	8-9
1.1.1.2	On the environmental evaluation or certification procedures.	-	6
1.1.1.3	On the resources devoted to environmental risk prevention.	-	8
1.1.4	On application of the precautionary principle.	102-11 Precautionary principle or approach.	7
1.1.5	On the amount of environmental risk provisions and guarantees.	-	10

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Statement of Non-Financial Information for the year ending 31 December, 2018

1.1.2 Pollution			
1.1.2.1	Measures to prevent, reduce or repair emissions that seriously affect the environment, taking into account any form of atmospheric pollution specific to an activity, including noise and light pollution.	305-5 Reduction of GHG emissions	8
1.1.3 Circular economy and waste prevention and management			
1.1.3.1	Measures for waste prevention, recycling and reutilisation and other forms of waste recovery and disposal; actions to combat food waste.	301-2 Recycled import materials. 306-2 Waste by type and disposal method.	9-10
1.1.4 Sustainable use of resources			
1.1.41	Water consumption and water supply in accordance with local limitations.	303-1 Water withdrawal by source.	10
1.1.42	Consumption of raw materials and measures adopted to enhance efficiency in using them.	301-1 Materials used by weight or volume.	-
1.1.43	Direct or indirect energy consumption.	302-1 Energy consumption within the organisation. 302-2 Energy consumption outside the organisation..	9-10
1.1.44	Measures taken to improve energy efficiency.	302-4 Reduction of energy consumption.	9-10
1.1.45	Use of renewable energies.	302-1 Energy consumption within the organisation.	9-10
1.1.5 Climate change			
1.1.5.1	Important elements of greenhouse gas emissions generated as a result of the company's activity, including the use of the goods and services it produces.	305-1 Direct (Scope 1) GHG emissions. 305-2 Energy indirect (Scope 2) GHG emissions.	9-10
1.1.5.2	Measures taken to adapt to the consequences of climate change.	201-2 Financial implications and other risks and opportunities due to climate change.	9-10
1.1.5.3	Medium- and long-term reduction measures fixed voluntarily to reduce greenhouse gas emissions and the means implemented for this purpose.	305-5 Reduction of GHG emissions.	9-10
1.1.16 Biodiversity protection			
1.1.6.1	Measures taken to conserve or restore biodiversity.	304-3 Habitats protected or restored.	-
1.1.6.2	Impacts caused by the activities or operations in protected areas.	304-2 Significant impacts of activities, products and services on biodiversity.	-
2. Social and employee issues			
2.1 General information			
2.1.a	A description of the policies applied by the Group on these issues, which will include the due diligence procedures applied to identify, assess, prevent and attenuate material risks and impact and the verification and control procedures, including the measures adopted.	103-2 The management approach and its components	11-24
2.1.b	The results of these policies , including relevant key non-financial results indicators that allow the monitoring and evaluation of the progress and favour comparability between companies and sectors, in accordance with the national, European or international frameworks used as a reference for each subject.	103-2 The management approach and its components. 103-3 Evaluation of the management approach.	11-14

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2.1.c	The key risks related to these issues linked to the group's activity, among them, when relevant and proportionate, its trading relations, goods or services that may have adverse effects in these areas, and how the group manages said risks, explaining the procedures used to detect and assess them, in accordance with the national, European or international frameworks used as a reference for each subject. Information on impacts observed should be included, providing a breakdown thereof, in particular, of the key short-, medium- and long-term risks .	102-15 Key impacts, risks and opportunities.	11-24
2.2 Detailed information			
2.2.1 Employment			
2.2.1.1	Total number and distribution of employees, employing criteria that represent diversity (gender, age, country, etc.).	102-8 Information on employees and other workers. 405-1 Diversity of governance bodies and employees.	11-12
2.2.1.2	Total number and distribution of types of employment contracts, annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification.	102-8 Information on employees and other workers.	12-13
2.2.1.3	Number of dismissals by gender, age and professional classification.	401-1 New employee hires and employee turnover.	13-14
2.2.1.4	Average remuneration and the evolution thereof broken down by gender, age and professional classification or equivalent.	102-38 Annual total compensation ratio. 102-39 Percentage increase in average total compensation ratio.	14-15
2.2.1.5	Wage gap, remuneration for the same jobs or average remuneration in the company.	405-2 Ratio of basic salary and remuneration of women to men.	15-16
2.2.1.6	Average remuneration of directors and management, including variable remuneration, per diems and indemnities.	-	15
2.2.1.7	Payment into long-term savings schemes and any other amounts received, broken down by gender.	201-3 Defined-benefit plan obligations and any other retirement plans.	-
2.2.1.8	Implementation of disconnection-from-work policies.	-	16
2.2.1.9	Employees with disabilities.	405-1 1 Diversity of governance bodies and employees.	16
2.2.2 Organisation of work			
2.2.2.1	Organisation of working time.	-	17-18
2.2.2.2	Number of hours of absence.	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	18
2.2.2.3	Measures aimed to facilitate reconciliation of family life and work and foster the co-responsibility of both parents.	401-3 Parental leave.	18
2.2.3 Health and safety			
2.2.3.1	Workplace health and safety conditions.	403-3 Workers with a high incidence or high risk of diseases related to their occupation.	19-20
2.2.3.2	Workplace accidents, in particular their frequency and severity, as well as occupational diseases, broken down by gender.	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	20

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2.2.4 Social relations			
2.2.4.1	Organisation of social dialogue, including procedures to inform and consult the personnel and negotiate with them.	102-43 Approach to stakeholder engagement. 402-1 Minimum notice periods regarding operational changes. 403-1 Workers representation in formal joint management-worker health and safety committees.	20-21
2.2.4.2	Percentage of employees covered by collective agreements by country.	102-41 Collective bargaining agreements.	20-21
2.2.4.3	The balance of the collective agreements, particularly in the workplace health and safety field.	403-4 Health and safety topics covered in formal agreements with trade unions	20-21
2.2.5 Training			
2.2.5.1	The policies implemented in the training field.	404-2 Programs for upgrading employee skills and transition assistance programs.	21-22
2.2.5.2	Total number of hours of training by professional category.	404-1 Average hours of training per year per employee.	22
2.2.6 Universal accessibility for persons with disabilities			
2.2.6.1	Universal accessibility for persons with disabilities	-	23
2.2.7 Equality			
2.2.7.1	Measures adopted to promote equal treatment and opportunities for women and men.	401-3 Parental leave.	23-24
2.2.7.2	Equality Plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality between men and women), measures adopted to promote employment, protocols against sexual and gender harassment, the inclusion of universal accessibility for persons with disabilities.	-	23-24
2.2.7.3	The policy against all kinds of discrimination and, where applicable, diversity management policy.	406-1 Incidents of discrimination and corrective actions taken.	23-24
3. Respect for human rights			
3.1 General information			
3.1.a	A description of the policies applied by the Group on these issues, which will include the due diligence procedures applied to identify, assess, prevent and attenuate material risks and impact and the verification and control procedures, including the measures adopted.	103-2 The management approach and its components.	25
3.1.b	The results of these policies , including relevant key non-financial results indicators that allow the monitoring and evaluation of the progress and favour comparability between companies and sectors, in accordance with the national, European or international frameworks used as a reference for each subject.	103-2 The management approach and its components. 103-3 Evaluation of the management approach.	26
3.1.c	The key risks related to these issues linked to the group's activity, among them, when relevant and proportionate, its trading relations, goods or services that may have adverse effects in these areas, and how the group manages said risks, explaining the procedures used to detect and assess them, in accordance with the national, European or international frameworks used as a reference for each subject. Information on impacts observed should be included, providing a breakdown thereof, in particular, of the key short-, medium- and long-term risks .	102-15 Key impacts, risks and opportunities.	25

3.2 Detailed information

3.2.1	Application of due diligence procedures in respect of human rights; prevention of risks of violation of human rights and, where applicable, measures to mitigate, manage and provide reparation for any possible abuses committed.	102-16 Values, principles, standards, and norms of behaviour. 102-17 Mechanisms for advice and concerns about ethics. 410-1 Security personnel trained in human rights policies or procedures. 412-1 Operations that have been subject to human rights reviews or impact assessments. 412-2 Employee training on human rights policies or procedures. 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	25-26
3.2.2	Reports of cases of violation of human rights	419-1 Non-compliance with laws and regulations in the social and economic area.	25-26
3.2.3	Promotion of and compliance with the provisions of the fundamental conventions of the World Labour Organisation related to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the elimination of forced or compulsory labour; and the effective abolition of child labour.	406-1 Incidents of discrimination and corrective actions taken. 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk. 408-1 Operations and suppliers at significant risk for incidents of child labour. 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour.	25-26

4. Fight against corruption and bribery

4.1 General information

4.1.a	A description of the policies applied by the Group on these issues, which will include the due diligence procedures applied to identify, assess, prevent and attenuate material risks and impact and the verification and control procedures, including the measures adopted.	103-2 The management approach and its components.	27
4.1.b	The results of these policies , including relevant key non-financial results indicators that allow the monitoring and evaluation of the progress and favour comparability between companies and sectors, in accordance with the national, European or international frameworks used as a reference for each subject.	103-2 The management approach and its components. 103-3 Evaluation of the management approach.	28
4.1.c	The key risks related to these issues linked to the group's activity, among them, when relevant and proportionate, its trading relations, goods or services that may have adverse effects in these areas, and how the group manages said risks, explaining the procedures used to detect and assess them, in accordance with the national, European or international frameworks used as a reference for each subject. Information on impacts observed should be included, providing a breakdown thereof, in particular, of the key short-, medium- and long-term risks .	102-15 Key impacts, risks and opportunities.	27

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4.2 Detailed information			
4.2.1	Measures adopted to prevent corruption and bribery.	102-16 Values, principles, standards and norms of behaviour. 102-17 Mechanisms for advice and concerns about ethics. 205-1 Operations assessed for risks relating to corruption. 205-2 Communication and training about anti-corruption policies and procedures. 205-3 Confirmed incidents of corruption and actions taken.	28
4.2.2	Anti-money laundering measures taken.	102-16 Values, principles, standards and norms of behaviour. 102-17 Mechanisms for advice and concerns about ethics.	28
4.2.3	Contributions to non-profit foundations and entities.	201-1 Direct economic value generated and distributed.	29
5. Information about the society			
5.1 General information			
5.1.a	A description of the policies applied by the Group on these issues, which will include the due diligence procedures applied to identify, assess, prevent and attenuate material risks and impact and the verification and control procedures, including the measures adopted.	103-2 The management approach and its components.	30-35
5.1.b	The results of these policies , including relevant key non-financial results indicators that allow the monitoring and evaluation of the progress and favour comparability between companies and sectors, in accordance with the national, European or international frameworks used as a reference for each subject.	103-2 The management approach and its components. 103-3 Evaluation of the management approach.	30-35
5.1.c	The key risks related to these issues linked to the group's activity, among them, when relevant and proportionate, its trading relations, goods or services that may have adverse effects in these areas, and how the group manages said risks, explaining the procedures used to detect and assess them, in accordance with the national, European or international frameworks used as a reference for each subject. Information on impacts observed should be included, providing a breakdown thereof, in particular, of the key short-, medium- and long-term risks .	102-15 Key impacts, risks and opportunities.	30-35
5.2 Detailed information			
5.2.1 Company's commitments to sustainable development			
5.2.1.1	The impact of the company's activity on local employment and development.	204-1 Proportion of spending on local suppliers. 413-1 Operations with local community engagement, impact assessments, and development programmes.	30-31
5.2.1.2	The impact of the company's activity on the local population and the population of the territory.	204-1 Proportion of spending on local suppliers. 411-1 Incidents of violations involving rights of indigenous peoples. 413-1 Operations with local community engagement, impact assessments, and development programmes. 413-2 Operations with significant actual and potential negative impacts on local communities.	30-31
5.2.1.3	Relations maintained with local community players and methods for dialogue with them.	102-43 Approach to stakeholder engagement.	30-31
5.2.1.4	Partnership or sponsorship actions.	-	30-31

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5.2.2 Subcontracting and suppliers			
5.2.2.1	The inclusion of social, gender equality and environmental issues in the purchasing policy.	308-1 New suppliers that were screened using environmental criteria. 414-1 New suppliers that were screened using social criteria.	31-32
5.2.2.2	In relation to new suppliers, consideration of their social and environmental activity.	308-1 New suppliers that were screened using environmental criteria. 414-1 New suppliers that were screened using social criteria.	31-32
5.2.2.3	Oversight and Audit systems and the results thereof.	308-2 Negative environmental impacts in the supply chain and actions taken. 414-2 Negative social impacts in the supply chain and actions taken.	31-32
5.2.3 Consumers			
5.2.3.1	Consumer health and safety measures.	416-1 Assessment of the health and safety impacts of product and service categories.	32-34
5.2.3.2	Complaints system, complaints received and solution thereof.	102-43 102-43 Approach to stakeholder engagement 102-44 Key topics and concerns raised. 418-1 Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data.	32-34
5.2.4 Tax information			
5.2.4.1	Profits obtained by country.	201-1 Direct economic value generated and distributed.	34-35
5.2.4.2	Income taxes paid.	201-1 Direct economic value generated and distributed.	34-35
5.2.4.3	Public grants received.	201-4 Financial assistance received from government.	34-35



KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Informe de Verificación Independiente del Estado de Información No Financiera Consolidado de Laboratorios Farmacéuticos Rovi, S.A. y sociedades dependientes del ejercicio 2018

A los accionistas de Laboratorios Farmacéuticos Rovi, S.A:

De acuerdo al artículo 49 del Código de Comercio, hemos realizado la verificación, con el alcance de seguridad limitada, del Estado de Información No Financiera Consolidado (en adelante, EINF) correspondiente al ejercicio anual finalizado el 31 de diciembre de 2018 de Laboratorios Farmacéuticos Rovi, S.A. (en adelante, la Sociedad dominante) y sus sociedades dependientes (en adelante, el Grupo), que forma parte del Informe de Gestión consolidado de 2018 adjunto del Grupo.

El contenido de Informe de Gestión consolidado incluye información adicional a la requerida por la normativa mercantil vigente en materia de información no financiera que no ha sido objeto de nuestro trabajo de verificación. En este sentido, nuestro trabajo se ha limitado exclusivamente a la verificación de la información contenida en la tabla "Índice GRI" incluida en el Informe de Gestión consolidado adjunto.

Responsabilidad de los Administradores

La formulación del EINF incluido en el Informe de Gestión Consolidado del Grupo, así como el contenido del mismo, es responsabilidad de los administradores de la Sociedad dominante. El EINF se ha preparado de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los *Sustainability Reporting Standards* de Global Reporting Initiative (estándares GRI) seleccionados de acuerdo a lo mencionado para cada materia en la tabla "Índice GRI" del citado Informe de Gestión consolidado.

Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el EINF esté libre de incorrección material, debida a fraude o error.

Los administradores de la Sociedad son también responsables de definir, implantar, adaptar y mantener los sistemas de gestión de los que se obtiene la información necesaria para la preparación del EINF.



Nuestra independencia y control de calidad

Hemos cumplido con los requerimientos de independencia y demás requerimientos de ética del Código de Ética para Profesionales de la Contabilidad emitido por el Consejo de Normas Internacionales de Ética para Profesionales de la Contabilidad (IESBA, por sus siglas en inglés) que está basado en los principios fundamentales de integridad, objetividad, competencia profesional, diligencia, confidencialidad y profesionalidad.

Nuestra firma aplica la Norma Internacional de Control de Calidad 1 (NICC 1) y mantiene, en consecuencia, un sistema global de control de calidad que incluye políticas y procedimientos documentados relativos al cumplimiento de requerimientos de ética, normas profesionales y disposiciones legales y reglamentarias aplicables.

El equipo de trabajo ha estado formado por profesionales expertos en revisiones de Información No Financiera y, específicamente, en información de desempeño económico, social y medioambiental.

Nuestra responsabilidad

Nuestra responsabilidad es expresar nuestras conclusiones en un informe de aseguramiento independiente de seguridad limitada basándonos en el trabajo realizado que se refiere exclusivamente al ejercicio 2018. Los datos correspondientes a ejercicios anteriores no estaban sujetos a la verificación prevista en la normativa mercantil vigente.

Hemos llevado a cabo nuestro trabajo de revisión de acuerdo con los requisitos establecidos en la Norma Internacional de Encargos de Aseguramiento 3000 en vigor, "Encargos de Aseguramiento distintos de la Auditoría y de la Revisión de Información Financiera Histórica" (ISAE 3000) emitida por el Consejo de Normas Internacionales de Auditoría y Aseguramiento (IAASB) de la Federación Internacional de Contadores (IFAC) y con la Guía de Actuación sobre encargos de verificación del Estado de Información No Financiera emitida por el Instituto de Censores Jurados de Cuentas de España.

En un trabajo de aseguramiento limitado los procedimientos llevados a cabo varían en naturaleza y momento, y tienen una menor extensión, que los realizados en un trabajo de aseguramiento razonable y, por lo tanto, la seguridad proporcionada es también menor.

Nuestro trabajo ha consistido en la formulación de preguntas a la Dirección, así como a las diversas unidades y áreas responsables de la Sociedad Dominante que han participado en la elaboración del EINF, en la revisión de los procesos para recopilar y validar la información presentada en el EINF y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

- Reuniones con el personal de la Sociedad dominante para conocer el modelo de negocio, las políticas y los enfoques de gestión aplicados, los principales riesgos relacionados con esas cuestiones y obtener la información necesaria para la revisión externa.
- Análisis del alcance, relevancia e integridad de los contenidos incluidos en el EINF del ejercicio 2018 en función del análisis de materialidad realizado por el Grupo y descrito en el capítulo "Bases para la formulación del estado de información no financiera", realizado por la Sociedad dominante y considerando los contenidos requeridos en la normativa mercantil en vigor.
- Análisis de los procesos para recopilar y validar los datos presentados en el EINF del ejercicio 2018.

- Revisión de la información relativa a los riesgos, las políticas y los enfoques de gestión aplicados en relación a los aspectos materiales presentados en el EINF del ejercicio 2018.
- Comprobación, mediante pruebas, en base a la selección de muestras, de la información relativa a los contenidos incluidos en el EINF del ejercicio 2018 y su adecuada compilación a partir de los datos suministrados por las fuentes de información.
- Obtención de una carta de manifestaciones de los Administradores y la Dirección.

Conclusión

Basándonos en los procedimientos realizados en nuestra verificación y en las evidencias que hemos obtenido no se ha puesto de manifiesto aspecto alguno que nos haga creer que el EINF de Laboratorios Farmacéuticos Rovi, S.A. y sus sociedades dependientes correspondiente al ejercicio anual finalizado el 31 de diciembre de 2018, no ha sido preparado, en todos sus aspectos significativos, de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los estándares GRI seleccionados de acuerdo a lo mencionado para cada materia en la tabla "Índice GRI" del citado Informe de Gestión consolidado.

Uso y distribución

Este informe ha sido preparado en respuesta al requerimiento establecido en la normativa mercantil vigente en España, por lo que podría no ser adecuado para otros propósitos y jurisdicciones.

KPMG Asesores, S.L.



Patricia Reverter Guillot

25 de febrero de 2019

Free translation of the 2018 Consolidated Management Report originally issued in Spanish. In the event of discrepancy, the Spanish version prevails.

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

2018 Consolidated Management Report

APPENDIX 3

CORPORATE GOVERNMENT ANNUAL REPORT 2018

(see <http://www.cnmv.es/Portal/consultas/EE/InformacionGobCorp.aspx?nif=A-28041283>)



**INFORME ANUAL DE GOBIERNO CORPORATIVO
DE LAS SOCIEDADES ANÓNIMAS COTIZADAS**

DATOS IDENTIFICATIVOS DEL EMISOR

Fecha fin del ejercicio de referencia: [31/12/2018]

CIF: [A-28041283]

Denominación Social:

[**LABORATORIOS FARMACEUTICOS ROVI, S.A.**]

Domicilio social:

[JULIAN CAMARILLO, 35 MADRID]

A. ESTRUCTURA DE LA PROPIEDAD

A.1. Complete el siguiente cuadro sobre el capital social de la sociedad:

Fecha de última modificación	Capital social (€)	Número de acciones	Número de derechos de voto
18/10/2018	3.364.137,90	56.068.965	56.068.965

Indique si existen distintas clases de acciones con diferentes derechos asociados:

Sí

No

En virtud de las facultades delegadas por la Junta General, el Consejo de Administración realizó en el mes de octubre de 2018 una ampliación del capital social de ROVI con cargo a aportaciones dinerarias mediante la emisión de nuevas acciones ordinarias de 0,06 euros de valor nominal, con exclusión de los derechos de suscripción preferente de sus accionistas. El aumento de capital inicial se realizó por un importe nominal de 331.034,46 euros, mediante la emisión y puesta en circulación de 5.517.241 acciones ordinarias de nueva emisión de la Sociedad, que se amplió de nuevo posteriormente en ejercicio de la opción de suscripción Green shoe en un importe nominal de 33.103,44 euros, mediante la emisión y puesta en circulación de 551.724 acciones ordinarias de nueva emisión.

A.2. Detalle los titulares directos e indirectos de participaciones significativas a la fecha de cierre del ejercicio, excluidos los consejeros:

Nombre o denominación social del accionista	% derechos de voto atribuidos a las acciones		% derechos de voto a través de instrumentos financieros		% total de derechos de voto
	Directo	Indirecto	Directo	Indirecto	
NORBEL INVERSIONES, S.L.	62,10	0,00	0,00	0,00	62,10
WELLINGTON MANAGEMENT GROUP, LLP	0,00	5,12	0,00	0,00	5,12
INDUMENTA PUERI, S.L.	0,00	5,06	0,00	0,00	5,06
J O HAMBRO CAPITAL MANAGEMENT LIMITED	0,00	4,79	0,00	0,00	4,79
ALANTRA ASSET MANAGEMENT SGIIC S.A.	0,00	3,76	0,00	0,00	3,76
T. ROWE PRICE ASSOCIATES, INC.	0,00	3,40	0,00	0,00	3,40

Detalle de la participación indirecta:

Nombre o denominación social del titular indirecto	Nombre o denominación social del titular directo	% derechos de voto atribuidos a las acciones	% derechos de voto a través de instrumentos financieros	% total de derechos de voto
WELLINGTON MANAGEMENT GROUP, LLP	DIVERSAS I.I.C.	5,12	0,00	5,12
J O HAMBRO CAPITAL MANAGEMENT LIMITED	DIVERSAS I.I.C.	4,79	0,00	4,79
T. ROWE PRICE ASSOCIATES, INC.	T. ROWE PRICE INTERNATIONAL DISCOVERY FUND	3,39	0,00	3,39
ALANTRA ASSET MANAGEMENT SGIIC S.A.	DIVERSAS I.I.C.	3,76	0,00	3,76
INDUMENTA PUERI, S.L.	GLOBAL PORTFOLIO INVESTMENTS S.L.	5,06	0,00	5,06

Indique los movimientos en la estructura accionarial más significativos acontecidos durante el ejercicio:

Movimientos más significativos

Wellington Management Group, LLP con fecha 15/11/2018 superó el 3% del capital social.
 J O Hambro Capital Management Limited con fecha 11/12/2018 descendió el 5% del capital social.
 Alantra Asset Management SGIICC SA con fecha 11/12/2018 descendió del 5% del capital social.
 Wellington Management Group, LLP con fecha 28/12/2018 superó el 5% del capital social.

Los datos se han extraído de los registros oficiales de la CNMV.

A.3. Complete los siguientes cuadros sobre los miembros del consejo de administración de la sociedad, que posean derechos de voto sobre acciones de la sociedad:

Nombre o denominación social del consejero	% derechos de voto atribuidos a las acciones		% derechos de voto a través de instrumentos financieros		% total de derechos de voto	% derechos de voto que <u>pueden ser transmitidos</u> a través de instrumentos financieros	
	Directo	Indirecto	Directo	Indirecto		Directo	Indirecto
DON MIGUEL CORSINI FREESE	0,00	0,00	0,00	0,00	0,00	0,00	0,00

% total de derechos de voto en poder del consejo de administración	0,00
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Detalle de la participación indirecta:

Nombre o denominación social del consejero	Nombre o denominación social del titular directo	% derechos de voto atribuidos a las acciones	% derechos de voto a través de instrumentos financieros	% total de derechos de voto	% derechos de voto que <u>pueden ser transmitidos</u> a través de instrumentos financieros
Sin datos		N.A.	N.A.	N.A.	N.A.

Aunque el porcentaje de derechos de voto titularidad del consejero D. Miguel Corsini Freese es 0%, este consejero es titular directo de 10 acciones de la Sociedad.

A.4. Indique, en su caso, las relaciones de índole familiar, comercial, contractual o societaria que existan entre los titulares de participaciones significativas, en la medida en que sean conocidas por la sociedad, salvo que sean escasamente relevantes o deriven del giro o tráfico comercial ordinario, excepto las que se informen en el apartado A.6:

Nombre o denominación social relacionados	Tipo de relación	Breve descripción
Sin datos		

A.5. Indique, en su caso, las relaciones de índole comercial, contractual o societaria que existan entre los titulares de participaciones significativas, y la sociedad y/o su grupo, salvo que sean escasamente relevantes o deriven del giro o tráfico comercial ordinario:

Nombre o denominación social relacionados	Tipo de relación	Breve descripción
Sin datos		

A.6. Describa las relaciones, salvo que sean escasamente relevantes para las dos partes, que existan entre los accionistas significativos o representados en el consejo y los consejeros, o sus representantes, en el caso de administradores persona jurídica.

