Auditor's Report on Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries for the year ended 31 December 2020)

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

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 2020, 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 2020 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 pursuant to the legislation regulating the audit of accounts in Spain. 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.

Recognition of revenues from services rendered to third parties See notes 2.21.b, 4.2, 20.b and 22.b to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
A portion of the Group's revenues corresponds to the provision of manufacturing and packaging services to third parties. Control is transferred to the customer and the performance obligations are deemed to be fulfilled when the manufactured goods are made available to the customer. *In certain cases, the Group undertakes to reserve production capacity at its facilities in exchange for financial consideration that is either recognised as revenues when the contractual milestone is reached or, serves as a minimum payment in cases where the production service is carried out.* *In other cases, before providing manufacturing services and in accordance with certain determined milestones, the Group performs work to adapt, fit out and validate its facilities and machinery, which, when the final cost of such work is borne by the customer, is recognised as revenues on the basis of the percentage of completion method in accordance with the defined milestones. This requires the Group to perform estimates such as: the margin on each contract, the costs to be incurred, the probability of receiving additional revenues, if any, and meeting the established milestones.* *The recognition of revenues and the profit/loss on these contracts therefore entails a high level of judgement by Management and an exhaustive control of the estimates made and any deviations that might arise during their term, as well as compliance with the milestones established by contract. The estimates take into account all costs and revenues directly attributable to the contracts, including any costs incurred in addition to those originally budgeted.*	*Our audit procedures included the following:* - *Evaluating the design and implementation of key controls associated with the process of recognition of revenues using the percentage of completion method and revenues from production capacity reservations.* - *We obtained and evaluated contracts for the reservation of production capacity at the facilities in exchange for economic consideration in order to analyse the recognition of revenues for the provision of services and in particular, in the case of deferral, recognition as contractual liabilities, in accordance with the agreed terms and conditions and in compliance with the established milestones.* - *Where revenues from the provision of services is recognised using the percentage of completion method, we obtained contracts from which we selected a random sample, based on certain quantitative and qualitative criteria, to assess the estimates made for the purposes of the recognition of revenues and for which we obtained documentation supporting those estimates and evidence of the judgements made by the Group, where applicable.* *We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.*

Recognition of revenues from services rendered to third parties **See notes 2.21.b, 4.2, 20.b and 22.b to the consolidated annual accounts**	
Key audit matter	*How the matter was addressed in our audit*
Due to the high level of judgement and the significance of the outstanding contractual liabilities to be recognised in the income statement, this has been considered a key audit matter of the current period.	

Capitalisation and recoverability of intangible assets See notes 2.7, 4.1, 7, 23 and 24 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
The Group has significant intangible assets amounting to Euros 41,413 thousand, including Euros 32,784 thousand derived from the acquisition of trademarks and licences for products that are currently marketed, of which Euros 5,366 thousand reflect intangible assets with indefinite useful lives and Euros 7,487 thousand reflect development expenses. *Management reviews these assets for the existence of indications of impairment on an annual basis. In addition, the relevant impairment analysis is performed on an annual basis for intangible assets with indefinite useful lives and, if applicable, for intangible assets with finite useful lives for which there are indications of impairment. The recoverability of these assets is based on the discounting of future cash flows using budgets approved by Management.* *The capitalisation of any development expenses also 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.* *In this connection, the Group has intangible assets amounting to Euros 7,487 thousand from the development of a low-molecular-weight heparin, an enoxaparin biosimilar, for which the corresponding marketing authorisation was obtained in 2017. No indications of impairment have been detected.*	*Our audit procedures included the following:* - *Assessment of the design and implementation of the controls associated with the process for estimating the recoverability of intangible assets and the process followed to recognise research and development expenses and to identify, where applicable, expenses that qualify for capitalisation.* - *We evaluated the criteria used by the Management in identifying indications of impairment.* - *We assessed the consistency of the profit and loss forecasts used as a basis for assessing the recoverability of the intangible assets with indefinite useful lives and assets with indications of impairment, in particular, the projected income and expenses and cash flows.* - *We received and assessed the documentation prepared by Management in relation to the analysis of research and development expenses, recognised in the income statement.* - *Our procedures for projects under development included an assessment of the reasonableness of the assumptions used by the Group in relation to obtaining the pertinent authorisations, by considering the current stage of development, and where appropriate, their capitalisation as an intangible asset.* *We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.*

Recognition of revenues from services rendered to third parties See notes 2.21.b, 4.2, 20.b and 22.b to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
In 2020 the Group incurred research and development expenses amounting to Euros 23,801 thousand that have not been capitalised, associated mainly with products under development based on the ISM® platform. *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.*	

Other Information: Consolidated Directors' Report

Other information solely comprises the 2020 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 regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report 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 in the preceding paragraph, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2020, 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 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 management, 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 23 February 2021.

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

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 20 October 2020 for a period of one year, beginning after the year ended 31 December 2020.

Previously, we had been appointed for a period of three years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2017.

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

(*Signed on original in Spanish*)

José Ignacio Rodríguez Prado
On the Spanish Official Register of Auditors ("ROAC") with No. 15825

23 February 2021

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts and
Consolidated Management Report
at 31 December, 2020

CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Thousands of euros)

	Note	31 December	
		2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	155,395	131,608
Intangible assets	**7**	41,413	45,079
Investment in a joint venture	**10**	1,812	1,843
Deferred income tax assets	**19**	11,105	14,660
Equity securities	**9 & 11**	71	71
Financial receivables	**9 & 13**	65	65
		209,861	**193,326**
Current assets			
Inventories	**12**	227,199	158,811
Trade and other receivables	**9 & 13**	76,401	81,541
Current income tax assets	**27**	7,803	10,104
Prepaid expenses		13	3
Cash and cash equivalents	**9 & 14**	53,162	67,426
		364,578	**317,885**
Total assets		**574,439**	**511,211**

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, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Thousands of euros)

	Note	31 December	
		2020	2019
EQUITY			
Capital and reserves attributable to shareholders of the company			
Share capital	**15**	3,364	3,364
Share premium	**15**	87,636	87,636
Legal reserve	**16**	673	673
Treasury shares	**16**	(20,185)	(10,341)
Retained earnings and voluntary reserve	**16**	241,158	201,784
Profit for the year	**16**	61,057	39,273
Other reserves	**16**	(3)	(3)
Total equity		**373,700**	**322,386**
LIABILITIES			
Non-current liabilities			
Financial debt	**18**	68,421	72,104
Deferred income tax liabilities	**19**	929	1,078
Contract liabilities	**20**	5,788	5,793
Deferred income	**21**	2,712	3,141
		77,850	**82,116**
Current liabilities			
Financial debt	**18**	6,022	12,701
Trade and other payables	**17**	91,364	91,914
Contract liabilities	**20**	25,005	1,566
Deferred income	**21**	498	528
		122,889	**106,709**
Total liabilities		**200,739**	**188,825**
Total equity and liabilities		**574,439**	**511,211**

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, 2020

CONSOLIDATED INCOME STATEMENT
(Thousands of euros)

	Note	31 December	
		2020	2019
Revenue	5 & 22	419,961	381,313
Change in inventories of finished goods and work in progress		17,659	21,414
Raw materials and consumables used		(196,311)	(188,020)
Employee benefit expenses	23	(74,429)	(72,512)
Other operating expenses	24	(73,706)	(81,946)
Amortisation	6 & 7	(19,593)	(18,216)
Impairment of non-current assets	7	(56)	(341)
Recognition of government grants on non-financial non-current assets and other		1,157	1,151
OPERATING PROFIT		**74,682**	**42,843**
Finance income		4	51
Finance costs		(1,072)	(927)
Impairment and gain or loss on measurement of financial instruments		(1,041)	159
Exchange difference		39	(51)
FINANCE COSTS - NET	26	**(2,070)**	**(768)**
Share of profit of joint venture	10	**(31)**	**(195)**
PROFIT BEFORE INCOME TAX		**72,581**	**41,880**
Income tax	27	(11,524)	(2,607)
PROFIT FOR THE YEAR		**61,057**	**39,273**
Earnings per share (basic and diluted) attributable to the shareholders of the Company (euros)			
- Basic and diluted	28	1.10	0.71

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, 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Thousands of euros)

	Note	31 December	
		2020	2019
Profit for the year		**61,057**	**39,273**
Items that may subsequently be reclassified to profit and loss		**-**	**-**
+ Changes in value of equity securities	**11**	-	-
Other comprehensive income (net of taxes)		**-**	**-**
Total comprehensive income for the year		**61,057**	**39,273**

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, 2020

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 reserves (Note 16)	Profit for the year (Note 16)	Other reserves (Note 16)	TOTAL EQUITY
Balance at 1 January, 2019	**3,364**	**87,636**	**600**	**(8,812)**	**186,792**	**17,895**	**(3)**	**287,472**
Total comprehensive income	-	-	-	-	-	39,273	-	**39,273**
Transfer of 2018 profit	-	-	73	-	13,402	(13,475)	-	**-**
Dividends 2018 (Note 16 e)	-	-	-	-	-	(4,420)	-	**(4,420)**
Acquisition of treasury shares (Note 16 d)	-	-	-	(4,718)	-	-	-	**(4,718)**
Reissue of treasury shares (Note 16 d)	-	-	-	3,189	1,682	-	-	**4,871**
Other movements	-	-	-	-	(92)	-	-	**(92)**
Balance at 31 December, 2019	**3,364**	**87,636**	**673**	**(10,341)**	**201,784**	**39,273**	**(3)**	**322,386**
Total comprehensive income	-	-	-	-	-	61,057	-	**61,057**
Transfer of 2019 profit	-	-	-	-	29,573	(29,573)	-	**-**
Dividends 2019 (Note 16 e)	-	-	-	-	-	(9,700)	-	**(9,700)**
Acquisition of treasury shares (Note 16 d)	-	-	-	(37,255)	-	-	-	**(37,255)**
Reissue of treasury shares (Note 16 d)	-	-	-	27,411	10,077	-	-	**37,488**
Other movements	-	-	-	-	(276)	-	-	**(276)**
Balance at 31 December, 2020	**3,364**	**87,636**	**673**	**(20,185)**	**241,158**	**61,057**	**(3)**	**373,700**

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, 2020

CONSOLIDATED STATEMENT OF CASH FLOWS
(Thousands of euros)

	Note	31 December	
		2020	2019
Cash flows from operating activities			
Profit before income tax		72,581	41,880
Adjustments for non-monetary transactions			
Amortisation	**6 & 7**	19,593	18,216
Finance income	**26**	(43)	(51)
Valuation allowance	**12 & 13**	1,772	2,998
Adjustments for changes in value of derivatives		796	146
Gain or loss on derecognitions of financial assets and liabilities		245	(305)
Finance expenses	**26**	1,072	978
Grants, income from distribution licences and other deferred incomes		(2,101)	(4,408)
Share of profit of joint ventures	**10**	31	195
Changes in working capital:			
Trade and other receivables		7,468	(20,409)
Inventories		(70,398)	(67,227)
Other current assets (prepaid expenses)		(10)	18
Trade and other payables		(811)	23,953
Other collections and payments			
Proceeds from toll manufacturing services	**20**	21,617	-
Proceeds from distribution licences	**20**	1,253	3,194
Interest paid		(151)	(93)
Income tax cash flow		(6,038)	(8,129)
Net cash generated (used) in operating activities		**46,876**	**(9,044)**
Cash flows from investing activities			
Purchases of intangible assets	**7**	(355)	(14,626)
Purchases of property, plant and equipment	**6**	(39,337)	(25,899)
Proceeds from sale of property, plant and equipment	**6**	63	2
Interest received		4	51
Net cash flows generated (used) in investing activities		**(39,625)**	**(40,472)**
Cash flows from financing activities			
Repayments of financial debt		(13,179)	(21,242)
Proceeds from financial debt	**18**	1,430	47,033
Interest paid		(299)	(93)
Purchase of treasury shares	**16 d)**	(37,255)	(4,718)
Reissue of treasury shares	**16 d)**	37,488	4,871
Dividends paid	**16 c)**	(9,700)	(4,420)
Net cash generated (used) in financing activities		**(21,515)**	**21,431**
Net (decrease)/increase in cash and cash equivalents		**(14,264)**	**(28,085)**
Cash and cash equivalents at beginning of the year	**9 & 14**	**67,426**	**95,511**
Cash and cash equivalents an end of the year	**9 & 14**	**53,162**	**67,426**

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

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.

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, some of them internally developed. Low-molecular-weight heparins, which are marketed in various countries, are the Group's main products.

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).

As of 31 December, 2020 and 2019, the company Norbel Inversiones, S.L. held 63.11% of the shares of Laboratorios Farmacéuticos Rovi, S.A. (Note 15). Norbel Inversiones, S.L., with registered office at Calle Julián Camarillo, 35, Madrid, files consolidated annual accounts with the Madrid Companies Registry.

These consolidated annual accounts were approved by the Board of Directors on 23 February, 2021 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 January 2019, the company Rovi Biotech sp.z.o.o., with registered office at ul. Wincentego Rzymowskiego, 53, Warsaw (Poland), was incorporated, 100% owned by Laboratorios Farmacéuticos Rovi, S.A. This company incurred a loss of 4 thousand euros before tax in 2020 (a loss of 24 thousand euros in 2019) and its assets at 31 December, 2020 were 557 thousand euros (455 thousand euros at 31 December, 2019).

On 8 April, 2019, the company Rovi Biotech Ltda., established in Bolivia, was dissolved. The consolidated accounts at 31 December, 2019 did not, therefore, include this company in the consolidated group.

In November 2019, the following three Group companies, all of which were 100% held by Laboratorios Farmacéuticos, Rovi, S.A., were merged by absorption: Frosst Ibérica, S.A.U. (absorbing company), Rovit Contract Manufacturing, S.L. and Bemipharma Manufacturing, S.L. (absorbed companies). After this merger, but likewise in 2019, Frosst Ibérica, S.A. changed its corporate name to Rovi Pharma Industrial Services, S.A.U.

On 4 December, 2019, the company Rovi Escúzar, S.L. was incorporated as a 100%-held subsidiary of Laboratorios Farmacéuticos Rovi, S.A. As of 31 December, 2020, the assets of this company were 13,049 thousand euros (1,263 thousand euros in 2019) and it showed a loss of 51 thousand euros (19 thousand euros in 2019).

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 presentation

These consolidated annual accounts for 2020 (and those for 2019 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 equity securities.

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 starting on or after 1 January, 2020

In 2020, the following standards and amendments to existing standards were endorsed by the European Union and came into force on 1 January, 2020. They have either been applied by ROVI or may affect the Group in the future:

- IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (Amendment) – Definition of material. The amendments to the definition of material are made so that it is simpler to judge what is material. The definition of matterial helps companies to decide whether the information should be disclosed in the consolidated annual accounts. These amendments clarify said definition an include guidance on how it should be applied. Furthermore, the explanations accompanying the definition have been improved and consistency within all standards has been ensured. These amendments must be applied to the annual periods commencing on or after 1 January, 2020. Early adoption is permitted. The entry into force of these rules has not led to any significant changes in the content of ROVI's consolidated annual accounts.

- Amendments to the conceptual framework of IFRS. The revised version of the Conceptual Framework sets out a series of basic concepts that guide the IASB in developing the standards and helps 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 applies to annual periods commencing on or after 1 January, 2020 to issuers who develop accounting policies based on the Conceptual Framework.

- IFRS 3 (Amendment) "Business Combinations". In October 2018, the IASB issued a limited-scope amendment to IFRS 3 "Business Combinations" in order to improve the definition of "business". This Amendment will help companies to determine whether they have acquired 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 that a transaction requiring this determination to be made takes place.

- IFRS 9 "Financial Instruments", IAC 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" (Amendment – Phase 1): Reform of interest rate benchmarks. This Amendment changes the specific requirements of hedge accounting, assuming that the interest rate benchmark on which the hedged cash flows are based and the cash flows of the hedging instrument will not change as a result of the interest rate benchmark reform. The entry into force of this Amendment is not expected to have a material impact for ROVI.

- IFRS 16 (Amendment) "Leases". In response to the coronavirus pandemic caused by COVID-19, this Amendment authorises lessees not to account for rent concessions occurring as a direct consequence of the COVID-19 pandemic as lease modifications if they meet certain conditions This Amendment came into force on 1 June, 2020 and has had no effect on ROVI.

In 2019, IFRS 16 "Leases", which replaced IAS 17 "Leases", IFRIC 4, SIC 15 and SIC 27, became mandatory. IFRS 16 establishes a single 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 former 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).

IFRS 16 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.

In 2019, the Group, as an asset lessee, evaluated 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.
- 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). The computer equipment in its entirety was considered as a single underlying asset and, therefore, the low-value exemption was not applied to it.
- In the case of vehicles, the present value of the payments was determined on the basis of the commitment that the Group had.

- Elected to apply the modified retrospective effect, according to which the 2018 period will not be restated, as its transition model.
- 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 and the right-of-use of the underlying assets, the Group's incremental borrowing rate, close to the Group's debt ratio, was applied. At the date of initial application, this was 1.5%.
- The terms of the leases were identified principally on the basis of the terms of the contracts.

The impacts of the adoption of IFRS 16 on the financial statements as of 31 December, 2019 were as follows:

31 December 2019	Note	Amounts without adoption of IFRS 16	Adjust-ments	As reported
ASSETS				
Non-current assets		**172,630**	**20,696**	**193,326**
Property, plant and equipment	**6**	110,970	20,638	131,608
Intangible assets		45,079	-	45,079
Investment in a joint venture		1,843	-	1,843
Deferred income tax assets	**19**	14,602	58	14,660
Equity securities		71	-	71
Financial receivables		65	-	65
Current assets		**317,885**	**-**	**317,885**
Total assets		**490,515**	**20,696**	**511,211**

31 December 2019	Note	Amounts without adoption of IFRS 16	Adjust-ments	As reported
EQUITY				
Total Equity		**322,561**	**(175)**	**322,386**
LIABILITIES				
Non-current liabilities		**64,705**	**17,411**	**82,116**
Financial debt	**18**	54,693	17,411	72,104
Deferred income tax liabilities		1,078	-	1,078
Contract liabilities		5,793	-	5,793
Deferred revenues		3,141	-	3,141
Current liabilities		**103,249**	**3,460**	**106,709**
Financial debt	**18**	9,241	3,460	12,701
Trade and other payables		91,914	-	91,914
Contract liabilities		1,566	-	1,566
Deferred income		528	-	528
Total equity and liabilities		**490,515**	**20,696**	**511,211**

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for the annual period ended 31 December, 2020
(Thousands of euros)

31 December 2019	Note	Amounts without adoption of IFRS 16	Adjust-ments	As reported
Revenue		381,313	-	381,313
Change in inventories of finished goods and work in progress		21,414	-	21,414
Raw materials and consumables used		(188,020)	-	(188,020)
Employee benefit expenses		(72,512)	-	(72,512)
Other operating expenses	**24**	(85,587)	3,641	(81,946)
Amortisation	**6 & 7**	(14,621)	(3,595)	(18,216)
Impairment of non-current assets		(341)	-	(341)
Recognition of government grants on non-financial non-current assets and other		1,151	-	1,151
OPERATING PROFIT		**42,797**	**46**	**42,843**
Finance income		51	-	51
Finance costs	**26**	(648)	(279)	(927)
Impairment and gain or loss on measurement of financial instruments		159	-	159
Exchange difference		(51)	-	(51)
FINANCE COSTS - NET		**(489)**	**(279)**	**(768)**
Share of profit of a joint venture		(195)	-	(195)
PROFIT BEFORE INCOME TAX		**42,113**	**(233)**	**41,880**
Income tax	**27**	(2,665)	58	(2,607)
PROFIT FOR THE YEAR		**39,448**	**(175)**	**39,273**

31 December 2019	Note	Amounts without adoption of IFRS 16	Adjust-ments	As reported
Changes in working capital:				
Trade and other receivables	**17**	20,591	3,362	23,953
Finance expense	**26**	699	279	978
Net cash generated (used) in operating activities		**21,290**	**3,641**	**24,931**
Net cash generated (used) in investing activities		**(40,472)**	**-**	**(40,472)**
Repayments of financial debt		(17,601)	3,641	(21,242)
Net cash generated (used) in financing activities		**25,072**	**3,641**	**21,431**
Net (decrease)/increase in cash and cash equivalents		**(28,085)**		**(28,085)**
Cash and cash equivalents at beginning of year		**95,511**	**-**	**95,511**
Cash and cash equivalents at end of year		**67,426**		**67,426**

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, 2020

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 2021 onwards. ROVI considers that the following could be applicable to the Group, although they have not been adopted early:

- IFRS 9 "Financial Instruments", IAC 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 ""Financial Instruments: Disclosures" (Amendment): Reform of interest rate benchmarks. This Amendment changes the specific requirements of hedge accounting in such a way that companies will apply said hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows are based and the cash flows of the hedging instrument will not change as a result of the interest rate benchmark reform. The entry into force of this Amendment has had no impact on ROVI.

- IFRS 4 (Amendment) "Insurance Contracts" (deferral of effective date of IFRS 9 (Financial Instruments). This Amendment approves the extension of the temporary exemption from the application of IFRS 9 in Europe (Amendments to IFRS 4) ("the Amendments"). The Amendments change the end of the temporary exemption from IFRS 9 from 1 Janunary, 2021 to 1 January, 2023.

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:

- IFRS 17 "Insurance Contracts", replacing IFRS 4 "Insurance Contracts". The new IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17. Moreover, it removes current inconsistencies and weaknesses through a new framework based on a single principle to account for all insurance contracts, including reinsurance contracts. The IASB proposes that this Standard should come into force on 1 January, 2023. No significant impacts on ROVI are expected.