Explique, en su caso, cómo están representados los accionistas significativos. En concreto, se indicarán aquellos consejeros que hubieran sido nombrados en representación de accionistas significativos, aquellos cuyo nombramiento hubiera sido promovido por accionistas significativos, o que estuvieran vinculados a accionistas significativos y/o entidades de su grupo, con especificación de la naturaleza de tales relaciones de vinculación. En particular, se mencionará, en su caso, la existencia, identidad y cargo de miembros del consejo, o representantes de consejeros, de la sociedad cotizada, que sean, a su vez, miembros del órgano de administración, o sus representantes, en sociedades que ostenten participaciones significativas de la sociedad cotizada o en entidades del grupo de dichos accionistas significativos:

Nombre o denominación social del consejero o representante, vinculado	Nombre o denominación social del accionista significativo vinculado	Denominación social de la sociedad del grupo del accionista significativo	Descripción relación/cargo
DON JUAN LÓPEZ-BELMONTE LÓPEZ	NORBEL INVERSIONES, S.L.	NORBEL INVERSIONES, S.L.	Presidente y Socio.
DON JUAN LÓPEZ-BELMONTE ENCINA	NORBEL INVERSIONES, S.L.	NORBEL INVERSIONES, S.L.	Consejero y Socio.
DON IVÁN JORGE LÓPEZ-BELMONTE ENCINA	NORBEL INVERSIONES, S.L.	NORBEL INVERSIONES, S.L.	Consejero y Socio.
DON JAVIER LÓPEZ-BELMONTE ENCINA	NORBEL INVERSIONES, S.L.	NORBEL INVERSIONES, S.L.	Consejero y Socio

Norbel Inversiones, S.L., es titular del 62,102% del capital social de la Sociedad, y está participada por D. Juan López-Belmonte López y por sus hijos D. Juan, D. Javier y D. Iván López-Belmonte Encina, sin que ninguno de ellos ejerza el control sobre la misma. D. Juan López-Belmonte López ejerce el cargo de Presidente del Consejo de Administración de dicha sociedad, mientras sus hijos, D. Juan, D. Javier y D. Iván López-Belmonte Encina desempeñan los cargos de Consejeros.

A.7. Indique si han sido comunicados a la sociedad pactos parasociales que la afecten según lo establecido en los artículos 530 y 531 de la Ley de Sociedades de Capital. En su caso, descríbalos brevemente y relacione los accionistas vinculados por el pacto:

Sí
 No

Indique si la sociedad conoce la existencia de acciones concertadas entre sus accionistas. En su caso, descríbalas brevemente:

Sí
 No

Intervinientes acción concertada	% de capital social afectado	Breve descripción del concierto	Fecha de vencimiento del concierto, si la tiene
ALANTRA ASSET MANAGEMENT SGIIC S.A., ALANTRA EQMC ASSET MANAGEMENT SGIIC S.A.	4,82	Estas sociedades gestoras de instituciones de inversión colectiva de Alantra mantienen una política común en relación con los derechos de voto de las acciones de ROVI titularidad de las entidades de inversión por ellas gestionadas	

En el caso de que durante el ejercicio se haya producido alguna modificación o ruptura de dichos pactos o acuerdos o acciones concertadas, indíquelo expresamente:

A.8. Indique si existe alguna persona física o jurídica que ejerza o pueda ejercer el control sobre la sociedad de acuerdo con el artículo 5 de la Ley del Mercado de Valores. En su caso, identifíquela:

Sí
 No

Nombre o denominación social
NORBEL INVERSIONES, S.L.

A.9. Complete los siguientes cuadros sobre la autocartera de la sociedad:

A fecha de cierre del ejercicio:

Número de acciones directas	Número de acciones indirectas(*)	% total sobre capital social
695.055		1,24

(*) A través de:

Nombre o denominación social del titular directo de la participación	Número de acciones directas
Sin datos	

A.10. Detalle las condiciones y plazo del mandato vigente de la junta de accionistas al consejo de administración para emitir, recomprar o transmitir acciones propias:

La Junta General de Accionistas celebrada el 12 de junio de 2014 autorizó al Consejo de Administración de la Sociedad para que pueda proceder a la adquisición derivativa de acciones propias, tanto directamente por la propia Sociedad como indirectamente por sus sociedades dominadas con respeto de los límites y requisitos legalmente establecidos y en los términos que a continuación se indican:

a) La adquisición podrá realizarse a título de compraventa, permuta, donación, adjudicación o dación en pago, en una o varias veces, siempre que las acciones adquiridas, sumadas a las que ya posea la Sociedad, no excedan del 10% del capital social o de la cifra máxima permitida por la ley. b) El precio o contravalor oscilará entre (i) un máximo equivalente al que resulte de incrementar en un 10% la cotización máxima de los tres meses anteriores al momento en el que tenga lugar la adquisición y (ii) un mínimo equivalente al que resulte de deducir un 10% a la cotización mínima, también de los tres meses anteriores al momento en que tenga lugar la adquisición. c) El plazo de vigencia de la autorización será de 5 años desde la fecha en que se aprobó este acuerdo. Asimismo, y a los efectos previstos en el párrafo segundo de la letra a) del artículo 146 de la Ley de Sociedades de Capital, se otorga expresa autorización para la adquisición de acciones de la Sociedad por parte de cualquiera de las sociedades dominadas en los mismos términos resultantes del acuerdo. Las acciones que se adquieran como consecuencia de esta autorización podrán destinarse tanto a su enajenación o amortización, como a la entrega de las mismas directamente a los trabajadores o administradores de la Sociedad, o como consecuencia del ejercicio de derechos de opción de que aquellos sean titulares conforme al párrafo tercero del apartado 1.a) del artículo 146 de la Ley de Sociedades de Capital.

La Junta General de Accionistas celebrada el 9 de junio de 2015 delegó en el Consejo de Administración la facultad de aumentar el capital social, con atribución de la facultad de excluir el derecho de suscripción preferente (sin ninguna limitación), dentro de los límites y con los requisitos establecidos en la Ley de Sociedades de Capital por un plazo máximo de cinco años a contar desde el acuerdo de la Junta.

A.11. Capital flotante estimado:

	%
Capital flotante estimado	13,49

A.12. Indique si existe cualquier restricción (estatutaria, legislativa o de cualquier índole) a la transmisibilidad de valores y/o cualquier restricción al derecho de voto. En particular, se comunicará la existencia de cualquier tipo de restricciones que puedan dificultar la toma de control de la sociedad mediante la adquisición de sus acciones en el mercado, así como aquellos regímenes de autorización o comunicación previa que, sobre las adquisiciones o transmisiones de instrumentos financieros de la compañía, le sean aplicables por normativa sectorial.

Sí
 No

A.13. Indique si la junta general ha acordado adoptar medidas de neutralización frente a una oferta pública de adquisición en virtud de lo dispuesto en la Ley 6/2007.

Sí
 No

En su caso, explique las medidas aprobadas y los términos en que se producirá la ineficiencia de las restricciones:

A.14. Indique si la sociedad ha emitido valores que no se negocian en un mercado regulado de la Unión Europea.

Sí
 No

En su caso, indique las distintas clases de acciones y, para cada clase de acciones, los derechos y obligaciones que confiera:

B. JUNTA GENERAL

B.1. Indique y, en su caso detalle, si existen diferencias con el régimen de mínimos previsto en la Ley de Sociedades de Capital (LSC) respecto al quórum de constitución de la junta general:

Sí
 No

B.2. Indique y, en su caso, detalle si existen diferencias con el régimen previsto en la Ley de Sociedades de Capital (LSC) para la adopción de acuerdos sociales:

Sí
 No

B.3. Indique las normas aplicables a la modificación de los estatutos de la sociedad. En particular, se comunicarán las mayorías previstas para la modificación de los estatutos, así como, en su caso, las normas previstas para la tutela de los derechos de los socios en la modificación de los estatutos.

Normas aplicables a la modificación de los Estatutos de la Sociedad.

De conformidad con lo establecido en los artículos 27, párrafo 2.º de los EE.SS. de ROVI y 5.i) del Reglamento de la Junta General de Accionistas (el "RJGA"), será la Junta General quien pueda acordar cualquier modificación de los Estatutos Sociales. Según el mismo artículo 27, párrafo 2.º de los EE.SS. y el artículo 15 del RJGA, para ello será necesaria, en primera convocatoria, la concurrencia de accionistas presentes o representados que posean, al menos, el cincuenta por ciento del capital suscrito con derecho a voto. En segunda convocatoria, será suficiente el veinticinco por ciento de dicho capital, si bien, según el artículo 15 del RJGA, cuando concurren accionistas que representen menos del cincuenta por ciento del capital suscrito con derecho a voto, los acuerdos de modificación de Estatutos sólo podrán adoptarse válidamente con el voto favorable de los dos tercios del capital presente o representado de la Junta General. No obstante, si el capital presente o representado supera el 50%, ya sea en primera o en segunda convocatoria, bastará con que el acuerdo se adopte por mayoría absoluta. Por último, los párrafos 7.º y 8.º del artículo 34 de los EE.SS. establecen que los acuerdos de la Junta se adoptarán por mayoría simple de los votos del capital, presente o representado, entendiéndose adoptado un acuerdo cuando obtenga más votos a favor que en contra del capital presente o representado. Quedan a salvo los supuestos en los que la Ley o los Estatutos estipulen una mayoría superior y, en particular, cuando concurren accionistas que representen menos del cincuenta por ciento del capital suscrito con derecho a voto, los acuerdos relativos a los asuntos a que se refiere el artículo 194 de la Ley de Sociedades de Capital requerirán para su validez el voto favorable de las dos terceras partes del capital social presente o representado en la Junta. No obstante, si el capital presente o representado supera el 50%, ya sea en primera o en segunda convocatoria, bastará con que el acuerdo se adopte por mayoría absoluta.

B.4. Indique los datos de asistencia en las juntas generales celebradas en el ejercicio al que se refiere el presente informe y los de los dos ejercicios anteriores:

Fecha junta general	Datos de asistencia				Total
	% de presencia física	% en representación	% voto a distancia		
			Voto electrónico	Otros	
31/05/2016	71,10	22,40	0,00	1,10	94,60
De los que Capital flotante	0,07	5,00	0,00	1,10	6,17
31/05/2017	69,69	22,84	0,00	1,04	93,57
De los que Capital flotante	0,05	4,47	0,00	1,04	5,56
29/05/2018	69,68	23,45	0,00	0,00	93,13
De los que Capital flotante	0,04	3,85	0,00	0,00	3,89

B.5. Indique si en las juntas generales celebradas en el ejercicio ha habido algún punto del orden del día que, por cualquier motivo, no haya sido aprobado por los accionistas:

Sí
 No

B.6. Indique si existe alguna restricción estatutaria que establezca un número mínimo de acciones necesarias para asistir a la junta general, o para votar a distancia:

Sí
 No

B.7. Indique si se ha establecido que determinadas decisiones, distintas a las establecidas por Ley, que entrañan una adquisición, enajenación, la aportación a otra sociedad de activos esenciales u otras operaciones corporativas similares, deben ser sometidas a la aprobación de la junta general de accionistas:

Sí
 No

B.8. Indique la dirección y modo de acceso a la página web de la sociedad a la información sobre gobierno corporativo y otra información sobre las juntas generales que deba ponerse a disposición de los accionistas a través de la página web de la Sociedad:

La dirección de la página web de la Sociedad es www.rovi.es. Para acceder al contenido de gobierno corporativo debe pincharse en la sección "Accionistas e Inversores" y posteriormente en la tercera pestaña ("Gobierno Corporativo").

C. ESTRUCTURA DE LA ADMINISTRACION DE LA SOCIEDAD

C.1. Consejo de administración

C.1.1 Número máximo y mínimo de consejeros previstos en los estatutos sociales y el número fijado por la junta general:

Número máximo de consejeros	15
Número mínimo de consejeros	5
Número de consejeros fijado por la junta	7

C.1.2 Complete el siguiente cuadro con los miembros del consejo:

Nombre o denominación social del consejero	Representante	Categoría del consejero	Cargo en el consejo	Fecha primer nombramiento	Fecha último nombramiento	Procedimiento de elección
DON JUAN LÓPEZ-BELMONTE LÓPEZ		Dominical	PRESIDENTE	27/07/2007	31/05/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON JUAN LÓPEZ-BELMONTE ENCINA		Ejecutivo	CONSEJERO DELEGADO	27/07/2007	31/05/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON IVÁN JORGE LÓPEZ-BELMONTE ENCINA		Ejecutivo	VICEPRESIDENTE 1º	27/07/2007	31/05/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON JAVIER LÓPEZ-BELMONTE ENCINA		Ejecutivo	VICEPRESIDENTE 2º	27/07/2007	31/05/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON ENRIQUE CASTELLÓN LEAL		Independiente	CONSEJERO COORDINADOR INDEPENDIENTE	24/10/2007	31/05/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON MIGUEL CORSINI FREESE		Independiente	CONSEJERO	12/11/2008	29/05/2018	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON JOSÉ FERNANDO		Independiente	CONSEJERO	09/06/2015	09/06/2015	ACUERDO JUNTA

Nombre o denominación social del consejero	Representante	Categoría del consejero	Cargo en el consejo	Fecha primer nombramiento	Fecha último nombramiento	Procedimiento de elección
DE ALMANSA MORENO-BARREDA						GENERAL DE ACCIONISTAS

Número total de consejeros	7
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Indique las bajas que, ya sea por dimisión, destitución o por cualquier otra causa, se hayan producido en el consejo de administración durante el periodo sujeto a información:

Nombre o denominación social del consejero	Categoría del consejero en el momento del cese	Fecha del último nombramiento	Fecha de baja	Comisiones especializadas de las que era miembro	Indique si la baja se ha producido antes del fin del mandato
Sin datos					

C.1.3 Complete los siguientes cuadros sobre los miembros del consejo y su distinta categoría:

CONSEJEROS EJECUTIVOS		
Nombre o denominación social del consejero	Cargo en el organigrama de la sociedad	Perfil
DON JUAN LÓPEZ-BELMONTE ENCINA	Ejecutivo (Consejero Delegado y Director General)	El Sr. López-Belmonte Encina es licenciado en Ciencias Económicas y Empresariales por el CEU San Pablo de Madrid, especialidad auditoría en el año 1993. Es accionista de Norbel Inversiones, S.L. con un 26,67% de participación (a su vez accionista de control de la Sociedad) y Director General y Consejero Delegado de ROVI. Es Vicepresidente del Consejo de Gobierno y Junta Directiva de Farmaindustria. Asimismo, ha sido Presidente del Comité de I+D+I de la CEOE desde marzo 2015 hasta finales de 2018. Comenzó su actividad laboral trabajando en compañías farmacéuticas de relevancia internacional en Estados Unidos y en Reino Unido, en distintas áreas farmacéuticas. Ha estado trabajando para la Sociedad desde 1994, fue nombrado Director General en octubre de 2001 y desde octubre de 2007 es el Consejero Delegado de la Sociedad. Fue nombrado consejero de la Sociedad por vez primera el 27 de julio de 2007 con ocasión de la salida a Bolsa de ROVI, siendo reelegido por la Junta General en 2012 y 2017. Actualmente, el Sr. López-Belmonte Encina es vocal del Consejo de Administración de Norbel Inversiones, S.L., vocal de Norbepa Inversiones, S.L., vocal de Alentia Biotech, S.L., y representante persona física del administrador único, Laboratorios Farmacéuticos Rovi, S.A. en las siguientes sociedades: Gineladius, S.L., Pan Química, S.A., Rovi CM, S.L., Bemipharma Manufacturing, S.L., Frosst Ibérica, S.A.U., Rovi Biotech, S.R.L., y representante persona física del "Président", Laboratorios Farmacéuticos Rovi, S.A., en ROVI, S.A.S.

CONSEJEROS EJECUTIVOS		
Nombre o denominación social del consejero	Cargo en el organigrama de la sociedad	Perfil
DON IVÁN JORGE LÓPEZ-BELMONTE ENCINA	Ejecutivo (Director de Desarrollo Corporativo)	El Sr. López-Belmonte Encina es licenciado en Ciencias Económicas y Empresariales por el CEU San Pablo de Madrid, especialidad auditoría, en el año 1994. Es accionista de Norbel Inversiones, S.L. con un 26,67% de participación (sociedad que es, a su vez, accionista de control de ROVI) y vicepresidente 1.º del Consejo de Administración de ROVI. Empezó su actividad laboral en Alemania trabajando en empresas como Amersham, dedicada a la medicina nuclear y en Hexal AG, especializada en genéricos. Ha estado trabajando para la Sociedad desde 1995 y es director de desarrollo corporativo de ROVI desde septiembre de 2007. Fue nombrado consejero de la Sociedad por vez primera el 27 de julio de 2007 con ocasión de la salida a Bolsa de ROVI, siendo reelegido por la Junta General en 2012 y 2017. Actualmente, el Sr. López-Belmonte Encina es vocal del Consejo de Administración de Norbel Inversiones, S.L. y de Norbepa Inversiones, S.L., administrador solidario de Bertex Pharma GmbH; presidente y consejero delegado de Enervit Nutrition, S.L. y representante persona física del administrador único, Laboratorios Farmacéuticos Rovi, S.A. en las siguientes sociedades: Rovi Biotech Limited y Rovi GmbH.
DON JAVIER LÓPEZ-BELMONTE ENCINA	Ejecutivo (Director Financiero)	El Sr. López-Belmonte Encina es licenciado en Ciencias Económicas y Empresariales por el Colegio Universitario de Estudios Financieros (CUNEF) de Madrid, especialidad de financiación en el año 1998. Executive MBA conjunto por la Universidad de Brown e IE de Madrid en 2017. Es accionista de Norbel Inversiones, S.L. con un 26,67% de participación (sociedad que es, a su vez, accionista de control de ROVI) y vicepresidente 2.º del Consejo de Administración de ROVI. Es miembro de la Junta Directiva de CEIM. Asimismo, es miembro del Consejo Social de la Universidad Autónoma de Madrid representando a CEIM y miembro del Patronato de la Fundación Universidad Autónoma de Madrid representando al Consejo Social de la Universidad Autónoma de Madrid. Comenzó su actividad laboral en el sector bancario en el año 1998 trabajando en Argentaria S.A. en el Reino Unido como analista y, en el sector farmacéutico, en Medeva Pharma, también en el Reino Unido. Se incorporó a ROVI en el año 2000 y es director financiero desde el año 2001. Fue nombrado consejero de la Sociedad por vez primera el 27 de julio de 2007 con ocasión de la salida a Bolsa de ROVI, siendo reelegido por la Junta General en 2012 y 2017. Actualmente, el Sr. López-Belmonte Encina es vocal del Consejo de Administración de Norbel Inversiones, S.L., consejero delegado y secretario de Norbepa Inversiones, S.L., vicesecretario consejero de Alentia Biotech, S.L. y secretario consejero de Enervit Nutrition, S.L.

Número total de consejeros ejecutivos	3
% sobre el total del consejo	42,86

CONSEJEROS EXTERNOS DOMINICALES		
Nombre o denominación social del consejero	Nombre o denominación del accionista significativo a quien representa o que ha propuesto su nombramiento	Perfil
DON JUAN LÓPEZ-BELMONTE LÓPEZ	NORBEL INVERSIONES, S.L.	El Sr. López-Belmonte López es licenciado en Ciencias Económicas y Empresariales por la Universidad Complutense de Madrid en el año 1969 y Actuario de Seguros. Es presidente de ROVI y accionista de Norbel Inversiones, S.L. con un 20% de participación (sociedad que es, a su vez, accionista de control de ROVI). Ha sido presidente de la Cámara de Comercio de Madrid desde marzo de 2016 hasta abril de 2018. Fue presidente de la Asociación para el Autocuidado de la Salud (ANEFP) y vicepresidente de Farmaindustria. Fue nombrado consejero de la Sociedad el 27 de julio de 2007 con ocasión de la salida a Bolsa de ROVI, siendo reelegido por la Junta General en 2012 y 2017. Actualmente, el Sr. López-Belmonte López es presidente y miembro del Consejo de Administración de Norbel Inversiones, S.L., Norbepa Inversiones, S.L., Lobel y Losa Development, S.L., Inversiones Borbollón, S.L. y Alentia Biotech, S.L.

Número total de consejeros dominicales	1
% sobre el total del consejo	14,29

CONSEJEROS EXTERNOS INDEPENDIENTES	
Nombre o denominación social del consejero	Perfil
DON ENRIQUE CASTELLÓN LEAL	El Sr. Castellón Leal es licenciado en Medicina y Cirugía y Especialista en Medicina Interna por la Universidad Complutense de Madrid y en Ciencias Económicas y Empresariales por la Universidad Autónoma de Madrid. "Master in Public Health" y "Master in Health Policy and Management" por la Universidad de Harvard. Fue médico asistencial en el Servicio de Medicina Interna del Hospital Clínico San Carlos de Madrid, miembro del Cuerpo de Inspectores Médicos de la Seguridad Social, Director General del Servicio Gallego de Salud. Ha sido Viceconsejero de Sanidad y Servicios Sociales de la Comunidad de Madrid y Subsecretario del Ministerio de Sanidad y Consumo. Asimismo, asesora de manera estable a varias fundaciones dedicadas a la investigación y desarrollo en ciencias de la salud y desarrolla actividades de consultoría en Castellón Abogados. Ha trabajado como consultor en proyectos sanitarios financiados por el Banco Interamericano de Desarrollo (grupo del Banco Mundial) y es Socio fundador y Presidente del Consejo de Administración de Cross Road Biotech SCR y de Cross Road Biotech Inversiones Biotecnológicas SA SGEIC. Fue nombrado consejero de la Sociedad por vez primera el 24 de octubre 2007, siendo reelegido por la Junta General en 2012 y 2017. Actualmente, el Sr. Castellón Leal es presidente del Consejo de Administración de Cross Road Biotech, SCR; consejero de Owl Genomics, S.L.; consejero de Biocross, S.L.; presidente de Cross Road Biotech Inversiones

CONSEJEROS EXTERNOS INDEPENDIENTES

Nombre o denominación social del consejero	Perfil
	Biotechnológicas, SGEIC, S.A.; consejero de Atlas Molecular Pharma, S.L.; presidente de Health In Code S.L.; presidente de Venter Pharma, S.L. y vicepresidente de Additum Blockchain, S.L.
DON MIGUEL CORSINI FREESE	El Sr. Corsini Freese es licenciado en Derecho y experto en derecho laboral. Su trayectoria profesional ha estado ligada durante muchos años a Renfe, cuyo Consejo de Administración presidió entre 1996 y 2004. Fue también Presidente de UIC (International Union of Railways) desde 1998 hasta el 2000. Fue nombrado consejero independiente de ROVI por cooptación el 12 de noviembre de 2008, y ratificado como tal en la Junta General de Accionistas celebrada el 17 de junio de 2009. Posteriormente, fue reelegido como consejero independiente de ROVI por la Junta General en 2014 y 2018. Actualmente, el Sr. Corsini Freese es Presidente del Consejo de Administración de Cetren, vocal del Consejo de Administración de AZVI, S.A.
DON JOSÉ FERNANDO DE ALMANSA MORENO-BARREDA	El Sr. Almansa Moreno-Barreda es licenciado en Derecho por la Universidad de Deusto (Bilbao). Diplomático. Ingresó en la Carrera Diplomática el 2 de diciembre de 1974. Desde 1976 a 1992 ha ocupado diferentes cargos: Secretario de la Embajada española en Bruselas, Consejero Cultural de la Embajada de España en México, Director Jefe de la Sección de Coordinación de la Subdirección General de Europa Oriental, Director de Asuntos Atlánticos en la Dirección General de Política Exterior para Europa y Asuntos Atlánticos, Consejero Político de la representación Permanente de España ante el Consejo de Atlántico Norte en Bruselas, Ministro-Consejero de la Embajada de España en la Unión Soviética, Secretario General de la Comisión Nacional del Quinto Centenario del Descubrimiento de América, y Subdirector General de Europa Oriental dependiente de la Dirección General de Política Exterior para Europa. De 1993 a 2002, fue nombrado por Su Majestad el Rey Juan Carlos I, Jefe de Su Casa, con rango de Ministro, siendo designado Consejero Privado de Su Majestad el Rey Juan Carlos I. Desde el 9 de junio de 2015 es Consejero de ROVI. Actualmente, es Consejero de Telefónica Móviles México, S.A. de C.V.

Número total de consejeros independientes	3
% sobre el total del consejo	42,86

Indique si algún consejero calificado como independiente percibe de la sociedad, o de su mismo grupo, cualquier cantidad o beneficio por un concepto distinto de la remuneración de consejero, o mantiene o ha mantenido, durante el último ejercicio, una relación de negocios con la sociedad o con cualquier sociedad de su grupo, ya sea en nombre propio o como accionista significativo, consejero o alto directivo de una entidad que mantenga o hubiera mantenido dicha relación.

En su caso, se incluirá una declaración motivada del consejo sobre las razones por las que considera que dicho consejero puede desempeñar sus funciones en calidad de consejero independiente.

Nombre o denominación social del consejero	Descripción de la relación	Declaración motivada
Sin datos		

OTROS CONSEJEROS EXTERNOS			
Se identificará a los otros consejeros externos y se detallarán los motivos por los que no se puedan considerar dominicales o independientes y sus vínculos, ya sea con la sociedad, sus directivos, o sus accionistas:			
Nombre o denominación social del consejero	Motivos	Sociedad, directivo o accionista con el que mantiene el vínculo	Perfil
Sin datos			

Número total de otros consejeros externos	N.A.
% sobre el total del consejo	N.A.

Indique las variaciones que, en su caso, se hayan producido durante el periodo en la categoría de cada consejero:

Nombre o denominación social del consejero	Fecha del cambio	Categoría anterior	Categoría actual
Sin datos			

C.1.4 Complete el siguiente cuadro con la información relativa al número de consejeras al cierre de los últimos 4 ejercicios, así como la categoría de tales consejeras:

	Número de consejeras				% sobre el total de consejeros de cada categoría			
	Ejercicio 2018	Ejercicio 2017	Ejercicio 2016	Ejercicio 2015	Ejercicio 2018	Ejercicio 2017	Ejercicio 2016	Ejercicio 2015
Ejecutivas					0,00	0,00	0,00	0,00
Dominicales					0,00	0,00	0,00	0,00
Independientes					0,00	0,00	0,00	0,00
Otras Externas					0,00	0,00	0,00	0,00
Total					0,00	0,00	0,00	0,00

C.1.5 Indique si la sociedad cuenta con políticas de diversidad en relación con el consejo de administración de la empresa por lo que respecta a cuestiones como, por ejemplo, la edad, el género, la discapacidad, o la formación y experiencia profesionales. Las entidades pequeñas y medianas, de acuerdo con la definición contenida en la Ley de Auditoría de Cuentas, tendrán que informar, como mínimo, de la política que tengan establecida en relación con la diversidad de género.

- Sí
 No
 Políticas parciales

En caso afirmativo, describa estas políticas de diversidad, sus objetivos, las medidas y la forma en que se ha aplicado y sus resultados en el ejercicio. También se deberán indicar las medidas concretas adoptadas por el consejo de administración y la comisión de nombramientos y retribuciones para conseguir una presencia equilibrada y diversa de consejeros.

En caso de que la sociedad no aplique una política de diversidad, explique las razones por las cuales no lo hace.

Descripción de las políticas, objetivos, medidas y forma en que se han aplicado, así como los resultados obtenidos

ROVI cuenta con un Plan de Igualdad que establece mecanismos en áreas como la selección y contratación, promoción interna y desarrollo profesional, formación, retribución, conciliación, violencia de género y prevención del acoso y comunicación.

En todos y cada uno de los ámbitos en que se desarrolla la actividad de la Sociedad, desde la selección a la promoción, pasando por la política salarial, la formación, las condiciones de trabajo y empleo, la salud laboral, la ordenación del tiempo de trabajo y la conciliación, ROVI asume el principio de igualdad de oportunidades entre mujeres y hombres, atendiendo de forma especial a la discriminación indirecta, entendiendo por ésta "la situación en que una disposición, criterio o práctica aparentemente neutros, pone a una persona de un sexo en desventaja particular respecto de personas del otro sexo". Como resultado de estas políticas, la plantilla de ROVI está formada por un porcentaje de mujeres superior al de hombres.

Del mismo modo, para ROVI es crucial la formación y preparación de sus empleados. Las habilidades y las actitudes de los trabajadores de una empresa son determinantes para alcanzar la máxima eficiencia posible y por eso la compañía destina importantes recursos para invertir en capital humano. Por ello, ROVI fomenta la evolución y crecimiento profesional, así como la preparación y formación para lograrlo. En los planes de carrera y el desarrollo profesional es indispensable la implicación de la persona y la implicación del responsable directo.

Los jóvenes profesionales cuentan con el apoyo de compañeros con más experiencia que les orientan y contribuyen a desarrollar sus capacidades técnicas. Además, ROVI quiere asegurar el trasvase de conocimiento desde los profesionales sénior hacia las nuevas generaciones. En este sentido, la inversión en formación de la compañía ha ido incrementando anualmente.

ROVI cuenta con una Comisión para el seguimiento del plan constituida para velar por la realización de lo contemplado en el propio plan de igualdad de la Comisión se reunirá de forma periódica.

Asimismo, la Sociedad aprobó una Política de selección de consejeros que tiene por objeto (i) asegurar que las propuestas de nombramiento y reelección de consejeros de la Sociedad se fundamenten en un análisis previo de las necesidades del Consejo de Administración; y (ii) favorecer la diversidad de conocimientos, experiencias y género en el mismo, de tal forma que se enriquezca la toma de decisiones y se aporten puntos de vista plurales al debate de los asuntos de su competencia.

En la selección de candidatos a consejero se partirá de un análisis de las necesidades de la Sociedad y de su grupo, que deberá llevar a cabo el Consejo de Administración con el asesoramiento e informe de la Comisión de Nombramientos y Retribuciones ("CNYR"). La CNYR evaluará las competencias, conocimientos y experiencia necesarios en el Consejo. A estos efectos definirá las funciones y aptitudes necesarias en los candidatos que deban cubrir cada vacante y evaluará el tiempo y dedicación precisos para que puedan desarrollar bien su cometido. En el proceso de selección de candidatos se evitará, en todo caso, cualquier tipo de sesgo implícito que pueda implicar discriminaciones y, en especial, que obstaculice la selección de personas de uno u otro sexo. En particular, se procurará que en el año 2020 el número de consejeras represente, al menos, el 30% del total de miembros del Consejo de Administración.

A la hora de seleccionar candidatos a miembro del Consejo, la CNYR velará por que las propuestas recaigan sobre personas honorables, idóneas y de reconocida solvencia profesional, competencia, experiencia, cualificación, formación, disponibilidad y compromiso con su función, y por el adecuado equilibrio en la composición del Consejo.

Por lo que respecta a la cualificación profesional, la Política exige que los candidatos dispongan de título universitario o, al menos, cinco años de experiencia en funciones de administración, dirección, control o asesoramiento en entidades públicas o privadas de dimensiones y exigencias análogas a las de la Sociedad. Además, con carácter indicativo, el Consejo considera que los consejeros no deben exceder, en general, la edad de ochenta años.

Se hace constar que, hasta la fecha, la Política de selección de consejeros no ha sido aplicada debido a que no se ha iniciado ningún proceso de selección pues únicamente se ha procedido a la reelección de uno de los consejeros cuyo cargo vencía en la Junta General celebrada el 29 de mayo de 2018.

C.16 Explique las medidas que, en su caso, hubiese convenido la comisión de nombramientos para que los procedimientos de selección no adolezcan de sesgos implícitos que obstaculicen la selección de consejeras, y que la compañía busque deliberadamente e incluya entre los potenciales candidatos, mujeres que reúnan el perfil profesional buscado y que permita alcanzar una presencia equilibrada de mujeres y hombres:

Explicación de las medidas

La Comisión de Nombramientos y Retribuciones evalúa las competencias, conocimientos y experiencia necesarios en los candidatos a formar parte del Consejo, conforme a lo previsto en el Reglamento del Consejo de Administración. En concreto, tal y como se recoge en la Política de selección de consejeros, la CNYR verifica que los procedimientos de elección no adolecen de sesgos implícitos que puedan implicar discriminación alguna y, en particular, que no obstaculicen la selección de consejeras.

El Consejo de Administración de la Sociedad está compuesto en la actualidad por los 3 máximos ejecutivos de la Sociedad, 1 consejero dominical y 3 consejeros independientes de reconocido prestigio, y todos ellos han sido designados por un criterio profesional indistintamente de cuál fuera su género.

La selección para el nombramiento de consejeros de la Sociedad se fundamenta en el mérito de los candidatos. En este sentido el Consejo de Administración - y la Comisión de Nombramientos y Retribuciones, dentro de sus competencias, procurará que la elección de candidatos recaiga sobre personas de reconocida solvencia, competencia y experiencia, pudiendo incluir entre los potenciales candidatos tanto a hombres como a mujeres que cumplan con las anteriores exigencias.

Cuando a pesar de las medidas que, en su caso, se hayan adoptado, sea escaso o nulo el número de consejeras, explique los motivos que lo justifiquen:

Explicación de los motivos

Durante el ejercicio 2018 no se ha iniciado ningún proceso de selección de nuevos consejeros dado que únicamente se procedió a la reelección de uno de los consejeros cuyo cargo vencía.

C.1.7 Explique las conclusiones de la comisión de nombramientos sobre la verificación del cumplimiento de la política de selección de consejeros. Y en particular, sobre cómo dicha política está promoviendo el objetivo de que en el año 2020 el número de consejeras represente, al menos, el 30% del total de miembros del consejo de administración.

Como se ha indicado, la Política de selección de consejeros de ROVI establece que la Sociedad procurará que en el año 2020 el número de consejeras represente, al menos, el 30% del total de miembros del Consejo de Administración. La Sociedad promoverá en los procesos de selección y renovación de consejeros la presencia de candidatas al cargo.

C.1.8 Explique, en su caso, las razones por las cuales se han nombrado consejeros dominicales a instancia de accionistas cuya participación accionarial es inferior al 3% del capital:

Nombre o denominación social del accionista	Justificación
Sin datos	

Indique si no se han atendido peticiones formales de presencia en el consejo procedentes de accionistas cuya participación accionarial es igual o superior a la de otros a cuya instancia se hubieran designado consejeros dominicales. En su caso, explique las razones por las que no se hayan atendido:

Sí
 No

C.1.9 Indique, en el caso de que existan, los poderes y las facultades delegadas por el consejo de administración en consejeros o en comisiones del consejo:

Nombre o denominación social del consejero o comisión	Breve descripción
Juan López-Belmonte Encina	Consejero Delegado. Tiene otorgados todos los poderes y facultades delegables conforme a la ley, en virtud de escritura de protocolización de acuerdos sociales de fecha 21 de junio de 2017.

C.1.10 Identifique, en su caso, a los miembros del consejo que asuman cargos de administradores, representantes de administradores o directivos en otras sociedades que formen parte del grupo de la sociedad cotizada:

Nombre o denominación social del consejero	Denominación social de la entidad del grupo	Cargo	¿Tiene funciones ejecutivas?
DON JUAN LÓPEZ-BELMONTE ENCINA	PAN QUÍMICA FARMACÉUTICA, S.A	Representante Laboratorios Farmacéuticos Rovi, S.A.	SI
DON JUAN LÓPEZ-BELMONTE ENCINA	FROSST IBÉRICA, S.A.	Representante Laboratorios Farmacéuticos Rovi, S.A.	SI
DON JUAN LÓPEZ-BELMONTE ENCINA	GINELADIUS, S.L.	Representante Laboratorios Farmacéuticos Rovi, S.A.	SI
DON JUAN LÓPEZ-BELMONTE ENCINA	ROVI CONTRACT MANUFACTURING, S.L.	Representante Laboratorios Farmacéuticos Rovi, S.A.	SI
DON JUAN LÓPEZ-BELMONTE ENCINA	BEMIPHARMA MANUFACTURING, S.L.	Representante Laboratorios Farmacéuticos Rovi, S.A.	SI
DON IVÁN JORGE LÓPEZ-BELMONTE ENCINA	BERTEX PHARMA GMBH	Administrador Solidario	SI
DON IVÁN JORGE LÓPEZ-BELMONTE ENCINA	ROVI BIOTECH LIMITED	Administrador Único	SI
DON IVÁN JORGE LÓPEZ-BELMONTE ENCINA	ROVI GMBH	Administrador Único	SI
DON JUAN LÓPEZ-BELMONTE ENCINA	ROVI BIOTECH SRL	Representante Laboratorios Farmacéuticos Rovi, S.A.	SI
DON JUAN LÓPEZ-BELMONTE ENCINA	ROVI S.A.S.	Representante Laboratorios Farmacéuticos Rovi, S.A.	SI
DON IVÁN JORGE LÓPEZ-BELMONTE ENCINA	ROVI S.A.S.	Representante Laboratorios Farmacéuticos Rovi, S.A.	SI
DON JAVIER LÓPEZ-BELMONTE ENCINA	ROVI S.A.S.	Representante Laboratorios Farmacéuticos Rovi, S.A.	SI

Laboratorios Farmacéuticos ROVI, S.A es Administrador Único de las sociedades filiales del Grupo ROVI: Bemipharma Manufacturing, S.L., Frost Ibérica, S.A., Gineladius, S.L., Pan Química Farmacéutica, S.A., Rovi Contract Manufacturing, S.L. y Rovi Biotech S.R.L. habiendo nombrado como su representante persona física a D. Juan López-Belmonte Encina. Además de las filiales que la Sociedad ya mantiene en la Unión Europea (Reino Unido, Italia, Alemania y Francia), la Sociedad constituyó el 5 de octubre de 2018 otra filial en Polonia participada en su totalidad por Laboratorios Farmacéuticos Rovi, S.A., que está en proceso de inscripción y en la que la que D. Juan López-Belmonte Encina, D. Iván López-Belmonte Encina y D. Javier López-Belmonte Encina, ocupan los cargos de: Presidente, Primer Vicepresidente y Segundo Vicepresidente, respectivamente. Asimismo, forma parte del Grupo del que es sociedad dominante Laboratorios Farmacéuticos ROVI, S.A., la Fundación denominada F.I.V., Fundación para la Investigación de Vacunas, de carácter y ámbito territorial correspondiente a la Comunidad Autónoma de Andalucía. En dicha Fundación se han designado como miembros del Patronato los siguientes consejeros de ROVI, asignándoles los siguientes cargos: - D. Juan López-Belmonte López, Presidente. - D. Juan López-Belmonte Encina, Vicepresidente. - D. Iván López-Belmonte Encina, Secretario. Asimismo, el Patronato ha decidido nombrar al Consejero Ejecutivo D. Javier López-Belmonte Encina como Gerente de la Fundación.

C.1.11 Detalle, en su caso, los consejeros o representantes de consejeros personas jurídicas de su sociedad, que sean miembros del consejo de administración o representantes de consejeros personas jurídicas de otras entidades cotizadas en mercados oficiales de valores distintas de su grupo, que hayan sido comunicadas a la sociedad:

Nombre o denominación social del consejero	Denominación social de la entidad cotizada	Cargo
Sin datos		

C.1.12 Indique y, en su caso explique, si la sociedad ha establecido reglas sobre el número máximo de consejos de sociedades de los que puedan formar parte sus consejeros, identificando, en su caso, dónde se regula:

Sí
 No

Explicación de las reglas e identificación del documento donde se regula

El artículo 17 del Reglamento del Consejo de Administración de ROVI, que incorpora la Recomendación 25 del Código de Buen Gobierno, establece un máximo de diez consejos de sociedades de los que puedan formar parte sus consejeros (con un límite de ocho si se trata de compañías cuyas acciones se encuentran admitidas a negociación en bolsas de valores españolas o extranjeras), excluyéndose de dicho cómputo los cargos que los consejeros puedan tener en determinados supuestos, y previéndose la posibilidad de que, atendiendo a las circunstancias del caso, la Comisión de Nombramientos y Retribuciones autorice expresamente al consejero en otro sentido.

C.1.13 Indique los importes de los conceptos relativos a la remuneración global del consejo de administración siguientes:

Remuneración devengada en el ejercicio a favor del consejo de administración (miles de euros)	2.615
Importe de los derechos acumulados por los consejeros actuales en materia de pensiones (miles de euros)	829
Importe de los derechos acumulados por los consejeros antiguos en materia de pensiones (miles de euros)	

La Junta General de Accionistas de ROVI, celebrada el 29 de mayo de 2018, acordó una retribución máxima anual de los miembros del Consejo de Administración en su condición de tales (esto es, excluyendo las retribuciones de los consejeros ejecutivos por el desempeño de sus funciones ejecutivas y de alta dirección) para el ejercicio 2018, de un máximo de 616.306 Euros. Asimismo, la Junta delegó en dicho Consejo la distribución de esta cantidad entre sus miembros teniendo en cuenta las funciones y responsabilidades atribuidas a cada consejero, la pertenencia a Comisiones del Consejo y las demás circunstancias objetivas que considere relevantes.

C.1.14 Identifique a los miembros de la alta dirección que no sean a su vez consejeros ejecutivos, e indique la remuneración total devengada a su favor durante el ejercicio:

Nombre o denominación social	Cargo/s
DON PEDRO CARRETERO TRILLO	Director de la Red Hospitalaria
DOÑA ARÁNZAZU LOZANO PIRRONGELLI	Auditora Interna
DON MIGUEL ÁNGEL CASTILLO SAN ROMÁN	Director de Internacional y Desarrollo de Negocio
DON FRANCISCO JAVIER ANGULO GARCÍA	Director de Recursos Humanos

Nombre o denominación social	Cargo/s
DON MIGUEL ÁNGEL ORTEGA SÁNCHEZ	Director Industrial
DON IBÓN GUTIERRO ADÚRIZ	Director de Investigación Preclínica
DON PABLO DOMÍNGUEZ JORGE	Director Económico-Administrativo
DOÑA MERCEDES BENÍTEZ DEL CASTILLO SÁNCHEZ	Directora Departamento Jurídico
DOÑA BEATRIZ ÁVILA ALCALDE	Directora Comercial Línea "B"
DOÑA M. ROSARIO PERUCHA PÉREZ	Directora de Marketing
DON FERNANDO MARTÍNEZ GARIJO	Director Efectividad de Ventas
Remuneración total alta dirección (en miles de euros)	
	1.773

Dña. Maite Muñoz Pineda ejerció funciones como alta directiva hasta el 29 de mayo de 2018, y por lo tanto, en el importe de remuneración total de la Alta Dirección se ha incluido la cantidad percibida por Dña. Maite Muñoz Pineda en el ejercicio 2018 hasta esa fecha.

C.1.15 Indique si se ha producido durante el ejercicio alguna modificación en el reglamento del consejo:

- [] Sí
[✓] No

C.1.16 Indique los procedimientos de selección, nombramiento, reelección y remoción de los consejeros. Detalle los órganos competentes, los trámites a seguir y los criterios a emplear en cada uno de los procedimientos.

En virtud del Capítulo VI del Reglamento del Consejo de Administración de Laboratorios Farmacéuticos Rovi, S.A. (artículos 17 a 21, ambos inclusive), la designación y cese de los consejeros se regula como se señala a continuación: a) Nombramiento: Los consejeros serán designados y reelegidos (i) a propuesta de la Comisión de Nombramientos y Retribuciones, en el caso de consejeros independientes; y (ii) previo informe de la Comisión de Nombramientos y Retribuciones en el caso de los restantes consejeros; por la Junta General o por el Consejo de Administración de conformidad con las previsiones contenidas en la Ley y con las políticas de selección de consejeros que el Consejo haya aprobado en cada momento. El Consejo velará por que los procedimientos de selección de consejeros favorezcan la diversidad de género, de experiencias y de conocimientos, y no adolezcan de sesgos implícitos que dificulten la selección de consejeras. Cualquier consejero podrá solicitar de la CNYR que tome en consideración, por sí los encuentra idóneos a su juicio, potenciales candidatos para cubrir vacantes de consejero. El Consejo de Administración y la CNYR, dentro del ámbito de sus competencias, procurarán que la elección de candidatos recaiga sobre personas de reconocida solvencia, competencia y experiencia, debiendo extremar el rigor en relación con aquellas llamadas a cubrir los puestos de consejero independiente. b) Duración del cargo: Los consejeros ejercerán su cargo durante el plazo de cuatro años, al término de los cuales podrán ser reelegidos una o más veces por periodos de igual duración máxima. El nombramiento de los administradores caducará cuando, vencido el plazo, se haya celebrado la Junta General siguiente o hubiese transcurrido el término legal para la celebración de la junta que deba resolver sobre la aprobación de cuentas del ejercicio anterior. Los consejeros designados por cooptación deberán ver ratificado su cargo en la primera reunión de la Junta General que se celebre posterior a la fecha de su designación para el cargo. El Consejero que termine su mandato o por cualquier otra causa cese en el desempeño de su cargo no podrá ser consejero ni ocupar cargos directivos en otra entidad que tenga un objeto social análogo al de la Sociedad durante el plazo de dos años. El Consejo de Administración, si lo considera oportuno, podrá dispensar al consejero saliente de esta obligación o acortar el período de su duración. c) Reelección: El Consejo de Administración, antes de proponer la reelección de consejeros a la Junta General, evaluará la calidad del trabajo y la dedicación al cargo de los consejeros propuestos durante el mandato precedente. d) Evaluación: La CNYR evalúa las competencias, conocimientos y experiencia necesarios en el Consejo, define, en consecuencia, las funciones y aptitudes necesarias en los candidatos que deban cubrir cada vacante, y evalúa el tiempo y dedicación precisos para que puedan desarrollar bien su cometido. El Consejo de Administración en pleno evalúa, asimismo: (i) la calidad y eficiencia de su funcionamiento; (ii) el desempeño de sus funciones por el Presidente del Consejo y por el primer ejecutivo de la Sociedad, partiendo del informe que le eleve la CNYR; (iii) el funcionamiento y composición de sus Comisiones, partiendo del informe que éstas le eleven y (iv) la diversidad en la composición y competencias del Consejo y el desempeño y aportación de cada consejero, con especial atención a los responsables de las distintas Comisiones. e) Cese de los consejeros: Los consejeros cesarán en el cargo cuando haya transcurrido el período para el que fueron nombrados y cuando lo decida la Junta General en uso de las atribuciones que tiene conferidas legal o estatutariamente y cuando presenten su renuncia o dimisión. Los consejeros deberán poner su cargo a disposición del Consejo de Administración y formalizar la correspondiente dimisión, si éste lo considera conveniente, en una serie de supuestos previstos en el Reglamento del Consejo. En el caso de que, por dimisión o por cualquier otro motivo, un consejero cese en su cargo antes del término de su mandato, deberá explicar las razones en una carta que remitirá a todos los miembros del Consejo. El Consejo de Administración únicamente podrá proponer el cese de un consejero independiente antes del transcurso del plazo estatutario cuando concurra justa causa, apreciada por el Consejo previo informe de la Comisión de Nombramientos y Retribuciones. En particular, se entenderá que existe justa causa

cuando el consejero pase a ocupar nuevos cargos o contraiga nuevas obligaciones que le impidan dedicar el tiempo necesario al desempeño de las funciones propias del cargo de consejero, incumpla los deberes inherentes a su cargo o incurra en alguna de las circunstancias que le hagan perder su condición de independiente de acuerdo con lo establecido en la legislación aplicable.

C.1.17 Explique en qué medida la evaluación anual del consejo ha dado lugar a cambios importantes en su organización interna y sobre los procedimientos aplicables a sus actividades:

Descripción modificaciones

El Consejo de Administración ha evaluado en pleno la calidad y eficiencia de su funcionamiento partiendo del informe elaborado por la Comisión de Nombramientos y Retribuciones, conforme a lo previsto en el artículo 5.7 del Reglamento del Consejo de Administración, sin que de dicha evaluación se hayan derivado cambios importantes en su organización interna ni sobre los procedimientos aplicables a sus actividades.

Describa el proceso de evaluación y las áreas evaluadas que ha realizado el consejo de administración auxiliado, en su caso, por un consultor externo, respecto del funcionamiento y la composición del consejo y de sus comisiones y cualquier otra área o aspecto que haya sido objeto de evaluación.

Descripción proceso de evaluación y áreas evaluadas

El Consejo de Administración de ROVI ha realizado internamente la evaluación de (i) la calidad y eficiencia de su funcionamiento; (ii) el desempeño de sus funciones por el Presidente del Consejo y por el primer ejecutivo de la Sociedad, partiendo del informe que le ha elevado la Comisión de Nombramientos y Retribuciones; (iii) el funcionamiento de sus Comisiones, partiendo del informe que éstas le han elevado; y (iv) la diversidad en la composición y competencias del Consejo y el desempeño y aportación de cada Consejero, con especial atención a los responsables de las distintas Comisiones. Para ello, los presidentes de cada una de las comisiones se han reunido individualmente con el resto de miembros de las mismas, y, por su parte, el Presidente de la Comisión de Nombramientos y Retribuciones ha mantenido conversaciones con todos los vocales del Consejo para conocer su opinión con respecto al desempeño de las funciones ejercidas tanto por el Presidente del Consejo como por el primer ejecutivo (y consejero delegado) de ROVI durante el ejercicio 2018, todo ello bajo la organización y coordinación del Presidente del Consejo de Administración. Por último, en relación con la diversidad en la composición y competencias del Consejo, las mismas se ajustan a lo previsto tanto en la Ley de Sociedades de Capital como en las recomendaciones contenidas en el Código de Buen Gobierno de las sociedades cotizadas aprobado por la CNMV.

La evaluación del Consejo de Administración realizada con el auxilio del consultor externo PricewaterhouseCoopers Auditores, S.L., tuvo lugar en el Informe Anual de Gobierno Corporativo del 2017 cumpliendo con la recomendación 36 del Código de Buen Gobierno de las Sociedades Cotizadas.

C.1.18 Desglose, en aquellos ejercicios en los que la evaluación haya sido auxiliada por un consultor externo, las relaciones de negocio que el consultor o cualquier sociedad de su grupo mantengan con la sociedad o cualquier sociedad de su grupo.

No aplica dado que el Consejo de Administración ha realizado la evaluación sin el auxilio de un consultor externo.

C.1.19 Indique los supuestos en los que están obligados a dimitir los consejeros.

De conformidad con lo dispuesto en el artículo 21 del Reglamento del Consejo de Administración, los consejeros deberán poner su cargo a disposición del Consejo de Administración y formalizar, si éste lo considera conveniente, la correspondiente dimisión en los siguientes casos:

- a) Cuando cesen en los puestos ejecutivos a los que estuviere asociado su nombramiento como consejero.
- b) Cuando se vean incursos en alguno de los supuestos de incompatibilidad o prohibición legalmente previstos.
- c) Cuando resulten gravemente amonestados por el Consejo de Administración por haber infringido sus obligaciones como consejeros.
- d) Cuando su permanencia en el Consejo pueda poner en riesgo o perjudicar los intereses, el crédito o la reputación de la Sociedad, se perdiera la honorabilidad profesional necesaria para ser consejero de la Sociedad o cuando desaparezcan las razones por las que fueron nombrados (por ejemplo, cuando un consejero dominical se deshace de su participación en la Sociedad).
- e) En el caso de los consejeros independientes, éstos no podrán permanecer como tales durante un período continuado superior a 12 años, por lo que transcurrido dicho plazo, deberán poner su cargo a disposición del Consejo de Administración y formalizar la correspondiente dimisión.
- f) En el caso de los consejeros dominicales (i) cuando el accionista a quien representen venda íntegramente su participación accionarial; y, asimismo, (ii) en el número que corresponda, cuando dicho accionista rebaje su participación accionarial hasta un nivel que exija la reducción del número de consejeros dominicales.

C.1.20 ¿Se exigen mayorías reforzadas, distintas de las legales, en algún tipo de decisión?:

- Sí
 No

En su caso, describa las diferencias.

C.1.21 Explique si existen requisitos específicos, distintos de los relativos a los consejeros, para ser nombrado presidente del consejo de administración:

- Sí
 No

C.1.22 Indique si los estatutos o el reglamento del consejo establecen algún límite a la edad de los consejeros:

- Sí
 No

Con carácter indicativo, el Consejo considera que los consejeros no deben exceder, en general, la edad de ochenta años.

C.1.23 Indique si los estatutos o el reglamento del consejo establecen un mandato limitado u otros requisitos más estrictos adicionales a los previstos legalmente para los consejeros independientes, distinto al establecido en la normativa:

- Sí
 No

C.1.24 Indique si los estatutos o el reglamento del consejo de administración establecen normas específicas para la delegación del voto en el consejo de administración en favor de otros consejeros, la forma de hacerlo y, en particular, el número máximo de delegaciones que puede tener un consejero, así como si se ha establecido alguna limitación en cuanto a las categorías en que es posible delegar, más allá de las limitaciones impuestas por la legislación. En su caso, detalle dichas normas brevemente.

De conformidad con el artículo 16 del Reglamento del Consejo, los consejeros, cuando no puedan acudir a las sesiones del Consejo personalmente, otorgarán su representación por escrito y con carácter especial para cada sesión a otro miembro del Consejo incluyendo las oportunas instrucciones y comunicándolo al Presidente del Consejo de Administración. No obstante lo anterior, los consejeros no ejecutivos solo podrán conferir su representación a otro consejero no ejecutivo.