- IAS 1 (Amendment) "Presentation of Financial Statements". This will mean a change in the classification of liabilities. This Amendment arises with the intention of promoting uniform application and clarifying the requirements to determine whether a liability is current or non-current. The IASB proposes that this Amendment should come into force on 1 January, 2023. ROVI will analyse the potential impact of this Amendment, but no significant effects are expected.

- IFRS 3 (Amendment) "Business Combinations". This Amendment is intended to clarify the definition of business in order to facilitate the practical application of the Standard. The IASB proposes that this Amendment should come into force on 1 January, 2022. ROVI will take this Amendment into account in the event that any transactions that require the Standard to be applied take place.

- IAS 16 (Amendment) "Property, Plant and Equipment". Through this Amendment, further details are given on measurement on recognition of the asset and the information to disclose. The IASB proposes that this Amendment should come into force on 1 January, 2022. ROVI will take this Amendment into account when presenting the financial statements to which it applies, although its impact is not expected to be significant.

- IAS 37 (Amendment) "Provisions, Contingent Liabilities and Contingent Assets". This Amendment gives details of the costs of fulfilling a contract. The IASB proposes that this Amendment should come into force on 1 January, 2022. ROVI will take this Amendment into account in the event that any transactions that require the Standard to be applied take place.

- Annual Improvements to IFRSs. Cycle 2018 – 2020. The amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41. The main changes that may apply to the Group refer to:
    - IFRS 1 "First-time Adoption of IFRSs". The amendment permits a subsidiary that applies paragraph D16 (a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
    - IFRS 9 "Financial Instruments". The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.
    - IFRS 16, "Leases". The amendment to Illustrative Example 13 accompanying IFRS 16.
    - IAS 41 "Agriculture". The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

  The IASB proposes that these amendments should come into force on 1 January, 2022. When they do, ROVI will take these changes into account.

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.

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 acquistion-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 subsdidiaries 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.

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 proift 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.

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.

Rights of use

For leases that meet the requirements of IFRS 16, the Group recognises an asset for the right of use of the underlying asset, which it measures by taking the amount of the associated liability as a reference and adding the initial direct costs incurred.

These assets are depreciated on a straight-line basis over the estimated useful life of each one of them.

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.

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 identiable 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).

These assets have a useful life of 20 years, consistent with the term of pharmaceutical product patents. ROVI expects to obtain a positive return on the development during said period.

2.8 Borrowing costs

General and specific interest costs that are directly attributable to the acquistion, 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 instruments

Financial instruments are classfied upon initial recognition as financial assets, financial liabilities or equity instruments in accordance with the economic nature of the contract and the definitions of financial asset, financial liability and equity instument set out in NIC 32 "Financial Instruments: Presentation".

Financial instruments are recognised when the Group becomes an obliged party under a contract or legal transation in accordance with the provisions thereof. The Group recognises financial instrument purchase or sale transactions through conventional contracts, defined as those in which the reciprocal obligations of the parties must be performed within a time frame established by regulations or market conventions and which cannnot be offset against each other, at the contract or settlement date, depending on the type of asset.

For measurement purposes, the Group classifies financial instruments in the categories of financial assets and liabilities carried at fair value through profit and loss. The Group designates a financial asset or liability as fair value through profit and loss upon initial recognition if, by so doing, it eliminates or significantly reduces an inconsistency in the measurement or recognition that would arise otherwise, i.e. if the assets or liabilities or the recognition of the gain or loss thereon were measured on different bases.

The Group holds forward contracts for the purchase or sale of foreign currency. These insurance contracts are considered derivative financial instruments that meet the conditions to be considered hedging instruments. Hedges that cover foreign currency risk on the fair value of monetary financial assets and liabilities in foreign currency, including both changes in the market value of the financial instruments designated as hedges and changes in the market value of the hedged item caused by the hedged risk, are charged or credited to profit and loss, as appropriate.

2.11 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.

(i) 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 measured at amortised cost 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.

Impairment of loans and receivables

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. Impairment of financial assets, including loans and receivables, is measured using the expected credit loss model.

The Group measures provisions for losses at a sum equivalent to the expected losses over the life of the asset.

Provisions for losses on financial assets measured at amortised cost, among which loans and receivables are included, are presented separately as a reduction in the gross carrying amount of the assets.

In relation to trade receivables, risk exposures in each group are segmented on the basis of the customer type (government or non-government) and the age of the debt.

- The balance receivable from public authority customers relates to receivables from government entities, regarding which, based on their nature and the information currently available, ROVI considers the credit risk to be low and, therefore, does not recognise any expected losses in relation thereto. The Group is entitled to claim late-payment interest originating from delay in collecting these balances from government entities.

- The balance with non-government entities includes mainly wholesalers, toll manufacturing customers, other pharmaceutical companies and private centres. The provision for impairment of balances with non-government customers is measured in accordance with the age of the debt.

Additionally, the provision for impairment includes all those customer balances for which there are indications of impairment, even if six months have not yet elapsed since their due date.

Impairment losses are recognised in the income statement as “other operating expenses”. When a receivable becomes unrecoverable, it is written off against the amount of the impairment. Subsequent recovery of amounts previously written off is recognised as a credit item in “other operating expenses”.

(ii) 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 through other comprehensive income. 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 securities classified as equity securities, 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 Group applies the criteria for 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 Group 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;
- 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 Group 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

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.

2.16 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.

2.17 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.

2.18 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.

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 liabiities for their net amount.

2.19 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 and 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.

2.20 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.

2.21 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 "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 appropriate, 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 variable consideration for rebates, refunds and returns. This variable consideration is only recognised if it is highly probable that there will be no significant reversal in the amount of the cumulative revenue recognised will occur when the uncertainty associated with the variable consideration subsequently disappears.

b) Sales of services

The main services provided by the Group consist of manufacturing and packaging services for third parties (toll manufacturing). In these services, control is deemed to be transferred to the customer and the service obligations are deemed to have been completed when the manufactured goods are made available to the customer. Invoices are usually payable between 30 and 120 days.

On occasions, before providing a manufacturing service, ROVI carries out, in accordance with determined milestones that have been defined, work to adapt, fit out and validate its facilities and machinery –either its own or acquired or subcontracted from third parties–, without which it would not be possible to provide the service under the conditions required by the customers. If the final cost of this work is paid by the customer, ROVI recognises the revenue related to the service provided on the basis of the percentage of completion of the work to be performed, according to the milestones defined. In the event that the percentage of completion includes the acquisition of certain assets, the margin is not recognized until they are finally installed.

ROVI has entered into a commitment with certain customers to reserve production capacity at its plants in exchange for a economic consideration. In these cases, revenue accrual is linked to attainment of a single milestone, fixed by contract, which may consist of either being ready to produce, or reaching the end of the period agreed without the customer having requested the production reserved. Additionally, in cases where the production takes place, said reserve capacity would act as a minimum payment for the production service.

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, which no other entity can manufacture. 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 recognises 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 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.

2.22 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.

2.23 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.

2.24 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 at the end of the period for the estimated amount accrued but unpaid and the possible adjustment of the tax to the actual sales for the period.

In 2010, the government approved two packages of measures to reduce pharmaceutical spending. The first one focused on generic products, which are those out of patent, for which it established an average reduction of 25% in the selling price to laboratories. The second package addressed pharmaceutical products under patent. Since that time, a 7.5% discount has been applied to the selling price to the public. The Group recognises the amounts relating to these measures as a decrease in sales.

Additionally, in 2016, a co-operation agreement was signed between Farmaindustria, the Spanish pharmaceutical industry association, to which ROVI belongs, and the Spanish government. This agreement was renewed until 31 December, 2019. 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 biosimilars) exceeds the actual growth rate of the GDP of the Spanish economy, the pharmaceutical industry must reimburse the government for said excess in cash. The Group recognises the amounts related to this item as a decrease in sales. Although Farmaindustria and the Spanish government have not yet signed a new co-operation agreement applicable to 2020, the Spanish pharmaceutical industry and ROVI consider that the parties will finally reach an agreement affecting said period. Therefore, ROVI has recognised the estimated amount of this item as a decrease in sales in 2020.

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 low because (i) most of the Group's assets and liabilities are in euros; (ii) a large part of the transactions with foreign parties are carried out in euros; and (iii) transactions for a significant amount in currencies other than the euro are hedged with financial instruments that minimise the impact of exchange-rate risk. At 31 December, 2020, the Group held instruments of this kind for a value of 13,500 thousand euros (26,500 thousand euros at 31 December, 2019), the measurement of which led to recognition of a loss of 925 thousand euros at the 2020 reporting date (at 31 December, 2019, the loss originating from measurement of these assets was 129 thousand euros). If, at 31 December, 2020, the exchange rate had been 10% higher, ROVI would have incurred a loss of 1,925 thousand euros and, if the exchange rate had been 10% lower, ROVI would have recorded a profit of 297 thousand euros from the measurement of these assets (at 31 December, 2019, the effect would not have been significant).

At 31 December, 2020, there were assets of 2,476 thousand pounds sterling and 2,992 thousand zlotys (1,240 thousand pounds sterling and 2,607 thousand zlotys at 31 December, 2019). If the exchange rate at the reporting date had been 10% higher, the value in euros of these assets denominated in pounds sterling and zlotys would have decreased by 310 thousand euros (188 thousand euros in 2019) and, if the exchange rate had been 10% lower, their value would have increased by 379 thousand euros (230 thousand euros at 31 December, 2019).

At 31 December, 2020, there were financial liabilities of 2,677 thousand pounds sterling and 1,911 thousand zlotys (1,491 thousand pounds sterling and 520 thousand zlotys at 31 December, 2019) on the statement of financial position. If, at 31 December, 2019, the exchange rate had been 10% higher or lower, these liabilities would have decreased or increased by 308 thousand euros and 377 thousand euros, respectively (170 and 208 thousand euros at 31 December, 2019), 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 equity securities 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, 2020 and 2019, a change in the listed rice 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 2020, with all other variables remaining constant, the gain/loss after taxes for the period would have decreased or increased by 51 thousand euros, respectively, owing to the difference in interest expense on loans at variable rates (54 thousand euros at 31 December, 2019).

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.

At 31 December, 2020, the greatest investment in financial assets, including cash and cash equivalents and apart from trade receivables, was related to Banco de Santander, 25,112 thousand euros (41,464 thousand euros with BBVA at 31 December, 2019). 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, ROVI signed a financing agreement with the European Investment Bank, which it could draw down over the two years following signature of the agreement for a total amount of 45 million euros. As of 31 December, 2019, ROVI had drawn the full amount of this loan (Note 18).

In 2020, ROVI signed credit policies for a total amount of 45 million euros. No amounts had been drawn down as of 31 December, 2020.

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, 2020	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Bank borrowing (Note 18)	474	7,585	19,753	18,843
Debt with government entities (Note 18)	1,853	3,691	4,276	2,199
Trade suppliers (Note 17)	63,452	-	-	-
Other payables (Note 17)	27,912	-	-	-
	93,691	11,276	24,029	21,042

At 31 December, 2019	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Bank borrowing (Note 18)	2,415	1,474	19,983	25,190
Debt with government entities (Note 18)	1,996	3,983	4,823	4,114
Trade suppliers (Note 17)	68,770	-	-	-
Other payables (Note 17)	23,144	-	-	-
	96,325	5,457	24,806	29,304

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. These do not generate interest payments 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, 2020 and 2019 was as follows:

	2020	2019
Financial Debt (Note 18)	74,443	84,805
Less: Cash and cash equivalents (Note 14)	(53,162)	(67,426)
Less: Equity securities (Note 11)	(71)	(71)
Less: Deposits (Notes 9 & 13)	(1,399)	(1,407)
Net debt/(Cash)	**19,811**	**15,901**
Equity	373,700	322,386
Leverage index/Gearing ratio	**5.3%**	**4.9%**

In addition, the Group's net debt/cash at 31 December, 2020 and 2019 was as follows:

	2020	2019
Financial Debt (Note 18)	74,443	84,805
Less: Cash and cash equivalents (Note 14)	(53,162)	(67,426)
Less: Available-for-sale financial assets (Note 11)	(71)	(71)
Less: Deposits (Notes 9 & 13)	(1,399)	(1,407)
Net debt/(Cash)	**19,811**	**15,901**

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.

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.

a) 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, 2020 and 2019. 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.

b) 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 in Europe. Therefore, from that time until the effective comercialisation 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.

c) Co-operation Agreement between the government and Farmaindustria

In 2016, Farmaindustria, the Spanish pharmaceutical industry association, and the Spanish government signed a co-operation agreement. After subsequent renewals, this agreement was in force until 31 December, 2019. According to the agreement, in the event that public spending on medicines (excluding generics and biosimilars) exceeded the actual growth rate of the GDP of the Spanish economy, the pharmaceutical industry had to reimburse the government for said excess in cash. ROVI has recognised the estimated amount of this item as a decrease in sales.

Although Farmaindustria and the Spanish government have not yet signed a new co-operation agreement applicable to 2020, the Spanish pharmaceutical industry and ROVI consider that the parties will finally reach an agreement affecting said period. Therefore, ROVI has recognised the estimated amount of this item as a decrease in sales in 2020.

When determining the amount for 2020, ROVI has considered that the pharmaceutical industry will reimburse the amount of the increase in public spending on medicines (excluding generics and biosimilar) estimated by Farmaindustria to the government.

An increase or decrease of 10% in the growth of said public spending would mean an increase of 585 thousand euros or a decrease of 590 thousand euros, respectively, in the amounts recognised.

4.2 Critical judgements in applying the accounting policies

Revenue recognition

The Group has recognised the total sales of goods marketed in 2020 and 2019 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.

The revenue recognised for the work performed to adapt, fit out and validate the facilities and machinery, –either its own or acquired or subcontracted from third parties– before providing a manufacturing service has been calculated in accordance with the percentage of completion of the work to be performed. Additionally, in the event that the percentage of completion includes the acquisition of certain assets, the margin is not recognised until they are finally installed.

Furthermore, the revenue from reserved capacity is recognised when the conditions agreed by contract are met (Note 2.21.b).

Determination of the percentage of completion of the service provision took account of Managements' best estimate in relation to meeting the defined milestones and costs already incurred or to be incurred in the future in relation to the work to be performed. Likewise, the Group must make a technical evaluation of whether the work to adapt, fit out and validate the facilities has been completed when determining the time at which they are ready for production.

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, which also includes the research and development activities carried on by the Group, 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.

The segment information used by the Management Committee for 2020 was as follows:

	Manufacturing	Marketing	Other	TOTAL	Inter-segments transactions	Consolidated figures
Total segment revenues	239,683	463,737	-	**703,420**	(283,459)	**419,961**
Profit/(loss)	24,602	71,138	(28)	95,712	(34,655)	61,057
Income tax	8,671	4,188	(9)	12,850	(1,326)	11,524
Profit/(loss) before tax	33,273	75,326	(37)	108,562	(35,981)	72,581
Finance costs - net	542	(29,170)	(2)	(28,630)	30,700	2,070
Amortisation	7,703	11,890	-	19,593	-	19,593
EBITDA (*)	**41,518**	**58,046**	**(39)**	**99,525**	**(5,281)**	**94,244**
Amortisation	(7,703)	(11,890)	-	(19,593)	-	(19,593)
EBIT (**)	**33,815**	**46,156**	**(39)**	**79,932**	**(5,281)**	**74,651**

The 2019 figures were as follows:

	Manufacturing	Marketing	Other	TOTAL	Inter-segments transactions	Consolidated figures
Total segment revenues	197,512	392,727	-	**590,239**	(208,926)	**381,313**
Profit/(loss)	30,221	28,153	(33)	58,341	(19,068)	39,273
Income tax	2,302	1,139	(11)	3,430	(823)	2,607
Profit/(loss) before tax	32,523	29,292	(44)	61,771	(19,891)	41,880
Finance costs - net	170	(16,014)	2	(15,842)	16,610	768
Amortisation	6,696	11,520	-	18,216	-	18,216
EBITDA (*)	**39,389**	**24,798**	**(42)**	**64,145**	**(3,281)**	**60,864**
Amortisation	(6,696)	(11,520)	-	(18,216)	-	(18,216)
EBIT (**)	**32,693**	**13,278**	**(42)**	**45,929**	**(3,281)**	**42,648**

(*) EBITDA is calculated as profit before tax, interest, depreciation and amortisation.
(**) EBIT is calculated as profit before tax and interest.

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

Each segment's sales to external customers in 2020 were as follows:

	Manufacturing	Marketing	Other	TOTAL
Total segment revenues	239,683	463,737	-	703,420
Inter-segment revenues	(148,126)	(135,333)	-	(283,459)
Revenues from external customers	91,557	328,404	-	419,961

Each segment's sales to external customers in 2019 were as follows:

	Manufacturing	Marketing	Other	TOTAL
Total segment revenues	197,512	392,727	-	590,239
Inter-segment revenues	(131,862)	(77,064)	-	(208,926)
Revenues from external customers	65,650	315,663	-	381,313

In 2020, a single customer accounted for 4% of the Group's sales (4% in 2019) and this amount related principally to the manufacturing segment.

At 31 December, 2020, the breakdown of assets and liabilities by segment was as follows:

	Manufacturing	Marketing	Other	TOTAL
Total assets	**346,206**	**556,650**	**514**	**903,370**
Of which:				
Investments in Group companies	-	9,489	-	9,489
Increases in non-current non-financial assets	28,579	11,254	-	39,833
Total liabilities	**(281,903)**	**(227,674)**	**-**	**(509,577)**

The assets of the aggregated segments at 31 December, 2020 can be reconciled with the total consolidated assets as follows:

	Manufacturing	Marketing	Other	Intercompany balances	Group investments	Consolidated figures
Total assets	346,206	556,650	514	(319,442)	(9,489)	574,439

Details of assets and liabilities by segment at 31 December, 2019 were as follows:

	Manufacturing	Marketing	Other	TOTAL
Total assets	**189,655**	**420,915**	**690**	**611,260**
Of which:				
Investments in Group companies	-	9,633	-	9,633
Increases in non-current non-financial assets	15,319	25,206	-	40,525
Total liabilities	**(119,723)**	**(153,013)**	**(4)**	**(272,740)**

The assets of the aggregated sectors at 31 December, 2019 can be reconciled with the total consolidated assets as follows:

	Manufacturing	Marketing	Other	Intercompany balances	Group investments	Consolidated figures
Total assets	189,655	420,915	690	(90,416)	(9,633)	511,211

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

Net revenue	**2020**	**2019**
Spain	228,821	232,266
European Union	127,211	129,825
OECD countries	49,437	11,264
Other Countries	14,492	7,958
	419,961	**381,313**

Total assets	**2020**	**2019**
Spain	534,627	481,153
Portugal	6,725	7,969
Germany	19,736	13,644
Italy	8,563	6,243
UK	2,756	1,444
France	1,363	202
Poland	669	556
	574,439	**511,211**

Virtually all the investment in property, plant and equipment and intangible assets in 2020 and 2019 was made in Spain.

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 and tools**	**Furniture, fittings and other**	**IT equipment and vehicles**	**Usage rights**	**In progress**	**Total**
Balances at 01.01.19							
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 01.01.19	**16,167**	**77,430**	**730**	**1,510**	**-**	**-**	**95,837**
Additions	1,043	23,999	129	728	-	-	25,899
IFRS 16 impact 01.01.19	-	-	-	-	24,234	-	24,234
Retirements	-	(444)	(24)	(2)	-	-	(470)
Eliminations from amortisation	-	444	24	-	-	-	468
Amortisation charge	(228)	(9,585)	(109)	(843)	(3,595)	-	(14,360)
Balances at 31.12.19							
Cost	35,339	207,410	3,402	15,266	24,234	-	285,651
Accumulated Amortisation	(18,357)	(115,566)	(2,652)	(13,873)	(3,595)	-	(154,043)
Net carrying amount 31.12.19	**16,982**	**91,844**	**750**	**1,393**	**20,639**	**-**	**131,608**
Additions	406	22,574	47	1,635	141	14,675	39,478
Retirements	-	(96)	-	(16)	-	-	(112)
Eliminations from amortisation	-	47	-	9	-	-	56
Amortisation charge	(236)	(10,820)	(108)	(850)	(3,621)	-	(15,635)
Balances at 31.12.20							
Cost	35,745	229,888	3,449	16,885	24,375	14,675	325,017
Accumulated Amortisation	(18,593)	(126,339)	(2,760)	(14,714)	(7,216)	-	(169,622)
Net carrying amount 31.12.20	**17,152**	**103,549**	**689**	**2,171**	**17,159**	**14,675**	**155,395**

A majority of the additions recognised in 2020 and 2019 related to investments in ROVI's manufacturing plants, principally:

- 3.2 million euros was invested in the Madrid injectables plant, in comparison with the 1.6 million euros invested in 2019.
- 8.6 million euros was invested in the injectables plant in San Sebastián de los Reyes, in comparison with the 4.3 million euros invested in 2019.
- 2.4 million euros was invested in the Granada plant, in comparison with the 5.9 million euros invested in 2019.
- 3.8 million euros was invested in the Alcalá de Henares plant, in comparison with the 8.3 million euros invested in 2019.
- 9.7 million euros was invested in the ISM® industrialisation, in comparison with the 3.5 million euros invested in 2019.
- 10.1 million euros was invested in the construction, in progress, of the new heparin plant in Escúzar (Granada), in comparison with the 1.0 million euros invested in 2019.

Property, plant and equipment in progress includes the assets related to the construction of the active substance plant in Escúzar and others related to machinery and facilities at other production plants belonging to the Group.

At 31 December, 2020, the Group held property, plant and equipment with a net carrying amount of 571 thousand euros subject to retention of title (628 thousand euros at 31 December, 2019).