C.1.25 Indique el número de reuniones que ha mantenido el consejo de administración durante el ejercicio. Asimismo, señale, en su caso, las veces que se ha reunido el consejo sin la asistencia de su presidente. En el cómputo se considerarán asistencias las representaciones realizadas con instrucciones específicas.

Número de reuniones del consejo	11
Número de reuniones del consejo sin la asistencia del presidente	0

Indíquese el número de reuniones mantenidas por el consejero coordinador con el resto de consejeros, sin asistencia ni representación de ningún consejero ejecutivo:

Número de reuniones	14
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Indique el número de reuniones que han mantenido en el ejercicio las distintas comisiones del consejo:

Número de reuniones de Comisión de Auditoría	8
Número de reuniones de Comisión de Nombramiento y Retribuciones	6

Durante el ejercicio 2018, el Presidente del Consejo de Administración ha asistido a todas las reuniones de este órgano.

D. Enrique Castellón, consejero coordinador de ROVI, desempeña los cargos de presidente de la Comisión de Auditoría y vocal de la Comisión de Nombramientos y Retribuciones, comisiones que se encuentran compuestas, exclusivamente, por consejeros independientes. Por ello, con ocasión de las reuniones de estas Comisiones, el consejero coordinador ha mantenido 14 reuniones a lo largo del ejercicio con los consejeros independiente de ROVI.

C.1.26 Indique el número de reuniones que ha mantenido el consejo de administración durante el ejercicio y los datos sobre asistencia de sus miembros:

Número de reuniones con la asistencia presencial de al menos el 80% de los consejeros	11
% de asistencia presencial sobre el total de votos durante el ejercicio	93,97
Número de reuniones con la asistencia presencial, o representaciones realizadas con instrucciones específicas, de todos los consejeros	11
% de votos emitidos con asistencia presencial y representaciones realizadas con instrucciones específicas, sobre el total de votos durante el ejercicio	100,00

C.1.27 Indique si están previamente certificadas las cuentas anuales individuales y consolidadas que se presentan al consejo para su formulación:

Sí
 No

Identifique, en su caso, a la/s persona/s que ha/han certificado las cuentas anuales individuales y consolidadas de la sociedad, para su formulación por el consejo:

C.1.28 Explique, si los hubiera, los mecanismos establecidos por el consejo de administración para evitar que las cuentas individuales y consolidadas por él formuladas se presenten en la junta general con salvedades en el informe de auditoría.

El artículo 40 del Reglamento del Consejo de Administración dispone que el Consejo procurará formular definitivamente las cuentas de manera tal que no haya lugar a salvedades por parte del auditor. En los supuestos excepcionales en que existan, tanto el Presidente de la Comisión de Auditoría como los auditores externos explicarán con claridad a los accionistas el contenido de dichas reservas y salvedades. No obstante, cuando el Consejo considere que debe mantener su criterio, explicará públicamente el contenido y el alcance de la discrepancia. Con el fin de evitar que las cuentas individuales y consolidadas formuladas por el Consejo de Administración se presenten en la Junta General con salvedades en el informe de auditoría, con carácter previo a dicha formulación, el artículo 13 del Reglamento del Consejo y el 6 del Reglamento de la Comisión de

Auditoría establecen que la Comisión de Auditoría, entre otros aspectos, deberá: -Revisar las cuentas de la Sociedad; -Vigilar el cumplimiento de los requerimientos legales y la correcta aplicación de los principios de contabilidad generalmente aceptados; -Revisar la información financiera periódica que deba suministrar el Consejo a los mercados y a sus órganos de supervisión; -Supervisar el proceso de elaboración y presentación, así como la integridad de la información financiera regulada relativa a la Sociedad y al Grupo, revisando el cumplimiento de los requisitos normativos, la ordenada delimitación del perímetro de consolidación y la correcta aplicación de los criterios contables, y presentar recomendaciones o propuestas al consejo de administración, dirigidas a salvaguardar su integridad; y -Revisar y supervisar periódicamente los sistemas de control interno y gestión de riesgos, así como su eficacia para que los principales riesgos se identifiquen, gestionen y den a conocer adecuadamente.

C.1.29 ¿El secretario del consejo tiene la condición de consejero?

Sí
 No

Si el secretario no tiene la condición de consejero complete el siguiente cuadro:

Nombre o denominación social del secretario	Representante
DON GABRIEL NÚÑEZ FERNÁNDEZ	

C.1.30 Indique los mecanismos concretos establecidos por la sociedad para preservar la independencia de los auditores externos, así como, si los hubiera, los mecanismos para preservar la independencia de los analistas financieros, de los bancos de inversión y de las agencias de calificación, incluyendo cómo se han implementado en la práctica las previsiones legales.

El Reglamento del Consejo de Administración establece que será la Comisión de Auditoría la encargada de elevar al Consejo de Administración las propuestas de selección, nombramiento, reelección y sustitución de los auditores de cuentas responsabilizándose del proceso de selección, así como las condiciones de su contratación. Además, el Reglamento del Consejo encomienda a la Comisión de Auditoría que la Sociedad comunique como hecho relevante a la CNMV el cambio de auditor, que irá acompañado de una declaración sobre la eventual existencia de desacuerdos con el auditor saliente y, si hubieran existido, de su contenido; y al objeto de preservar la independencia del auditor, el artículo 13 del Reglamento del Consejo de Administración y 6 del Reglamento de la Comisión de Auditoría prevén que la Comisión de Auditoría: i. Establezca las oportunas relaciones con los auditores externos para recibir información sobre aquellas cuestiones que puedan suponer una amenaza para la independencia de éstos. ii. Emita anualmente, con carácter previo a la emisión del informe de auditoría de cuentas, un informe en el que se expresará una opinión sobre si la independencia de los auditores de cuentas o sociedades de auditoría resulta comprometida. Este informe deberá pronunciarse, en todo caso, sobre la prestación de los servicios adicionales por los auditores de cuentas. iii. Supervise el cumplimiento del contrato de auditoría, procurando que la opinión sobre las cuentas anuales y los contenidos principales del informe de auditoría sean redactados de forma clara y precisa, así como evaluar los resultados de cada auditoría. iv. En caso de renuncia del auditor externo, examine las circunstancias que la hubieran motivado. v. Vele por que la retribución del auditor externo por su trabajo no comprometa su calidad ni su independencia. vi. Asegure que el auditor externo mantenga anualmente una reunión con el pleno del Consejo de Administración para informarle sobre el trabajo realizado y sobre la evolución de la situación contable y de riesgos de la sociedad. vii. Asegure que la sociedad y el auditor externo respetan las normas vigentes sobre prestación de servicios distintos a los de auditoría, los límites a la concentración del negocio del auditor y, en general, las demás normas sobre independencia de los auditores.

C.1.31 Indique si durante el ejercicio la Sociedad ha cambiado de auditor externo. En su caso identifique al auditor entrante y saliente:

Sí
 No

En el caso de que hubieran existido desacuerdos con el auditor saliente, explique el contenido de los mismos:

Sí
 No

C.1.32 Indique si la firma de auditoría realiza otros trabajos para la sociedad y/o su grupo distintos de los de auditoría y en ese caso declare el importe de los honorarios recibidos por dichos trabajos y el porcentaje que supone sobre los honorarios facturados a la sociedad y/o su grupo:

Sí
 No

	Sociedad	Sociedades del grupo	Total
Importe de otros trabajos distintos de los de auditoría (miles de euros)	22	0	22
Importe trabajos distintos de los de auditoría / Importe trabajos de auditoría (en %)	5,53	0,00	4,72

Los honorarios devengados por KPMG Auditores, S.L., por los servicios de auditoría y otros servicios de revisión y verificación contable prestados en el ejercicio 2018 ascienden a cuatrocientos sesenta y seis (466) miles de euros (de los cuales 398 miles de euros corresponden a ROVI como sociedad dominante). Asimismo, KPMG Auditores, S.L., ha prestado a la Sociedad servicios de revisión del estado de información no financiera por un importe de veintidós (22) miles de euros.

C.1.33 Indique si el informe de auditoría de las cuentas anuales del ejercicio anterior presenta reservas o salvedades. En su caso, indique las razones dadas a los accionistas en la Junta General por el presidente de la comisión de auditoría para explicar el contenido y alcance de dichas reservas o salvedades.

Sí
 No

C.1.34 Indique el número de ejercicios que la firma actual de auditoría lleva de forma ininterrumpida realizando la auditoría de las cuentas anuales individuales y/o consolidadas de la sociedad. Asimismo, indique el porcentaje que representa el número de ejercicios auditados por la actual firma de auditoría sobre el número total de ejercicios en los que las cuentas anuales han sido auditadas:

	Individuales	Consolidadas
Número de ejercicios ininterrumpidos	2	2

	Individuales	Consolidadas
Nº de ejercicios auditados por la firma actual de auditoría / Nº de ejercicios que la sociedad o su grupo han sido auditados (en %)	6,89	9,09

C.1.35 Indique y, en su caso detalle, si existe un procedimiento para que los consejeros puedan contar con la información necesaria para preparar las reuniones de los órganos de administración con tiempo suficiente:

Sí
 No

Detalle del procedimiento

El artículo 15.3 del Reglamento del Consejo establece que la convocatoria de dicho órgano se cursará con una antelación mínima de tres días y que incluirá siempre el orden del día de la sesión y se acompañará de la información relevante debidamente resumida y preparada. El orden del día deberá indicar con claridad aquellos puntos sobre los que el consejo deberá adoptar una decisión o acuerdo. El Presidente, como responsable del eficaz funcionamiento del Consejo, se asegurará de que los consejeros reciban adecuadamente dicha información. Asimismo, el artículo 22 del Reglamento del Consejo establece que el consejero podrá dirigirse al Secretario del Consejo de Administración para solicitar información sobre cualquier asunto de la competencia del Consejo y, en este sentido, examinar sus libros, registros, documentos y demás documentación. El derecho de información se extiende a las sociedades participadas siempre que ello fuera posible. El Secretario hará llegar la petición al Presidente del Consejo y al interlocutor apropiado que proceda en la Sociedad. El Secretario advertirá al consejero del carácter confidencial de la información que solicita y recibe y de su deber de confidencialidad de acuerdo con lo previsto en el Reglamento del Consejo.

C.1.36 Indique y, en su caso detalle, si la sociedad ha establecido reglas que obliguen a los consejeros a informar y, en su caso, dimitir en aquellos supuestos que puedan perjudicar al crédito y reputación de la sociedad:

Sí
 No

Explique las reglas

En virtud del artículo 32 del Reglamento del Consejo, el Consejero debe informar al Consejo de Administración sobre las causas penales en las que aparezca como imputado y de las posteriores vicisitudes procesales. Asimismo, si un Consejero resultara procesado o se dictara contra él auto de apertura de juicio oral por alguno de los delitos señalados en la Ley, el Consejo deberá examinar el caso tan pronto como sea posible y, a la vista de sus circunstancias concretas, decidirá si procede o no que el Consejero continúe en su cargo. Adicionalmente, el Consejero deberá poner su cargo a disposición del Consejo y formalizar, si éste lo considera conveniente, la correspondiente dimisión en los siguientes casos previstos en el artículo 21.2 del Reglamento del Consejo: -Cuando cesen en los puestos ejecutivos a los que estuviere asociado su nombramiento como consejero. -Cuando se vean incursos en alguno de los supuestos de incompatibilidad o prohibición legalmente previstos. -Cuando resulten gravemente amonestados por el Consejo de Administración por haber infringido sus obligaciones como consejeros. -Cuando su permanencia en el Consejo pueda poner en riesgo o perjudicar los intereses, el crédito o la reputación de la Sociedad, se perdiera la honorabilidad profesional necesaria para ser consejero de la Sociedad o cuando desaparezcan las razones por las que fueron nombrados (por ejemplo, cuando un consejero dominical se deshace de su participación en la Sociedad). -En el caso de los consejeros independientes, éstos no podrán permanecer como tales durante un período continuado superior a 12 años, por lo que transcurrido dicho plazo, deberán poner su cargo a disposición del Consejo de Administración y formalizar la correspondiente dimisión. -En el caso de los consejeros dominicales (i) cuando el accionista a quien representen venda íntegramente su participación accionarial; y, asimismo, (ii) en el número que corresponda, cuando dicho accionista rebaje su participación accionarial hasta un nivel que exija la reducción del número de consejeros dominicales.

C.1.37 Indique si algún miembro del consejo de administración ha informado a la sociedad que ha resultado procesado o se ha dictado contra él auto de apertura de juicio oral, por alguno de los delitos señalados en el artículo 213 de la Ley de Sociedades de Capital:

Sí
 No

Nombre del consejero	Causa Penal	Observaciones
DON MIGUEL CORSINI FREESE	Delito continuado de apropiación indebida	Sentencia de la Audiencia Nacional condenatoria. El Tribunal Supremo desestimó el recurso de casación

Indique si el consejo de administración ha analizado el caso. Si la respuesta es afirmativa explique de forma razonada la decisión tomada sobre si procede o no que el consejero continúe en su cargo o, en su caso, exponga las actuaciones realizadas por el consejo de administración hasta la fecha del presente informe o que tenga previsto realizar.

[] Sí
[] No

Decisión tomada/actuación realizada	Explicación razonada
A los efectos de cumplir con los deberes que le aplican como consejero de ROVI en virtud de lo dispuesto en los artículos 26 y siguientes del Reglamento del Consejo, el Sr. Corsini puso a disposición del Consejo su cargo como consejero de ROVI. Los miembros del Consejo acordaron que el Sr. Corsini se mantuviera en el cargo hasta que se encuentre un sustituto para ocupar su cargo.	Ver la columna de la izquierda sobre la decisión tomada / actuación realizada donde se exponen los motivos.

C.1.38 Detalle los acuerdos significativos que haya celebrado la sociedad y que entren en vigor, sean modificados o concluyan en caso de cambio de control de la sociedad a raíz de una oferta pública de adquisición, y sus efectos.

No existen acuerdos significativos con estas características, si bien no puede descartarse que, debido al gran número de contratos suscritos por la Sociedad, alguno de ellos incluya cláusulas que prevean modificaciones o la resolución o terminación de los mismos en caso de operaciones societarias que supongan cambios de control en la Sociedad.

C.1.39 Identifique de forma individualizada, cuando se refiera a consejeros, y de forma agregada en el resto de casos e indique, de forma detallada, los acuerdos entre la sociedad y sus cargos de administración y dirección o empleados que dispongan indemnizaciones, cláusulas de garantía o blindaje, cuando éstos dimitan o sean despedidos de forma improcedente o si la relación contractual llega a su fin con motivo de una oferta pública de adquisición u otro tipo de operaciones.

Numero de beneficiarios	3
Tipo de beneficiario	Descripción del acuerdo
DON JUAN LÓPEZ-BELMONTE ENCINA, DON IVÁN LÓPEZ-BELMONTE ENCINA Y DON JAVIER LÓPEZ-BELMONTE ENCINA	-D. Juan López-Belmonte Encina: La Sociedad tiene suscrito un contrato de arrendamiento de servicios con el consejero delegado. En particular, respecto a las causas de extinción del contrato y sus consecuencias, se prevé una indemnización en favor del consejero en caso de terminación de la relación contractual de una cantidad bruta equivalente a dos años de la retribución fija que viniera percibiendo el consejero en el momento de la extinción del contrato, con excepción de los supuestos de (i) renuncia al cargo del consejero por supuestos distintos a los contemplados contractualmente o (ii) revocación por la Sociedad por incumplimiento del consejero de sus deberes legales, contractuales o establecidos por normativa interna o concurrencia de causa de extinción procedente de conformidad con la legislación laboral (salvo el desistimiento empresarial). -D. Iván López-Belmonte Encina y D. Javier López-Belmonte Encina: La Sociedad tiene suscritos sendos contratos laborales con estos consejeros ejecutivos. En particular, respecto a las causas de extinción del contrato y sus

Tipo de beneficiario	Descripción del acuerdo
	consecuencias, los contratos laborales se remiten a lo previsto en el Estatuto de los Trabajadores.

Indique si más allá de en los supuestos previstos por la normativa estos contratos han de ser comunicados y/o aprobados por los órganos de la sociedad o de su grupo. En caso positivo, especifique los procedimientos, supuestos previstos y la naturaleza de los órganos responsables de su aprobación o de realizar la comunicación:

	Consejo de administración	Junta general
Órgano que autoriza las cláusulas	√	
	Si	No
¿Se informa a la junta general sobre las cláusulas?	√	

A los efectos de cumplir con lo previsto en el artículo 249 de la Ley de Sociedades de Capital, los contratos de los consejeros ejecutivos referidos anteriormente fueron aprobados por el Consejo de Administración, previamente a su celebración, con el voto favorable de las dos terceras partes de sus miembros (en concreto, mediante acuerdo unánime de los consejeros), absteniéndose en cada caso el consejero afectado de asistir a la deliberación y de participar en la votación.

C.2. Comisiones del consejo de administración

C.2.1 Detalle todas las comisiones del consejo de administración, sus miembros y la proporción de consejeros ejecutivos, dominicales, independientes y otros externos que las integran:

Comisión de Auditoría		
Nombre	Cargo	Categoría
DON ENRIQUE CASTELLÓN LEAL	PRESIDENTE	Independiente
DON MIGUEL CORSINI FREESE	VOCAL	Independiente
DON JOSÉ FERNANDO DE ALMANSA MORENO-BARREDA	VOCAL	Independiente

% de consejeros ejecutivos	0,00
% de consejeros dominicales	0,00
% de consejeros independientes	100,00
% de consejeros otros externos	0,00

Explique las funciones, incluyendo, en su caso, las adicionales a las previstas legalmente, que tiene atribuidas esta comisión, y describa los procedimientos y reglas de organización y funcionamiento de la misma. Para cada una de estas funciones, señale sus actuaciones más importantes durante el ejercicio y cómo ha ejercido en la práctica cada una de las funciones que tiene atribuidas, ya sea en la ley o en los estatutos u otros acuerdos sociales.

Las reglas de organización y funcionamiento de la Comisión de Auditoría ("CA") se recogen en los artículos 47 de los Estatutos Sociales y 13 del Reglamento del Consejo de Administración así como en su propio Reglamento aprobado en 2017. La CA estará formada por un mínimo de tres y un máximo de cinco consejeros designados de entre sus consejeros no ejecutivos, quienes deberán ser designados, especialmente su Presidente, teniendo en cuenta sus conocimientos y experiencia en materia de contabilidad, auditoría o gestión de riesgos. En todo caso, al menos la mayoría

de los miembros de la CA serán independientes. En su conjunto, los miembros de la CA tendrán los conocimientos técnicos pertinentes en relación con el sector de actividad al que pertenece la Sociedad.

El Presidente de la CA será necesariamente un consejero independiente, debiendo ser sustituido cada cuatro años. La CA se reúne trimestralmente, a fin de revisar la información financiera periódica que haya de remitirse a la CNMV para su difusión, así como la información que el CdA ha de aprobar e incluir dentro de su documentación pública anual. Asimismo, se reunirá a petición de cualquiera de sus miembros y cada vez que lo convoque su Presidente, que deberá hacerlo siempre que el Consejo o su Presidente solicite la emisión de un informe o la adopción de propuestas; y cuando resulte conveniente para el buen desarrollo de sus funciones. A dichas reuniones asisten, (i) cuando los miembros de la CA lo consideren oportuno, miembros del equipo directivo o del personal de la Sociedad, (ii) los auditores internos, cada vez que se vaya a publicar información financiera (anual o intermedia), es decir, al menos cuatro veces al año (anual, semestral y trimestral), y (iii) el auditor externo, cuando vaya a publicarse el informe de revisión anual y semestral, es decir, dos veces al año. Asimismo, la CA recaba cuando lo cree necesario el asesoramiento de otros expertos externos. La CA da cuenta de su actividad y responde del trabajo realizado ante el primer pleno del Consejo de Administración posterior a sus reuniones y levanta Acta de sus reuniones, de la que se remite copia a todos los miembros del Consejo. Elabora, asimismo, un informe anual sobre su funcionamiento.

Funciones básicas: (i) Informar en la Junta General de Accionistas sobre las cuestiones que se planteen en relación con aquellas materias que sean competencia de la CA y, en particular, sobre el resultado de la auditoría explicando cómo esta ha contribuido a la integridad de la información financiera y la función que la CA ha desempeñado en ese proceso; (ii) Elevar al Consejo de Administración, las propuestas de selección, nombramiento, reelección y sustitución de los auditores de cuentas responsabilizándose del proceso de selección, así como las condiciones de su contratación y recabar regularmente de él información sobre el plan de auditoría y su ejecución, además de preservar su independencia en el ejercicio de sus funciones; (iii) Supervisar los sistemas internos de auditoría; (iv) Revisar las cuentas de la Sociedad, vigilar el cumplimiento de los requerimientos legales y la correcta aplicación de los principios de contabilidad generalmente aceptados; (v) Supervisar la política de control y gestión de riesgos; (vi) Supervisar el cumplimiento del contrato de auditoría, procurando que la opinión sobre las cuentas anuales y los contenidos principales del informe de auditoría sean redactados de forma clara y precisa, evaluando los resultados de cada auditoría; (vii) Recibir información sobre las operaciones de modificaciones estructurales y corporativas que proyecte realizar la Sociedad para su análisis e informe previo al Consejo de Administración sobre sus condiciones económicas y su impacto contable y, en especial, en su caso, sobre la ecuación de canje propuesta; (viii) Examinar el cumplimiento de las reglas de gobierno de la Sociedad y hacer las propuestas necesarias para su mejora, incluyendo la evaluación periódica del sistema de gobierno corporativo de la Sociedad, con el fin de que cumpla su misión de promover el interés social y tenga en cuenta, según corresponda, los legítimos intereses de los restantes grupos de interés; (ix) Revisar la política de responsabilidad social corporativa, velando por que esté orientada a la creación de valor, y efectuando el seguimiento de la estrategia y prácticas de responsabilidad social corporativa y la evaluación de su grado de cumplimiento; (x) Supervisar y evaluar los procesos de relación con los distintos grupos de interés; y (xi) Recibir información y, en su caso, emitir informe sobre las medidas disciplinarias que se pretendan imponer a miembros del alto equipo directivo de la Sociedad.

En el Informe anual de la CA correspondiente al ejercicio 2018, que se pondrá a disposición de todos los accionistas en la página web de ROVI, se resumen las actuaciones más importantes llevadas a cabo por la CA en dicho ejercicio. Se hace constar que ese informe se ha realizado conforme a los aspectos que se recogen en la Guía Técnica 3/2017 de la CNMV sobre comisiones de auditoría de entidades de interés público.

Identifique a los consejeros miembros de la comisión de auditoría que hayan sido designados teniendo en cuenta sus conocimientos y experiencia en materia de contabilidad, auditoría o en ambas e informe sobre la fecha de nombramiento del Presidente de esta comisión en el cargo.

Nombres de los consejeros con experiencia	DON ENRIQUE CASTELLÓN LEAL
Fecha de nombramiento del presidente en el cargo	09/06/2015

Comisión de Nombramiento y Retribuciones		
Nombre	Cargo	Categoría
DON MIGUEL CORSINI FREESE	PRESIDENTE	Independiente
DON ENRIQUE CASTELLÓN LEAL	VOCAL	Independiente
DON JOSÉ FERNANDO DE ALMANSA MORENO-BARREDA	VOCAL	Independiente

% de consejeros ejecutivos	0,00
% de consejeros dominicales	0,00
% de consejeros independientes	100,00
% de consejeros otros externos	0,00

Explique las funciones, incluyendo, en su caso, las adicionales a las previstas legalmente, que tiene atribuidas esta comisión, y describa los procedimientos y reglas de organización y funcionamiento de la misma. Para cada una de estas funciones, señale sus actuaciones más importantes durante el ejercicio y cómo ha ejercido en la práctica cada una de las funciones que tiene atribuidas, ya sea en la ley o en los estatutos u otros acuerdos sociales.

Las reglas de organización y funcionamiento de la Comisión de Nombramientos y Retribuciones ("CNR") se recogen en el artículo 14 del Reglamento del Consejo de Administración. La CNR estará formada por un mínimo de tres consejeros y un máximo de cinco, designados de entre sus consejeros no ejecutivos y siendo, en todo caso, al menos, la mayoría de los miembros independientes. Los miembros serán nombrados por el Consejo de Administración teniendo en cuenta sus conocimientos, aptitudes y experiencia en relación con las materias que están llamados a desempeñar.

El Presidente será necesariamente un consejero independiente, debiendo ser sustituido cada cuatro años.

La CNR se reúne trimestralmente, y debe hacerlo asimismo cada vez que la convoque su Presidente, que deberá hacerlo siempre que el Consejo o su Presidente solicite la emisión de un informe o la adopción de propuestas y siempre que resulte conveniente para el buen desarrollo de sus funciones.

La Comisión puede contar con el asesoramiento de expertos externos cuando lo considere necesario.

La CNR da cuenta de su actividad ante el primer pleno del CdA posterior a sus reuniones y levanta Acta de sus reuniones, de la que remite copia a todos los miembros del Consejo.

La CNR eleva anualmente al Consejo, para su evaluación en pleno, un informe sobre el desempeño de sus funciones por el Presidente del Consejo y por el primer ejecutivo de la Sociedad, y un informe sobre el funcionamiento de la propia CNR.

Asimismo, prepara y eleva al Consejo anualmente un informe sobre las remuneraciones de los consejeros para su aprobación y posterior sometimiento a votación consultiva de la Junta General de Accionistas.

Funciones básicas: (i) Evaluar las competencias, conocimientos y experiencia necesarios en el Consejo; (ii) Elevar al Consejo de Administración las propuestas de nombramiento de consejeros independientes para su designación por cooptación o para su sometimiento a la decisión de la Junta General de accionistas; (iii) Informar al Consejo sobre las propuestas de nombramiento de los restantes consejeros para su designación por cooptación o para su sometimiento a la decisión de la Junta General de accionistas; (iv) Informar al Consejo sobre las propuestas de nombramiento y separación de altos directivos y las condiciones básicas de sus contratos; (v) Informar al Consejo sobre las cuestiones de diversidad de género y cualificaciones de consejeros. A estos efectos, establecerá un objetivo de representación para el sexo menos representado en el Consejo de Administración y elaborará orientaciones sobre cómo alcanzar dicho objetivo; (vi) Proponer al Consejo de Administración: (a) la política de retribuciones de los consejeros y de los directores generales o de quienes desarrollen sus funciones de alta dirección bajo la dependencia directa del consejo, de comisiones ejecutivas o de consejeros delegados; y (b) la retribución individual de los consejeros ejecutivos y demás condiciones de sus contratos; (vii) Comprobar la observancia de la política retributiva establecida por la Sociedad; (viii) Organizar la sucesión del Presidente y del primer ejecutivo; (ix) Velar por la transparencia de las retribuciones y verificar la información sobre remuneraciones de los consejeros y altos directivos contenida en los distintos documentos corporativos; (x) Coordinar el proceso de reporte de la información no financiera y sobre diversidad, conforme a la normativa aplicable y a los estándares internacionales de referencia; (xi) Velar por que los eventuales conflictos de intereses no perjudiquen la independencia del asesoramiento externo prestado a la Comisión; (xii) Supervisar la estrategia de comunicación y relación con accionistas e inversores incluyendo los pequeños y medianos accionistas; y (xiii) Revisar la política de responsabilidad corporativa de la Sociedad, velando por que esté orientada a la creación de valor.

En el informe anual de la CNR correspondiente al ejercicio 2018 que se pondrá a disposición de todos los accionistas en la página web de ROVI se resumen las actuaciones más importantes llevadas a cabo por la CNR en dicho ejercicio.

C.2.2 Complete el siguiente cuadro con la información relativa al número de consejeras que integran las comisiones del consejo de administración al cierre de los últimos cuatro ejercicios:

	Número de consejeras							
	Ejercicio 2018		Ejercicio 2017		Ejercicio 2016		Ejercicio 2015	
	Número	%	Número	%	Número	%	Número	%
Comisión de Auditoría	0	0,00	0	0,00	0	0,00	0	0,00
Comisión de Nombramiento y Retribuciones	0	0,00	0	0,00	0	0,00	0	0,00

C.2.3 Indique, en su caso, la existencia de regulación de las comisiones del consejo, el lugar en que están disponibles para su consulta, y las modificaciones que se hayan realizado durante el ejercicio. A su vez, se indicará si de forma voluntaria se ha elaborado algún informe anual sobre las actividades de cada comisión.

Denominación comisión
COMISIÓN DE AUDITORÍA
Breve descripción

Las normas de organización y funcionamiento de la Comisión de Auditoría se recogen en los Estatutos Sociales y en el Reglamento del Consejo de Administración, que se encuentran disponibles para su consulta en la página web de la Sociedad (www.rovi.es). Además, desde el mes de noviembre de 2017, la Sociedad cuenta con un Reglamento de la Comisión de Auditoría conforme a lo previsto en la Guía técnica 3/2017 de la CNMV, el cual también está disponible para su consulta en la página web de la Sociedad. La Comisión de Auditoría elabora un informe anual (que se pone a disposición de los accionistas en la página web de la Sociedad con ocasión de la convocatoria de la Junta) en el que se destacan las principales actividades e incidencias surgidas, en caso de haberlas, en relación con las funciones que le son propias. Asimismo, cuando la Comisión de Auditoría lo considere oportuno, incluirá en dicho informe propuestas para mejorar las reglas de gobierno de la Sociedad.

Denominación comisión
COMISIÓN DE NOMBRAMIENTOS Y RETRIBUCIONES
Breve descripción

Las normas de organización y funcionamiento de la Comisión de Nombramientos y Retribuciones se recogen en el Reglamento del Consejo de Administración, el cual se encuentra disponible para su consulta en la página web de la Sociedad (www.rovi.es). La Comisión de Nombramientos y Retribuciones elabora un informe anual (que se pone a disposición de los accionistas en la página web de la Sociedad con ocasión de la convocatoria de la Junta) en el que se destacan las principales actividades e incidencias surgidas, en caso de haberlas, en relación con las funciones que le son propias. Asimismo, cuando esta comisión lo considere oportuno, incluirá en dicho informe propuestas para mejorar las reglas de gobierno de la Sociedad.

D. OPERACIONES VINCULADAS Y OPERACIONES INTRAGRUPPO

D.1. Explique, en su caso, el procedimiento y órganos competentes para la aprobación de operaciones con partes vinculadas e intragrupo.

Conforme a lo previsto en los artículos 47 de los Estatutos Sociales, 13 del Reglamento del Consejo de Administración y 10 del Reglamento de la Comisión de Auditoría, corresponde a la Comisión de Auditoría supervisar el cumplimiento de la normativa respecto de las operaciones vinculadas, velando por que se realicen las comunicaciones obligatorias al mercado e informando previamente al Consejo de Administración cuando vaya a adoptar decisiones sobre operaciones vinculadas. Asimismo, el artículo 33 del Reglamento del Consejo de Administración establece que la realización por la Sociedad o sociedades de su grupo de cualquier transacción con los consejeros, en los términos legalmente previstos, o con accionistas titulares, de forma individual o concertadamente con otros, de participaciones significativas a los efectos de la legislación del mercado de valores, incluyendo accionistas representados en el Consejo de Administración de la Sociedad o de otras sociedades que formen parte del mismo grupo o con personas a ellos vinculadas, quedará sometida a autorización por el Consejo de Administración, supeditada al informe previo favorable de la Comisión de Auditoría. Los consejeros afectados o que representen o estén vinculados a los accionistas afectados deberán abstenerse de participar en la deliberación y votación del acuerdo en cuestión. No obstante, no se requiere esta autorización en aquellas operaciones vinculadas que cumplan simultáneamente tres condiciones: (i) realizadas en virtud de contratos cuyas condiciones estén estandarizadas y se apliquen en masa a un gran número de clientes; (ii) realizadas a precios o tarifas de mercado, fijados con carácter general por quien actué como suministrador del bien o servicio del que se trate; y (iii) que la cuantía de la operación no supere el 1% de los ingresos anuales de la Sociedad.

D.2. Detalle aquellas operaciones significativas por su cuantía o relevantes por su materia realizadas entre la sociedad o entidades de su grupo, y los accionistas significativos de la sociedad:

Nombre o denominación social del accionista significativo	Nombre o denominación social de la sociedad o entidad de su grupo	Naturaleza de la relación	Tipo de la operación	Importe (miles de euros)
NORBEL INVERSIONES, S.L.	Laboratorios Farmacéuticos Rovi, S.A.	Societaria	Dividendos y otros beneficios distribuidos	4.203

La Junta General de Accionistas de la Sociedad, en su reunión celebrada el 29 de mayo de 2018, acordó el pago a los accionistas de un dividendo de 0,1207 euros brutos por acción. En virtud de dicho acuerdo, los accionistas de la Sociedad recibieron el 5 de julio de 2018 en concepto de dividendos la cantidad correspondiente a su participación social.

D.3. Detalle las operaciones significativas por su cuantía o relevantes por su materia realizadas entre la sociedad o entidades de su grupo, y los administradores o directivos de la sociedad:

Nombre o denominación social de los administradores o directivos	Nombre o denominación social de la parte vinculada	Vínculo	Naturaleza de la operación	Importe (miles de euros)
DON IVÁN JORGE LÓPEZ-BELMONTE ENCINA	LABORATORIOS FARMACÉUTICOS ROVI, S.A. - REPRESENTAÇÃO EM PORTUGAL	Comercial	Contratos de arrendamiento operativo	24

Nombre o denominación social de los administradores o directivos	Nombre o denominación social de la parte vinculada	Vínculo	Naturaleza de la operación	Importe (miles de euros)
DON JUAN LÓPEZ-BELMONTE LÓPEZ	LABORATORIOS FARMACÉUTICOS ROVI, S.A.	Comercial	Contratos de arrendamiento operativo	1.107
DON JUAN LÓPEZ-BELMONTE LÓPEZ	PAN QUÍMICA FARMACÉUTICA, S.A.	Comercial	Contratos de arrendamiento operativo	53
DON JUAN LÓPEZ-BELMONTE LÓPEZ	ROVI CONTRACT MANUFACTURING, S.L.	Comercial	Contratos de arrendamiento operativo	866

La Sociedad y la entidad del Grupo ROVI, Rovi Contract Manufacturing, S.L., han mantenido suscritos nueve contratos de arrendamiento de inmueble para uso distinto de vivienda con la sociedad Inversiones Borbollón, S.L. en la que D. Juan López-Belmonte López, Presidente del Consejo de Administración de Laboratorios Farmacéuticos Rovi, S.A. participa directamente de forma mayoritaria. Asimismo, la Sociedad tiene suscritos tres contratos de arrendamiento de inmueble para uso distinto de vivienda con la sociedad Norba Inversiones, S.L., en la que D. Juan López-Belmonte López, Presidente del Consejo de Administración de Laboratorios Farmacéuticos Rovi, S.A. tiene una participación mayoritaria de forma indirecta. Pan Química Farmacéutica S.A., entidad del Grupo ROVI, tiene suscrito un contrato de arrendamiento de inmueble para uso distinto de vivienda con la sociedad Lobel y Losa Development, S.L. en la que D. Juan López-Belmonte López, Presidente del Consejo de Administración de Laboratorios Farmacéuticos Rovi, S.A. tiene una participación mayoritaria de forma directa. El local en el que se encuentra abierta la delegación comercial de ROVI en Portugal es propiedad de D. Iván López-Belmonte Encina, quien se lo arrienda a Laboratorios Farmacéuticos Rovi, S.A.-RepresentanCao em Portugal.

- D.4.** Informe de las operaciones significativas realizadas por la sociedad con otras entidades pertenecientes al mismo grupo, siempre y cuando no se eliminen en el proceso de elaboración de estados financieros consolidados y no formen parte del tráfico habitual de la sociedad en cuanto a su objeto y condiciones.

En todo caso, se informará de cualquier operación intragrupo realizada con entidades establecidas en países o territorios que tengan la consideración de paraíso fiscal:

Denominación social de la entidad de su grupo	Breve descripción de la operación	Importe (miles de euros)
Sin datos		N.A.

- D.5.** Detalle las operaciones significativas realizadas entre la sociedad o entidades de su grupo y con otras partes vinculadas, que no hayan sido informadas en los epígrafes anteriores:

Denominación social de la parte vinculada	Breve descripción de la operación	Importe (miles de euros)
ENERVIT NUTRITION, S.L.	Rovi ha suministrado productos a Enervit Nutrition, S.L. durante el ejercicio 2018, percibiendo a cambio un importe de sesenta y dos mil (62.000) euros.	62

Denominación social de la parte vinculada	Breve descripción de la operación	Importe (miles de euros)
ALENTIA BIOTECH S.L.	Laboratorios Farmacéuticos ROVI, S.A., como prestamista, tiene suscrito con Alentia Biotech, S.L., como prestataria, dos contratos de préstamo por un importe de cincuenta mil (50.000) euros y de un millón cincuenta mil (1.050.000) respectivamente, a un mismo tipo de interés anual del 2%, que han devengado en el ejercicio 2018 unos intereses de veintidós mil (22.000) euros.	22
ENERVIT NUTRITION S.L.	La Sociedad y Enervit Nutrition, S.L. (entidad controlada conjuntamente por la sociedad italiana Enervit S.p.A. y la Sociedad) tienen suscrito un contrato por el que Enervit Nutrition, S.L. ha prestado servicios promocionales a Rovi durante el ejercicio 2017 por un importe de doscientos mil (200.000) euros.	200
ENERVIT NUTRITION S.L.	Enervit Nutrition S.L. ha facturado a Rovi por suministro de productos un importe de cuarenta y un mil (41.000) euros.	41

Laboratorios Farmacéuticos ROVI, S.A. es titular del 50 % de la sociedad Alentia Biotech, S.L. y D. Juan López-Belmonte López, D. Juan y D. Javier López-Belmonte Encina son miembros de su Consejo de Administración.

Laboratorios Farmacéuticos Rovi S.A. es titular del 50% de la sociedad Enervit Nutrition S.L. y D. Iván López-Belmonte Encina y D. Javier López-Belmonte Encina son miembros del Consejo de Administración de Enervit Nutrition, S.L.

D.6. Detalle los mecanismos establecidos para detectar, determinar y resolver los posibles conflictos de intereses entre la sociedad y/o su grupo, y sus consejeros, directivos o accionistas significativos.

De conformidad con el artículo 28 del Reglamento del Consejo, el consejero deberá comunicar la existencia de conflictos de interés al Consejo de Administración, tanto suyos como de las personas vinculadas al consejero. Se entenderá por personas vinculadas a los consejeros las siguientes: a) su cónyuge o persona con análoga relación de afectividad; b) ascendientes, descendientes y hermanos del consejero o del cónyuge del consejero; c) los cónyuges de los ascendientes, de los descendientes y de los hermanos del consejero; y d) las sociedades en las que el consejero, por sí o por persona interpuesta, se encuentre en algunas de las situaciones contempladas en el apartado primero del artículo 42 del Código de Comercio. En el caso del consejero persona jurídica, se entenderá que son personas vinculadas las siguientes: a) Los socios que se encuentren, respecto del consejero persona jurídica, en alguna de las situaciones contempladas en el apartado primero del artículo 42 del Código de Comercio. b) Los administradores, de hecho o de derecho, los liquidadores y los apoderados con poderes generales del consejero persona jurídica. c) Las sociedades que formen parte del mismo grupo y sus socios. d) Las personas que respecto del representante del consejero persona jurídica tengan la consideración de persona vinculada a los consejeros. El consejero deberá abstenerse de participar en la deliberación y votación de acuerdos o decisiones en las que él o una persona vinculada tenga un conflicto de intereses, directo o indirecto. Se excluirán de la anterior obligación de abstención los acuerdos o decisiones que le afecten en su condición de administrador, tales como su designación o revocación para cargos en el órgano de administración u otros de análogo significado.

Asimismo, los consejeros deberán adoptar las medidas necesarias para evitar incurrir en situaciones en las que sus intereses, sean por cuenta propia o ajena, puedan entrar en conflicto con el interés social y con sus deberes para con la Sociedad. En particular, el deber de evitar situaciones de conflicto de interés obliga al consejero a abstenerse de: (a) Realizar transacciones con la Sociedad, excepto que se trate de operaciones ordinarias, hechas en condiciones estándar para los clientes y de escasa relevancia, entendiéndose por tales aquellas cuya información no sea necesaria para expresar la imagen fiel del patrimonio, de la situación financiera y de los resultados de la Sociedad. Tratándose de transacciones dentro del curso ordinario de los negocios sociales y que tengan carácter habitual o recurrente, bastará la autorización genérica de la operación y de sus condiciones de ejecución por el Consejo de Administración. (b) Utilizar el nombre de la Sociedad o invocar su condición de consejero para influir indebidamente en la realización de operaciones privadas. (c) Hacer uso de los activos sociales, incluida la información confidencial de la Sociedad, con fines privados. (d) Aprovecharse de las oportunidades de negocio de la Sociedad. (e) Obtener ventajas o remuneraciones de terceros distintos de la Sociedad asociadas al desempeño de su cargo, salvo que se trate de atenciones de mera cortesía. (f) Desarrollar actividades por cuenta propia o cuenta ajena que entrañen una competencia efectiva, sea actual o potencial, con la Sociedad o que, de otro modo, le sitúen en un conflicto permanente con los intereses de la Sociedad.

La Sociedad podrá dispensar al consejero en casos singulares autorizando la realización por parte de un consejero o de una persona a él vinculada de una determinada transacción con la Sociedad, el uso de ciertos activos sociales, el aprovechamiento de una concreta oportunidad de negocio, la obtención de una ventaja o remuneración de un tercero.

Corresponderá necesariamente a la Junta General de accionistas, en virtud de acuerdo expreso y separado, el otorgamiento de la autorización a que se refiere el párrafo anterior cuando ésta tenga por objeto la dispensa de la prohibición de obtener una ventaja o remuneración de un tercero, o afecte a una transacción cuyo valor sea superior al diez por ciento de los activos sociales. En los demás casos, la autorización también podrá ser concedida por el Consejo de Administración siempre que quede suficientemente garantizada la independencia de los miembros

que la conceden respecto del consejero dispensado. Adicionalmente, será preciso que, en este último caso, se asegure la inocuidad de la operación autorizada para el patrimonio social o, en su caso, su realización en condiciones de mercado y la transparencia del proceso. La obligación de no competencia sólo podrá ser dispensada en el supuesto de que no quepa esperar daño para la Sociedad o el que quepa esperar se vea compensado por los beneficios que prevén obtenerse de la dispensa. La dispensa se concederá mediante acuerdo expreso y separado de la Junta General.

D.7. ¿Cotiza más de una sociedad del Grupo en España?

Sí
 No

E. SISTEMAS DE CONTROL Y GESTION DE RIESGOS

E.1. Explique el alcance del Sistema de Control y Gestión de Riesgos de la sociedad, incluidos los de naturaleza fiscal:

ROVI considera el Control y la Gestión de Riesgos como un instrumento que contribuye a lograr una mayor eficiencia y eficacia de sus operaciones. Por ello ha establecido, a través de su Política de Control y Gestión de Riesgos aprobada por el Consejo de Administración en mayo de 2016, los mecanismos y principios básicos para una adecuada gestión de los riesgos clave a los que se enfrenta. Mediante esta Política, la Sociedad fija el nivel de riesgo que considera aceptable, identifica los diferentes tipos de riesgo así como las medidas previstas para mitigar el impacto de los mismos en caso de que llegaran a materializarse. Adicionalmente, la Política identifica los sistemas de información y control interno que se utilizarán para controlar y gestionar los citados riesgos.

El Sistema de Gestión de Riesgos de la Sociedad funciona de forma integral, continua, consolidando dicha gestión por área o unidad de negocio o actividad, filiales, zonas geográficas y áreas de soporte (recursos humanos, financiero-fiscal, marketing o control de gestión, etc.) a nivel corporativo. El modelo de gestión de riesgos de ROVI está basado en tres líneas de defensa:

- La primera línea de defensa está constituida por las diferentes áreas operativas del Grupo quienes, en el transcurso diario de sus operaciones, deben identificar, clasificar, evaluar y monitorizar los riesgos, según el nivel de riesgo aceptado por ROVI.
- La segunda línea de defensa está constituida por la función de control y gestión de riesgos. Esta función es la encargada de implantar el sistema de control y gestión de riesgos, colaborando en el establecimiento inicial del mismo y contribuyendo, una vez implantado, a su mejora, haciendo seguimiento de su funcionamiento y coordinando su desarrollo.
- La tercera línea de defensa es Auditoría Interna, que supervisa los sistemas de control interno y gestión de riesgos auditando tanto la primera como la segunda línea de defensa.

Adicionalmente, el firme compromiso de la Sociedad de contribuir al desarrollo económico y social de los diferentes mercados en los que opera, se ha materializado en el ámbito fiscal en la determinación por parte del Consejo de Administración de una Estrategia Fiscal que tiene como objetivo asegurar que el cumplimiento de las obligaciones tributarias por la Sociedad se lleve a cabo a través de prácticas éticas y responsables y que pone un especial empeño en que los sistemas de control y gestión de riesgos fiscales funcionen eficientemente.

E.2. Identifique los órganos de la sociedad responsables de la elaboración y ejecución del Sistema de Control y Gestión de Riesgos, incluido el fiscal:

De Conformidad con el artículo 5.3 del Reglamento del Consejo de Administración de Laboratorios Farmacéuticos Roví, S.A., es competencia del Consejo de Administración en pleno la aprobación de la Política de Control y Gestión de Riesgos, incluidos los fiscales, así como el seguimiento periódico de los sistemas internos de información y control. La Comisión de Auditoría, de acuerdo con el artículo 13.2 del citado Reglamento, incluye entre sus funciones la supervisión de la Política de Control y Gestión de Riesgos (incluidos los fiscales) que inciden en la consecución de los objetivos corporativos. A tal fin, el mismo artículo dispone que la Comisión de Auditoría revisará periódicamente los sistemas de control interno y gestión de riesgos, incluidos los fiscales, para que los principales riesgos se identifiquen, gestionen y den a conocer adecuadamente.

La Comisión de Auditoría es por tanto el órgano encargado de revisar y supervisar los dispositivos de control interno y gestión de riesgos de la Sociedad así como su eficacia, para que los principales riesgos se identifiquen, gestionen y den a conocer adecuadamente. En particular, el artículo 13.2 del Reglamento del Consejo de Administración establece que la Comisión de Auditoría ejercerá, entre otras, las siguientes funciones en relación con la política y la gestión de riesgos:

- Identificar los distintos tipos de riesgo, financieros y no financieros, a los que se enfrenta la Sociedad.
- Identificar la fijación del nivel de riesgo que la Sociedad considere aceptable.
- Identificar las medidas previstas para mitigar el impacto de los riesgos identificados, en caso de que llegaran a materializarse.
- Identificar los sistemas de información y control interno que se utilizarán para controlar y gestionar los citados riesgos.

La Comisión de Auditoría lleva a cabo estas funciones a través de la Dirección, quien identifica, clasifica, evalúa y monitoriza los riesgos, teniendo en cuenta las categorías y los niveles de riesgos aceptables fijados por la Comisión de Auditoría y aplica las medidas previstas para mitigar el impacto de los mismos en caso de que llegaran a materializarse.

El Departamento de Auditoría Interna asume la función de implantar un Sistema de Control y Gestión de Riesgos, colaborando en el establecimiento inicial del Sistema y contribuyendo, una vez implantado, a su mejora, monitoreando su funcionamiento y coordinando su desarrollo. Asimismo, informa a la Comisión de Auditoría periódicamente sobre el correcto funcionamiento del Sistema y/o los riesgos que se hayan materializado, en su caso.

En relación a los riesgos fiscales, el Departamento Financiero es el responsable directo de controlar la efectiva implementación de los aspectos básicos de la Estrategia Fiscal determinada por el Consejo de Administración y el establecimiento y aplicación de medidas que garanticen que en el proceso de toma de decisiones de la Sociedad y su grupo se valora adecuadamente el riesgo fiscal. Dada la complejidad de la materia fiscal y los continuos cambios normativos que en relación con la misma se producen, la Sociedad y su grupo cuentan siempre con la colaboración de asesores externos expertos en esta materia, con opción de formar equipos multidisciplinares si una operación en concreto lo requiere, a fin de que sea elevada la confianza de que la presentación de sus impuestos y la toma de decisiones en materia fiscal es la adecuada.

E.3. Señale los principales riesgos, incluidos los fiscales y en la medida que sean significativos los derivados de la corrupción (entendidos estos últimos con el alcance del Real Decreto Ley 18/2017), que pueden afectar a la consecución de los objetivos de negocio:

Los principales factores de riesgo a los que el Grupo considera que está expuesto respecto al cumplimiento de sus objetivos de negocio son los siguientes:

- Cambios en la normativa reguladora del mercado dirigidos a la contención del gasto farmacéutico (control de precios, precios de referencia, potenciación de genéricos, copago, plataformas de compras);
- Finalización de la relación contractual con clientes que representen una parte significativa de sus ventas o renovación en términos menos favorables a los actuales;
- Variaciones en las condiciones de suministro de materias primas y otros materiales de acondicionamiento necesarios para la fabricación de sus productos;
- Morosidad a corto plazo en el pago de las Administraciones Públicas; y
- Riesgo fiscal inherente a la actividad de compañías del tamaño y complejidad del Grupo.

E.4. Identifique si la entidad cuenta con niveles de tolerancia al riesgo, incluido el fiscal:

La Comisión de Auditoría, como parte del proceso de gestión de riesgos, establece el nivel de riesgo considerado como aceptable, incluido el fiscal, para lo que tiene en cuenta dos aspectos:

- **Apetito al riesgo:** nivel de Riesgo que ROVI está dispuesto a aceptar para conseguir sus objetivos estratégicos.
- **Tolerancia:** nivel de variación que se acepta en la consecución de los objetivos.

La fijación del nivel de riesgo queda establecida en las escalas de valoración de riesgos para las variables de probabilidad de ocurrencia e impacto. Estas escalas son aprobadas anualmente por la Comisión de Auditoría en el proceso de actualización del mapa de riesgos de la compañía.

E.5. Indique qué riesgos, incluidos los fiscales, se han materializado durante el ejercicio:

Medidas adoptadas por el Gobierno de la Nación y por Gobiernos Autonómicos para reducir el déficit público sanitario en los últimos años.

Las medidas de contención del gasto farmacéutico que vienen afectando al sector farmacéutico en los últimos años por los Reales Decretos-Leyes 4 y 8/2010, 9/2011, 16/2012 y, más recientemente, por el Real Decreto 177/2014, por el que se regula el sistema de precios de referencia y de agrupaciones homogéneas de medicamentos en el Sistema Nacional de Salud, y determinados sistemas de información en materia de financiación y precios de los medicamentos y productos sanitarios (el Real Decreto 177/2014) y las sucesivas Órdenes Ministeriales por las que se procede a la actualización del sistema de precios de referencia de medicamentos en el Sistema Nacional de Salud, han ocasionado una importante caída del gasto farmacéutico público en nuestro país desde el año 2010.

La nueva Orden de precios de referencia aprobada en el ejercicio 2018, que contempla una bajada de precios de varios productos de la Sociedad, no ha tenido impacto significativo para el Grupo por tratarse de productos ya afectados por Órdenes ministeriales anteriores.

Debido a que las medidas del control del déficit, tanto del Estado como de las Comunidades Autónomas, afectan continuamente al sector farmacéutico, la Sociedad sigue sin descartar la aprobación de nuevas modificaciones legislativas que impacten significativamente en los planes de desarrollo de la industria farmacéutica, en general, y que puedan incidir en la consecución de los objetivos corporativos de la Sociedad, en particular. La Sociedad, que es plenamente consciente de ello, desarrolla de manera periódica planes de contingencia con el fin de tratar de minimizar el impacto de eventuales nuevas medidas.

La Sociedad ha aplicado al riesgo indicado en este apartado los sistemas de supervisión y control y los planes de respuesta que se describen en el apartado E.6, considerando que han funcionado correctamente para la previsión y detección de su ocurrencia y la minimización de su impacto.