At 31 December, 2020 and 2019, the Group held acquisition commitments for property, plant and equipment related to the ordinary course of its business.

In 2020 and 2019, there was no impairment of property, plant and equipment.

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 and licences	Computer software	Total
Balances at 01.01.19				
Cost	8,860	30,930	11,484	51,274
Accumulated amortisation	(489)	(6,432)	(9,703)	(16,624)
Net carrying amount 01.01.19	**8,371**	**24,498**	**1,781**	**34,650**
Additions	13	13,999	614	14,626
Retirements	-	-	(18)	(18)
Eliminations from amortisation	-	-	18	18
Impairment	-	(341)	-	(341)
Amortisation charge	(455)	(2,644)	(757)	(3,856)
Balances at 31.12.19				
Cost	8,873	44,929	12,080	65,882
Accumulated impairment	-	(341)	-	(341)
Accumulated amortisation	(944)	(9,076)	(10,442)	(20,462)
Net carrying amount 31.12.19	**7,929**	**35,512**	**1,638**	**45,079**
Additions	13	-	342	355
Retirements	-	-	(9)	(9)
Eliminations from amortisation	-	-	2	2
Impairment	-	(56)	-	(56)
Amortisation charge	(455)	(2,672)	(831)	(3,958)
Balances at 31.12.20				
Cost	8,886	44,929	12,413	66,228
Accumulated impairment	-	(397)	-	(397)
Accumulated amortisation	(1,399)	(11,748)	(11,271)	(24,418)
Net carrying amount 31.12.20	**7,487**	**32,784**	**1,142**	**41,413**

Development

At 31 December, 2020 and 2019, the assets included under the “Development” caption correspond to assets related to the development of a low-molecular-weight heparin, an enoxaparin biosimilar, 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 2020 or 2019.

Trademarks and licences

Under the caption “Trademarks and licences”, assets with indefinite useful lives were recognised for an amount of 5,366 thousand euros at 31 December, 2020 and 2019. 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, was obtained by projecting the forecast cash flows for the following five years. In the cash flow projections as of 31 December, 2020, a discount rate of 6.5% was applied (6.9% at the end of 2019) and, for each year, the margins forecast on the basis of the characterstics of the manufacturing of the product in said year were used. A change of 10% in the discount rate applied or in the cash flows used as a basis would not have led to any impairment of the asset.

In 2019, an addition was recognised under the "Trademarks and licences" caption as a result of the acquisition of certain rights over the dexchlorpheniramine maleate product line, allowing ROVI 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). ROVI paid 13,500 thousand euros to acquire these rights.

Because the recoverable value of the asset related to acquisition of the distribution rights of the product Hirobriz® (belonging to the "Marketing" segment) had dropped below its net carrying amount, at 31 December, 2020, the pertinent impairment loss was recognised. The loss recognised in 2020, which was 56 thousand euros (341 thousand euros at 31 December, 2019), was recognised under the caption "Impairment losses on non-current assets" in the income statement. The recoverable value of this asset was obtained by projecting the cash flows expected until the end of the contract in December 2023 and applying a discount rate of 6.5% (6.9% in 2019). The margins used in the cash flow projection were those forecast in accordance with ROVI's historical knowledge of the revenue and costs generated by this asset. A change of 10% in the discount rate applied on the cash flows used as a basis would not have led to any significant change in the amount of the impairment.

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 2020 were 23,801 thousand euros (29,304 thousand euros in 2019) and were mainly concentrated in the Glycomics and ISM® platforms, the latter of which is a proprietary 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 2020, 7,001 thousand euros was recognised under the "Employee benefit expenses" (Note 22) heading (8,121 thousand euros at 31 December, 2019) and 16,800 thousand euros under "Other operating expenses" (Note 23) (21,183 thousand euros in 2019).

8. Financial instruments by category

a) Financial assets

At 31 December, 2020, the Group held trade receivables amounting to 63,330 thousand euros (71,791 thousand euros at 31 December, 2019) (Note 13), other receivables amounting to 94 thousand euros (87 thousand euros at 31 December, 2019) (Note 13), and other deposits amounting to 1,399 thousand euros (1,407 thousand euros at 31 December, 2019) (Note 13), which the Group classifies as loans and receivables for recognition and measurement purposes (Note 2.11.a).

At 31 December, 2020, the Group held cash amounting to 53,162 thousand euros (67,426 thousand euros at 31 December, 2019) (Note 14), which it classifies as cash and cash equivalents for recognition and measurement purposes (Note 2.13).

At 31 December, 2020, the Group held financial assets of 71 thousand euros (71 thousand euros at 31 December, 2019) (Note 11), which it classifies as equity securities for recognition and measurement purposes (Note 2.11.b).

b) Financial liabilities

At 31 December, 2020 and 2019, all the loans included in financial debt (Note 18), as well as trade and other payables (Note 17), were recognised as financial liabilties held at amortised cost and there were no financial liabilities held at fair value through profit and loss.

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**	**2020**	**2019**
	A+	705	184
	A	23,720	22,243
	A-	24,853	41,452
	BBB+	202	214
	BBB	1,698	2,532
	BBB-	1,260	309
	Baa2	682	-
	No rating	42	492
	Total cash (Note 14)	**53,162**	**67,426**

Financial receivables	**Rating**	**2020**	**2019**
	A	65	65
	Total financial receivables (Note 13)	**65**	**65**

Equity securities	**Rating**	**2020**	**2019**
	A-	12	12
	No rating	59	59
	Total equity securities (Note 11)	**71**	**71**

Trade receivables	**Rating**	**2020**	**2019**
	AA	138	24
	A1	554	4,050
	Public centres and institutions (Note 13)	9,394	12,512
	Other (wholesalers, pharmacies, hospitals)	53,244	55,205
	Total trade receivables (Note 13)	**63,330**	**71,791**

Other deposits	**Rating**	**2020**	**2019**
	A	1,327	1,327
	No rating	72	80
	Total other deposits (Nota 13)	**1,399**	**1,407**

10. Interests in joint ventures

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

	2020	2019
Balance at beginning of the year	**1,843**	**2,038**
Share in profits	(31)	(195)
Balance at end of the year	**1,812**	**1,843**

The nature of investment in joint ventures at 31 December, 2020 and 2019 was as follows:

Name	Country of incorporation	% interest	Nature of the relationships	Measurement method
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 in 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. With this sale, ROVI's percentage interest in Enervit Nutrition, S.L. dropped from 51% to 50%.

Condensed financial information on joint ventures

The condensed financial information on Alentia Biotech, S.L. and Enervit Nutrition, S.L. as of 31 December, 2020 and 2019 is as follows:

	31 December, 2020		31 December, 2019	
Condensed statement of financial position	**Alentia Biotech, S.L.**	**Enervit Nutrition, S.L.**	**Alentia Biotech, S.L.**	**Enervit Nutrition, S.L.**
Current				
Cash and cash equivalents	106	13	108	133
Other current assets (excluding cash)	-	2,087	-	2,773
Total current assets	**106**	**2,100**	**108**	**2,906**
Financial liabilities (excluding trade payables)		(926)	-	(744)
Other current liabilities (including trade payables)	-	(746)	-	(1,758)
Total current liabilities	**-**	**(1,672)**	**-**	**(2,502)**
Non-current				
Property, plant and equipment	-	17	-	20
Intangible assets	-	3,055	-	3,264
Other financial assets	-	5	-	5
Deferred tax assets	-	119	-	88
Total non-current assets	**-**	**3,196**	**-**	**3,377**
Financial liabilities	(2,200)	-	(2,200)	-
Other liabilities	-	-	-	-
Total non-current liabilities	**(2,200)**	**-**	**(2,200)**	**-**
NET ASSETS	**(2,094)**	**3,624**	**(2,092)**	**3,781**

	31 December, 2020		31 December, 2019	
Condensed statement of comprehensive income	**Alentia Biotech, S.L.**	**Enervit Nutrition, S.L.**	**Alentia Biotech, S.L.**	**Enervit Nutrition, S.L.**
Revenue	-	5,669	-	6,170
Cost of sales	-	(4,507)	-	(5,023)
Employee benefit expenses	-	(501)	-	(590)
Other operating expenses	-	(599)	-	(773)
Amortisation and depreciation	-	(212)	-	(217)
Profit / (loss) before tax	**-**	**(150)**	**-**	**(433)**
Finance costs - net	**-**	(7)	-	15
Income tax	**-**	1	-	28
Profit / (loss) for the period	**-**	**(156)**	**-**	**(390)**
Other comprehensive income	**-**	**-**	**-**	**-**
TOTAL COMREHENSIVE INCOME	**-**	**(156)**	**-**	**(390)**
Dividends received from joint ventures	-	-	-	-

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, 2020 and 2019:

	31 December, 2020		31 December, 2019	
Condensed financial information	**Alentia Biotech, S.L.**	**Enervit Nutrition, S.L.**	**Alentia Biotech, S.L.**	**Enervit Nutrition, S.L.**
Net assets of joint ventures at the beginning of the year	**(2,094)**	**3,781**	**(2,092)**	**4,076**
Profit / (loss) of joint ventures in the year	-	(156)	-	(390)
Net assets of joint ventures at end of the year	**(2,094)**	**3,625**	**(2,092)**	**3,686**
Share in profit of joint venture	-	1,812	-	1,843
Carrying amount	**-**	**1,812**	**-**	**1,843**

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 liabilites in relation to its joint ventures.

11. Equity securities

	2020	2019
Beginning of the year	**71**	**70**
Net gains / (losses) recorded in equity	-	1
End of the year	**71**	**71**
Less: non-current portion	71	71
Current portion	-	-

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

	2020	2019
Non-listed securities:		
– Variable-income securities (equity securities)	59	59
	59	59

	2020	2019
Listed securities:		
– Investment funds and equity securities	12	12
	12	12

At 31 December, 2020 and 2019, these securities were denominated in euros.

12. Inventories

	2020	2019
Raw materials and other consumables	137,123	79,775
Work in progress and semi-finished goods	31,753	42,877
Finished goods produced internally	53,419	24,636
Marketing products	4,904	11,523
	227,199	**158,811**

In 2020, the Group reduced the value of its inventories by 2,011 thousand euros (3,277 thousand euros in 2019) due to obsolescence and expiration and the valuation of the products according to the profit expected from their sale. The reduction in value of inventories is recognised under the "Raw materials and consumables used" and "Change in stocks of finished goods and work in progress" captions 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:

	2020	2019
Trade receivables	63,330	71,791
Less: loss allowance	(45)	(175)
Trade receivables – Net (13.a)	63,285	71,616
Other receivables	94	87
Receivables from related parties (Note 31)	96	96
Deposits (13.b)	1,399	1,407
Employee advances	95	83
Public authorities (13.c)	11,497	8,317
Total	76,466	81,606
Less: Non-current portion: Financial receivables	65	65
Current portion	76,401	81,541

a) Trade receivables

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, pounds sterling and zlotys.

At 31 December, 2020, the balance receivable from the Social Security authorities and other government entities was 9,394 thousand euros (12,512 thousand euros at 31 December, 2019), geographically distributed as follows:

	Rating 2020	Balance 2020	Rating 2019	Balance 2019
Portugal	BBB	3,629	BBB	3,704
Italy	BBB	1,650	BBB	1,326
Catalonia	BB	881	BB	966
Valencia	BB-	755	BB-	1,161
Madrid	BBB	644	BBB	1,804
Galicia	BBB	330	BBB	161
Aragón	BBB	266	BBB	350
Basque Country	A	256	A	241
Andalusia	BBB-	239	BBB-	699
Canary Islands	BBB	138	BBB	230
Cantabria	BBB	134	BBB	468
Castilla la Mancha	BBB-	106	BBB-	506
Castilla y León	Baa2	50	Baa2	398
Other	-	316	-	498
		9,394		**12,512**

At 31 December 2020, there were matured receivables amounting to 22,241 thousand euros (29,307 thousand euros at 31 December, 2019), although they had suffered no impairment. For both the 2020 and 2019 amounts, virtually all the 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:

	2020	2019
Up to 3 months	22,333	27,825
From 3 to 6 months	13	1,361
From 6 months to one year	450	214
Over one year	(555)	(93)
	22,241	29,307

The total of the matured debt due from government entities at 31 December, 2020 was 3,130 thousand euros, in comparison with the 4,202 thousand euros that was outstanding at 31 December, 2019. This amount was geographically distributed as follows:

	2020	2019
Spain	715	2,132
Portugal	2,437	2,070
Italy	(22)	-
	3,130	4,202

Matured receivables that had been impaired at 31 December, 2020 were 45 thousand euros (175 thousand euros a 31 December, 2019). Movement on the provision for impairment of trade receivables was as follows:

	2020	2019
Beginning of the year	**175**	**1,099**
Net remeasurement of loss allowance	(102)	(872)
Derecognition due to non-collectibility	(28)	(52)
End of the year	**45**	**175**

The ageing of these accounts was as follows:

	2020	2019
From 6 to 9 months	383	302
More than 9 months	(338)	(127)
	45	175

b) Deposits

At 31 December, 2020, the deposits caption included fixed-term deposits amounting to 1,399 thousand euros (1,407 thousand euros at 31 December, 2019) bearing interest at a rate ranging from 2% to 3%. At 31 December, 2020 and 2019, 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.

c) Public authorities

Balances included in this caption at 31 December 2020 and 2019 relate to the following items:

	2020	2019
Value-added tax	9,980	7,265
Withholding tax	759	260
Late payment interest receivable	70	164
Grants awarded but not received	688	628
	11,497	8,317

Maximum credit exposure at the date this information is presented is the value recognised for each one of the categories of 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 2020 and 2019 reporting periods was as follows:

	2020	2019
Cash at bank and on hand	53,162	67,426
	53,162	67,426

15. Share capital and share premium

The number of shares, the face value of the shares and the total share capital for the years 2020 and 2019 were as follows:

	No. shares	Face value (euros)	Total share capital (thousands)
Balance at 1 January, 2019	56,068,965	0.06	3,364
Balance at 31 December, 2019	56,068,965	0.06	3,364
Balance at 31 December, 2020	56,068,965	0.06	3,364

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, 2020, are the following:

Shareholder	% direct	% indirect	TOTAL
Norbel Inversiones, S.L.	63.107	-	63.107
Indumenta Pueri, S.L.	-	5.569	5.569
Wellington Management Group, LLP.	-	4.924	4.924

In May 2019, Norbel Inversiones, S.L. increased its interest in the Company's share capital with the result that, since then, it has held 63.11% of the shares of Laboratorios Farmacéuticos Rovi, S.A. 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, as of 31 December, 2020 and 2019, the interest in the Company's share capital held by Mr Juan López-Belmonte López was 12.62%, while while Messrs Juan, Iván and Javier López-Belmonte Encina each held 16.83%.

16. Other information on reserves

a) Legal reserve

The legal reserve, which totalled 673 thousand euros at 31 December 2020 and 2019, 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 2020, retained earnings were increased and/or reduced as follows:

- On 20 October, 2020, the General Meeting of Shareholders of Laboratorios Rovi, S.A. resolved to approve the proposal for distribution of the profit for 2020 (25,553 thousand euros), allocating 9,818 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 118 thousand euros.

- The sale of treasury shares in 2020 led to a profit of 10,077 thousand euros, which was recognised in the retained earnings account (Note 16.d).

During 2019, retained earnings were increased and/or reduced as follows:

- On 12 June, 2019, the General Meeting of Shareholders of Laboratorios Rovi, S.A. resolved to approve the proposal for distribution of the profit for 2018 (15,581 thousand euros), allocating 4,474 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 54 thousand euros.

- The sale of treasury shares in 2019 led to a profit of 1,682 thousand euros, which was recognised in the retained earnings account (Note 16.d).

Retained earnings at 31 December 2020 and 2019 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 2020 and 2019 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 2020, ROVI acquired a total of 1,233,324 of its own shares (224,449 in 2019), paying the sum of 37,255 thousand euros for them (4,718 thousand euros in 2019). Likewise, it resold a total of 1,246,626 of its own shares (232,548 in 2019) for a sum of 37,488 thousand euros (4,871 thousand euros in 2019). These shares had been acquired at a weighted average cost of 27,411 thousand euros (3,189 thousand euros in 2019), giving rise to a profit of 10,077 thousand euros on the sale (1,682 thousand euros in 2019), which was taken to reserves. At 31 December, 2020, the Group held 673,654 treasury shares (686,956 at 31 December, 2019).

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

e) Dividends

On October 20, 2020, the General Meeting of Shareholders approved the distribution of the 2019 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 9,818 thousand euros (0.1751 euros gross per share). This dividend was paid out in November 2020.

On 12 June, 2019, the General Meeting of Shareholders approved the distribution of the 2018 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 4,474 thousand euros (0.0798 euros gross per share). This dividend was paid out in July 2019.

f) Application of profit

The proposed application of the profit for the period 2020 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 2019 based on the profit of the parent company, is as follows:

	2020	2019
Basis of application		
Profit for the year	71,137	25,553
Application		
Dividend	21,373	9,818
Retained earnings	49,764	15,735
	71,137	**25,553**

17. Trade and other payables

	2020	2019
Trade payables	63,452	68,770
Payables to related parties (Note 31)	2,070	1,673
Outstanding remuneration	4,564	5,264
Public authorities	4,936	4,703
Other payables	16,342	11,504
	91,364	91,914

At 31 December, 2020 and 2019, the “Other payables” caption included the following liabilities:

	2020	2019
Returns	1,438	1,365
Contribution to public health system	14,096	8,437
Other	7	25
	15,541	**9,827**

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.

Additionally, 10,424 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 (5,641 thousand euros at 31 December, 2019) (Note 2.24).

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.

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:

	2020	2019
	Days	Days
Average payment period to suppliers	55	53
Ratio of transactions paid	58	55
Ratio of transactions outstanding	19	35

	2020	2019
Total payments made (thousands of euros)	239,082	213,841
Total payments outstanding (thousands of euros)	16,116	25,709

18. Financial debt

Non-current	**2020**	**2019**
Bank borrowings	44,825	45,000
Debt with government entities	9,119	9,693
Financial liabilities for leases	14,477	17,411
	68,421	72,104
Current		
Bank borrowings	175	7,116
Debt with government entities	1,853	1,996
Financial liabilities for leases	3,069	3,460
Derivates	925	129
	6,022	12,701
	74,443	**84,805**

a) Bank borrowings

Bank borrowings at 31 December, 2020 consisted of the following bank loans:

	a.2.1)	a.2.2)	TOTAL
Entity	**BEI**	**BEI**	
Face value	**5,000**	**40,000**	
Interest rate	**Eur3+0.844%**	**0.681% Fixed**	
2021	175	-	175
2022	704	-	704
2023	708	5,598	6,306
2024	711	5,637	6,348
2025	715	5,675	6,390
2026 onward	1,987	23,090	25,077
	5,000	40,000	45,000
Non-current	4,825	40,000	44,825
Current	175	-	175

Bank borrowings at 31 December, 2019 consisted of the following bank loans:

	a.1)	a.2.1)	a.2.2)	a.3)	TOTAL
Entity	**BBVA**	**BEI**	**BEI**	**Santander**	
Face value	**20,000**	**5,000**	**40,000**	**5,000**	
Interest rate	**0.65% Fixed**	**Eur3+0.844%**	**0.681% Fixed**	**0.36% Fixed**	
2020	2,116	-	-	5,000	7,116
2021	-	176	-	-	176
2022	-	704	-	-	704
2023	-	708	5,714	-	6,422
2024	-	711	5,714	-	6,425
2025 onward	-	2,701	28,572	-	31,273
	2,116	5,000	40,000	5,000	52,116
Non-current	-	5,000	40,000	-	45,000
Current	2,116	-	-	5,000	7,116

a.1) Loan of 20,000 thousand euros granted by BBVA in the first half of 2017. The repayment term of this loan was 3 years, with a grace period of 17 months and a fixed interest rate of 0.65%. Repayment of this loan was completed in 2020.

a.2) 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 could 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. As of 31 December, 2019, ROVI had drawn down the entirety of this credit line in:

a.2.1) A draw-down of 5,000 thousand euros in 2018 at an annual interest rate of Euribor at 3 months plus 0.844%.

a.2.2) A draw-down of 40,000 thousand euros in 2019 at a fixed annual interest rate of 0.681%.

In the first half of 2020 and 2019, compliance as of 31 December, 2019 and 2018, respectively, with the financial ratios fixed in this financing agreement was certified. At 31 December, 2020, ROVI met the ratios fixed, although this will not be certified until after these annual accounts have been approved.

a.3) Loan of 5,000 thousand euros signed in October 2019 with Banco Santander. This loan had a term of 3 months and a fixed annual interest rate of 0.36%. Repayment of this loan was completed in 2020.

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, 2020 amounted to 9,119 thousand euros (9,693 thousand euros at 31 December, 2019). 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 2020:

In 2020, the different Group companies received various reimbursable advances from different entities, details of which are given below:

			Thousands of euros		Years	
Company	**Government entity**	**Project**	**Face value**	**Initial fair value**	**Repayment period**	**Grace period**
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	68	57	9	4
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	58	50	12	3
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	127	110	12	3
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	648	582	10	3
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	354	302	10	3
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	175	156	10	3
			1,430	1,257		

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

b.2.2) Advances received in 2019:

In 2019, the different Group companies received various reimbursable advances from different entities, details of which are given below:

			Thousands of euros		Years	
Company	**Government entity**	**Project**	**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	10	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	712	593	10	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	163	146	10	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	312	261	10	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	37	33	10	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	645	548	10	3
			2,033	1,720		

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

At 31 December, 2020 and 2019, debt with government entities matured as follows:

Year	2020	2019
2020	-	1,996
2021	1,853	1,600
2022	1,726	1,788
2023	1,304	1,178
2024	1,388	1,220
2025	1,285	1,108
2026 onward	3,416	2,799
	10,972	11,689
Non-current	9,119	9,693
Current	1,853	1,996

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, 2020 and 2019 were as follows:

	Carrying amount		Fair value	
	2020	2019	2020	2019
Bank borrowings	44,825	45,000	44,072	44,748
Debt with government entities	9,119	9,693	9,757	9,972
	53,944	54,693	53,829	54,720

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 2019).