E.6. Explique los planes de respuesta y supervisión para los principales riesgos de la entidad, incluidos los fiscales, así como los procedimientos seguidos por la compañía para asegurar que el consejo de administración da respuesta a los nuevos desafíos que se presentan:

ROVI mantiene una actitud de vigilancia y alerta permanente ante los riesgos que puedan afectar negativamente a sus actividades de negocio, aplicando los principios y mecanismos adecuados para su gestión y desarrollando continuamente planes de contingencia que puedan amortiguar o compensar su impacto. Entre ellos, destacamos que el Grupo (i) persevera cada año en un plan de ahorro interno que se ha centrado principalmente en la mejora de la eficiencia de sus procesos operativos internos y externos; (ii) trabaja intensamente en el mantenimiento de una cartera amplia y diversificada de productos y clientes; (iii) prosigue con su objetivo de apertura constante de nuevos mercados gracias a su proyecto de expansión internacional; (iv) el Grupo lleva un riguroso control del crédito y realiza una efectiva gestión de tesorería que le asegura la generación y mantenimiento de circulante suficiente para poder efectuar las operaciones del día a día; y (v) el Grupo cuenta con un sistema de control de riesgos en materia fiscal exhaustivo y con asesores fiscales externos que revisan la preparación y presentación de los diferentes impuestos así como la toma de decisiones en materia fiscal por parte del Grupo.

F. SISTEMAS INTERNOS DE CONTROL Y GESTIÓN DE RIESGOS EN RELACIÓN CON EL PROCESO DE EMISIÓN DE LA INFORMACIÓN FINANCIERA (SCIIF)

Describa los mecanismos que componen los sistemas de control y gestión de riesgos en relación con el proceso de emisión de información financiera (SCIIF) de su entidad.

F.1. Entorno de control de la entidad.

Informe, señalando sus principales características de, al menos:

F.1.1 Qué órganos y/o funciones son los responsables de: (i) la existencia y mantenimiento de un adecuado y efectivo SCIIF; (ii) su implantación; y (iii) su supervisión.

El Sistema de Control Interno sobre la Información Financiera (en adelante, "SCIIF") de ROVI tiene como objetivo obtener una seguridad razonable sobre la fiabilidad de la información financiera. Los órganos responsables del mismo son:

- El Consejo de Administración: es el Órgano responsable de la existencia y mantenimiento de un adecuado y efectivo SCIIF, de acuerdo con lo establecido en el Reglamento del Consejo de Administración, en su versión aprobada el 26 de abril de 2016.

- La Alta Dirección tiene asumidas las funciones de implantación y diseño del SCIIF, según se indica también en el Reglamento del Consejo de Administración.

- La Comisión de Auditoría es el Órgano encargado de la supervisión del SCIIF, según se indica en los Estatutos de la Sociedad, en Reglamento del Consejo de Administración y en el Reglamento de la Comisión de Auditoría aprobado por el Consejo de Administración el 7 de noviembre de 2017. Este Reglamento asigna, entre otras, las siguientes responsabilidades a la Comisión de Auditoría:

o Supervisar el proceso de elaboración y presentación, así como la integridad de la información financiera regulada relativa a la Sociedad y, en su caso, al Grupo, revisando el cumplimiento de los requisitos normativos, la adecuada delimitación del perímetro de consolidación y la correcta aplicación de los criterios contables, y presentar recomendaciones o propuestas al Consejo de Administración, dirigidas a salvaguardar su integridad.

o Revisar y supervisar periódicamente los sistemas de control interno y gestión de riesgos, así como su eficacia para que los principales riesgos se identifiquen, gestionen y den a conocer adecuadamente.

o Revisar la claridad e integridad de toda la información financiera y no financiera relacionada que la entidad haga pública, como pueden ser los estados financieros, informes de gestión, informes de gestión y control de riesgos e informe de gobierno corporativo, valorando en qué casos se debe involucrar a los auditores de cuentas en la revisión de alguno de los informes adicionales a los estados financieros.

F.1.2 Si existen, especialmente en lo relativo al proceso de elaboración de la información financiera, los siguientes elementos:

- Departamentos y/o mecanismos encargados: (i) del diseño y revisión de la estructura organizativa; (ii) de definir claramente las líneas de responsabilidad y autoridad, con una adecuada distribución de tareas y funciones; y (iii) de que existan procedimientos suficientes para su correcta difusión en la entidad:

- (i) del diseño y revisión de la estructura organizativa;

El diseño y la revisión de la estructura organizativa son desarrollados por la Dirección de Recursos Humanos con la involucración de la Dirección del departamento correspondiente. Existen organigramas específicos para cada área financiera, con un adecuado nivel de detalle donde se establecen las líneas de responsabilidad y autoridad.

(ii) de definir claramente las líneas de responsabilidad y autoridad, con una adecuada distribución de tareas y funciones;

Cada puesto de trabajo tiene definidas unas tareas y responsabilidades en la elaboración y supervisión de la información financiera. Las líneas de autoridad y responsabilidad están detalladas en los organigramas departamentales y son definidas por la Dirección. Asimismo, en los procedimientos relacionados con la elaboración de la información financiera se indican las responsabilidades de las distintas áreas de la empresa.

y (iii) de que existan procedimientos suficientes para su correcta difusión en la entidad, en especial, en lo relativo al proceso de elaboración de la información financiera.

Los procedimientos relativos a la elaboración de la información financiera se comunican a los responsables de la función financiera.

- **Código de conducta, órgano de aprobación, grado de difusión e instrucción, principios y valores incluidos (indicando si hay menciones específicas al registro de operaciones y elaboración de información financiera), órgano encargado de analizar incumplimientos y de proponer acciones correctoras y sanciones:**

ROVI posee un Código de Conducta (el "Código Ético"), cuya última versión fue aprobada por el Consejo de Administración el 19 de febrero de 2018, que es la base de los principios éticos de la Sociedad y su Grupo. Dicho Código es de aplicación a todos los empleados, a quienes ha sido comunicado, y tiene como objetivo fundamental ser un marco de pautas y recomendaciones que transmita el buen hacer en el trabajo diario de los empleados de ROVI a sus grupos de interés (empleados, accionistas, proveedores, clientes, pacientes, profesionales, las administraciones públicas y la sociedad en general) y, a la vez, sirva de guía en la toma de decisiones cotidianas. ROVI considera este Código Ético como una oportunidad para llevar a la práctica los valores que la identifican como compañía, tales como el respeto mutuo, la búsqueda de la innovación, el trabajo en equipo, la eficiencia o la competitividad fruto siempre de la excelencia científica.

El Código Ético es suscrito formalmente por todos los trabajadores en el momento de su incorporación a la plantilla de cualquier sociedad del Grupo ROVI. El documento se encuentra disponible para empleados en la web interna de ROVI.

El Código Ético de ROVI incluye un apartado específico sobre integridad financiera y protección de sus activos, por el que se compromete a aplicar los más altos estándares éticos y de transparencia en sus comunicaciones, registros de información e informes referidos a sus productos y actividades. Esto conlleva la obligación de que en la confección de la contabilidad, de los estados financieros, libros, registros y cuentas, el ROVI cumplirá con los requerimientos legales y con la correcta aplicación de los principios de contabilidad vigentes, con el objeto de ofrecer una visión exacta de las actividades empresariales y de la situación financiera del Grupo.

Adicionalmente, ROVI cuenta con una Política Antisoborno y Anticorrupción, cuya última versión es la aprobada por el Consejo de Administración el 19 de febrero de 2018, que desarrolla a uno de los principios del Código Ético de rechazo a cualquier práctica que incluya el soborno o la corrupción. En la Política Antisoborno y Anticorrupción, también aplicable a todos los empleados de ROVI, se establece que se deben llevar y conservar libros, registros y cuentas que reflejen en detalla y de forma precisa los activos y transacciones del Grupo, así como mantener un sistema adecuado de controles internos sobre la información financiera. Por este motivo, todas las transacciones financieras deben ser registradas en los libros oficiales de contabilidad. No se permiten cuentas fuera de estos libros, ya que estas prácticas pueden facilitar o encubrir pagos indebidos. El documento se encuentra disponible para empleados en la web interna de ROVI.

El Órgano encargado de velar por el cumplimiento del Código Ético es la Función de Cumplimiento, quien tiene asignada esta función en su "Estatuto de la Función de Cumplimiento Normativo", aprobado por la Comisión de Auditoría el 25 de julio de 2017. Dicho órgano es un órgano colegiado de carácter interno y permanente que reporta directamente a la Comisión de Auditoría y tiene la consideración de órgano asesor de dicha comisión en materia de cumplimiento. El Departamento de Cumplimiento es el área responsable de llevar a cabo las actividades de coordinación de cumplimiento en el día a día, prestando apoyo al Comité de Cumplimiento e informándole de los asuntos relevantes.

Durante el ejercicio 2018 el personal de ROVI ha recibido formación sobre el Código Ético, impartida por el área de cumplimiento. Dicha formación ha tenido dos objetivos principales: el primero, reforzar la idea de que todos los empleados y miembros de órganos de gobierno de ROVI están sujetos al mismo y que éste es de obligado cumplimiento para todos y, segundo, impartir formación sobre todos los principios de actuación recogidos en el Código Ético, sus posibles aplicaciones e interpretaciones.

Adicionalmente, el Comité de Cumplimiento del 7 de noviembre de 2017 aprobó el "Código Ético para Proveedores". El objetivo principal de este Código es asegurar que sus proveedores y otros integrantes de la cadena de valor se comporten no sólo respetando a la legislación vigente, sino también los valores del sistema de gobierno corporativo de ROVI, los principios recogidos en su Política de Responsabilidad Social Corporativa y otras normas internas de ROVI. La implementación del uso de este código se encuentra actualmente en desarrollo por parte de alguno de los departamentos involucrados en la gestión con proveedores.

ROVI cuenta con un "Reglamento del canal ético para Empleados y Proveedores", cuya última actualización fue aprobada por la Comisión de Auditoría el 7 de noviembre de 2017, donde se establece que el órgano encargado de la gestión de los canales éticos de ROVI (el de empleados y el de proveedores) es el Comité Ético, que es asimismo el encargado de asegurar que todas las denuncias presentadas sean atendidas y gestionadas de forma adecuada, completa y confidencial. Dicho órgano es el encargado de analizar incumplimientos y proponer acciones correctoras. Las posibles sanciones que se deriven de incumplimientos son responsabilidad del Departamento de Recursos Humano.

Adicionalmente, ROVI cuenta con un Reglamento Interno de Conducta en los Mercados de Valores, cuya última versión fue aprobada por el Consejo de Administración el 25 de julio de 2017. El objetivo de este Reglamento es ajustar las actuaciones de la Sociedad, sus órganos de administración, empleados y demás personas sujetas a las normas de conducta a la normativa relacionada con mercado de valores.

- **Canal de denuncias, que permita la comunicación a la comisión de auditoría de irregularidades de naturaleza financiera y contable, en adición a eventuales incumplimientos del código de conducta y actividades irregulares en la organización, informando, en su caso, si éste es de naturaleza confidencial:**

ROVI posee un canal de denuncias (el "Canal Ético") puesto a disposición de sus empleados, proveedores, socios comerciales, agentes y colaboradores cuya finalidad es garantizar una comunicación fluida y eficaz con los órganos encargados de velar por el cumplimiento, la ética y la transparencia dentro de la organización.

Este canal tiene por objeto permitir la notificación de cualesquiera irregularidades, ya sean de naturaleza financiera, contractual, legal o ética; así como plantear las dudas interpretativas que puedan surgir sobre el Código Ético de ROVI, el Código Ético para Proveedores, o en general sobre las distintas políticas y procedimientos aprobadas por el Grupo.

El Canal Ético se encuentra regulado en el "Reglamento del canal ético para Empleados y Proveedores", en el que se indica que todos los empleados del Grupo ROVI y los proveedores sujetos al Código Ético para Proveedores tienen obligación de comunicar:

- Cualesquiera incumplimientos legales de los que tengan conocimiento, incluidos los incumplimientos de aquellas normas que ROVI ha decidido cumplir voluntariamente, como por ejemplo el Código de Buenas Prácticas de la Industria Farmacéutica.
- Cualesquiera comportamientos que puedan ser constitutivos de un delito o un incumplimiento del Modelo de Prevención de Delitos del Grupo.
- Cualesquiera comportamientos que puedan ser calificados como no éticos, o contrarios al Código Ético de ROVI o al Código Ético para Proveedores.
- Cualesquiera irregularidades financieras o contables o cualesquiera otras que pudieran tener una potencial trascendencia en el funcionamiento y operativa de las sociedades del Grupo.
- Aquellos incumplimientos de políticas internas o procedimientos de los que tengan conocimiento.

Las denuncias pueden ser enviadas vía correo postal ordinario o vía correo electrónico a las direcciones establecidas para ello en el "Reglamento del canal ético para Empleados y Proveedores". Ambos canales garantizan la confidencialidad de las denuncias mediante la restricción del acceso al correo electrónico y de la recepción postal de las denuncias, únicamente a los destinatarios autorizados en el "Reglamento del canal ético para Empleados y Proveedores".

El órgano encargado de la gestión del canal de denuncias es el Comité Ético. Durante el presente ejercicio no ha sido recibida ninguna denuncia relacionada con la información financiera.

- **Programas de formación y actualización periódica para el personal involucrado en la preparación y revisión de la información financiera, así como en la evaluación del SCIIF, que cubran al menos, normas contables, auditoría, control interno y gestión de riesgos:**

La compañía cuenta con una importante estabilidad laboral entre los empleados que participan en la elaboración de la información financiera, quienes tienen los conocimientos necesarios para la realización de las funciones asignadas. En el caso de producirse cambios en la legislación aplicable o en las funciones asignadas a personal involucrado en estas actividades, se llevan a cabo programas de formación específicos, coordinados con el área de Recursos Humanos.

Adicionalmente, la Sociedad cuenta con la colaboración de asesores externos que prestan su apoyo al personal de la función financiera en cuestiones relativas a actualizaciones en materia fiscal, legal y contable y con los que existe un contacto regular.

F.2. Evaluación de riesgos de la información financiera.

Informe, al menos, de:

F.2.1 Cuáles son las principales características del proceso de identificación de riesgos, incluyendo los de error o fraude, en cuanto a:

- **Sí el proceso existe y está documentado:**

La Sociedad cuenta con un sistema de identificación de riesgos, entre los que se incluyen los de error o fraude en la información financiera, que se encuentra detallado en una "Política de Control y Gestión de Riesgos" aprobada en mayo de 2016 por el Consejo de Administración.

Para cada una de las áreas con impacto financiero significativo, atendiendo a su importancia cuantitativa o cualitativa, se han identificado los procesos y subprocesos relevantes y se han identificado los riesgos que pudieran generar errores en la información financiera o fraude en las operaciones así como las actividades de control que mitigan esos riesgos.

- Si el proceso cubre la totalidad de objetivos de la información financiera, (existencia y ocurrencia; integridad; valoración; presentación, desglose y comparabilidad; y derechos y obligaciones), si se actualiza y con qué frecuencia:

Para cada uno de los procesos significativos identificados, se han identificado los riesgos que pudieran generar errores en la información financiera, cubriendo los objetivos de existencia y ocurrencia, integridad, valoración, presentación, desglose y comparabilidad y derechos y obligaciones. Anualmente se procede a la revisión y actualización de los procesos identificados y documentados en caso de que haya habido modificaciones en la gestión de dichos procesos o en la normativa aplicable que así lo requieran.

- La existencia de un proceso de identificación del perímetro de consolidación, teniendo en cuenta, entre otros aspectos, la posible existencia de estructuras societarias complejas, entidades instrumentales o de propósito especial:

El perímetro de consolidación de la Sociedad es revisado y actualizado mensualmente por el área responsable de la consolidación, con la correspondiente supervisión trimestral de la Comisión de Auditoría, que es el órgano encargado de revisar la adecuada delimitación del perímetro de consolidación y la correcta aplicación de los criterios contables.

No existen estructuras societarias complejas y al producirse escasas variaciones en el perímetro, cualquier cambio es indicado en la información financiera anual y semestral emitida por la Sociedad.

- Si el proceso tiene en cuenta los efectos de otras tipologías de riesgos (operativos, tecnológicos, financieros, legales, fiscales, reputacionales, medioambientales, etc.) en la medida que afecten a los estados financieros:

El proceso tiene en cuenta el efecto de otras tipologías de riesgos tales como los operativos, tecnológicos, legales, reputacionales, medioambientales, etc. que pudieran tener un impacto significativo en la información financiera. En caso de que alguno de estos riesgos pudiera afectar a la información financiera, la Sociedad identifica cómo puede proceder a mitigar dicho impacto.

Estos riesgos son gestionados y evaluados según lo indicado en la Política de Gestión y Control de Riesgos cuya última actualización fue aprobada por el Consejo de Administración el 10 de mayo de 2016. En esta política hay identificados cuatro tipos de riesgos:

- Estratégicos: aquéllos que afectan a los objetivos de alto nivel, directamente relacionados con el plan estratégico de ROVI.
- Operacionales: aquéllos que afectan a los objetivos relacionados con la eficiencia y la eficacia en las operaciones, incluyendo los objetivos relacionados con el desempeño y la rentabilidad.
- De reporting: aquéllos que afectan a la fiabilidad de la información suministrada (incluyendo la financiera) tanto internamente como al exterior.
- De cumplimiento: aquéllos que afectan a los objetivos relativos al cumplimiento de leyes y normas aplicables (incluidas las relativas a contabilidad, auditoría, control interno y gestión de riesgos).

- Qué órgano de gobierno de la entidad supervisa el proceso:

Los riesgos más significativos, tanto financieros como de cualquier otra tipología, son comunicados a la Comisión de Auditoría para su posterior información al Consejo de Administración. La Comisión de Auditoría es el órgano encargado de la supervisión de la Política de Gestión y Control de Riesgos, incluidos los financieros y fiscales, que inciden en la consecución de los objetivos corporativos. Asimismo, a la Comisión de Auditoría le corresponde la revisión y supervisión periódica de los sistemas de control interno y gestión de riesgos, así como su eficacia para que los principales riesgos se identifiquen, gestionen y den a conocer adecuadamente.

F.3. Actividades de control.

Informe, señalando sus principales características, si dispone al menos de:

F.3.1 Procedimientos de revisión y autorización de la información financiera y la descripción del SCIIF, a publicar en los mercados de valores, indicando sus responsables, así como de documentación descriptiva de los flujos de actividades y controles (incluyendo los relativos a riesgo de fraude) de los distintos tipos de transacciones que puedan afectar de modo material a los estados financieros, incluyendo el procedimiento de cierre contable y la revisión específica de los juicios, estimaciones, valoraciones y proyecciones relevantes

ROVI realiza revisiones periódicas de la información financiera que elabora en base a diferentes niveles:

- En cada cierre contable, los departamentos que intervienen en el cierre contable y el departamento corporativo de contabilidad revisan la información financiera preparada, realizando las correspondientes comprobaciones para asegurar la fiabilidad de los registros.
- Una vez finalizado el proceso de consolidación, la Dirección Financiera realiza una revisión de la información financiera, identificando posibles desviaciones.
- En el caso de que la información financiera deba ser hecha pública para dar cumplimiento a la normativa de mercado de valores:

1. La Comisión de Auditoría procede a la revisión de la información financiera. Previamente a su revisión, este órgano es informado de, al menos:

- o La adecuación del perímetro de consolidación.
 - o Juicios, criterios, valoraciones y estimaciones realizadas que tengan un impacto significativo en los estados financieros y no financieros relacionados.
 - o Los cambios en los criterios significativos aplicados.
 - o Las medidas alternativas de rendimiento ("APM", en inglés, Alternative Performance Measures) tenidas en cuenta.
 - o Las debilidades significativas de control interno
 - o Si aplica, los justos significativos utilizados por el auditor de cuentas o que resulten de revisiones realizadas por la auditoría interna y la posición de la dirección sobre los mismos
 - o Si aplica, requerimientos enviados por el supervisor público de la información financiera
2. El Consejo de Administración aprueba la información financiera a publicar.

Respecto a la descripción del SCIIF ésta es revisada tanto por la Dirección Financiera y Auditoría Interna como por los Órganos de Gobierno mencionados anteriormente como parte de la información periódica que ROVI remite a los mercados.

ROVI posee descripciones de los flujos de actividades de los principales procesos con impacto en la información financiera, entre ellos, el procedimiento de cierre contable y de elaboración de informes donde se especifica el proceso de revisión de juicios, estimaciones y proyecciones relevantes. Para cada uno de estos procedimientos se han identificado los controles más significativos y las transacciones que pudieran afectar de modo material a los estados financieros. La documentación de cada uno de estos procesos se actualiza en aquellos casos en los que los cambios en la normativa o los procesos lo impongan. Esta documentación está compuesta por:

- Detalle de la estructura/sociedad a la que aplica.
- Descriptivos de los subprocesos asociados a cada proceso.
- Diagramas de flujo de los subprocesos principales.
- Detalle de los riesgos significativos de la información financiera.
- Descripción de controles (claves y no claves) que mitigan la probabilidad de ocurrencia de los riesgos identificados. Para cada uno de ellos se detalla: tipo de control, nivel de automatización, evidencia soporte y responsable.

F.3.2 Políticas y procedimientos de control interno sobre los sistemas de información (entre otras, sobre seguridad de acceso, control de cambios, operación de los mismos, continuidad operativa y segregación de funciones) que soporten los procesos relevantes de la entidad en relación a la elaboración y publicación de la información financiera.

La Dirección Corporativa de Tecnologías de la Información y las Comunicaciones (TIC) de ROVI es responsable de promover y apoyar el establecimiento de medidas técnicas, organizativas y de control que garanticen la integridad, disponibilidad, fiabilidad y confidencialidad de la información.

El Gestor de Riesgos del Sistema de Gestión de la Seguridad de la Información (SGSI-Risk Manager) es el responsable de supervisar la gestión efectiva y eficiente de los riesgos e incidentes en cuanto a seguridad de la información confidencial, así como de promover planes y políticas para salvaguardarla.

El acceso a los sistemas de información se gestiona de manera centralizada para todas las sedes, tanto nacionales como internacionales. Se han establecido protocolos para garantizar que los usuarios de ROVI sólo accedan a aquellos datos o programas que se les permita según su puesto o función, evitando así accesos no autorizados. Este acceso, definido en base a roles y perfiles que definen las funcionalidades a las que un usuario debe tener acceso, se realiza mediante usuario y contraseña, personal e intransferible, tanto a sistemas (sistema operativo y carpetas compartidas) como a bases de datos y aplicativos. Así mismo, ROVI cuenta con sistemas que alertan de cualquier uso malintencionado o sospechoso de la información (DLP), deteniendo además posibles ataques por software malintencionado como los conocidos "Cryptolocker".

En relación a la segregación de funciones, está determinada en los sistemas en función de la distribución de roles y perfiles anteriormente comentados. Anualmente la función de Auditoría Interna analiza los sistemas para asegurar que no hay uso de transacciones incompatibles con la segregación de funciones por parte un mismo usuario.

La política general de seguridad no permite la instalación, desinstalación o modificación de software en los equipos sin los permisos específicos, evitando que usuarios no administradores puedan modificar sustancialmente los equipos cliente sin autorización de un administrador TIC.

En ROVI se ha establecido una metodología de gestión del cambio en base a normas Good Manufacturing Practice (normas "GMP"), la cual establece las cautelas y validaciones necesarias para limitar el riesgo en este proceso. Esta metodología es de obligado cumplimiento para cualquier cambio que se realice en los Sistemas TIC de la compañía.

Existe un servicio interno de "Help Desk" en horario 24x7 al que los usuarios finales pueden dirigirse en caso de encontrarse con cualquier incidencia con su puesto o sistema de trabajo.

La compañía cuenta con un Centro de Procesamiento de Datos (CPD) ubicado en la Comunidad de Madrid, operado y gestionado por un proveedor externo, que cuenta con todas medidas en cuanto a seguridad de acceso y disponibilidad del servicio. Únicamente el personal autorizado puede acceder a dichas instalaciones, quedando todos los accesos registrados. Se ha establecido una monitorización de todos los sistemas y enlaces de datos para comprobar su correcto funcionamiento y respuesta. La operación y gestión del CPD y los sistemas alojados de ROVI son auditados satisfactoriamente de forma anual según la norma ISAE3402.

Las comunicaciones y sistemas de ROVI están protegidas mediante elementos de red como Firewalls, en varios niveles, y Antivirus para reforzar internamente el control ante amenazas como virus u otro tipo de software malintencionado.

La mayoría de los sistemas cuentan con alta disponibilidad local, existiendo servidores y cabinas de datos redundados en el mismo CPD, que permiten asegurar su disponibilidad en caso de incidencias.

Adicionalmente, se realiza de forma periódica una copia de seguridad de los datos y sistemas, que se mantiene en un lugar seguro y en ubicaciones distintas. Al menos una vez al año se ejecuta el procedimiento de recuperación de los sistemas y datos relativos a información financiera comprobando así su fiabilidad y correcta ejecución.

Durante el primer trimestre del año 2019 se finalizará el proceso de virtualización de nuestro sistema SAP, con el que se dota de mayor tolerancia ante desastres, manteniendo un sistema espejo en un CPD situado en distinta ubicación geográfica que el principal, y que entraría en funcionamiento en caso de desastre mayor.

F.3.3 Políticas y procedimientos de control interno destinados a supervisar la gestión de las actividades subcontratadas a terceros, así como de aquellos aspectos de evaluación, cálculo o valoración encomendados a expertos independientes, que puedan afectar de modo material a los estados financieros.

En la actualidad la única transacción externalizada con impacto relevante en la información financiera es el proceso de elaboración de nómina. El proceso de gestión de nóminas es monitorizado por el departamento de Recursos Humanos. Las actividades de supervisión se encuentran reflejadas en la documentación descriptiva de flujos y actividades de la Sociedad.

F.4. Información y comunicación.

Informe, señalando sus principales características, si dispone al menos de:

- F.4.1 Una función específica encargada de definir, mantener actualizadas las políticas contables (área o departamento de políticas contables) y resolver dudas o conflictos derivados de su interpretación, manteniendo una comunicación fluida con los responsables de las operaciones en la organización, así como un manual de políticas contables actualizado y comunicado a las unidades a través de las que opera la entidad.**

En el Departamento Financiero de la Sociedad, en concreto en el área contable, existe una función específica encargada de definir y mantener actualizadas las políticas contables, así como de resolver las dudas o conflictos derivados de su interpretación.

La Sociedad posee un manual de políticas contables donde se incluyen los principales criterios contables a tener en cuenta en la elaboración de la información financiera. Dicho manual es actualizado por el Departamento Financiero de ROVI con carácter periódico. La última actualización se produjo en diciembre de 2017 y se encuentra en proceso de revisión para incorporar las nuevas normas de contabilidad aplicables.