To calculate the fair value of fixed rate non-current bank borrowings the 2020 and 2019 reporting dates, the interest rate on the last variable interest loan received by the Company was taken as a reference: Euribor at 3 months plus a 0.844% spread.

c) Financial liabilities for leases

As from 1 January, 2019, as a consequence of the entry into force of IFRS 16 Leases (Note 2.2.a), financial debt includes the lease liabilities.

The main liabilities recognised at 31 December, 2020 and 2019 under this caption are related to:

- Real estate leases: the Group holds leases on certain properties where it carries on its activities. The payment period of the liabilities generated by these leases has initially been fixed at 10 years.

- Vehicles: for its activities, the Group holds a lease on vehicles. The payment period of this liabiity is 3 years.

- Computer equipment: the Group leases certain computer equipment for its activities. The payment period fixed for these liabilities is 3 years.

At 31 December, 2020 and 2019, financial liabilities for leases matured as follows:

Year	2020	2019
2020	-	3,460
2021	3,069	2,957
2022	1,977	1,974
2023	2,006	2,003
2024	2,036	2,033
2025	2,067	2,064
2026 onward	6,391	6,380
	17,546	20,871
Non-current	14,477	17,411
Current	3,069	3,460

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 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:

	2020	2019
Deferred tax assets:		
– Deferred tax assets to be recovered at more than 12 months	3,450	7,955
– Deferred tax assets to be recovered within 12 months	7,655	6,705
	11,105	14,660
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered at more than 12 months	874	884
– Deferred tax liabilities to be recovered within 12 months	55	194
	929	1,078

Net movement on the deferred tax account was as follows:

	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
At 1 January, 2019	**16,036**	**(1,243)**	**14,793**
(Charged) / credited to the income statement (Note 28)	1,624	165	1,789
Derecognition due to monetization (Note 27)	(3,000)	-	(3,000)
At 31 December, 2019	**14,660**	**(1,078)**	**13,582**
(Charged) / credited to the income statement (Note 28)	(3,555)	149	(3,406)
At 31 December, 2020	**11,105**	**(929)**	**10,176**

Movement on deferred tax assets was as follows:

	Negative tax bases	Tax credits not yet applied	30% amortisa. 13 & 14	Provisions	Other	Total
At 1 January, 2019	**3,354**	**10,175**	**1,028**	**242**	**1,237**	**16,036**
(Charged) / credited to the income statement	3,366	(1,533)	(117)	117	(209)	1,624
Derecognition due to monetization (Note 27)	-	(3,000)	-	-	-	(3,000)
At 31 December, 2019	**6,720**	**5,642**	**911**	**359**	**1,028**	**14,660**
(Charged) / credited to the income statement	(2,755)	(1,231)	(117)	579	(31)	(3,555)
At 31 December, 2020	**3,965**	**4,411**	**794**	**938**	**997**	**11,105**

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 amorisation	Other	Total
At 1 January, 2019	**611**	**632**	**1,243**
(Charged) / credited to the income statement	(159)	(6)	(165)
At 31 December, 2019	**452**	**626**	**1,078**
(Charged) / credited to the income statement	(149)	-	(149)
At 31 December, 2020	**303**	**626**	**929**

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 2020 and 2019 was as follows:

	Distribution licenses	Other contracts	Total
At 1January, 2019	**6,622**	**800**	**7,422**
Additions	337	-	337
Charged / (credited) to income statement	(400)	-	(400)
At 31 December, 2019	**6,559**	**800**	**7,359**
Additions	1,253	33,446	34,699
Charged / (credited) to income statement	(944)	(10,321)	(11,265)
At 31 December, 2020	**6,868**	**23,925**	**30,793**

a) Distribution licences

In 2020, new contract liabilities of 1,253 thousand euros (337 thousand euros in 2019) were recognised in relation to agreements granting distribution licences.

In 2020, ROVI recognised revenue from distribution licences for a total amount of 944 thousand euros (400 thousand euros in 2019) (Note 22).

At 31 December, 2020 and 2019, the contract liaibities related to distribution licences had the following estimated maturities:

Year	2020	2019
2020	-	761
2021	1,080	1,050
2022	1,282	1,252
2023	981	951
2024	74	44
2025	17	-
	3,434	4,058
Non-current	2,354	3,297
Current	1,080	761

At 31 December, 2020, there were contract liabitliies related to distribution licences for an amount of 3,434 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 (2,501 thousand euros at 31 December, 2019).

b) Other contracts

This caption includes sums billed to customers for the adaptation, fitting-out and validation of the facilities and machinery – either its own or acquired or subcontracted from third parties– that at the year end had not yet been taken to profit and loss as revenue from services provided, since it had not yet accrued in accordance with the percentage of completion, amounting to 2,943 thousand euros at 31 December, 2020. Likewise, it includes the sum of 17,284 thousand euros in 2020 (800 thousand euros in 2019) for reserve capacity, which, at the end of the period, had not yet been taken to consolidated profit and loss as revenue from services provided because the contractual milestones that determine accrual of this revenue had not yet been reached (Note 2.21.b). These milestones are expected to be reached in the short term. Finally, this caption includes an amount billed and received for a purchase of production materials that will take place in 2021, the costs of which will be borne by the customer. Revenue recognition is linked to the use of said materials in the production process for customers in 2021.

21. Deferred income

	2020	2019
Non-current	2,712	3,141
	2,712	3,141
Current	498	528
	498	528
	3,210	**3,669**

The deferred revenues caption recognises sums collected for grants received from government entities, which are classified into two broad blocks:

	2020	2019
a) Deferred revenues from non-reimbursable capital grants	3,030	3,493
b) Deferred revenues from reimbursable capital grants	180	176
	3,210	3,669

a) Deferred revenues from non-reimbursable capital 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, 2020 was 2,039 thousand euros (2,334 thousand euros at 31 December, 2019).

b) 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.

22. Revenues

Revenues are broken down into the following items:

	2020	2019
Sales of goods	327,460	315,263
Sale of services	91,557	65,650
Revenue from distribution licenses (Note 20)	944	400
	419,961	381,313

a) Sales of goods

As of 31 December, 2020, the “Sales of goods” caption included 3,179 thousand euros related to services to promote third-party products (1,817 thousand euros at 31 December, 2019).

Additionally, as of 31 December, 2020, the “Sales of good” caption included 3,514 thousand euros (3,970 thousand euros at the 2019 reporting date) related to royalties received on the basis of enoxaparin distribution agreements signed with third parties.

Total sales of goods fell by 19,393 thousand euros in 2020 (17,771 thousand euros in 2019) as a consequence of the rebates furnished to the National Health System (Note 2.24). 6,306 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 (2,174 thousand euros at 31 December, 2019) (Note 17).

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

	2020	2019
Pharmaceutical products	296,031	280,611
Contrast agents and other hospital products	30,736	32,556
Non prescription pharmaceutical products	-	1,152
Other	693	944
	327,460	315,263

b) Sales of services

At 31 December, 2020, the "Sales of services" caption included 11,829 thousand euros (3,800 thousand euros at 31 December, 2019) relating to the work to adapt, prepare and validate ROVI's facilities and machinery, owned or acquired or subcontracted to third parties, to subsequently provide manufacturing services to certain customers, as well as reserve manufacturing capacity agreed with customers (Note 2.21.b).

c) Breakdown by geeographical market and segment

The breakdown of revenue by geographical market and segment at 31 December, 2020 was as follows:

	Manufacturing	Marketing	TOTAL
Spain	9,512	219,309	228,821
EU	47,175	80,036	127,211
Other Countries	34,870	29,059	63,929
	91,557	**328,404**	**419,961**

At 31 December, 2019, the breakdown was as follow:

	Manufacturing	Marketing	TOTAL
Spain	11,349	220,917	232,266
EU	52,134	77,691	129,825
Other Countries	2,167	17,055	19,222
	65,650	**315,663**	**381,313**

Sales in the 2020 and 2019 reporting periods were made principally in euros.

23. Employee benefit expenses

Employee benefit expenses may be summarised as follows:

	2020	2019
Wages and salaries	60,171	58,836
Social security costs	14,234	13,652
Pension costs - defined-contribution pension plans	24	24
	74,429	72,512

In 2020, the "Wages and salaries" caption was affected by non-recurring expenses for a total amount of 1,338 thousand euros as a consequence of COVID-19.

Total employee benefit expenses included expenses of 7,001 thousand euros at 31 December, 2020 (8,121 thousand euros at 31 December, 2019, Note 7) related to the R&D Department.

The "Wages and salaries" figure includes severance payments of 1,009 thousand euros in 2020 and 1,399 thousand euros in 2019.

The average number of employees was as follows:

	2020	2019
Management	33	35
Administration	205	232
Sales force	270	288
Production and plant	700	522
R&D	156	216
	1,364	1,293

At 31 December, 2020, the Group's total headcount was 1,419 employees (1,310 at 31 December, 2019), 747 of whom were women (696 at 31 December, 2019). There were 13 women in management positions in 2020 (11 in 2019).

At 31 December, 2020, the Group's total headcount included 26 people with a disability rating of 33% or more (25 at 31 December, 2019).

24. Other operating expenses

	2020	2019
Advertising costs	11,409	19,529
Services from third parties	9,502	8,127
Supplies	12,242	12,319
Transport and wharehouse expenses	6,860	6,201
Repairs and maintenance	4,173	3,278
Operating leases	327	179
Other taxes	6,404	4,851
Other operating expenses	22,789	27,462
	73,706	81,946

During 2020, the "Other operating expenses" caption was affected by non-recurring expenses for a total amount of 2,691 thousand euros, due to COVID-19. Likewise, also as a result of COVID-19, certain operating expenses have been reduced, mainly those included in the line of advertising costs derived from the reduction in the activity of the sales force.

Total operating expenses at 31 December, 2020 included R&D-related expenses of 16,800 thousand euros (21,183 thousand euros at 31 December, 2019, Note 7), most of which are registered in "Other operating expenses" caption.

25. Operating leases

As a result of the entry into force of IFRS 16 "Leases", the operating lease expense recognised in profit and loss in 2020 fell by 327 thousand euros (179 thousand euros in 2019) (Note 2.2.a).

At 31 December, 2020 and 2019, there were no minimum future payments on uncancellable operating leases.

26. Finance income/costs

	2020	2019
Interest income	4	51
Total finance income	4	51
Interest costs	(806)	(648)
Other finance costs	(266)	(279)
Total finance costs	(1,072)	(927)
Proceeds on disposal of financial instruments	(245)	305
Change in fair value of financial instruments	(796)	(146)
Impairment and gain/(loss) on measurement of financial instruments	(1,041)	159
Exchange rate differences	39	(51)
	39	(51)
Net finance income/(cost)	**(2,070)**	**(768)**

The caption “Other finance expenses” shows the finance cost derived from application of IFRS 16 “Leases” (Note 2.2.a).

At 31 December, 2019, the Group held finanical derivatives of 26,500 million dollars to minimise the impact of exchange rate risk. The measurement of these financial derivatives at fair value represented a loss of 129 thousand euros at the 31 December, 2019 reporting date. In 2020, these assets, as well as other acquired during 2020, were liquidated, incurring a loss of 245 thousand euros on the liquidations (profit of 305 thousand euros in 2019). At 31 December, 2020, there were active contracts of this nature of 13,500 thousand dollars, the measurement of which at the 2020 reporting date represented a loss of 925 thousand euros.

27. Income tax

In 2020 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 Pharma Industrial Services, S.A.U.
- Pan Química Farmacéutica, S.A.
- Gineladius, S.L.
- Rovi Escúzar, S.L.

Income tax is broken down into the following items:

	2020	2019
Current tax	(8,316)	(3,798)
Deferred tax (Note 19)	(3,406)	1,789
Adjustment corporate income tax prior years	198	(140)
	(11,524)	(2,607)

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:

	2020	2019
Profit before tax	72,581	41,880
Tax calculated at domestic tax rate of 25%	(18,145)	(10,471)
Share of profit of joint venture	(8)	(49)
Movement on capitalised negative tax assets	-	5,437
Adjustment corporate income tax prior years	198	(140)
Non-tax deductible expenses	(675)	(112)
Tax differences in subsidiaries results	(91)	86
R&D tax credits used	8,263	4,174
Movement on capitalised R&D tax credits	(1,066)	(1,680)
Otras deducciones aplicadas	-	148
Income tax expense	(11,524)	(2,607)

The non-deductible expenses and non-taxable income captions include principally the permanent differences of the companies at individual level, mainly related to donations.

Consolidated current corporate income tax for 2020, after deduction of the amounts paid on account and withholdings operated in the period, generated a current tax receivable of 3,730 thousand euros. At 31 December, 2020, the receivable recognised for the current tax for 2019 was 4,073 thousand euros.

Tax credits

The Group generated tax credits of 4,376 thousand euros in 2020 (3,774 thousand euros in 2019) and was likewise entitled to offset tax credits of 8,298 thousand euros from previous years (6,189 thousand euros at 31 December, 2019). In 2020, tax credits of 8,263 thousand euros were applied (4,322 thousand euros in 2019) and there were further R&D tax credits of 4,411 thousand euros that were pending application in future years (5,642 thousand euros at 31 December, 2019). At 31 December, 2020 and 2019, the Group had recognised the totality of the tax credits not yet offset in its assets (Note 19) and expects to recover them within a maximum term of 3 years.

When calculating the corporate income tax for 2018, filed in July 2019, ROVI, in accordance with article 39.2 of Law 27/2014 of 27 November, the Corporate Tax Act, elected not to apply the gross tax payable limitation and requested the tax authorities to credit tax credits generated for a total amount of 3,750 thousand euros, to which a discount of 20% was applicable.

Negative tax bases

At 31 December, 2020, the negative tax bases pending application were 25,460 thousand euros (34,938 thousand euros at 31 December, 2019), a total of 9,372 thousand euros of which will be applied in the 2020 corporate income tax. In 2020, the Group applied negative tax bases of 8,537 thousand euros in the corporate income tax for 2019, filed in July 2020 (1,397 thousand euros were used in 2019 in relation to 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 period from three to five years, which totalled 16,088 thousand euros at 31 December, 2020 (26,653 thousand euros at 31 December, 2019).

The following taxes are open to inspection for the periods mentioned:

	Year
Corporate income tax	2016-19
Value-added tax	2017-20
Transfer tax	2017-20
Personal income tax (withholdings)	2017-20

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 consolidated 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 2020 and 2019, the weighted average number of shares was calculated without taking the treasury shares that existed at any given moment into account.

	2020	2019
Profit attributable to the Company's shareholders	61,057	39,273
Weighted average number of oustanding ordinary shares (thousands)	55,386	55,180
Basic and diluted earnings per share (euros per share)	1.10	0.71

At 31 December, 2020 and 2019, there were no shares with potential diluting effects.

29. Contingencies

At 31 December, 2020, the Group held bank guarantees amounting to 2,397 thousand euros (2,503 thousand euros in 2019). These guarantees were granted principally to enable Group companies to participate in public tenders and to receive reimbursable grants and advances.

30. 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. This payment was made in 2020;
- 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 63.11% of the shares of the parent company at 31 December, 2020 and 2019. 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

	2020	2019
Purchases of goods and services:		
– Directors who are also shareholders	25	25
– Entities in which Mr. Juan López-Belmonte López holds an interest	2,033	2,036
	2,058	2,061

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., Norba Inversiones, S.L. and Lobel y Losa Development, S.L.

b) Director and key management remuneration

b.1) Director remuneration

	2020	2019
Wages and salaries and other current benefits	1,799	1,680
Contributions to defined-contribution pension plans (Notes 22 & 32.1.c)	24	24
	1,823	1,704

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).

On 29 May, 2018, the General Shareholders' Meeting approved a Long-Term Incentive Plan for the executive directors for the years 2019 to 2021. The purpose of this plan was to provide compensation for the long-term creation of value for the Group in the interests of the shareholders. Amounts accrued under this Plan are recognised under the "Wages and other current benefits" caption in the income statement, but are not included in the above "Director remuneration" table.

b.2) *Key management compensation*

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:

	2020	2019
Wages and salaries and other current benefits	1,688	1,894
	1,688	1,894

At 31 December, 2020 and 2019, the Management Committee was formed by 12 members, three of whom were also members of the Board of Directors.

d) Dividends paid

Dividends paid to the company Norbel Inversiones, S.L. in 2020 were 6,196 thousand euros (2,754 thousand euros in 2019). Additionally, in 2020 dividends were paid to other significant shareholders in the amount of 547 thousand euros (241 thousand euros in 2019).

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.

f) Balances at the end of the reporting period

	2020	2019
Receivables from related parties (Note 13):		
– Directors	44	44
– Joint ventures (*)	52	52
	96	96
Payables to related parties (Note 17):		
– Key management	255	290
– Directors	1,385	1,005
– Joint ventures	80	80
– Entities in which Mr. Juan López-Belmonte López holds an interest	350	298
	2,070	1,673

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

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

The net fees accrued in 2020 by KPMG Auditores, S.L. for account auditing services were 196 thousand euros, who likewise accrued 31 thousand euros for other audit-related services and 14 thousand euros for other services (157 thousand euros, 29 thousand euros and 14 thousand euros, respectively, in 2019). Services other than audit or audit-related services included the work to review the internal control over financial reporting system and the review of compliance with the financial ratios for financing contracts.

Additionally, the firm to which KPMG Auditores, S.L. belongs provided services for the review of the Statement of Non-Financial Information amounting to 18 thousand euros (20 thousand euros in 2019).

33. Director remuneration

At 31 December, 2020, 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 Marcos Peña Pinto	Coordinating Director
Mr Fernando de Almansa Moreno-Barreda	Director
Ms Fátima Báñez García	Director

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

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for the annual period ended 31 December, 2020
(Thousands of euros)

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 2020:

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 2020 and 2019 were as follows:

	2020	2019
Mr. Juan López-Belmonte López	165	150
Mr. Juan López-Belmonte Encina	70	60
Mr. Enrique Castellón Leal	-	58
Mr. Javier López-Belmonte Encina	70	60
Mr. Iván López-Belmonte Encina	70	60
Mr. Miguel Corsini Freese	-	21
Mr. Fernando de Almansa Moreno-Barreda	70	60
Mr. Marcos Peña Pinto	70	39
Ms. Fátima Báñez García	70	2
	585	510

   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 2.19.a) or increases in the vested rights of the director in the case of contributions to defined-benefit plans (no defined-benefit plans exist):

	2020	2019
Mr. Juan López-Belmonte Encina	8	8
Mr. Javier López-Belmonte Encina	8	8
Mr. Iván López-Belmonte Encina	8	8
	24	24

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

   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 2020 and 2019 was as follows:

	2020		2019	
	Fixed	Variable	Fixed	Variable
Mr. Juan López-Belmonte Encina	330	153	320	153
Mr. Javier López-Belmonte Encina	242	125	234	115
Mr. Iván López-Belmonte Encina	239	125	233	115
	811	403	787	383

   The above amounts do not included sums accrued under the Long-Term Incentive Plan (Note 31 b.1).

g. In 2020 and 2019, 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 2020 and 2019, no shares, options or other instruments indexed 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:

	2020	2019
Remuneration of executive directors	1,214	1,170
Profit attributed to the parent company	71,137	25,553
Remuneration of executive directors/profit attributed to the parent company	1.71%	4.58%

The Company holds a liability insurance policy for directors and senior management. A premium of 61 thousand euros accrued for this policy in 2020 (22 thousand euros in 2019).

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.

34. Events after the reporting date

No significant events have taken place since the end of the 2020 reporting period.

35. Other significant information

The global pandemic caused by COVID-19 has had different effects on ROVI.

Sales of pharmaceutical products have been affected. Although the World Health Organisation (WHO) has recommended ROVI's low-molecular-weight heparins (LMWHs), Bemiparin (Hibor®) and the Enoxaparin biosimilar as essential medicines for people hospitalised in intensive care units due to COVID-19, sales of Bemiparin in Spain have decreased slightly due to the significant reduction in the number of surgical operations performed during the period of lockdown.

Additionally, sales of contrast imaging agents and other hospital products decreased mainly due to the significant reduction in the number of diagnostic tests performed during the period of lockdown.

In 2020, as a consequence of COVID-19 the "Wages and salaries" caption was affected by non-recurring expenses for a total amount of 1,338 thousand euros and "Other operating expenses" caption was affected for a total amount of 2,691 thousand euros. Likewise, also as a result of COVID-19, certain operating expenses have been reduced, mainly those included in the line of advertising costs derived from the reduction in the activity of the sales force.

Finally, ROVI informed (on 9 July, 2020) of the collaboration with Moderna, Inc. for large-scale, commercial fill-finish manufacturing of Moderna's mRNA COVID-19 vaccine candidate (mRNA-1273) at ROVI's facility in Madrid, Spain.