- F.4.2 Mecanismos de captura y preparación de la información financiera con formatos homogéneos, de aplicación y utilización por todas las unidades de la entidad o del grupo, que soporten los estados financieros principales y las notas, así como la información que se detalle sobre el SCIIF.**

Todas las sociedades que forman parte del Grupo utilizan SAP como único sistema de captura y preparación de la información financiera. La carga de datos en la aplicación se realiza de forma homogénea para todas las filiales incluidas en el perímetro de consolidación. Al tratarse de un grupo de sociedades en el que la función financiera está muy centralizada, las actividades clave desarrolladas en la elaboración de la información financiera son realizadas por el mismo equipo de empleados para todas las sociedades del Grupo, lo que garantiza la homogeneidad de la información.

En relación con el SCIIF, el responsable de la elaboración de esta información contacta con los departamentos involucrados en el mismo para la obtención de la documentación (financiera y no financiera) necesaria para la correcta cumplimentación de los requerimientos legales en relación al mismo.

F.5. Supervisión del funcionamiento del sistema.

Informe, señalando sus principales características, al menos de:

- F.5.1 Las actividades de supervisión del SCIIF realizadas por la comisión de auditoría así como si la entidad cuenta con una función de auditoría interna que tenga entre sus competencias la de apoyo a la comisión en su labor de supervisión del sistema de control interno, incluyendo el SCIIF. Asimismo se informará del alcance de la evaluación del SCIIF realizada en el ejercicio y del procedimiento por el cual el encargado de ejecutar la evaluación comunica sus resultados, si la entidad cuenta con un plan de acción que detalle las eventuales medidas correctoras, y si se ha considerado su impacto en la información financiera.**

La Comisión de Auditoría se ha reunido trimestralmente a fin de revisar la información financiera periódica remitida a la Comisión Nacional del Mercado de Valores. Ha supervisado el proceso de elaboración y la integridad de la información financiera trimestral y semestral, tanto individual como consolidada, en concreto, la Comisión ha revisado, con carácter previo a su remisión, el cumplimiento de los requisitos normativos, la adecuada delimitación del perímetro de consolidación y la correcta aplicación de los criterios contables en la información periódica y todo ello en los plazos establecidos legalmente al efecto.

La Comisión de Auditoría ha sido informada periódicamente por la auditoría interna de las actividades relacionadas con el SCIIF. En este sentido, la auditoría interna elaboró el plan anual de trabajo de auditoría interna para el ejercicio 2018 que fue examinado y aprobado por la Comisión de Auditoría y que contenía, entre otros, los trabajos a realizar durante el 2018 en relación al SCIIF. La Comisión de Auditoría ha recibido el Informe Anual de Auditoría relativo al ejercicio 2018 donde se ha detallado el estado de ejecución de las labores de auditoría interna sobre el SCIIF, entre otros trabajos, y donde se han notificado los resultados, indicándose, en su caso, los aspectos que pudieran tener un impacto relevante en la información financiera.

Por último, la Comisión de Auditoría, con el fin de evitar que las cuentas anuales individuales y consolidadas formuladas por el Consejo de Administración se presenten en la Junta General con salvedades en el informe de auditoría, con carácter previo a dicha formulación, ha llevado a cabo, entre otras, las siguientes tareas: revisar las cuentas anuales, vigilar el cumplimiento de los requerimientos legales y la correcta aplicación de los principios de contabilidad generalmente aceptados y conocer el proceso de información financiera, los sistemas de control internos de la Sociedad y comprobar la adecuación e integridad de los mismos.

La Comisión de Auditoría ha informado favorablemente al Consejo de Administración con carácter previo a la formulación de las cuentas anuales.

La Sociedad cuenta con una función de auditoría interna que apoya a la Comisión de Auditoría en la supervisión del control interno de la información financiera.

La función de auditoría interna, bajo la supervisión de la Comisión de Auditoría, vela por el buen funcionamiento de los sistemas de información y control internos. La función de Auditoría Interna está regulada en un "Estatuto de Auditoría Interna" cuya última actualización se aprobó en la Comisión de Auditoría del 15 de noviembre de 2018. El responsable de la función de auditoría interna presenta a la Comisión de Auditoría su plan anual de trabajo, asimismo le informa directamente de las incidencias que se presenten en su desarrollo y somete a la Comisión, al final de cada ejercicio, un informe de actividades.

Durante el ejercicio 2018, Auditoría Interna, como parte de su Plan Anual de Trabajo, ha llevado a cabo la revisión de la eficacia en el diseño e implantación de los controles claves de los procesos con efecto significativo en los estados financieros de ROVI. En concreto, se ha evaluado el diseño de los controles y se ha verificado el correcto funcionamiento de los mismos en los siguientes procesos:

- Activos fijos.
- Ventas.
- Compras.
- Nóminas.
- Impuestos.

Las medidas correctoras identificadas con impacto significativo en la información financiera han sido incluidas en el Informe Anual de Auditoría Interna que se presenta a la Comisión de Auditoría al final de cada ejercicio.

Durante el ejercicio 2019 se continuarán realizando auditorías de supervisión del correcto funcionamiento del SCIIIF de los procesos clave.

F.5.2 Si cuenta con un procedimiento de discusión mediante el cual, el auditor de cuentas (de acuerdo con lo establecido en las NTA), la función de auditoría interna y otros expertos puedan comunicar a la alta dirección y a la comisión de auditoría o administradores de la entidad las debilidades significativas de control interno identificadas durante los procesos de revisión de las cuentas anuales o aquellos otros que les hayan sido encomendados. Asimismo, informará de si dispone de un plan de acción que trate de corregir o mitigar las debilidades observadas.

La Comisión de Auditoría mantiene una relación estable y constante con los auditores de cuentas. En su Plan de Trabajo Anual, la Comisión de Auditoría establece las reuniones mínimas anuales que, mantendrá con los auditores de cuenta de forma que se garantice la fluidez de comunicaciones que pueda conocer las debilidades significativas de control interno identificadas.

En este sentido, en el ejercicio 2018 la Comisión de Auditoría se ha reunido en tres ocasiones con el auditor de cuentas en las que ha obtenido información tanto de la planificación del trabajo como de los resultados y conclusiones del mismo (incluidas debilidades significativas de control). El auditor de cuentas, con carácter previo a la formulación de las cuentas anuales del ejercicio, también se reunió con el Consejo de Administración en pleno para informarle del trabajo realizado.

De igual forma, la Comisión de Auditoría mantiene reuniones periódicas con Auditoría Interna quien trimestralmente le informa, entre otros aspectos, de las debilidades significativas de control interno identificadas si las hubiera.

Independientemente de las reuniones planificadas, en el caso de que sea detectada alguna debilidad relevante, tanto los auditores de cuentas como Auditoría Interna tienen la capacidad de comunicarlo de forma inmediata a la Comisión de Auditoría.

Para todas las debilidades significativas de control interno que pudieran detectarse son diseñados planes de acción que las mitiguen o hagan desaparecer.

F.6. Otra información relevante.

No existe información relevante no incluida en los apartados anteriores.

F.7. Informe del auditor externo.

Informe de:

F.7.1 Si la información del SCIIF remitida a los mercados ha sido sometida a revisión por el auditor externo, en cuyo caso la entidad debería incluir el informe correspondiente como anexo. En caso contrario, debería informar de sus motivos.

[La información sobre los sistemas de control interno sobre la información financiera incluida en el Informe Anual de Gobierno Corporativo ha sido sometida a revisión por un auditor externo, del que se incluye copia a continuación.]

G. GRADO DE SEGUIMIENTO DE LAS RECOMENDACIONES DE GOBIERNO CORPORATIVO

Indique el grado de seguimiento de la sociedad respecto de las recomendaciones del Código de buen gobierno de las sociedades cotizadas.

En el caso de que alguna recomendación no se siga o se siga parcialmente, se deberá incluir una explicación detallada de sus motivos de manera que los accionistas, los inversores y el mercado en general, cuenten con información suficiente para valorar el proceder de la sociedad. No serán aceptables explicaciones de carácter general.

1. Que los estatutos de las sociedades cotizadas no limiten el número máximo de votos que pueda emitir un mismo accionista, ni contengan otras restricciones que dificulten la toma de control de la sociedad mediante la adquisición de sus acciones en el mercado.

Cumple [X] Explique []

2. Que cuando coticen la sociedad matriz y una sociedad dependiente ambas definan públicamente con precisión:

- a) Las respectivas áreas de actividad y eventuales relaciones de negocio entre ellas, así como las de la sociedad dependiente cotizada con las demás empresas del grupo.
- b) Los mecanismos previstos para resolver los eventuales conflictos de interés que puedan presentarse.

Cumple [] Cumple parcialmente [] Explique [] No aplicable [X]

3. Que durante la celebración de la junta general ordinaria, como complemento de la difusión por escrito del informe anual de gobierno corporativo, el presidente del consejo de administración informe verbalmente a los accionistas, con suficiente detalle, de los aspectos más relevantes del gobierno corporativo de la sociedad y, en particular:

- a) De los cambios acaecidos desde la anterior junta general ordinaria.
- b) De los motivos concretos por los que la compañía no sigue alguna de las recomendaciones del Código de Gobierno Corporativo y, si existieran, de las reglas alternativas que aplique en esa materia.

Cumple [X] Cumple parcialmente [] Explique []

4. Que la sociedad defina y promueva una política de comunicación y contactos con accionistas, inversores institucionales y asesores de voto que sea plenamente respetuosa con las normas contra el abuso de mercado y dé un trato semejante a los accionistas que se encuentren en la misma posición.

Y que la sociedad haga pública dicha política a través de su página web, incluyendo información relativa a la forma en que la misma se ha puesto en práctica e identificando a los interlocutores o responsables de llevarla a cabo.

Cumple [X] Cumple parcialmente [] Explique []

5. Que el consejo de administración no eleve a la junta general una propuesta de delegación de facultades, para emitir acciones o valores convertibles con exclusión del derecho de suscripción preferente, por un importe superior al 20% del capital en el momento de la delegación.

Y que cuando el consejo de administración apruebe cualquier emisión de acciones o de valores convertibles con exclusión del derecho de suscripción preferente, la sociedad publique inmediatamente en su página web los informes sobre dicha exclusión a los que hace referencia la legislación mercantil.

Cumple [] Cumple parcialmente [X] Explique []

La Junta General de accionistas de ROVI celebrada el 9 de junio de 2015 acordó delegar en el Consejo de Administración la facultad de aumentar el capital social, sin previa consulta a la Junta General, en una o varias veces y en cualquier momento, en el plazo de cinco años contados desde la celebración de esta Junta, en la cantidad máxima permitida por la Ley, es decir, un importe nominal máximo de 1.500.000 euros, cifra que se corresponde con la mitad del capital social en el momento de la autorización, facultando expresamente al Consejo para excluir, total o parcialmente, el derecho de suscripción preferente en los términos del artículo 506 de la Ley de Sociedades de Capital

6. Que las sociedades cotizadas que elaboren los informes que se citan a continuación, ya sea de forma preceptiva o voluntaria, los publiquen en su página web con antelación suficiente a la celebración de la junta general ordinaria, aunque su difusión no sea obligatoria:

- a) Informe sobre la independencia del auditor.
- b) Informes de funcionamiento de las comisiones de auditoría y de nombramientos y retribuciones.
- c) Informe de la comisión de auditoría sobre operaciones vinculadas.
- d) Informe sobre la política de responsabilidad social corporativa.

Cumple [X] Cumple parcialmente [] Explique []

7. Que la sociedad transmita en directo, a través de su página web, la celebración de las juntas generales de accionistas.

Cumple [X] Explique []

8. Que la comisión de auditoría vele porque el consejo de administración procure presentar las cuentas a la junta general de accionistas sin limitaciones ni salvedades en el informe de auditoría y que, en los supuestos excepcionales en que existan salvedades, tanto el presidente de la comisión de auditoría como los auditores expliquen con claridad a los accionistas el contenido y alcance de dichas limitaciones o salvedades.

Cumple [X] Cumple parcialmente [] Explique []

9. Que la sociedad haga públicos en su página web, de manera permanente, los requisitos y procedimientos que aceptará para acreditar la titularidad de acciones, el derecho de asistencia a la junta general de accionistas y el ejercicio o delegación del derecho de voto.

Y que tales requisitos y procedimientos favorezcan la asistencia y el ejercicio de sus derechos a los accionistas y se apliquen de forma no discriminatoria.

Cumple [X] Cumple parcialmente [] Explique []

10. Que cuando algún accionista legitimado haya ejercitado, con anterioridad a la celebración de la junta general de accionistas, el derecho a completar el orden del día o a presentar nuevas propuestas de acuerdo, la sociedad:

- a) Difunda de inmediato tales puntos complementarios y nuevas propuestas de acuerdo.
- b) Haga público el modelo de tarjeta de asistencia o formulario de delegación de voto o voto a distancia con las modificaciones precisas para que puedan votarse los nuevos puntos del orden del día y propuestas alternativas de acuerdo en los mismos términos que los propuestos por el consejo de administración.
- c) Someta todos esos puntos o propuestas alternativas a votación y les aplique las mismas reglas de voto que a las formuladas por el consejo de administración, incluidas, en particular, las presunciones o deducciones sobre el sentido del voto.
- d) Con posterioridad a la junta general de accionistas, comunique el desglose del voto sobre tales puntos complementarios o propuestas alternativas.

Cumple [] Cumple parcialmente [] Explique [] No aplicable [X]

11. Que, en el caso de que la sociedad tenga previsto pagar primas de asistencia a la junta general de accionistas, establezca, con anterioridad, una política general sobre tales primas y que dicha política sea estable.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

12. Que el consejo de administración desempeñe sus funciones con unidad de propósito e independencia de criterio, dispense el mismo trato a todos los accionistas que se hallen en la misma posición y se guíe por el interés social, entendido como la consecución de un negocio rentable y sostenible a largo plazo, que promueva su continuidad y la maximización del valor económico de la empresa.

Y que en la búsqueda del interés social, además del respeto de las leyes y reglamentos y de un comportamiento basado en la buena fe, la ética y el respeto a los usos y a las buenas prácticas comúnmente aceptadas, procure conciliar el propio interés social con, según corresponda, los legítimos intereses de sus empleados, sus proveedores, sus clientes y los de los restantes grupos de interés que puedan verse afectados, así como el impacto de las actividades de la compañía en la comunidad en su conjunto y en el medio ambiente.

Cumple [X] Cumple parcialmente [] Explique []

13. Que el consejo de administración posea la dimensión precisa para lograr un funcionamiento eficaz y participativo, lo que hace aconsejable que tenga entre cinco y quince miembros.

Cumple [X] Explique []

14. Que el consejo de administración apruebe una política de selección de consejeros que:

- a) Sea concreta y verificable.
- b) Asegure que las propuestas de nombramiento o reelección se fundamenten en un análisis previo de las necesidades del consejo de administración.
- c) Favorezca la diversidad de conocimientos, experiencias y género.

Que el resultado del análisis previo de las necesidades del consejo de administración se recoja en el informe justificativo de la comisión de nombramientos que se publique al convocar la junta general de accionistas a la que se someta la ratificación, el nombramiento o la reelección de cada consejero.

Y que la política de selección de consejeros promueva el objetivo de que en el año 2020 el número de consejeras represente, al menos, el 30% del total de miembros del consejo de administración.

La comisión de nombramiento verificará anualmente el cumplimiento de la política de selección de consejeros y se informará de ello en el informe anual de gobierno corporativo.

Cumple [X] Cumple parcialmente [] Explique []

15. Que los consejeros dominicales e independientes constituyan una amplia mayoría del consejo de administración y que el número de consejeros ejecutivos sea el mínimo necesario, teniendo en cuenta la complejidad del grupo societario y el porcentaje de participación de los consejeros ejecutivos en el capital de la sociedad.

Cumple [] Cumple parcialmente [X] Explique []

La Sociedad cumple la recomendación en la medida en que el número de consejeros ejecutivos es el mínimo necesario, teniendo en cuenta el porcentaje de participación de los consejeros ejecutivos en el capital de la Sociedad. Asimismo, los consejeros externos (4 miembros, tres independientes y uno dominical) constituyen mayoría en el Consejo (7 miembros).

16. Que el porcentaje de consejeros dominicales sobre el total de consejeros no ejecutivos no sea mayor que la proporción existente entre el capital de la sociedad representado por dichos consejeros y el resto del capital.

Este criterio podrá atenuarse:

- a) En sociedades de elevada capitalización en las que sean escasas las participaciones accionariales que tengan legalmente la consideración de significativas.
- b) Cuando se trate de sociedades en las que exista una pluralidad de accionistas representados en el consejo de administración y no tengan vínculos entre sí.

Cumple [X] Explique []

17. Que el número de consejeros independientes represente, al menos, la mitad del total de consejeros.

Que, sin embargo, cuando la sociedad no sea de elevada capitalización o cuando, aun siéndolo, cuente con un accionista o varios actuando concertadamente, que controlen más del 30% del capital social, el número de consejeros independientes represente, al menos, un tercio del total de consejeros.

Cumple [X] Explique []

18. Que las sociedades hagan pública a través de su página web, y mantengan actualizada, la siguiente información sobre sus consejeros:

- a) Perfil profesional y biográfico.
- b) Otros consejos de administración a los que pertenezcan, se trate o no de sociedades cotizadas, así como sobre las demás actividades retribuidas que realice cualquiera que sea su naturaleza.
- c) Indicación de la categoría de consejero a la que pertenezcan, señalándose, en el caso de consejeros dominicales, el accionista al que representen o con quien tengan vínculos.
- d) Fecha de su primer nombramiento como consejero en la sociedad, así como de las posteriores reelecciones.
- e) Acciones de la compañía, y opciones sobre ellas, de las que sean titulares.

Cumple [X] Cumple parcialmente [] Explique []

19. Que en el informe anual de gobierno corporativo, previa verificación por la comisión de nombramientos, se expliquen las razones por las cuales se hayan nombrado consejeros dominicales a instancia de accionistas cuya participación accionarial sea inferior al 3% del capital; y se expongan las razones por las que no se hubieran atendido, en su caso, peticiones formales de presencia en el consejo procedentes de accionistas cuya participación accionarial sea igual o superior a la de otros a cuya instancia se hubieran designado consejeros dominicales.

Cumple [] Cumple parcialmente [] Explique [] No aplicable [X]

20. Que los consejeros dominicales presenten su dimisión cuando el accionista a quien representen transmita íntegramente su participación accionarial. Y que también lo hagan, en el número que corresponda, cuando dicho accionista rebaje su participación accionarial hasta un nivel que exija la reducción del número de sus consejeros dominicales.

Cumple [] Cumple parcialmente [] Explique [] No aplicable []

21. Que el consejo de administración no proponga la separación de ningún consejero independiente antes del cumplimiento del período estatutario para el que hubiera sido nombrado, salvo cuando concorra justa causa, apreciada por el consejo de administración previo informe de la comisión de nombramientos. En particular, se entenderá que existe justa causa cuando el consejero pase a ocupar nuevos cargos o contraiga nuevas obligaciones que le impidan dedicar el tiempo necesario al desempeño de las funciones propias del cargo de consejero, incumpla los deberes inherentes a su cargo o incurra en algunas de las circunstancias que le hagan perder su condición de independiente, de acuerdo con lo establecido en la legislación aplicable.

También podrá proponerse la separación de consejeros independientes como consecuencia de ofertas públicas de adquisición, fusiones u otras operaciones corporativas similares que supongan un cambio en la estructura de capital de la sociedad, cuando tales cambios en la estructura del consejo de administración vengan propiciados por el criterio de proporcionalidad señalado en la recomendación 16.

Cumple [] Explique []

22. Que las sociedades establezcan reglas que obliguen a los consejeros a informar y, en su caso, dimitir en aquellos supuestos que puedan perjudicar al crédito y reputación de la sociedad y, en particular, les obliguen a informar al consejo de administración de las causas penales en las que aparezcan como imputados, así como de sus posteriores vicisitudes procesales.

Y que si un consejero resultara procesado o se dictara contra él auto de apertura de juicio oral por alguno de los delitos señalados en la legislación societaria, el consejo de administración examine el caso tan pronto como sea posible y, a la vista de sus circunstancias concretas, decida si procede o no que el consejero continúe en su cargo. Y que de todo ello el consejo de administración dé cuenta, de forma razonada, en el informe anual de gobierno corporativo.

Cumple [] Cumple parcialmente [] Explique []

23. Que todos los consejeros expresen claramente su oposición cuando consideren que alguna propuesta de decisión sometida al consejo de administración puede ser contraria al interés social. Y que otro tanto hagan, de forma especial, los independientes y demás consejeros a quienes no afecte el potencial conflicto de intereses, cuando se trate de decisiones que puedan perjudicar a los accionistas no representados en el consejo de administración.

Y que cuando el consejo de administración adopte decisiones significativas o reiteradas sobre las que el consejero hubiera formulado serias reservas, este saque las conclusiones que procedan y, si optara por dimitir, explique las razones en la carta a que se refiere la recomendación siguiente.

Esta recomendación alcanza también al secretario del consejo de administración, aunque no tenga la condición de consejero.

Cumple [] Cumple parcialmente [] Explique [] No aplicable [X]

24. Que cuando, ya sea por dimisión o por otro motivo, un consejero cese en su cargo antes del término de su mandato, explique las razones en una carta que remitirá a todos los miembros del consejo de administración. Y que, sin perjuicio de que dicho cese se comunique como hecho relevante, del motivo del cese se dé cuenta en el informe anual de gobierno corporativo.

Cumple [] Cumple parcialmente [] Explique [] No aplicable [X]

25. Que la comisión de nombramientos se asegure de que los consejeros no ejecutivos tienen suficiente disponibilidad de tiempo para el correcto desarrollo de sus funciones.

Y que el reglamento del consejo establezca el número máximo de consejos de sociedades de los que pueden formar parte sus consejeros.

Cumple [X] Cumple parcialmente [] Explique []

26. Que el consejo de administración se reúna con la frecuencia precisa para desempeñar con eficacia sus funciones y, al menos, ocho veces al año, siguiendo el programa de fechas y asuntos que establezca al inicio del ejercicio, pudiendo cada consejero individualmente proponer otros puntos del orden del día inicialmente no previstos.

Cumple [X] Cumple parcialmente [] Explique []

27. Que las inasistencias de los consejeros se reduzcan a los casos indispensables y se cuantifiquen en el informe anual de gobierno corporativo. Y que, cuando deban producirse, se otorgue representación con instrucciones.

Cumple [X] Cumple parcialmente [] Explique []

28. Que cuando los consejeros o el secretario manifiesten preocupación sobre alguna propuesta o, en el caso de los consejeros, sobre la marcha de la sociedad y tales preocupaciones no queden resueltas en el consejo de administración, a petición de quien las hubiera manifestado, se deje constancia de ellas en el acta.

Cumple [] Cumple parcialmente [] Explique [] No aplicable []

29. Que la sociedad establezca los cauces adecuados para que los consejeros puedan obtener el asesoramiento preciso para el cumplimiento de sus funciones incluyendo, si así lo exigieran las circunstancias, asesoramiento externo con cargo a la empresa.

Cumple [] Cumple parcialmente [] Explique []

30. Que, con independencia de los conocimientos que se exijan a los consejeros para el ejercicio de sus funciones, las sociedades ofrezcan también a los consejeros programas de actualización de conocimientos cuando las circunstancias lo aconsejen.

Cumple [] Explique [] No aplicable []

31. Que el orden del día de las sesiones indique con claridad aquellos puntos sobre los que el consejo de administración deberá adoptar una decisión o acuerdo para que los consejeros puedan estudiar o recabar, con carácter previo, la información precisa para su adopción.

Cuando, excepcionalmente, por razones de urgencia, el presidente quiera someter a la aprobación del consejo de administración decisiones o acuerdos que no figuraran en el orden del día, será preciso el consentimiento previo y expreso de la mayoría de los consejeros presentes, del que se dejará debida constancia en el acta.

Cumple [] Cumple parcialmente [] Explique []

32. Que los consejeros sean periódicamente informados de los movimientos en el accionariado y de la opinión que los accionistas significativos, los inversores y las agencias de calificación tengan sobre la sociedad y su grupo.

Cumple [] Cumple parcialmente [] Explique []

33. Que el presidente, como responsable del eficaz funcionamiento del consejo de administración, además de ejercer las funciones que tiene legal y estatutariamente atribuidas, prepare y someta al consejo de administración un programa de fechas y asuntos a tratar; organice y coordine la evaluación periódica del consejo, así como, en su caso, la del primer ejecutivo de la sociedad; sea responsable de la dirección del consejo y de la efectividad de su funcionamiento; se asegure de que se dedica suficiente tiempo de discusión a las cuestiones estratégicas, y acuerde y revise los programas de actualización de conocimientos para cada consejero, cuando las circunstancias lo aconsejen.

Cumple [] Cumple parcialmente [] Explique []

34. Que cuando exista un consejero coordinador, los estatutos o el reglamento del consejo de administración, además de las facultades que le corresponden legalmente, le atribuya las siguientes: presidir el consejo de administración en ausencia del presidente y de los vicepresidentes, en caso de existir; hacerse eco de las preocupaciones de los consejeros no ejecutivos; mantener contactos con inversores y accionistas para conocer sus puntos de vista a efectos de formarse una opinión sobre sus preocupaciones, en particular, en relación con el gobierno corporativo de la sociedad; y coordinar el plan de sucesión del presidente.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

35. Que el secretario del consejo de administración vele de forma especial para que en sus actuaciones y decisiones el consejo de administración tenga presentes las recomendaciones sobre buen gobierno contenidas en este Código de buen gobierno que fueran aplicables a la sociedad.

Cumple [X] Explique []

36. Que el consejo de administración en pleno evalúe una vez al año y adopte, en su caso, un plan de acción que corrija las deficiencias detectadas respecto de:

- a) La calidad y eficiencia del funcionamiento del consejo de administración.
- b) El funcionamiento y la composición de sus comisiones.
- c) La diversidad en la composición y competencias del consejo de administración.
- d) El desempeño del presidente del consejo de administración y del primer ejecutivo de la sociedad.
- e) El desempeño y la aportación de cada consejero, prestando especial atención a los responsables de las distintas comisiones del consejo.

Para la realización de la evaluación de las distintas comisiones se partirá del informe que estas eleven al consejo de administración, y para la de este último, del que le eleve la comisión de nombramientos.