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES
Notes to the Consolidated Annual Accounts for the annual period ended 31 December, 2020
(Thousands of euros)

APPENDIX 1

Subsidiaries included in the Consolidated Group

Corporate name	Registered office	Ownership interest		Activity	Auditor
		2020	2019		
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 Pharma Industrial Services, S.A.U.	Alcalá de Henares, Avenida Complutense, 140 (Madrid)	100%	100%	(1)	A
Bertex Pharma GmbH	Inselstr.17. 14129 Berlin (Germany)	100%	100%	(3)	N/A
Rovi Escúzar, S.L	Madrid, C/Julián Camarillo, 35	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)	C
Rovi, S.A.S.	24 Rue du Drac, Seyssins (France)	100%	100%	(1)	D
Rovi Biotech sp.z.o.o.	ul. Wincentego Rzymowskiego, 53, Warsaw (Poland)	100%	100%	(1)	N/A

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 2020 and 2019 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 in 2019 by KPMG AG.
D Audited in 2020 and 2019 by KPMG, S.A.

Free translation of the 2020 Consolidated Management Report originally issued in Spanish. In the event of discrepancy, the Spanish version prevails.

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

2020 Consolidated Management Report

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:

- Low-molecular-weight heparin (LMWH) division. In 2020 this division represents 50% of group revenue (47% in 2019). ROVI has two proprietary research products: bemiparin Hibor® and an enoxaparin biosimilar Becat®.
- Other pharmaceutical products division, with a diversified portfolio of both its own and licensed innovative products, protected by patents.
- Global-scale high-value-added contract manufacturing of injectables (prefilled syringes and vials) and oral forms for third parties with differentiated capabilities.

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.

In addition, ROVI has a sound, low-risk R&D policy, where the patented ISM® platform (internally-developed and patented innovative drug-release technology which allows the prolonged release of the compounds administered by injection) opens up new channels of growth. The Company allocates a large part of its resources to research, in order to remain in the vanguard in both the product area and the manufacturing and development systems area.

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.
- 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	2020	2019	Growth	% Growth
Operating revenues	420.0	381.3	38.6	10%
Other income	1.2	1.2	0.0	1%
Total revenue	**421.1**	**382.5**	**38.7**	**10%**
Cost of sales	-178.7	-166.6	-12.0	7%
Gross profit	**242.5**	**215.9**	**26.6**	**12%**
% margin	*57.7%*	*56.6%*		*1.1pp*
R&D expenses	-23.8	-29.3	5.5	-19%
SG&A	-124.4	-125.5	1.1	-1%
Share of profit/loss of a joint venture	0.0	-0.2	0.2	-84%
EBITDA[1]	**94.2**	**60.9**	**33.4**	**55%**
% margin	*22.4%*	*16.0%*		*6.5pp*
EBIT[1]	**74.7**	**42.6**	**32.0**	**75%**
% margin	*17.8%*	*11.2%*		*6.6pp*
Net profit	**61.1**	**39.3**	**21.8**	**55%**

[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 420.0 million euros in 2020, driven by the strength of the toll manufacturing business, which grew by 39%, and by the specialty pharmaceutical business, where sales rose 4%. Total revenue increased by 10% to 421.1 million euros in 2020.

Sales of prescription-based pharmaceutical products rose 6% to 297.0 million euros in 2020.

Sales of the heparin franchise (Low Molecular Weight Heparins and other heparins) increased by 14% to 209.3 million euros in 2020. Heparin sales represented 50% of operating revenue in 2020 compared to 48% in 2019.

Sales of Low Molecular Weight Heparins (LMWH) (Enoxaparin biosimilar and Bemiparin) increased by 14% to 202.8 million euros in 2020.

Sales of the Enoxaparin biosimilar increased 25% to 101.4 million euros in 2020. ROVI commenced the marketing of its Enoxaparin biosimilar in Germany in 2017; in UK, Italy, Spain, France, Austria, Latvia and Estonia in 2018; in Portugal, Poland, Costa Rica, Finland, and Sweden in 2019; and in South Africa, Israel, Peru, Holland, Panama and the Dominican Republic in 2020.

ROVI's low-molecular-weight heparin (LMWH), Bemiparin, showed a positive performance in 2020, with sales up 5% to 101.4 million euros. International sales of Bemiparin increased by 21% to 33.0 million euros. This significant increase was mainly linked to the increase in transfer prices to some partners due to the rise in LMWH raw material prices. Sales of Bemiparin in Spain (Hibor®) decreased 2% to 68.5 million euros in 2020 due to the significant reduction in the number of surgical operations performed during the period of lockdown.

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, increased 34% to 29.6 million euros in 2020, compared to 22.0 million euros in 2019.

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, decreased 22% to 11.3 million euros in 2020, compared to 14.6 million euros in the previous year, mainly due to Ulunar® Breezhaler® price reduction of 18% in 2020.

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 7% to 14.2 million euros in 2020.

Sales of Vytorin®, Orvatez® and Absorcol®, specialty products from Merck Sharp & Dohme ("MSD") indicated as adjunctive therapy to diet in patients with hypercholesterolemia, decreased by 11% to 28.4 million euros in 2020. In this period, Orvatez® price was reduced by 30% due to the entrance of hybrid products formulated with ezetimibe and atorvastatine.

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 40% to 3.5 million euros in 2020. In July 2019, Medikinet® (methylphenidate hydrochloride with a modified release) went out of protection for galenic innovation and its price was reduced by 50.3% on average.

According to IQVIA, Spanish innovative product market increased by 2% in 2020 compared to the previous year. Nevertheless, ROVI prescription-based pharmaceutical product sales increased 6% in 2020, outperforming the market by 4 percentage points.

In 2016, Farmaindustria, the Spanish pharmaceutical industry association, and the Spanish government signed a co-operation agreement. After subsequent renewals, this agreement was in force until 31 December, 2019. According to the agreement, in the event that public spending on medicines (excluding generics and biosimilars) exceeded the actual growth rate of the GDP of the Spanish economy, the pharmaceutical industry had to reimburse the government for said excess in cash. Although Farmaindustria and the Spanish government have not yet signed a new co-operation agreement applicable to 2020, the Spanish pharmaceutical industry and ROVI consider that the parties will finally reach an agreement affecting said period. Therefore, ROVI has recognised the estimated amount of this item, which amounts to 6.3 million euros, as a decrease in sales in 2020. When determining the amount for 2020, ROVI has considered that the pharmaceutical industry will reimburse the amount of the increase in public spending on medicines (excluding generics and biosimilar) estimated by Farmaindustria to the government.

Sales of contrast imaging agents and other hospital products decreased by 6% to 30.7 million euros in 2020. This fall is mainly due to the significant reduction in the number of diagnostic tests performed during the period of lockdown. Sales of contrast imaging agents and other hospital products increased by 12% in the fourth quarter of 2020 compared to the third quarter of 2020 and by 5% in the fourth quarter of 2020 compared to the fourth quarter of 2019.

Toll manufacturing sales (sale of services) increased by 39% to 91.6 million euros in 2020 as a result of (i) the redirection of our toll manufacturing activities strategy towards high-value-added products and (ii) the booking of the income related to the activities carried on under the agreement with Moderna.

In November 2019, the toll manufacturing management units, ROVI Contract Manufacturing and Frosst Ibérica, merged into a single entity, ROVI Pharma Industrial Services, which furnishes manufacturing services with the highest degree of quality and competitiveness. The total integration of the production processes is expected to allow ROVI to attain greater synergies and levels of efficiency in its industrial operations.

ROVI has carried on some activities linked to preparing the plant for the COVID-19 vaccine production under the agreement with Moderna and the income related to these activities was booked in the fourth quarter of 2020.

Likewise, by the end of 2021, ROVI expects the toll manufacturing business to have increased by between 10% and 15%, including Moderna activities but excluding the production of the vaccine.

Sales outside Spain increased by 28% to 191.1 million euros in 2020, 52.5 million euros (or 27%) of which related to international subsidiaries, mainly due to the increase in the toll manufacturing business. Sales outside Spain represented 46% of operating revenue in 2020 compared to 39% in 2019.

Other income (subsidies) increased by 1% to 1.2 million euros in 2020, compared to the same period of the previous year.

Gross profit increased by 12% to 242.5 million euros in 2020, the gross margin showing an increase of 1.1 percentage points from 56.6% in 2019 to 57.7% in 2020, mainly due to (i) the increase in toll manufacturing sales contributing higher margins to group sales; (ii) the increase in Bemiparin prices in hospitals due to rises in both LMWH raw material prices (caused by the African swine fever) and the demand for the product in hospitals to treat COVID-19; (iii) the improvement

in enoxaparin margins in Spain, counteracting the drop in the margin on international sales of enoxaparin; and (iv) the end of the marketing of the Norgine B.V. product portfolio (Sintrom®, Salagen®, Cordiplast® and Estradem®), which had lower margins than the group. These factors with a positive impact on the gross margin offset the 36% increase in the LMWH raw material prices in 2020 compared to the same period last year. ROVI expects LMWH raw material prices to continue to decline in 2021. Nevertheless, despite the potential decrease in LMWH raw material prices, the impact on the gross margin will continue to be negative because of the long LMWH manufacturing process in which the raw material currently used, stocked for several months, was purchased at higher prices.

Research and development expenses (R&D) decreased 19% to 23.8 million euros in of 2020. R&D expenses were mainly related to (i) the preparation of the Doria® registration dossier to be submitted to the U.S. Food and Drug Administration (FDA); (ii) the development of the Letrozole-ISM® Phase I trial; and (iii) the development of a new formulation of Risperidone-ISM® for a 3-monthly injection.

Selling, general and administrative expenses (SG&A) decreased 1% to 124.4 million euros in 2020, despite the booking of 4.0 million euros in personnel and other expenses related to the COVID-19 measures implemented. Excluding expenses related to COVID-19, SG&A would have decreased by 4% to 120.4 million euros in 2020 mainly as result of a drop in (i) promotion expenses (travel and congress expenses) incurred by the sales force; and (ii) expenses of international subsidiaries (including Portugal), which amounted to 7.7 million euros, compared to 9.1 million euros in 2019, mainly because of the COVID-19 pandemic.

EBITDA increased to 94.2 million euros in 2020, a rise of 55% compared to the previous year, reflecting a 6.5 percentage point increase in the EBITDA margin, which was up to 22.4% in 2020 from 16.0% in 2019.

However, EBITDA “Pre-R&D”, calculated excluding R&D expenses in 2020 and 2019, increased by 31%, from 90.2 million euros in 2019 to 118.0 million euros in 2020, reflecting a 4.5 percentage point rise in the EBITDA margin to 28.1% in 2020. Likewise, recognising the same amount of R&D expenses in 2020 as in 2019, EBITDA would have increased by 46% to 88.7 million euros, reflecting a 5.2 percentage point rise in the EBITDA margin to 21.1% in 2020, up from 16.0% in 2019.

Depreciation and amortisation expenses increased by 8% to 19.6 million euros in 2020, as a result of the new property, plant and equipment and intangible assets purchases made during the last twelve months.

EBIT increased by 75% to 74.7 million euros in 2020, reflecting a 6.6 percentage point rise in the EBIT margin, which was up to 17.8% in 2020 from 11.2% in 2019.

However, EBIT “pre-R&D”, calculated excluding R&D expenses in 2020 and 2019, increased by 37%, from 72.0 million euros in 2019 to 98.5 million euros in 2020, reflecting a 4.6 percentage point rise in the EBIT margin to 23.4% in 2020. Likewise, recognising the same amount of R&D expenses in 2020 as in 2019, EBIT would have increased by 62% to 69.1 million euros, reflecting a 5.3 percentage point rise in the EBIT margin to 16.5% in 2020, up from 11.2% in 2019.

Net finance result amounted to 2.1 million euros (cost) in 2020 compared to 0.8 million euros (cost) in 2019, mainly due to the loss related to exchange-rate derivative financial instruments.

The effective tax rate was 15.9% in 2020, compared to 6.2% in 2019, mainly due to (i) the increase of the profit before income tax; (ii) the recognition in 2019 of negative tax bases ROVI had the right to use; and (iii) the decrease of research and development tax credits in 2020 as a result of the decrease in R&D expenses in 2020 compared to the previous year.

As of 31 December 2020, negative tax bases of the Group amounted to 25.5 million euros, of which 9.4 million euros will be used in the 2020 income tax.

Net profit increased by 55%, from 39.3 million euros in 2019 to 61.1 million euros in 2020. However, net profit "pre-R&D", calculated excluding R&D expenses in 2020 and 2019, increased by 21%, from 66.8 million euros in 2019 to 81.1 million euros in 2020. Likewise, recognising the same amount of R&D expenses in 2020 as in 2019, net profit would have increased by 44% to 56.4 million euros.

2.2.- Outlook for 2021

For 2021, ROVI expects the operating revenue to increase between 20% and 30%, including the production of the Moderna's COVID-19 vaccine.

ROVI forecasts that it will continue to grow at a much higher rate than the Spanish pharmaceutical market expenditure in 2020, which, according to the Ministry of Health, Consumption and Social Welfare, showed a growth rate of 2.6%.

Notwithstanding, given the uncertainties associated to the development of the COVID-19 pandemic (which ROVI will continue to monitor closely), it is not yet possible to make a precise assessment of the impact that the pandemic will have on this year.

ROVI expects its growth drivers to be Bemiparin, the license agreements, such as Neparvis® and Volutsa®, the Enoxaparin biosimilar, its existing portfolio of specialty pharmaceuticals, the agreement with Moderna and new contracts in the toll manufacturing area.

2.3.- Key operating and financial events

2.3.1 The Journal npj Schizophrenia Publishes the Results of the PRISMA-3 Study of the Efficacy and Safety of Doria® in Schizophrenic Patients

ROVI informed (by publication of the inside information with register number 610 dated 27 November, 2020) of the online publication of the results of the pivotal study PRISMA-3 on the efficacy and safety of Doria® in schizophrenic patients in the journal npj Schizophrenia[1].

The results of the phase III pivotal clinical trial show that the once-monthly injectable antipsychotic Doria® furnishes a significant improvement in the symptomatology and severity of the illness in patients with acute exacerbation of schizophrenia.

[1] Correll, C.U., Litman, R.E., Filts, Y. et al. Efficacy and safety of once-monthly Risperidone ISM® in schizophrenic patients with an acute exacerbation. npj Schizophr 6, 37 (2020). https://doi.org/10.1038/s41537-020-00127-y

Doria® (Risperidone ISM®) is a novel investigational antipsychotic for the treatment of schizophrenia with once-monthly injections which has been developed and patented by Laboratorios Farmacéuticos ROVI S.A. and which, as of the first injection, provides immediate and sustained plasmatic drug levels and does not require loading doses or supplementation with oral risperidone.

The results obtained in this study show that both doses (75 mg and 100 mg once a month) have achieved the prespecified primary and secondary efficacy endpoints for treatment of patients with acute exacerbation of schizophrenia. The primary efficacy endpoint, the PANSS total score (mean difference, CI: 95%), improved significantly with Risperidone ISM® 75 mg and 100 mg from the beginning until day 85, with adjusted differences of -13.0 (17.3 to -8-8; p <0.0001) and -13.3 (-17.6 to -8.9; p<0.0001), respectively. Significantly improved mean changes for the secondary endpoint, the CGI-S score, were also obtained for Risperidone ISM® in comparison with the placebo, -0.7 (-1.0 to -0.5; p<0.0001), for both doses. The significant statistical improvement for both efficacy results was observed as early as 8 days after the first injection. The most frequently reported treatment-emergent adverse events were increased blood prolactin (7.8%), headaches (7.3%), hyperprolactinemia (5%) and weight increase (4.8%). No important new or unexpected safety information was reported.

According to the authors of the article, Risperidone ISM® represents an effective therapeutic strategy in schizophrenic patients who are admitted to hospital with an acute episode with severe or moderate psychotic symptoms.

"*We are very pleased with these results, since, not only do they prove that our ISM® technology works, but also because we believe that Doria® will be able to help cover an unmet medical need*", said Dr. Ibón Gutierro, ROVI's Corporate R&D Manager. Likewise, Dr. Gutierro explained that "*this study is proof that a schizophrenic patient with moderate to severe psychotic symptoms can also be treated with a long-acting injectable antipsychotic like Doria®*".

On the basis of these positive results and the other data from the product, ROVI previously announced the commencement of the centralised procedure for registration with the European Medicines Agency (EMA) in January 2020. Likewise, at its Capital Markets Day held on 24 November, ROVI has just announced the filing of an NDA (New Drug Application), i.e. a registration dossier to obtain marketing authorisation in the USA, with the FDA (Food and Drug Administration).

2.3.2 Moderna and ROVI Announce Collaboration for Outside the United States Fill-Finish Manufacturing of Moderna's COVID-19 Vaccine Candidate

ROVI informed (by publication of the inside information with register number 322 dated 9 July, 2020) of the collaboration with Moderna, Inc. (Nasdaq: MRNA), a clinical stage biotechnology company pioneering messenger RNA (mRNA) therapeutics and vaccines to create a new generation of transformative medicines, for large-scale, commercial fill-finish manufacturing of Moderna's mRNA COVID-19 vaccine candidate (mRNA-1273) at ROVI's facility in Madrid, Spain.

As part of the agreement, ROVI will provide vial filling and packaging capacity by procuring a new production line and equipment for compounding, filling, automatic visual inspection and labeling to support production of hundreds of millions of doses of the vaccine candidate intended in principle to supply markets outside of the U.S. starting in early 2021. ROVI will also hire additional staffing required to support manufacturing operations and production.

"Moderna is committed to helping address the COVID-19 crisis. We are pleased to partner with ROVI to potentially supply hundreds of millions of doses of finished mRNA-1273, once approved, and help address the need for a vaccine against COVID-19 around the world," said Juan Andrés, Moderna's Chief Technology Operations and Quality Officer. *"ROVI's experience as a global manufacturer of drug product and expertise in fill-finish will be an important partnership for us to establish dedicated supply chains that can meet the needs of different countries and regions. I am delighted to be working with ROVI again".*

"We are very happy about the collaboration with Moderna, whose vaccine against COVID-19 is one of the frontrunners in the race to solve this health crisis. We would be thrilled for ROVI to form part of the solution to this pandemic that is affecting all of us and to support Moderna in supplying it on a wide scale. Our proven experience and capabilities as a toll manufacturer of injectables has allowed us to reach this agreement, which would help strengthen our manufacturing area and would, in all probability, provide us with a significant growth opportunity in the area. Likewise, I would like to thank the Ministry of Health and the Spanish Medicines Agency for making themselves available and providing their support, which has been of fundamental importance, during this entire process", said Juan López-Belmonte, Chief Executive Officer of ROVI.

2.3.3 ROVI informs on the impact of COVID-19 on the Group's activities

ROVI reports (by publication of the relevant information number 1365 dated 2nd of April of 2020) that, since the beginning of the propagation of COVID-19, the Group has been executing the contingency plans necessary to guarantee the health and safety of its employees and those who work with it, as well as to ensure the continuity of the business and fulfil its responsibility to supply medicines to the hospitals of Spain and Europe.

To this end, ROVI has adopted a number of initiatives in line with the recommendations made by the authorities. Among them, we highlight the fact that ROVI has reduced the processes that must be performed in person at its facilities to a minimum. Thus, a significant part of the workforce is working from a distance. In the cases where home working is not possible, particularly at the manufacturing plants, ROVI is keeping all its production activities at a kind of normal activity level, with the relevant safety measures, in order to ensure that its medicines continue to be available to patients during the health crisis.

ROVI considers that it is extremely important to keep its manufacturing plants in operation in order to fulfil its responsibility as a pharmaceutical manufacturer. Therefore, ROVI wishes to acknowledge the commitment and responsibility shown by those of its employees who are physically present at work every day and, for these employees, has approved a bonus of 20% of their salary corresponding to the duration of the State of Alarm decreed by the Spanish government. Likewise, in order to work with the greatest safety and maintain the continuity of the production activities, ROVI recommends avoiding the use of public transport for travelling to the plants and assumes the cost of private transport and parking spaces for those employees who so require.

ROVI's sales behaved in line with company's expectations in the first nine months of 2020. As a consequence, the Group confirms the growth forecasts reported previously for 2020, which placed growth in operating revenue in mid-single-digit figures, i.e. from 0% to 10%. Notwithstanding, given the uncertainties associated to the development of the current situation (which ROVI will continue to monitor closely), it is not yet possible to make a precise assessment of the impact that the pandemic will have on the current year.

Regarding the possible impact of COVID-19 on each one of the areas of ROVI, the following may be highlighted:

1. The World Health Organisation (WHO) has recommended ROVI's low-molecular-weight heparins (LMWHs), Bemiparin (Hibor®) and the Enoxaparin biosimilar, sales of which accounted for 47% of the Group's operating revenue in 2019, as essential medicines for people hospitalised in intensive care units due to COVID-19. For this reason, in view of the habitual use of the product in hospitalised patients, ROVI believes that there will be a rise in LMWH sales in hospitals during the period of the health crisis. On the other hand, ROVI expects that the significant reduction in the number of surgical operations performed during the period of confinement may, likewise, affect the division's sales. The industrial shutdown that took place in China at the beginning of the year and the current shutdown in Europe, combined with the evolution of African swine fever in China, confirm the price increase in sodium heparin for this first part of the year.

2. A majority of ROVI's innovative products are indicated for the treatment of chronic diseases and therefore, consumption of these products should remain stable in the short term. However, the confinement measures, which favour the habit of staying at home, combined with the fact that it is impossible for the sales force to promote the products among health professionals, could provoke a slowdown in the sales of the pharmaceutical specialities division if the isolation measures adopted in the health crisis were to be prolonged.

3. As we have mentioned previously, as of today's date, production activities remain at normal capacity at all the plants, although productivity has been impaired by the various preventive measures concerning sanitisation and safety in relation to COVID-19. ROVI is very proud and satisfied with its employees' response to this crisis. However, the current situation and its potential impact is so unpredictable and volatile that the foregoing assessment of the plants' operations could be affected in the event of infections within their workforces.

4. R&D activities are continuing and, as of today's date, ROVI is not aware that there will be any kind of delay in the approval process for Doria® in Europe or registration of the medicine in the United States. Notwithstanding, ROVI understands that the efforts of the European Medicines Agency are currently focused on COVID-19 and does not rule out delays in the approval process for the medicine under the current circumstances. Likewise, for registration of the medicine in the United States, ROVI depends on third-party assistance, which means that ROVI cannot be certain that the registration application will not be filed later the date reported previously (second half of 2020).

ROVI is continuing with its transformation process and the execution of its strategic plan. To date, the impact of the health crisis has not changed the Group's plans. Said strategic plan focuses on (i) the expansion of its enoxaparin biosimilar, with which it aspires to become a benchmark player in the low-molecular-weight heparin sub-market, and (ii) Doria® and Letrozol®, both of which are candidates that validate its extended-release drug delivery system, ISM®.

ROVI is also contributing to the provision of new solutions that help to improve the health situation of society overall and has taken the necessary steps to donate a million surgical masks and a thousand special protection suits to the Ministry of Health, Consumption and Social Welfare, taking account of the difficulties that the National Health System is having in accessing individual protection equipment at the present time. With this contribution, ROVI wishes to assist in the indispensable work carried out by the health professionals who are working nonstop to combat the COVID-19 pandemic in Spain.

ROVI wishes a swift recovery to all those affected by coronavirus and sends special recognition to the health professionals, the State security forces and all the other professionals who, in order to protect all of us, are on the battlefront in the fight against the virus. Likewise, ROVI would like to thank all its employees for their commitment, responsibility, involvement and determination, especially those who continue to travel to its work centres every day.

2.3.4 ROVI announces the commencement of the assessment process to obtain marketing authorisation for Doria® in the European Union

ROVI informed (by publication of the material event number 286374 dated 31st of January of 2020) that, after the conclusion of the validation phase, the European health authorities have commenced the assessment process to grant marketing authorisation for Doria®, a long-acting anti-psychotic injection for the treatment of schizophrenia, based on the ISM® technology patented by ROVI, in the European Union (EU).

ROVI filed its application for marketing authorisation for Doria® with the European health authorities, the European Medicines Agency (EMA), through the Centralised Procedure on 27 December, 2019. After passing the validation phase satisfactorily, the dossier was admitted for evaluation on 30 January, 2020.

It is forecast that the assessment phase of the Centralised Procedure used by ROVI to register this medicine in the EU may take around one year. It should, however, be noted that the assessment process is subject to interruptions and delays in the event that the European health authorities require additional information. Likewise, mention should be made of the fact that the outcome of the registration process (which may be positive or negative) cannot be known until it has concluded.

ROVI will continue to provide information on the milestones deemed significant in this authorisation as the calendar for registration of the medicine in the European Union advances, as well as the registration of the same medicine with the U.S. Food and Drug Administration (FDA), in 2020.

"*We are continuing to progress with the approval phase of Doria® and are now closer to marketing it. We have confidence in the product's potential and hope that we will soon be able to offer a therapeutic alternative for the treatment of this chronic, serious and progressive disorder*", said Juan López-Belmonte, ROVI's Chief Executive Officer.

2.4.- Research and development

ISM® technology platform

Doria® (Risperidone ISM®) is the first ROVI's product based in its leading-edge drug delivery technology, ISM®. It is a novel investigational antipsychotic for the treatment of schizophrenia with once-monthly injections which has been developed and patented by Laboratorios Farmacéuticos ROVI S.A. and which, as of the first injection, provides immediate and sustained plasmatic drug levels and does not require loading doses or supplementation with oral risperidone.

In March 2019, ROVI informed topline results from the pivotal study of Risperidone ISM® "PRISMA-3"[2], and the 27th of November of 2020 announced the online publication in the journal *npj Schizophrenia*[3].

The results obtained in this study show that both doses (75 mg and 100 mg once a month) have achieved the prespecified primary and secondary efficacy endpoints for treatment of patients with acute exacerbation of schizophrenia. The primary efficacy endpoint, the PANSS total score (mean difference, CI: 95%), improved significantly with Risperidone ISM® 75 mg and 100 mg from the beginning until day 85, with adjusted differences of -13.0 (17.3 to -8-8; p <0.0001) and -13.3 (-17.6 to -8.9; p<0.0001), respectively. Significantly improved mean changes for the secondary endpoint, the CGI-S score, were also obtained for Risperidone ISM® in comparison with the placebo, -0.7 (-1.0 to -0.5; p<0.0001), for both doses. The significant statistical improvement for both efficacy results was observed as early as 8 days after the first injection. The most frequently reported treatment-emergent adverse events were increased blood prolactin (7.8%), headaches (7.3%), hyperprolactinemia (5%) and weight increase (4.8%). No important new or unexpected safety information was reported. According to the authors of the article, Risperidone ISM® represents an effective therapeutic strategy in schizophrenic patients who are admitted to hospital with an acute episode with severe or moderate psychotic symptoms[2].

ROVI also announced in July 2019 the completion of an open-label extension of the PRISMA-3 study[4], which provides clinical data on the long-term use of Risperidone ISM® (12 additional months).

Based on these positive results and the other data from the product, ROVI previously announced (by publication of the material event number 286374 dated 31st of January of 2020) the commencement of the centralised procedure for registration with the European Medicines Agency (EMA) in January 2020. Likewise, at its Capital Markets Day held on 24 November, ROVI has just announced the filing of an NDA (New Drug Application), i.e. a registration dossier to obtain marketing authorisation in the USA, with the FDA (Food and Drug Administration).

On the other hand, ROVI already announced the commencement of the clinical development of Letrozole ISM®, which represents the second candidate using the ROVI's ISM® technology platform. This new investigational medicine is, to our best knowledge, 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 study[5]) of Letrozole ISM® is currently ongoing and due to the study design ("dose escalation") and its exploratory nature, the finalisation date cannot be anticipated. Nevertheless, preliminary data confirm that this ISM® formulation provides a prolonged release of letrozole which produces a sustained suppression of oestrogenic hormones. ROVI is planning in the first half of 2021 to discuss with regulatory authorities these results as well as the next steps for continuing the clinical development of this novel long-acting injectable aromatase inhibitor.

Lastly, ROVI's R&D team has recently started development of a new formulation of Risperidone ISM® for a 3-monthly injection, which would complement the current formulation of Doria® for the maintenance treatment of patients with clinically stable schizophrenia. This development is still in an initial phase.

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[2] 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]. This clinical program has had the support of the Industrial Technological Development Centre ("CDTI").

[3] Correll, C.U., Litman, R.E., Filts, Y. et al. Efficacy and safety of once-monthly Risperidone ISM® in schizophrenic patients with an acute exacerbation. npj Schizophr 6, 37 (2020). https://doi.org/10.1038/s41537-020-00127-y.

[4] Study to Evaluate the Efficacy and Safety of Risperidone ISM® in Patients With Acute Schizophrenia: Open Label Extension (PRISMA-3_OLE). Clinicaltrials.gov# NCT03870880 [https://clinicaltrials.gov/ct2/show/NCT03870880]. This clinical program has had the support of the Industrial Technological Development Centre ("CDTI").

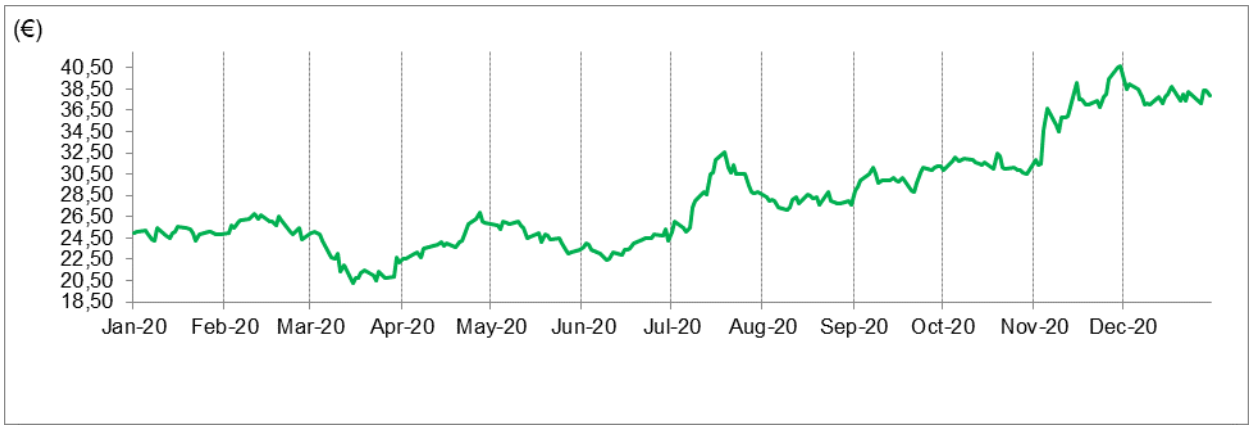
[5] Evaluation of IM Letrozole ISM® Pharmacokinetics, Safety, and Tolerability in Healthy Post-menopausal Women (LISA-1). Clinicaltrials.gov#NCT03401320 [https://clinicaltrials.gov/ct2/show/NCT03401320]. This clinical program has had the support of the Industrial Technological Development Centre ("CDTI").

2.5.- Stock market capitalization

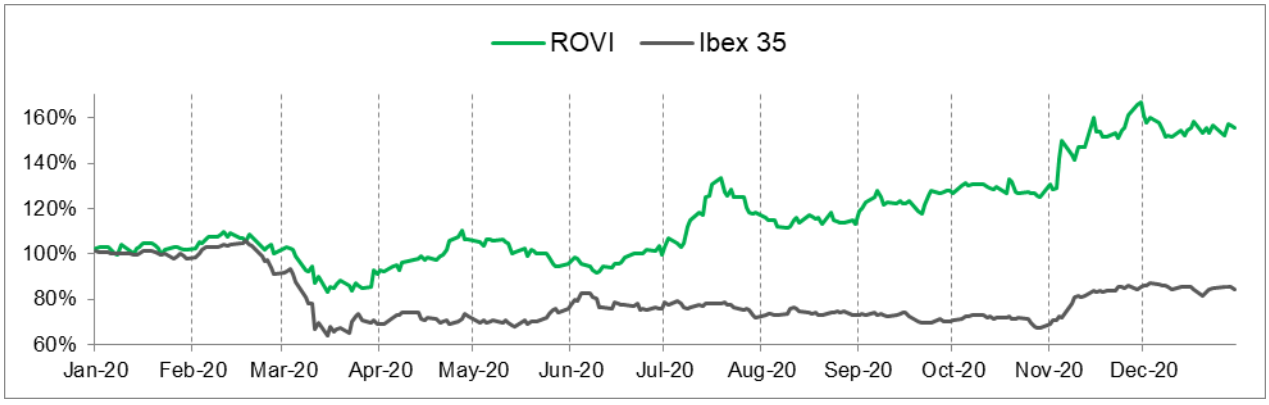
On the December 5th 2007, ROVI carried out an Initial Public Offering (IPO) of shares initially intended for qualified investors in Spain and to qualified institutional investors abroad. The face value of the operation, without including the shares corresponding to the green shoe purchase option, was 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 2020:



The following chart shows the performance of the share price of ROVI compared with the IBEX 35 index in 2020:



3.- FINANCIAL INFORMATION

3.1.- Liquidity and capital resources

3.1.1.- Liquidity

As of 31 December 2020, ROVI had a gross cash position of 54.6 million euros, compared to 36.8 million euros as of 30 September 2020 and 68.9 million euros as of 31 December 2019, and net debt of 19.8 million euros (equity securities plus deposits plus financial derivatives plus cash and cash equivalents minus current and non-current financial debt), compared to 38.1 million euros as of 30 September 2020 and 15.9 million euros as of 31 December 2019.

3.1.2.- Capital resources

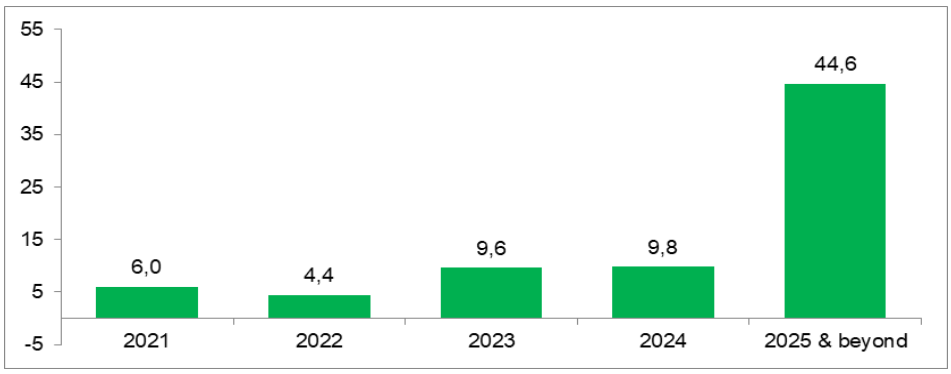
Debt with public administration, which is 0% interest rate debt, represented 15% of total debt as of 31 December 2020 (14% as of December 2019).

In thousand euros	2020	2019
Bank borrowings	45,000	52,116
Debt with public administration	10,972	11,689
Financial liabilities for leases	17,546	20,871
Derivatives	925	129
Total	**74,443**	**84,805**

As of 31 December 2020, bank borrowings decreased by 7.1 million euros. 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 was for 45 million euros. As of 30 September 2019, ROVI had drawn 5 million euros against this credit line at a variable interest rate of Euribor at 3 months + 0.844%. The latest interest rate paid was 0.336% (January 2021). As of 31 December 2019, ROVI had drawn the remaining 40 million euros. The credit matures in 2029, includes a grace period of 3 years with a fixed interest of 0.681%.

Likewise, since the beginning of the COVID-19 crisis, ROVI has signed credit policies for an amount of 45 million euros, in order to ensure the Group's liquidity. As of 31 December 2020, ROVI had not used these credit policies. Thus, the Group is in a comfortable position to meet its payment obligations, debt maturities and any additional cash needs in the short and medium term.

Debt maturities at 31 December, 2020 are shown in the following graph (millions of euros):



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

In the normal course of business, in order to manage its own operations and financing, the Group has traditionally leased certain assets. The accounting record of these transactions did not affect the Group's statement of financial position but did affect the income statement. However, since 2019, when International Financial Reporting Standard 16 Leases (IFRS 16) came into force, this type of transaction has been included in the Group's statement of financial position: a liability is recognised for the total value of the payments to be made over the remaining term of the lease contract and a right-of-use asset is recognised for the underlying asset. Therefore, the payments to which the Group is committed in these transactions are recognised in the statement of financial position.

Regarding the contracts that are still recognized as operating leases because they do not meet the requirements for IFRS 16 to apply, at 31 December, 2020 and 2019, there were no minimum future payments due on these non-cancellable operating leases.

3.2.- Capital expenditure

ROVI invested 39.7 million euros in 2020, compared to 27.0 million euros in 2019. These investments in 2020 and 2019 was mainly related to investments in the production plants of ROVI:

- 3.2 million euros corresponds to capex related to the Madrid injectables facility, versus 1.6 million euros in 2019;
- 8.6 million euros were invested in the San Sebastián de los Reyes plant, versus 4.3 million euros in 2019;
- 2.4 million euros were invested in the Granada facility, versus 5.9 million euros in 2019;
- 3.8 million euros were invested in the Alcalá de Henares facility, versus 8.3 million euros in 2019;
- 9.7 million euros corresponds to the ISM® industrialization, versus 3.5 million euros in 2019;
- 10.1 million euros relates to investment capex regarding the Escúzar plant (the second heparin plant in Granada) versus 1.0 million euros invested in 2019; and
- 2.0 million euros relates to expenditure on maintenance and other capex, versus 2.4 million euros in 2019.

In addition, in 2019, ROVI invested 13.5 million euros in the acquisition of Polaramine®

3.3.- Treasury shares transactions

In the course of 2020, ROVI acquired a total of 1,233,324 of its own shares (224,449 in 2019), paying the amount of 37,255 thousand euros for them (4,718 thousand euros in 2019). Likewise, it resold a total of 1,246,626 of its own shares (232,548 in 2019) for an amount of 37,488 thousand euros (4,871 thousand euros in 2019). These shares had been acquired at a weighted average cost of 27,411 thousand euros (3,189 thousand euros in 2019), giving rise to a profit of 10,077 thousand euros on the sale (1,682 thousand euros in 2019), which was taken to reserves. At 31 December, 2020, ROVI held 673,654 treasury shares (686,956 at 31 December, 2019).

3.4.- Dividends

On October 20, 2020, the General Meeting of Shareholders approved the distribution of the 2019 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 9,818 thousand euros (0.1751 euros gross per share). This dividend was paid out in November 2020.

On 12 June, 2019, the General Meeting of Shareholders approved the distribution of the 2018 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 4,474 thousand euros (0.0798 euros gross per share). This dividend was paid out in July 2019.

4.- OTHER NON-FINANCIAL INFORMATION

Appendix 2 includes the "Non-financial information statement" for 2020.

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 conditions under which raw materials and other packaging materials needed for manufacturing its products are supplied;
- Failure to complete the Research and Development projects that ROVI is executing successfully or in the expected manner.
- Changes in the prescription criteria or changes in the legislation regulating the market aimed to contain pharmaceutical expense (price control, reference prices, support for generic products, co-payment, purchase platforms, …);
- Concentration of operations in certain geographical areas.
- Actions on the part of the competition that have an adverse impact on ROVI's sales.
- Ciber attack risk.
- 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 with the diversification of suppliers of raw materials and other packaging materials necessary for the manufacture of the products; (ii) is continuing with its target of constantly opening up new markets as a result of its international expansion plan; (iii) continues to enhance its processes and controls, including those related to the internationalization process; (iv) is working intensively to maintain a broad and diversified portfolio of products and customers; (v) perseveres every year with its savings plan, which has focused mainly on improving the efficiency of its internal and external operating processes; (vi) 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; (vii) 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; y (viii) the Group intensifies its work to mitigate the risk of cyberattacks by raising awareness among its staff and conducting cybersecurity reviews.

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:

5.2.1.- Market risk

Market risk is divided in:

a) Foreign exchange risk: this risk is 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) transactions for a significant amount in currencies other than the euro are hedged with financial instruments that minimise the impact of exchange-rate risk. At 31 December, 2020, the Group held instruments of this kind for a value of 13,500 thousand euros (26,500 thousand euros in 2019), the measurement of which led to recognition of a loss of 925 thousand euros at the 2020 reporting date (at the 2019 reporting date the loss was not significant).

b) 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.

c) 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.

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. To minimise this risk, the Group mantains a diversified portfolio of suppliers and manages its stock levels efficiently.

5.2.2.- 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.

5.2.3.- 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, ROVI signed a financing agreement with the European Investment Bank, which it could draw down over the two years following signature of the agreement for a total amount of 45 million euros. As of 31 December, 2019, ROVI had drawn the full amount of this loan.

In 2020, ROVI signed credit policies for a total amount of 45 million euros. No amounts had been drawn down as of 31 December, 2020.

6.- CORPORATE GOVERNMENT ANNUAL REPORT

Appendix 3 includes the Corporate Government Annual Report prepared by the Company for 2020.

7.- EVENTS AFTER BALANCE SHEET DATE

There have been no significant subsequent events after the end of fiscal year 2020.

APPENDIX 1

ALTERNATIVE PERFORMANCE MEASURES

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 2020 that it considers significant:

Total revenue

This APM shows all the Group's revenues.

We calculate Total revenue as revenue plus the recognition of government grants on non-financial non-current assets and other.

Gross profit

Gross profit is an indicator that measures the direct profit that ROVI obtains from carrying out its income-generating activities.

We calculate gross profit as total revenue less change in inventories of finished goods and work in progress and raw materials and consumables used.

Gross margin

This APM is a percentage indicator that measures the profit that ROVI obtains from its revenue.

We calculate gross margin as the percentage that the gross profit represents in the revenue.

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 2020); and

- Non-recurring expenses/income (see Note 23 to the consolidated annual accounts at 31 December 2020).

EBIT

EBIT (Earnings Before Interest and Taxes) is an indictor 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.

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 2020); and

- Non-recurring expenses/income (see Note 23 to the consolidated annual accounts at 31 December 2020).

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 proft "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 financial derivatives, plus cash and cash equivalents, less current and non-current financial debt.

APPENDIX 2

NON-FINANCIAL INFORMATION STATEMENT

KPMG Asesores S.L.
P°. de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Consolidated Non-Financial Information Statement of Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries for 2020

(Free translation from the original in Spanish. In case of discrepancy, the Spanish language version prevails.)

To the shareholders of Laboratorios Farmacéuticos Rovi, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Non-Financial Information Statement Consolidated (hereinafter NFIS) for the year ended 31 December 2020, of Laboratorios Farmacéuticos Rovi, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) which forms part of the 2020 consolidated Group's Directors' Report.

The consolidated Directors' Report includes additional information to that required by prevailing mercantile legislation governing non- financial information that has not been subject of our assurance work. In this regard, our assurance work was limited only to providing assurance on the information contained in table "Information required by Law 11/2018" of the accompanying consolidated Directors' Report.

Directors' responsibilities

The Directors of the Parent are responsible for the preparation and presentation of the NFIS included in the Group's Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with each subject area in table "Information required by Law 11/2018" of the aforementioned Group's Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems used to obtain the information required to prepare the NFIS.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report, based on the work performed.

We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Parent that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Parent personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS based on the materiality analysis performed by the Parent and described in the section "Bases for authorisation of the Statement of Non-Financial Information" considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2020.
- Review of the information related to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2020.

- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2020 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Laboratorios Farmacéuticos Rovi, S.A. (and subsidiaries) for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and with the GRI Standards selected, in accordance with each subject area in the table "Information required by Law 11/2018" of the aforementioned consolidated Directors' Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Ramón Pueyo Viñuales

23 February 2021

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES
Statement of Non-financial Information for the year ending 31 December, 2020

The Board of Directors of Laboratorios Farmacéuticos 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 the light of the aforementioned Act, the Company has analysed the impacts derived from its business model and considers the following non-financial aspects to be relevant, based on the materiality matrix shown below and published on ROVI's website in the 2019 CSR Report (www.rovi.es).

- 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, universal accessibility and equality.
- Human rights.
- Corruption and bribery.
- Information on social contribution: commitment to sustainable development, subcontractors and suppliers, consumers and tax information.

The most important issues for ROVI and its stakeholders are based on the internal and external consultation carried out in 2017. The result of this analysis is 20 material issues, considering their influence of the success of the business and their importance to stakeholders, grouped into eight categories, shown below, related to the Sustainable Development Goals (SDG) of the United Nations Global Compact.

Good governance and ethical conduct

1. Responsible governance
2. Ethics and compliance
3. Risks and crisis management

Transparency and dialogue

4. Information transparency
5. Dialogue and relations with stakeholders

Product quality and safety

6. Product quality
7. Pharmacovigilance and product safety

Environment

8. Circular economy → SDG 12
9. Atmospheric emissions → SDG 12
10. Climate change
11. Drug pollution

Relations with customers, patients and health professionals

12. Attention to and relations with customers, patients and health professionals

Work environment

13. Safety and welfare → SDG 4
14. Training and development → SDGs 4 & 8
15. Attracting and retaining talent → SDG 4 & 8
16. Internal dialogue and communication

Supply chain

17. Responsibility in the supply chain

Health and welfare of society

18. Access to medicines → SDG 3
19. Research and development → SDG 4
20. Contribution to the socioeconomic progress of the communities in which ROVI operates → SDGs 8 & 9

Materiality Matrix

As a result of the process of analysing the matters that are material for ROVI and its stakeholders and the content of Law 11/2018, it was decided that, given the nature of the activity, issues concerning food waste, biodiversity, light pollution or impact on protected areas are not considered material, given the specific features of the industry and the Group's activity.

2. GENERAL INFORMATION

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

The Company is the head of a pan-European pharmaceutical specialty group that enjoys great stability and has three diversified growth engines (the "Group", "ROVI" or "ROVI Group"):

- Proprietary Division, which is a leader in the low-molecular-weight heparin (LMWH) field.
  In 2020, this Division accounted for 50% of the Group's total sales (47% in 2019).

  ROVI has been engaged in the development of heparin-based drugs for more than 70 years and has a well-positioned vertically-integrated structure, with its own LMWH manufacturing plant.

  ROVI has two of its own research products:

  - Hibor® (bemiparin). Low-molecular-weight heparin (fast-acting anticoagulant) used to prevent and treat venous thromboembolic disease.
  - Enoxaparin biosimilar Becat®. Enoxaparin is the main LMWH in the world. It is an anticoagulant medicine that belong to the world-leading low-molecular-weight heparin group and was first marketed by ROVI in 2017: It is used to prevent deep vein thrombosis and pulmonary embolism.

- Pharmaceutical Specialties Division, the leader in Spain:
  ROVI holds a sound leading position in the Spanish market and is a principal partner for licences among the most important pharmaceutical companies worldwide.

  The Company has a diversified portfolio of 18 products of its own and 18 licensed products, with a sales force formed by approximately 250 highly-qualified people.

  The most important products in terms of their contribution to the Group's EBITDA are:

  - 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 by ROVI under a licence from Novartis.
  - Absorcol®, Vytorin® and Orvatez® (ezetimibe) / (ezetimibe and simvastatin) /(ezetimibe y atorvastatin). Adjunctive therapy to diet in patients with hypercholesterolemia. These products are distributed by ROVI under a co-marketing agreement with MSD.
  - Hirobriz® Breezhaler® and 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.

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).

- Global-scale high-value-added contract manufacturing with differentiated capabilities. ROVI is one of the world leaders in the manufacture of prefilled injectables, exporting to more than 50 countries. International sales represent around 90% of the contract manufacturing business. ROVI has been successful in positioning itself strategically to take advantage of the growing trend among pharmaceuticals to outsource their manufacturing processes, providing a very cost-competitive manufacturing position. Thus, uses the manufacturing capacity available at its facilities by providing high-added-value service of the complete development, transfer and manufacture of injectables and solid oral forms.

  Through its production plants for injectables and solid forms, located in San Sebastián de los Reyes, Madrid and Alcalá de Henares, it offers contract manufacturing services for a wide range of pharmaceutical forms, including prefilled syringes, vials, suppositories, tablets, hard capsules and sachets.

  Within the framework of its contract manufacturing operations, in July 2020, ROVI announced its collaboration in the manufacture outside the United States of the fill-finish of Moderna's COVID-19 vaccine.

In addition, ROVI has a sound, low-risk R&D policy, where the patented ISM® platform opens up new channels of growth.

ROVI allocates a large part of its resources to research, in order to remain in the vanguard in both the product area and the manufacturing and development systems area. ROVI operates with a low-risk strategy, concentrating on chronic diseases with broad medical needs and establishing strategic international alliances to tackle the most arduous clinical trials. Currently, ROVI has a portfolio of numerous products in the research and development phase and focuses on the innovative drug release technology ISM®, developed in-house and patented, which allows the prolonged release of the compounds administered by injection.

At the date of preparation of this document, three candidates associated to this technology are undergoing clinical trials:

- Monthly Risperidone ISM® (registered with the trademark Doria®), indicated for the treatment of schizophrenia. It is in the process of approval in Europe and, in November 2020, the dossier for its marketing was filed in the USA.
- Letrozol ISM®, indicated for the treatment of breast cancer. It is in Phase I, which began in November 2017.
- Risperidone, administered three-monthly. It is in the pre-clinical phase.

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 70 years' experience, its main product, Bemiparin, has positioned itself as one of the principal treatments for venous thromboembolic disease worldwide. Likewise, in 2017, ROVI launched a biosimilar to enoxaparin, the leading molecule in the market and aspires to become a leading company in the LMWH field.

- Diversified portfolio protected by patents: ROVI has a portfolio of products of its own and licensed, for most of which there is growing demand and which are not affected by the reference pricing system in Spain for nine therapeutic areas.
- 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.
- Low-risk innovation. ROVI operates with a low-risk strategy, concentrating on chronic diseases with broad medical requirements.

At 31 December, 2020, ROVI had a total of 1,419 employees and sales of 419,961 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, 2020 was 37.90 euros, having risen 55% in comparison with the end of the preceding year.

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 areas are located, as well as other central group services.

ROVI has three research centres and six plants to manufacture its own products and provide services to third parties, located at facilities in Madrid (production and R&D), San Sebastián de los Reyes (production), Alcalá de Henares (production and R&D) and Granada (production and R&D). Furthermore, in 2019, ROVI announced that the construction of a second heparin plant would commence in Granada.

At the end of 2020, ROVI was present in more than 75 countries and had local offices in the following:

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

In the last five of these countries, ROVI has corporate structures through which it carries out pharmaceutical product marketing activities directly. In the case of the Polish subsidiary, product marketing had not commenced at 31 December, 2020.

Additionally, through strategic alliances with international partners, at the end of 2020, through the LMWH Division, ROVI was present in more than 75 countries, distributing its main product, Bemiparin, in 58 countries all over the world, while it was pending registration in 14 countries. In addition, at 31 December, 2020, ROVI was marketing its enoxaparin biosimilar in Germany, United Kingdom, Italy, Spain, France, Austria, Latvia, Estonia, Portugal, Poland, Costa Rica, Sweden, Finland, South Africa, Israel, Peru, Holland, Panama and the Dominican Republic. Likewise, all the EU countries where ROVI had applied for approval of the national registration of its enoxaparin biosimilar had approved registration. In total, ROVI had signed marketing agreements for its enoxaparin biosimilar in 98 countries.

Furthermore, international sales account for around 90% of the contract manufacturing business, with exports to over 50 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 September 2017 and with which ROVI aspires to become one of the main European players in a market where enoxaparin sales total 1,300 million euros, due to the competitive edge provided by the vertical integration of processes in the Group. Additionally, ROVI intends to increase its presence in other markets with heavy growth potential through licensing agreements. Among other measures to increase its capacity, in 2019, ROVI announced that construction of a second heparin plant in Granada would begin.
2. The development of drugs to treat complaints with high application prospects. Currently, ROVI's product portfolio in the research and development phase focuses mainly on the development of new prolonged-release systems based on ISM® technology, as mentioned above.
3. The development of operating synergies and the extension of the scope of the value-added manufacturing services with present and potential customers. Prefilled syringes are expected to boost growth in the sterile injectable medicines market by more than 10% by 2023.
4. Launching new products in the market. ROVI's solid leadership in the Spanish market positions the Company as a principal partner for the main international pharmaceutical companies in Spain.
5. The manufacturing agreement signed with Moderna, whereby ROVI provides filling and finishing capacity for vials by acquiring a new production line and other equipment for compounding, filling, automatic visual inspection and labelling to provide support to the production of hundreds of thousands of the candidate vaccine outside the U.S.A.

International expansion is one of the strategic goals at both organisational and marketing level, mainly through the distribution of the enoxaparin biosimilar.

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. In this respect, 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

The IQVIA report "The Global Use of Medicine in 2019 and Outlook to 2023" suggested growth expectations that would raise global billing to over 1.5 billion dollars. The accuracy of these forecasts could be seen in 2019, when MSCI World Health Care Total Return, an investment fund that captures the return on an index composed by equity securities in the health sector in developed markets, rose by 22%.

However, at that time, nobody could have predicted the appearance of the COVID-19 global pandemic and the tremendous impact it would have. Although it might have seemed that it would benefit the pharmaceutical industry overall, either directly, through the development and manufacture of antiviral medicines or the development of vaccines, or indirectly, given the sudden demand for healthcare material (diagnosis kits, masks, gloves, etc.) to combat the crisis that broke out as from February 2020, Spanish pharmacies closed 2020 with little movement on the previous year's billing, if we do not include the effect of products that protect against COVID-19 (+0.2%), according to the figures provided by IQVIA. If we take this effect into account, according to IQVIA, the pharmaceutical market increased by 4.4% in comparison with 2019.

Undoubtedly, at business level, it is true that the pharmaceutical sector is the one with the best prospects, given the defensive nature of the industry. Medicines are a basic necessity and are able to withstand economic slowdowns like the one that may come after the coronavirus epidemic, which has been demonstrated by their response to the pandemic and the resulting economic crisis.

Apart from this extraordinary situation, in its latest report dated 26 February, 2020, the consultancy firm IQVIA continues to bet on growth of between 3% and 6% until 2023. Three therapeutic areas will accumulate around 70% of the total absolute growth: oncology, anti-diabetics and autoimmune diseases.

According to IQVIA, positive growth is expected in the hospital area until 2023, although there will be deceleration in comparison with previous years. As positive factors for the growth in value, it mentions:

- Ageing of the population;
- Large number of launches of innovative medicines: 239 products in the last five years with total consumption of approximately 4,261 million euros;

- Launch of orphan drugs;
- Increase in volume of patients treated:
  - Early diagnosis
  - Updating of clinical guidelines
  - Increase in life expectancy
  - Chronic pathologies

On the other hand, possible brakes that will be placed on growth in terms of value will be:

- New generic medicines and biosimilars.
- Centralised purchasing for hospital products.
- Innovative agreements: shared risks, payment for results in accordance with the cost efficiency of the treatment.

For 2021, ROVI expects operating revenue to grow by between 20% and 30%, including the production of Moderna's COVID-19 vaccine. Notwithstanding, given the uncertainties associated to the evolution of the COVID-19 pandemic (which ROVI will continue to monitor closely), it is not yet possible to make an accurate assessment of the impact of the pandemic on the coming year.

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 that 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 Group 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 Rovi Pharma Industrial Services, S.A.U. 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 stakeholders 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, ROVI 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 stakeholders.

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 either deficient identification of legal requirements concerning the environment, or environmental aspects or in 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.
- Failure to verify invoices for consumption leading to inappropriate consumption of water or energy.
- 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 employees updated on these matters. 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. Likewise, ROVI has environmental liability insurance, which is renewed annually.

Attention should be drawn to the fact that this insurance has been taken out voluntarily since, after making the relevant analysis of environmental risks, it is not obligatory for the ROVI Group's plants to hold a financial guarantee. Nevertheless, ROVI holds environmental liability insurance with a limit of one million euros per claim, which includes environmental liability, civil liability for pollution, costs of prevention and avoidance, pollution caused by transport, cleaning costs and subsidiary liability in relation to subcontractors, etc.

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 formed by nine people 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 January 2021. Additionally, each plant or work centre is allocated annual budget to cover safety and environment expenses.

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.

In 2020, ROVI decided to make a contribution to environmental initiatives, adopting a leadership position against global warning and developing and new Climate Change Policy.

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 certifying firms. 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 the Group's activity. Precisely for this reason, the treatment and reduction of waste form an essential part of the ROVI'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 favour using and placing a value on it whenever possible.

In addition, through the waste managers it works with, ROVI always seeks for a value to be placed on the waste it generates, rather than its being destroyed.

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 all the production plants and the main offices of the Distribution business, the energy has been contracted with a provider of 100% renewable energy.

Attention should be drawn to the fact that, with regard to sustainability in resource consumption, ROVI includes this point in the new projects undertaken at its industrial plants. An example of this is the introduction of evaporating equipment that processes a water outlet stream at the heparin manufacturing plant at the San Sebastián de los Reyes plant, in order to treat it and produce water that may be fed back into the process, thus reducing water consumption in the activity, with less wastewater dumping and waste.

A further point to also consider is the energy-saving actions that are taken. Annually, practically all the industrial centres fix energy saving targets. Each plant has a multidisciplinary team that defines, implements and monitors the actions identified as necessary to reach said targets. The following are included among the actions defined for 2020 at some of the plants:

- Study of the inclusion of new electricity and natural gas measuring points.
- Study of changing LED luminaires at the warehouse at the building in Calle Julián Camarillo.
- Replacement of the economizing boiler water feed pumps at Julián Camarillo.
- Installation of an infrared detector to detect internal leaks.
- Awareness-raising events.
- Installation of an external cooler for lines U200 and U1040 to allow adjustment of water pumping at the Alcalá de Henares plant.
- Replacement of the general cooler by a higher-performance model at the Alcalá de Henares plant.

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 well as 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.

In 2020, as mentioned above, ROVI developed a new Climate Change Policy and, additionally, undertook a project to reduce CO2 emission, Zero Emissions, in the course of development of which the following initiatives were taken:

- Signed a contract for 100% of the electricity used at the industrial plants to come from renewable sources, which compensates part of the tonnes of scope 2 CO2 emitted.
- Compensation of the rest of the tonnes emitted by VER (Voluntary Emission Reduction) projects. Specifically:
    - GHANA COOKSTOVE. The Gyapa Cookstove cooks food faster and needs less fuel. Thus, not only does it reduce carbon emissions, but it also reduces exposure to toxic fumes. The key benefits are: reduction in fuel costs, improvement in health, deceleration in deforestation, generation of employment and reduction in carbon.
    - Madre de Dios Amazon REDD Project. Madre de Dios Amazon REDD Project consists of 100,000 hectares of tropical jungle in the Amazon, only 400 km from the historical Machu Picchu sanctuary, the "Lost City of the Incas". The project is located in the region belonging to the Vilacamba-Amoboró Ecological Corridor, one of the critical points in biodiversity. The jungle where the project is located is very importance in terms of the conservation of biodiversity, since it provides a habitat to four tropical jungle wildlife species that are in danger of extinction and eleven that are endangered. From a social point of view, the project will contribute to the sustainable development of rural producers and indigenous communities (the Yine tribe, an indigenous people in voluntary isolation, associated to the Mascho Piro tribe, and other tribes not yet identified) that live in nearby areas.

      The total guarantee and unquestionable transparency of the project furnish it with the highest ratings and certifications granted by the international carbon markets. The project has been certified by FSC (Forest Stewardship Council), CCB Gold Level (Climate, Community and Biodiversity) and VCS (Verified Carbon Standard).

  Regarding the compensation of scope 1 emissions through VER projects, in the first months of 2021, 1,000 additional VER have been acquired to those already mentioned.

Additionally, when implementing industrial projects, the ROVI Group always takes account of their environmental component, seeking to cause the least impact possible or employ the best available technique established in the market. An example of this is the introduction of a thermal oxidiser at the Granada plant. This is considered the best alternative technique available to ensure compliance with the Volatile Organic Compound (VOC) emission limits. It is the treatment with the highest percentage reduction in VOC emissions, between 95% and 99%, also reducing the TOC by between 1-4 mg/Nm3. This project has represented a total investment of 1,140,000 euros.

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, i.e. the activity of the active substance produced.
- Injectables production plant of Rovi Pharma Industrial Services, S.A.U. (plants located in San Sebastián de los Reyes and Madrid): in this case, the units produced are expressed in individual packaged units. For the production of forms in Alcalá de Henares, the finished packs of oral solid forms (tablets, coated tablets, hard capsules and sachets) are used as the production unit.
- Distribution business of Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries: in this case, the units distributed are used.

To calculate the tonnes of CO2 emitted into the atmosphere, the emission factors provided by the Ministry for Ecological Transition and Demographic Challenge for electricity, natural gas and diesel fuel have been used.

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES
Statement of Non-financial Information for the year ending 31 December, 2020

	2020				2019				Variation Total			
WASTE	Granada	Madrid & SSRR	Alcalá de Henares	Distribution	Granada	Madrid & SSRR	Alcalá de Henares	Distribution	Gr	Mad & SSRR	AH	Distr.
Tonnes of hazardous waste generated	2,054.3	344.8	12.5	8.9	1,910.2	236.1	120.0	15.0	8%	46%	-90%	-41%
Tonnes of non-hazardous waste generated	2,335.4	2,434.3	565.0	0.3	2,281.9	657.6	439.9	0.5	2%	270%	28%	-48%
WASTE	**4,389.7**	**2,779.1**	**577.5**	9.2	**4,192.1**	**893.7**	**559.9**	**15.5**	**5%**	**211%**	**3%**	**-41%**
Tonnes hazardous waste/million units	0.004	2.11	0.23	0.36	0.004	1.78	3.53	0.74	17%	18%	-93%	-51%
Tonnes non-hazardous waste/million units	0.005	14.89	10.46	0.01	0.004	4.97	12.94	0.02	11%	200%	-19%	-57%
Tonnes waste/million units	**0.009**	**17.00**	**10.69**	0.37	**0.008**	**6.76**	**16.47**	**0.77**	**14%**	**152%**	**-35%**	**-51%**

The substantial increase in the generation of non-hazardous waste in Madrid and San Sebastián de los Reyes in 2020 in comparison with 2019 was due to the inclusion of all the waste from the works carried out to perform manufacturing contracts. In 2020, the increase in the hazardous waste generated in Madrid and San Sebastián de los Reyes was due to voluminous destructions of a product that were carried out in 2020 for a customer, as well as the waste generated in the start-up tests of the new San Sebastián de los Reyes heparin manufacturing plant.

	2020				2019				Variation Total			
ENERGY CONSUMED	Granada	Madrid & SSRR	Alcalá de Henares	Distribution	Granada	Madrid & SSRR	Alcalá de Henares	Distribution	Gr	Mad & SSRR	AH	Distr.
kWh electricity consumed	3,848,018	7,091,109	9,673,660	637,543	3,822,809	7,795,638	8,906,808	623,206	1%	-9%	9%	2%
kWh electricity / million units produced	**8**	**43,365**	**179,142**	**26,089**	**7**	**58,924**	**225,489**	**30,889**	**9%**	**-26%**	**-21%**	**-16%**
kWh natural gas consumed	4,405,540	7,570,552	14,549,428	0	2,285,101	6,836,948	14,048,975	0	93%	11%	4%	-
kWh natural gas / million units produced	**9**	**46,297**	**269,434**	**0**	**4**	**51,678**	**355,670**	**0**	**109%**	**-10%**	**-24%**	**-**
Litres vehicle fuel	1,000	40,498	5,231	291,520	300	0	2,175	485,185	233%	-	140%	-40%

Due to a change in the calculation of the kWh of electricity consumed in the Distribution area, the 2019 Distribution figures shown above have been changed slightly from those reported in the 2019 Statement of Non-financial Information, in order to allow a comparison of this indicator.

The increase in the indicator of natural gas consumed at the Granada plant in 2020 in comparison with 2019 was due to the fact that, in June 2020, new facilities that required natural gas were put into operation. In addition, several incidents were detected that, to a lesser extent, led to an increase in gas consumption unrelated to the consumption in production. These incidents were duly solved.

	2020				2019				Variation Total			
NATURAL RESOURCES CONSUMED	Granada	Madrid & SSRR	Alcalá de Henares	Distribution	Granada	Madrid & SSRR	Alcalá de Henares	Distribution	Gr	Mad & SSRR	AH	Distr.
m3 water consumed	28,555	55,369	58,641	7,606	24,026	58,931	63,114	2,561	19%	-6%	-7%	197%
m3 water / million units produced	**0.1**	**338.6**	**1,085.9**	**311.2**	**0.0**	**445.4**	**1.597.8**	**126.9**	**29%**	**-24%**	**-32%**	**145%**

In addition to the figure reported, in 2020 1,063 m3 of well water was consumed for watering at the Alcalá de Henares plant. 100% of the rest of the water supply from the mains.

The increase in water consumption in the Distribution area in 2020 in comparison to 2019 was due the fact that, in 2020, direct readings were taken in the equipment every month of the year. In 2019, however, readings were only taken of three months' consumption.