Cada tres años, el consejo de administración será auxiliado para la realización de la evaluación por un consultor externo, cuya independencia será verificada por la comisión de nombramientos.

Las relaciones de negocio que el consultor o cualquier sociedad de su grupo mantengan con la sociedad o cualquier sociedad de su grupo deberán ser desglosadas en el informe anual de gobierno corporativo.

El proceso y las áreas evaluadas serán objeto de descripción en el informe anual de gobierno corporativo.

Cumple [X] Cumple parcialmente [] Explique []

37. Que cuando exista una comisión ejecutiva, la estructura de participación de las diferentes categorías de consejeros sea similar a la del propio consejo de administración y su secretario sea el de este último.

Cumple [] Cumple parcialmente [] Explique [] No aplicable [X]

38. Que el consejo de administración tenga siempre conocimiento de los asuntos tratados y de las decisiones adoptadas por la comisión ejecutiva y que todos los miembros del consejo de administración reciban copia de las actas de las sesiones de la comisión ejecutiva.

Cumple [] Cumple parcialmente [] Explique [] No aplicable []

39. Que los miembros de la comisión de auditoría, y de forma especial su presidente, se designen teniendo en cuenta sus conocimientos y experiencia en materia de contabilidad, auditoría o gestión de riesgos, y que la mayoría de dichos miembros sean consejeros independientes.

Cumple [] Cumple parcialmente [] Explique []

40. Que bajo la supervisión de la comisión de auditoría, se disponga de una unidad que asuma la función de auditoría interna que vele por el buen funcionamiento de los sistemas de información y control interno y que funcionalmente dependa del presidente no ejecutivo del consejo o del de la comisión de auditoría.

Cumple [] Cumple parcialmente [] Explique []

41. Que el responsable de la unidad que asuma la función de auditoría interna presente a la comisión de auditoría su plan anual de trabajo, informe directamente de las incidencias que se presenten en su desarrollo y someta al final de cada ejercicio un informe de actividades.

Cumple [] Cumple parcialmente [] Explique [] No aplicable []

42. Que, además de las previstas en la ley, correspondan a la comisión de auditoría las siguientes funciones:

1. En relación con los sistemas de información y control interno:
 - a) Supervisar el proceso de elaboración y la integridad de la información financiera relativa a la sociedad y, en su caso, al grupo, revisando el cumplimiento de los requisitos normativos, la adecuada delimitación del perímetro de consolidación y la correcta aplicación de los criterios contables.
 - b) Velar por la independencia de la unidad que asume la función de auditoría interna; proponer la selección, nombramiento, reelección y cese del responsable del servicio de auditoría interna; proponer el presupuesto de ese servicio; aprobar la orientación y sus planes de trabajo, asegurándose de que su actividad esté enfocada principalmente hacia los riesgos relevantes de la sociedad; recibir información periódica sobre sus actividades; y verificar que la alta dirección tenga en cuenta las conclusiones y recomendaciones de sus informes.
 - c) Establecer y supervisar un mecanismo que permita a los empleados comunicar, de forma confidencial y, si resulta posible y se considera apropiado, anónima, las irregularidades de potencial trascendencia, especialmente financieras y contables, que adviertan en el seno de la empresa.
2. En relación con el auditor externo:
 - a) En caso de renuncia del auditor externo, examinar las circunstancias que la hubieran motivado.
 - b) Velar que la retribución del auditor externo por su trabajo no comprometa su calidad ni su independencia.
 - c) Supervisar que la sociedad comuniqué como hecho relevante a la CNMV el cambio de auditor y lo acompañe de una declaración sobre la eventual existencia de desacuerdos con el auditor saliente y, si hubieran existido, de su contenido.
 - d) Asegurar que el auditor externo mantenga anualmente una reunión con el pleno del consejo de administración para informarle sobre el trabajo realizado y sobre la evolución de la situación contable y de riesgos de la sociedad.
 - e) Asegurar que la sociedad y el auditor externo respetan las normas vigentes sobre prestación de servicios distintos a los de auditoría, los límites a la concentración del negocio del auditor y, en general, las demás normas sobre independencia de los auditores.

Cumple Cumple parcialmente Explique

43. Que la comisión de auditoría pueda convocar a cualquier empleado o directivo de la sociedad, e incluso disponer que comparezcan sin presencia de ningún otro directivo.

Cumple Cumple parcialmente Explique

44. Que la comisión de auditoría sea informada sobre las operaciones de modificaciones estructurales y corporativas que proyecte realizar la sociedad para su análisis e informe previo al consejo de administración sobre sus condiciones económicas y su impacto contable y, en especial, en su caso, sobre la ecuación de canje propuesta.

Cumple [] Cumple parcialmente [] Explique [] No aplicable []

45. Que la política de control y gestión de riesgos identifique al menos:

- a) Los distintos tipos de riesgo, financieros y no financieros (entre otros los operativos, tecnológicos, legales, sociales, medio ambientales, políticos y reputacionales) a los que se enfrenta la sociedad, incluyendo entre los financieros o económicos, los pasivos contingentes y otros riesgos fuera de balance.
- b) La fijación del nivel de riesgo que la sociedad considere aceptable.
- c) Las medidas previstas para mitigar el impacto de los riesgos identificados, en caso de que llegaran a materializarse.
- d) Los sistemas de información y control interno que se utilizarán para controlar y gestionar los citados riesgos, incluidos los pasivos contingentes o riesgos fuera de balance.

Cumple [] Cumple parcialmente [] Explique []

46. Que bajo la supervisión directa de la comisión de auditoría o, en su caso, de una comisión especializada del consejo de administración, exista una función interna de control y gestión de riesgos ejercida por una unidad o departamento interno de la sociedad que tenga atribuidas expresamente las siguientes funciones:

- a) Asegurar el buen funcionamiento de los sistemas de control y gestión de riesgos y, en particular, que se identifiquen, gestionan, y cuantifican adecuadamente todos los riesgos importantes que afecten a la sociedad.
- b) Participar activamente en la elaboración de la estrategia de riesgos y en las decisiones importantes sobre su gestión.
- c) Velar por que los sistemas de control y gestión de riesgos mitiguen los riesgos adecuadamente en el marco de la política definida por el consejo de administración.

Cumple [] Cumple parcialmente [] Explique []

47. Que los miembros de la comisión de nombramientos y de retribuciones –o de la comisión de nombramientos y la comisión de retribuciones, si estuvieren separadas– se designen procurando que tengan los conocimientos, aptitudes y experiencia adecuados a las funciones que estén llamados a desempeñar y que la mayoría de dichos miembros sean consejeros independientes.

Cumple [] Cumple parcialmente [] Explique []

48. Que las sociedades de elevada capitalización cuenten con una comisión de nombramientos y con una comisión de remuneraciones separadas.

Cumple [] Explique [] No aplicable []

49. Que la comisión de nombramientos consulte al presidente del consejo de administración y al primer ejecutivo de la sociedad, especialmente cuando se trate de materias relativas a los consejeros ejecutivos.

Y que cualquier consejero pueda solicitar de la comisión de nombramientos que tome en consideración, por si los encuentra idóneos a su juicio, potenciales candidatos para cubrir vacantes de consejero.

Cumple [] Cumple parcialmente [] Explique []

50. Que la comisión de retribuciones ejerza sus funciones con independencia y que, además de las funciones que le atribuya la ley, le correspondan las siguientes:

- a) Proponer al consejo de administración las condiciones básicas de los contratos de los altos directivos.
- b) Comprobar la observancia de la política retributiva establecida por la sociedad.
- c) Revisar periódicamente la política de remuneraciones aplicada a los consejeros y altos directivos, incluidos los sistemas retributivos con acciones y su aplicación, así como garantizar que su remuneración individual sea proporcionada a la que se pague a los demás consejeros y altos directivos de la sociedad.
- d) Velar por que los eventuales conflictos de intereses no perjudiquen la independencia del asesoramiento externo prestado a la comisión.
- e) Verificar la información sobre remuneraciones de los consejeros y altos directivos contenida en los distintos documentos corporativos, incluido el informe anual sobre remuneraciones de los consejeros.

Cumple [] Cumple parcialmente [] Explique []

51. Que la comisión de retribuciones consulte al presidente y al primer ejecutivo de la sociedad, especialmente cuando se trate de materias relativas a los consejeros ejecutivos y altos directivos.

Cumple [] Cumple parcialmente [] Explique []

52. Que las reglas de composición y funcionamiento de las comisiones de supervisión y control figuren en el reglamento del consejo de administración y que sean consistentes con las aplicables a las comisiones legalmente obligatorias conforme a las recomendaciones anteriores, incluyendo:
- a) Que estén compuestas exclusivamente por consejeros no ejecutivos, con mayoría de consejeros independientes.
 - b) Que sus presidentes sean consejeros independientes.
 - c) Que el consejo de administración designe a los miembros de estas comisiones teniendo presentes los conocimientos, aptitudes y experiencia de los consejeros y los cometidos de cada comisión, delibere sobre sus propuestas e informes; y que rinda cuentas, en el primer pleno del consejo de administración posterior a sus reuniones, de su actividad y que respondan del trabajo realizado.
 - d) Que las comisiones puedan recabar asesoramiento externo, cuando lo consideren necesario para el desempeño de sus funciones.
 - e) Que de sus reuniones se levante acta, que se pondrá a disposición de todos los consejeros.

Cumple [] Cumple parcialmente [] Explique [] No aplicable []

53. Que la supervisión del cumplimiento de las reglas de gobierno corporativo, de los códigos internos de conducta y de la política de responsabilidad social corporativa se atribuya a una o se reparta entre varias comisiones del consejo de administración que podrán ser la comisión de auditoría, la de nombramientos, la comisión de responsabilidad social corporativa, en caso de existir, o una comisión especializada que el consejo de administración, en ejercicio de sus facultades de auto-organización, decida crear al efecto, a las que específicamente se les atribuyan las siguientes funciones mínimas:
- a) La supervisión del cumplimiento de los códigos internos de conducta y de las reglas de gobierno corporativo de la sociedad.
 - b) La supervisión de la estrategia de comunicación y relación con accionistas e inversores, incluyendo los pequeños y medianos accionistas.
 - c) La evaluación periódica de la adecuación del sistema de gobierno corporativo de la sociedad, con el fin de que cumpla su misión de promover el interés social y tenga en cuenta, según corresponda, los legítimos intereses de los restantes grupos de interés.
 - d) La revisión de la política de responsabilidad corporativa de la sociedad, velando por que esté orientada a la creación de valor.
 - e) El seguimiento de la estrategia y prácticas de responsabilidad social corporativa y la evaluación de su grado de cumplimiento.
 - f) La supervisión y evaluación de los procesos de relación con los distintos grupos de interés.
 - g) La evaluación de todo lo relativo a los riesgos no financieros de la empresa –incluyendo los operativos, tecnológicos, legales, sociales, medio ambientales, políticos y reputacionales.
 - h) La coordinación del proceso de reporte de la información no financiera y sobre diversidad, conforme a la normativa aplicable y a los estándares internacionales de referencia.

Cumple [X] Cumple parcialmente [] Explique []

54. Que la política de responsabilidad social corporativa incluya los principios o compromisos que la empresa asuma voluntariamente en su relación con los distintos grupos de interés e identifique al menos:
- a) Los objetivos de la política de responsabilidad social corporativa y el desarrollo de instrumentos de apoyo.
 - b) La estrategia corporativa relacionada con la sostenibilidad, el medio ambiente y las cuestiones sociales.
 - c) Las prácticas concretas en cuestiones relacionadas con: accionistas, empleados, clientes, proveedores, cuestiones sociales, medio ambiente, diversidad, responsabilidad fiscal, respeto de los derechos humanos y prevención de conductas ilegales.
 - d) Los métodos o sistemas de seguimiento de los resultados de la aplicación de las prácticas concretas señaladas en la letra anterior, los riesgos asociados y su gestión.
 - e) Los mecanismos de supervisión del riesgo no financiero, la ética y la conducta empresarial.
 - f) Los canales de comunicación, participación y diálogo con los grupos de interés.
 - g) Las prácticas de comunicación responsable que eviten la manipulación informativa y protejan la integridad y el honor.

Cumple [X] Cumple parcialmente [] Explique []

55. Que la sociedad informe, en un documento separado o en el informe de gestión, sobre los asuntos relacionados con la responsabilidad social corporativa, utilizando para ello alguna de las metodologías aceptadas internacionalmente.

Cumple [X] Cumple parcialmente [] Explique []

56. Que la remuneración de los consejeros sea la necesaria para atraer y retener a los consejeros del perfil deseado y para retribuir la dedicación, cualificación y responsabilidad que el cargo exija, pero no tan elevada como para comprometer la independencia de criterio de los consejeros no ejecutivos.

Cumple [X] Explique []

57. Que se circunscriban a los consejeros ejecutivos las remuneraciones variables ligadas al rendimiento de la sociedad y al desempeño personal, así como la remuneración mediante entrega de acciones, opciones o derechos sobre acciones o instrumentos referenciados al valor de la acción y los sistemas de ahorro a largo plazo tales como planes de pensiones, sistemas de jubilación u otros sistemas de previsión social.

Se podrá contemplar la entrega de acciones como remuneración a los consejeros no ejecutivos cuando se condicione a que las mantengan hasta su cese como consejeros. Lo anterior no será de aplicación a las acciones que el consejero necesite enajenar, en su caso, para satisfacer los costes relacionados con su adquisición.

Cumple [X] Cumple parcialmente [] Explique []

58. Que en caso de remuneraciones variables, las políticas retributivas incorporen los límites y las cautelas técnicas precisas para asegurar que tales remuneraciones guardan relación con el rendimiento profesional de sus beneficiarios y no derivan solamente de la evolución general de los mercados o del sector de actividad de la compañía o de otras circunstancias similares.

Y, en particular, que los componentes variables de las remuneraciones:

- a) Estén vinculados a criterios de rendimiento que sean predeterminados y medibles y que dichos criterios consideren el riesgo asumido para la obtención de un resultado.
- b) Promuevan la sostenibilidad de la empresa e incluyan criterios no financieros que sean adecuados para la creación de valor a largo plazo, como el cumplimiento de las reglas y los procedimientos internos de la sociedad y de sus políticas para el control y gestión de riesgos.
- c) Se configuren sobre la base de un equilibrio entre el cumplimiento de objetivos a corto, medio y largo plazo, que permitan remunerar el rendimiento por un desempeño continuado durante un período de tiempo suficiente para apreciar su contribución a la creación sostenible de valor, de forma que los elementos de medida de ese rendimiento no giren únicamente en torno a hechos puntuales, ocasionales o extraordinarios.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

59. Que el pago de una parte relevante de los componentes variables de la remuneración se difiera por un período de tiempo mínimo suficiente para comprobar que se han cumplido las condiciones de rendimiento previamente establecidas.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

60. Que las remuneraciones relacionadas con los resultados de la sociedad tomen en cuenta las eventuales salvedades que consten en el informe del auditor externo y minoren dichos resultados.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

61. Que un porcentaje relevante de la remuneración variable de los consejeros ejecutivos esté vinculado a la entrega de acciones o de instrumentos financieros referenciados a su valor.

Cumple [] Cumple parcialmente [X] Explique [] No aplicable []

La remuneración variable a largo plazo de los Consejeros Ejecutivos contempla una liquidación, a elección del beneficiario, íntegramente en dinero, íntegramente mediante la entrega de acciones de Rovi o mediante un sistema mixto 50% en dinero y 50% en acciones. Si bien es cierto que el sistema de retribución variable anual no contempla la entrega de acciones o de instrumentos financieros referenciados a su valor, al ser los Consejeros Ejecutivos, a su vez, accionistas indirectos significativos de la Sociedad mediante su participación en Norbel Inversiones, S.L. existe un alineamiento entre su desempeño profesional y los intereses de la Sociedad.

62. Que una vez atribuidas las acciones o las opciones o derechos sobre acciones correspondientes a los sistemas retributivos, los consejeros no puedan transferir la propiedad de un número de acciones equivalente a dos veces su remuneración fija anual, ni puedan ejercer las opciones o derechos hasta transcurrido un plazo de, al menos, tres años desde su atribución.

Lo anterior no será de aplicación a las acciones que el consejero necesite enajenar, en su caso, para satisfacer los costes relacionados con su adquisición.

Cumple Cumple parcialmente Explique No aplicable

63. Que los acuerdos contractuales incluyan una cláusula que permita a la sociedad reclamar el reembolso de los componentes variables de la remuneración cuando el pago no haya estado ajustado a las condiciones de rendimiento o cuando se hayan abonado atendiendo a datos cuya inexactitud quede acreditada con posterioridad.

Cumple Cumple parcialmente Explique No aplicable

64. Que los pagos por resolución del contrato no superen un importe establecido equivalente a dos años de la retribución total anual y que no se abonen hasta que la sociedad haya podido comprobar que el consejero ha cumplido con los criterios de rendimiento previamente establecidos.

Cumple Cumple parcialmente Explique No aplicable

H. OTRAS INFORMACIONES DE INTERÉS

1. Si existe algún aspecto relevante en materia de gobierno corporativo en la sociedad o en las entidades del grupo que no se haya recogido en el resto de apartados del presente informe, pero que sea necesario incluir para recoger una información más completa y razonada sobre la estructura y prácticas de gobierno en la entidad o su grupo, detállelos brevemente.
2. Dentro de este apartado, también podrá incluirse cualquier otra información, aclaración o matiz relacionado con los anteriores apartados del informe en la medida en que sean relevantes y no reiterativos.

En concreto, se indicará si la sociedad está sometida a legislación diferente a la española en materia de gobierno corporativo y, en su caso, incluya aquella información que esté obligada a suministrar y sea distinta de la exigida en el presente informe.

3. La sociedad también podrá indicar si se ha adherido voluntariamente a otros códigos de principios éticos o de buenas prácticas, internacionales, sectoriales o de otro ámbito. En su caso, se identificará el código en cuestión y la fecha de adhesión. En particular, hará mención a si se ha adherido al Código de Buenas Prácticas Tributarias, de 20 de julio de 2010:

Apartado A.3-Aunque el porcentaje de derechos de voto titularidad del consejero D. Miguel Corsini Freese es 0%, este consejero es titular directo de 10 acciones de la Sociedad.

Apartado 3 - Se hace constar que la Sociedad se encuentra adherida al Código de Buenas Prácticas de la Industria Farmacéutica, Código Tipo de Farmaindustria de protección de datos personales en el ámbito de la Investigación clínica y de la Farmacovigilancia y al Código de Normas Deontológicas para la promoción y publicidad de los medicamentos autorizados sin receta médica no financiados por el Sistema Nacional de Salud y otros productos para el autocuidado de la salud.

Este informe anual de gobierno corporativo ha sido aprobado por el consejo de Administración de la sociedad, en su sesión de fecha:

[25/02/2019]

Indique si ha habido consejeros que hayan votado en contra o se hayan abstenido en relación con la aprobación del presente Informe.

[] Sí
[✓] No



Laboratorios Farmacéuticos ROVI, S.A.

**Informe de auditor referido a la "Información
relativa al Sistema de Control Interno sobre la
Información Financiera (SCIIF)" de Laboratorios
Farmacéuticos ROVI, S.A. correspondiente al
ejercicio 2018**



KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Informe de auditor referido a la "Información relativa al Sistema de Control Interno sobre la Información Financiera (SCIIF)" de Laboratorios Farmacéuticos ROVI, S.A. correspondiente al ejercicio 2018

A los Administradores de Laboratorios Farmacéuticos ROVI, S.A.

De acuerdo con la solicitud del Consejo de Administración de Laboratorios Farmacéuticos ROVI, S.A. (la Sociedad) y con nuestra carta propuesta de fecha 8 de febrero de 2019, hemos aplicado determinados procedimientos sobre la "Información relativa al SCIIF" adjunta en el apartado F del Informe Anual de Gobierno Corporativo de Laboratorios Farmacéuticos ROVI, S.A. correspondiente al ejercicio 2018, en el que se resumen los procedimientos de control interno de la Sociedad en relación a la información financiera anual.

Los Administradores son responsables de adoptar las medidas oportunas para garantizar razonablemente la implantación, mantenimiento y supervisión de un adecuado sistema de control interno así como del desarrollo de mejoras de dicho sistema y de la preparación y establecimiento del contenido de la Información relativa al SCIIF adjunta.

En este sentido, hay que tener en cuenta que, con independencia de la calidad del diseño y operatividad del sistema de control interno adoptado por la Sociedad en relación a la información financiera anual, éste sólo puede permitir una seguridad razonable, pero no absoluta, en relación con los objetivos que persigue, debido a las limitaciones inherentes a todo sistema de control interno.

En el curso de nuestro trabajo de auditoría de las cuentas anuales y conforme a las Normas Técnicas de Auditoría, nuestra evaluación del control interno de la Sociedad ha tenido como único propósito el permitirnos establecer el alcance, la naturaleza y el momento de realización de los procedimientos de auditoría de las cuentas anuales de la Sociedad. Por consiguiente, nuestra evaluación del control interno, realizada a efectos de dicha auditoría de cuentas, no ha tenido la extensión suficiente para permitirnos emitir una opinión específica sobre la eficacia de dicho control interno sobre la información financiera anual regulada.

A los efectos de la emisión de este informe, hemos aplicado exclusivamente los procedimientos específicos descritos a continuación e indicados en la Guía de Actuación sobre el Informe del auditor referido a la Información relativa al Sistema de Control Interno sobre la Información Financiera de las entidades cotizadas, publicada por la Comisión Nacional del Mercado de Valores en su página web, que establece el trabajo a realizar, el alcance mínimo del mismo, así como el contenido de este informe. Como el trabajo resultante de dichos procedimientos tiene, en cualquier caso, un alcance reducido y sustancialmente menor que el de una auditoría o una revisión sobre el sistema de control interno, no expresamos una opinión sobre la efectividad del mismo, ni sobre su diseño y su eficacia operativa, en relación a la información financiera anual de la Sociedad correspondiente al ejercicio 2018 que se describe en la Información relativa al SCIIF adjunta. En consecuencia, si hubiéramos aplicado procedimientos adicionales a los determinados por la citada Guía o realizado una auditoría o una revisión sobre el sistema de control interno en relación a la información financiera anual regulada, se podrían haber puesto de manifiesto otros hechos o aspectos sobre los que les habríamos informado.



Asimismo, dado que este trabajo especial no constituye una auditoría de cuentas ni se encuentra sometido a la normativa reguladora de la actividad de auditoría de cuentas vigente en España, no expresamos una opinión de auditoría en los términos previstos en la citada normativa.

Se relacionan a continuación los procedimientos aplicados:

1. Lectura y entendimiento de la información preparada por la entidad en relación con el SCIIF – información de desglose incluida en el Informe de Gestión – y evaluación de si dicha información aborda la totalidad de la información requerida que seguirá el contenido mínimo descrito en el apartado F, relativo a la descripción del SCIIF, del modelo de IAGC según se establece en la Circular nº 5/2013 de 12 de junio de 2013 de la Comisión Nacional del Mercado de Valores (CNMV), posteriormente modificada por la Circular nº 7/2015 de 22 de diciembre de 2015 de la CNMV y la Circular 2/2018 de 12 de junio de la CNMV (en adelante, las Circulares de la CNMV).
2. Preguntas al personal encargado de la elaboración de la información detallada en el punto 1 anterior con el fin de: (i) obtener un entendimiento del proceso seguido en su elaboración; (ii) obtener información que permita evaluar si la terminología utilizada se ajusta a las definiciones del marco de referencia; (iii) obtener información sobre si los procedimientos de control descritos están implantados y en funcionamiento en la Sociedad.
3. Revisión de la documentación explicativa soporte de la información detallada en el punto 1 anterior, y que comprenderá, principalmente, aquella directamente puesta a disposición de los responsables de formular la información descriptiva del SCIIF. En este sentido, dicha documentación incluye informes preparados por la función de auditoría interna, alta dirección y otros especialistas internos o externos en sus funciones de soporte al comité de auditoría y cumplimiento.
4. Comparación de la información detallada en el punto 1 anterior con el conocimiento del SCIIF de la entidad obtenido como resultado de la aplicación de los procedimientos realizados en el marco de los trabajos de la auditoría de cuentas anuales.
5. Lectura de actas de reuniones del consejo de administración, comité de auditoría y cumplimiento, y otras comisiones de la entidad a los efectos de evaluar la consistencia entre los asuntos en ellas abordados en relación al SCIIF y la información detallada en el punto 1 anterior.
6. Obtención de la carta de manifestaciones relativa al trabajo realizado adecuadamente firmada por los responsables de la preparación y formulación de la información detallada en el punto 1 anterior.



Como resultado de los procedimientos aplicados sobre la Información relativa al SCIIF, no se han puesto de manifiesto inconsistencias o incidencias que puedan afectar a la misma.

Este informe ha sido preparado exclusivamente en el marco de los requerimientos establecidos por el artículo 540 del texto refundido la Ley de Sociedades de Capital y por las Circulares de la CNMV a los efectos de la descripción del SCIIF en los Informes Anuales de Gobierno Corporativo.

KPMG Auditores, S.L.

A handwritten signature in blue ink, which appears to read 'José Ignacio Rodríguez Prado'. The signature is written over a horizontal blue line.

José Ignacio Rodríguez Prado

25 de febrero de 2019

The Consolidated Annual Accounts of Laboratorios Farmacéuticos Rovi, S.A. (“**Rovi**” or the “**Company**”) and its subsidiaries (which comprise the balance sheet or the consolidated statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders’ equity, the statement of cash flows and consolidated notes), as well as the consolidated management report of the group of which the Company is the parent (which comprises the Annual Corporate Governance Report and the non-financial information statement) for the fiscal year ended on 31 December 2018 and which precede this document, have been issued by the Board of Directors at its meeting of 25 February 2019, and whose members sign below in accordance with Article 253 of the Royal Decree 1/2010, of 2 July, approving the consolidated text of the Spanish Capital Companies Law (*Ley de Sociedades de Capital*), and Article 37 of the Spanish Commercial Code:

Madrid, 25 February 2019

Mr. Juan López-Belmonte López
Chairman

Mr. Juan López-Belmonte Encina
Chief Executive Officer

Mr. Iván López-Belmonte Encina
Vice Chairman 1º

Mr. Javier López-Belmonte Encina
Vice Chairman 2º

Mr. Enrique Castellón Leal
Lead Independent Director

Mr. Miguel Corsini Freese
Director

Mr. José Fernando de Almansa
Moreno-Barreda
Director