	2020				2019				Variation Total			
ATMOSPHERIC EMISSIONS	**Granada**	**Madrid & SSRR**	**Alcalá de Henares**	**Distribution**	**Granada**	**Madrid & SSRR**	**Alcalá de Henares**	**Distribution**	**Gr**	**Mad & SSRR**	**AH**	**Distr.**
Tonnes of Scope 1 CO_2 emitted	805	1,494	2,663	836	468	1,399	2,880	1,262	72%	7%	-8%	-34%
Tonnes of Scope 2 CO_2 emitted	0	0	0	102	1,101	2,245	2,565	179	-100%	-100%	-100%	-43%
Tonnes of Scope 2 CO_2 avoided (*)	1,193	2,198	2,999	96	0	0	0	0	-	-	-	-
Tonnes CO_2/ / million units.	**0.004**	**22.58**	**104.85**	**42.30**	**0.003**	**27.54**	**137.86**	**71.42**	**38%**	**-18%**	**-24%**	**-41%**

(*) Since all ROVI's production plants and two of the main Distribution offices hold a 100% renewable energy certificate, the emission of the tonnes of CO2 stated above was avoided. The Scope 2 emissions avoided were reported for the first time in 2020, in order to reflect the Group's investment in clean energy.

Due to a change in the calculation of the kWh of electricity consumed in the Distribution area, the 2019 Distribution figures shown above have been changed slightly from those reported in the 2019 Statement of Non-financial Information, in order to allow a comparison of this indicator.

	2020			
RAW MATERIALS CONSUMED	**Granada**	**Madrid**	**SSRR**	**Alcalá de Henares**
Tonnes of raw materials consumed	1,169	316	10	446

4. SOCIAL AND EMPLOYEE MATTERS

4.1.- Employment

As in preceding years, in 2020, the Group's continuing growth strategy continued and, in accordance therewith, ROVI increased its number of employees, thus continuing with its human resources policy aimed at adapting the workforce to the needs defined by business strategy.

During the year, ROVI continued with its policy of favouring permanent employment as a way to create a stable workforce and generate high-quality jobs. ROVI's strategy fosters a balanced use of permanent and temporary contracts, using the former to cover the structural workforce needs and the latter for specific or seasonal requirements of the activity. This is shown in the distribution of the workforce, where permanent contracts prevail (80% of the employees).

Another feature of the employment policy to highlight is the Group's effort to promote the inclusion and access of differently-abled candidates under equitable conditions, as well as balance and equality in the conditions for men and women. Thus, the strategy to consolidate equal opportunities and diversity as a defining aspect of ROVI's culture continues.

ROVI still believes that, in order to undertake its business strategy, a workforce balanced between young and experienced professionals is necessary. This can be seen from the tables showing the distribution of employees by age, where a balance in the distribution of the workforce among the different brackets may be noted.

An event in 2020 to be highlighted was the agreement signed in June with the laboratory Moderna for provision of production, filling and storage services for the vaccine against COVID-19.This agreement will represent, predictably, an increase of activity in the industrial area and the workforce in this area.

The following figures show the indicators for the ROVI workforce at 31 December, 2000. Mention should be made of the fact that the figures do not include information in relation to scholarship contracts and that seasonality and cyclicity are not significant in the Company.

- Total number and distribution of employees by:

  a) Gender

DISTRIBUTION OF EMPLOYEES BY GENDER	2020	2019	Total variation
Men	672	614	9%
Women	747	696	7%
TOTAL	**1,419**	**1,310**	**8%**

b) Age

	2020			2019			
DISTRIBUTION EMPLOYEES BY AGE/GENDER	**Men**	**Women**	**TOTAL**	**Men**	**Women**	**TOTAL**	**Total variation**
18-30 years	101	137	**238**	88	222	**310**	**-23%**
31-40 years	198	216	**414**	179	187	**366**	**13%**
41-50 years	225	238	**463**	210	176	**386**	**20%**
51-60 years	125	127	**252**	116	93	**209**	**21%**
>60 years	23	29	**52**	21	18	**39**	**33%**
TOTAL	**672**	**747**	**1,419**	**614**	**696**	**1,310**	**8%**

c) Country

	2020			2019			
DISTRIBUTION EMPLOYEES BY COUNTRY/GENDER	**Men**	**Women**	**TOTAL**	**Men**	**Women**	**TOTAL**	**Total variation**
Spain	656	727	**1,383**	606	685	**1,291**	**7%**
UK	0	1	**1**	-	1	**1**	**0%**
Germany	11	9	**20**	3	2	**5**	**300%**
Italy	1	4	**5**	1	3	**4**	**25%**
France	3	1	**4**	3	-	**3**	**33%**
Poland	0	1	**1**	-	1	**1**	**0%**
Portugal	1	4	**5**	1	4	**5**	**0%**
TOTAL	**672**	**747**	**1,419**	**614**	**696**	**1,310**	**8%**

d) Professional classification

	2020			2019			
DISTRIBUTION DISMISSALS BY PROFESSIONAL GROUP*/GENDER	**Men**	**Women**	**TOTAL**	**Men**	**Women**	**TOTAL**	**Total variation**
1	1	5	**6**	1	6	**7**	**-14%**
2	42	31	**73**	26	20	**46**	**59%**
3	85	113	**198**	79	92	**171**	**16%**
4	138	111	**249**	130	105	**235**	**6%**
5	229	215	**444**	225	218	**443**	**0%**
6	84	120	**204**	68	103	**171**	**19%**
7	62	126	**188**	62	135	**197**	**-5%**
8	3	1	**4**	3	1	**4**	**0%**
0	12	5	**17**	12	5	**17**	**0%**
Subsidiaries	16	20	**36**	8	11	**19**	**89%**
TOTAL	**672**	**747**	**1,419**	**614**	**696**	**1,310**	**8%**

**Professional Group in accordance with the XIX Chemical Industry Collective Agreement..*

- Total number and distribution of employment contract type

a) Gender

	2020			2019			
DISTRIBUTION EMPLOYEES BY CONTRACT TYPE/GENDER	**Men**	**Women**	**TOTAL**	**Men**	**Women**	**TOTAL**	**Total variation**
Permanent full-time	544	589	**1,133**	496	526	**1,022**	**11%**
Permanent part-time	1	7	**8**	-	8	**8**	**0%**
Permanent reduced hours	-	-	**0**	4	35	**-**	**-**
Total permanent	**545**	**596**	**1,141**	**500**	**569**	**1,069**	**7%**
Temporary specific project or service	4	10	**14**	2	1	**3**	**367%**
Temporary work backlog	74	74	**148**	61	48	**109**	**36%**
Temporary substitution contract	5	-	**5**	6	8	**14**	**-64%**
Training/apprenticeship	34	47	**81**	31	51	**82**	**-1%**
Temporary part-time	10	20	**30**	14	19	**33**	**-9%**
Total temporary	**127**	**151**	**278**	**114**	**127**	**241**	**15%**
TOTAL	**672**	**747**	**1,419**	**614**	**696**	**1,310**	**8%**

b) Age

DISTRIBUTION EMPLOYEES BY CONTRACT TYPE/AGE	**18-30**	**31-40**	**41-50**	**51-60**	**>60**	**TOTAL**
Permanent	118	350	411	243	19	**1,141**
Temporary specific project or service	2	5	5	2	-	**14**
Temporary work backlog	47	46	46	6	3	**148**
Temporary substitution contract	2	3	-	-	-	**5**
Training/apprenticeship	69	10	1	1	-	**81**
Temporary part-time	-	-	-	-	30	**30**
TOTAL	**238**	**414**	**463**	**252**	**52**	**1,419**

c) Professional classification

DISTRIBUTION EMPLOYEES BY CONTRACT TYPE/PROFESSIONAL GROUP*	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**0**	**Subsid-iaries**	**TOTAL**
Permanent	6	19	135	211	370	168	186	4	17	25	**1,141**
Temporary specific project or service	-	2	6	2	2	2	-	-	-	-	**14**
Temporary work backlog	-	51	44	11	21	9	1	-	-	11	**148**
Temporary substitution contract	-	1	-	1	2	1	-	-	-	-	**5**
Training/apprenticeship	-	-	5	11	41	24	-	-	-	-	**81**
Temporary part-time	-	-	8	13	8	-	1	-	-	-	**30**
TOTAL	**6**	**73**	**198**	**249**	**444**	**204**	**188**	**4**	**17**	**36**	**1,419**

**Professional Group in accordance with the XIX Chemical Industry Collective Agreement.*

- Number of dismissals by:

a) Gender

DISTRIBUTION DISMISSALS BY GENDER	2020	2019	Total variation
Men	13	22	-41%
Women	5	17	-71%
TOTAL	**18**	**39**	**-54%**

b) Age

	2020			2019			
DISTRIBUTION DISMISSALS BY AGE/GENDER	Men	Women	TOTAL	Men	Women	TOTAL	Total variation
18-30 years	1	-	**1**	1	2	**3**	**-67%**
31-40 years	3	-	**3**	5	10	**15**	**-80%**
41-50 years	8	3	**11**	8	5	**13**	**-15%**
51-60 years	1	2	**3**	8	-	**8**	**-63%**
>60 years	-	-	**-**	-	-	**-**	**-**
TOTAL	**13**	**5**	**18**	**22**	**17**	**39**	**-54%**

c) Professional classification

	2020			2019			
DISTRIBUTION DISMISSALS BY PROFESSIONAL GROUP*/GENDER	Men	Women	TOTAL	Men	Women	TOTAL	Total variation
1	-	-	**-**	-	-	**-**	**-**
2	-	1	**1**	4	3	**7**	**-86%**
3	5	1	**6**	4	3	**7**	**-14%**
4	2	1	**3**	-	1	**1**	**200%**
5	4	-	**4**	10	7	**17**	**-76%**
6	1	-	**1**	3	2	**5**	**-80%**
7	1	2	**3**	1	1	**2**	**50%**
8	-	-	**-**	-	-	**-**	**-**
0	-	-	**-**	-	-	**-**	**-**
TOTAL	**13**	**5**	**18**	**22**	**17**	**39**	**-54%**

**Professional Group in accordance with the XIX Chemical Industry Collective Agreement.*

- Average remuneration by:

a) Gender

AVERAGE REMUNERATION BY GENDER	2020	2019	Total variation
Men	38,677 €	36,782 €	5%
Women	35,410 €	35,244 €	0%
AVERAGE	**37,044 €**	**36,013 €**	**3%**

b) Age

	2020		2019		
AVERAGE REMUNERATION BY AGE/GENDER	**Men**	**Women**	**Men**	**Women**	**Total var.**
18-30 years	24,737 €	25,705 €	22,813 €	28,091 €	**-1%**
31-40 years	30,216 €	34,177 €	29,893 €	34,909 €	**-1%**
41-50 years	42,890 €	38,655 €	44,772 €	41,400 €	**-5%**
51-60 years	51,676 €	42,276 €	48,836 €	40,914 €	**5%**
>60 years	60,862 €	33,752 €	51,672 €	36,987 €	**7%**

c) Professional classification

	2020		2019		
AVERAGE REMUNERATION* BY PROFESSIONAL GROUP / GENDER**	**Men**	**Women**	**Men**	**Women**	**Total variation**
1	16,447 €	18,304 €	16,000 €	17,262 €	**4%**
2	17,467 €	18,235 €	17,117 €	18,095 €	**1%**
3	19,408 €	20,901 €	19,137 €	21,510 €	**-1%**
4	26,734 €	26,299 €	26,350 €	25,951 €	**1%**
5	36,683 €	34,342 €	36,492 €	33,925 €	**1%**
6	43,441 €	36,584 €	43,960 €	34,910 €	**1%**
7	57,045 €	53,880 €	53,905 €	50,705 €	**6%**
8	113,338 €	105,013 €	104,044 €	102,851 €	**6%**
0	223,139 €	135,803 €	226,024 €	132,203 €	**0%**
Subsidiaries	81,134 €	58,366 €	71,545 €	66,091 €	**1%**

** Does not include scholarship remuneration, since scholarship-holders do not have a Professional Group.*
*** Professional Group in accordance with the XIX Chemical Industry Collective Agreement.*

The above remuneration figures contain the items relating to fixed remuneration and variable remuneration (commissions and bonuses).

- Average remuneration of management

As of 31 December, 2020 and 2019, the Management Committee had 12 members, three of whom were members of the Board of Directors.

The average remuneration accrued by the members of the Company's Management Committee in 2020, including fixed and variable remuneration and remuneration in kind, was 264,615 euros for men and 153,713 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.

A table with the above data is shown below:

	2020			2019			
AVERAGE REMUNERATION OF MANAGEMENT COMMITTEE /GENDER	**Men**	**Women**	**AVERAGE**	**Men**	**Women**	**AVERAGE**	**Total variation**
Fixed remuneration	188,677 €	116,229 €	**152,453 €**	179,399 €	113,333 €	**146,366 €**	**4%**
Variable remuneration	63,667 €	28,333 €	**46,000 €**	61,444 €	28,333 €	**44,889 €**	**2%**
Payment in kind	12,272 €	9,151 €	**10,712 €**	10,944 €	6,977 €	**8,961 €**	**20%**
AVERAGE TOTAL	**264,615 €**	**153,713 €**	**209,164 €**	**251,787 €**	**148,643 €**	**200,215 €**	**4%**

- Pay gap

ROVI is committed to applying 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.

To ensure the foregoing, ROVI believes that regular analysis and monitoring of the gender pay gap is the tool required to ensure that the principle of wage equality is applied, since, through a regular assessment of indicators that show wage differences by job and gender, it is possible to guard against any possible differences between genders and reduce them.

As a result of the foregoing, in 2018, ROVI engaged the consultancy firm PricewaterhouseCoopers Auditores S.L. to carry out a limited assurance review of pay gap indicators by professional group in Group companies. The indicators were drawn up 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.).

In 2019, ROVI updated the data as of 31 December and the indicators obtained led to the same conclusion. There is no gender wage discrimination or remuneration differences that are not based on personal or job-related factors.

Taking a further step forward in continuing with the commitment to equality and the regular monitoring of the wage gap, in 2019, ROVI began to prepare a new Equality Plan, based on the requirements of Royal Decree Law 6/2019 on Urgent Measures for Equal Treatment and Opportunities for Men and Women in Employment and Occupation. The Plan included a regular review of wages by gender in order to detect any possible pay gap and, if required, take the measures necessary to correct it. The consultancy firm PwC (PricewaterhouseCoopers) and an Equality Commission including the Company's principal interlocutors took part in preparing said Equality Plan.

However, the surprising publication of Royal Decrees 901/2020 and 902/2020 of 13 October, which regulated equality plans and the registration thereof and amended Royal Decree 713/2010, and Royal Decrees 901/2020 and 902/2020 of 13 October on equal remuneration for men and women led to substantial changes in the methodology for preparing the plan and in the Company's obligations. Therefore, the Equality Plan has been updated within the framework of the new legislation and is expected to be published during the first few months of 2021.

- Disconnection from work

Before Royal Decree-Law 8/2019 of 8 March on Urgent Measures for Social Protection and the Fight against Job Insecurity in the Workplace (the "Royal Decree") was promulgated. ROVI already aimed for its employees to be able to enjoy their time off effectively and conserve their personal and family privacy. To do this, ROVI has encouraged practices 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.

When the aforementioned Royal Decree-Law 8/2019 was promulgated, ROVI included a Digital Disconnection Protocol in its Agreements with the Workers' Representatives and its Working Day Register Policies. This regulates ROVI's commitment not to require its employees to connect to the Company's digital systems, e-mail or telephone once the working day fixed for each worker has concluded.

- Employees with disabilities

As a socially responsible company, ROVI maintains a commitment to mainstreaming people with disabilities in the workplace. Having a job allows both their incorporation into the workplace and a decrease in the risk of social exclusion, with the adverse social and financial consequences that this implies. In addition, the spirit of sacrifice and desire to improve of differently-abled people provides added value to the Company and enriches it.

As an expression of its commitment to mainstreaming people with disabilities in the workplace, ROVI fosters their joining its personnel. Thus, in 2020, the number of people with disabilities who formed part of ROVI's direct workforce had increased in comparison with the preceding year. At 31 December, 2020, there were 26 employees, in comparison with 25 the previous year. Additionally, in 2020, 7 people were working for the company through a temporary employment company, making a total of 33.

The Group holds agreements with the Fundación Prods, the Fundación Manantial and the Associación Síndrome de Down in Granada whereby it conducts supported employment programmes aimed at the workplace inclusion of persons with intellectual disabilities. ROVI firmly believes that, when person with intellectual disabilities receive the training and support necessary, they provide the best of their personal, social and employment abilities and perform high-quality work.

To complement the foregoing, ROVI carries out actions to foment the social integration of this group 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 help for the social inclusion of persons with intellectual and/or physical disabilities by organising leisure and sports activities, which are difficult for these people to access. Likewise, Special Employment Centres are its service providers in several different areas of the Company's activity (to consult these two spheres of action, please see section 7.1 Commitment to sustainable development).

4.2. Organisation of work

The world health crisis that affected us for a large part of 2020 and continues at the date of publication of this text has led to the need to adapt the way in which all ROVI's employees provide their services to this unusual situation. This has had consequences in practically all areas of the employment relationship, including the place in which a large part of the employees provide their services, the way in which working hours are recorded and the organisation of work time. It has also affected the level of absences from work in the year and employee remuneration. Thus, in the worst moments of the crisis, between mid-March and June 2020, ROVI Group employees who were physically present at work received an economic reward equivalent to 20% of their salary for the period.

- Working day register

Royal Decree-Law 8/2019 of 8 March on Urgent Measures for Social Protection and the Fight against Job Insecurity in the Workplace amended article 34.9 of the Workers' Statute by requiring a working day register, which must include the specific starting and finishing times of the working day of each worker. The foregoing falls within the framework of the public authorities' intention, which ROVI shares, to ensure compliance with the limits on working hours, create a framework of legal certainty, protect workers against abuse of their working time, avoid fraud in providing and paying social security contributions on overtime and favour the work-life balance.

The working day register has never been the cause of any conflict in the organisation, since it was introduced into the Group decades ago. Likewise, office workers and those holding positions of responsibility have always worked on a flexible basis in an environment of mutual trust.

In this context, ROVI has adapted the working hours system to the new requirement of the Royal Decree by developing rules on time checks that are a continuation of the policy that has been implemented in the organisation for decades, likewise including the specific features of certain jobs for which these checks are more complicated, putting guidelines in place to ensure legal certainty and the rights of both the workers and the organisation.

The COVID-19 health crisis has brought a generalised use of teleworking to all the jobs where physical presence at the work centre is not indispensable and which permit distance working. The ease of implementing it and efficiency in the work performed have been variable in different jobs, but, however, prevention measures, the employees' health and public health have been given priority over any other criterion. During this crisis, all the office staff who do not necessarily need to be present at the work centre have worked from home. The percentage of teleworking has varied between 100% and 70%, depending on the severity of the different waves of the crisis, the need for a work-life balance and the health of each employee.

The foregoing has led to the adaptation of the already existing working hours registration system, where people clocked in physically on the company's premises, and the implementation of a clocking-in system better adapted to teleworking.

- 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, ROVI 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.

The health crisis has also had an effect on the organisation of the work of shift workers who use the plants' changing rooms. COVID-19 has led to the need to disinfect the changing rooms at each change of shift for appropriate prevention and workplace safety. Additionally, there have been other changes. Thus, some shifts and lines have had to end their working day earlier, while others have had to extend it to avoid stopping production, with the damage this would cause. In cases where the working day has had to end early, no penalty has been applied to the workers' salaries and, when the working day has had to be extended, the workers have been compensated either economically or with time off.

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.

Employees in this area have also suffered changes in the organisation of their work due to of the health crisis. This has been because of the generalised restrictions on in-person medical visits that the health authorities have established to a greater or lesser degree in each wave of the crisis. In general terms, the change has entailed replacing in-person visits by digital interactions, videoconferences, virtual medical visits and other actions adapted to the aforementioned restrictions.

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

- Absence from work

The health of its workers is a fundamental factor for the proper operation of ROVI's activity, not only because a healthy workforce allows the activities planned and programmed to be carried out, but also because the well-being of the workforce benefits the organisation overall, their families and society in general.

Because of this, ROVI prepares and monitors, on a monthly basis, a series of indicators to periodically monitor, monthly and annually, absences, distinguishing between different types depending on the reasons for them. The indicators are analysed to determine possible areas in which the Group might act in order to reduce absences. Additionally, they are compared with the preceding annual period to observe how they evolve over time.

The indicators show that the level of absences in ROVI in 2020 was below those of the sector in which it operates.

The following tables show a summary of the absolute absence rates in 2020 and 2019 for accidents at work, occupational diseases, common contingencies and, for 2020, information on sick leave due to COVID-19 in Spain. It is worth noting that the data on the last of the aspects mentioned, which are better than the sector average, have been possible partly due to the different prevention measures that ROVI introduced at an early stage at the beginning of the crisis. These are described later and range from taking the employees' temperatures, the use of disinfectant gels, continual disinfection of work areas, the availability of taxis to travel to work when this was necessary in the most severe phase of the crisis, and testing employees, among others.

ECONOMIC GROUP: 28/12/51 – ROVI GROUP
PERIOD: JANUARY TO DECEMBER
COMP. SECTOR CNAE21 – MANUFACTURE OF PHARMACEUTICAL PRODUCTS

SUMMARY OF SICK LEAVE RATES IN THE PERIOD

	2020		2019	
	ECONOMIC GROUP	COMP. SECTOR	ECONOMIC GROUP	COMP. SECTOR
Total SL rate	3.34%	4.39%	2.52%	3.43%
SL rate: AW & OD	0.14%	0.16%	0.26%	0.20%
SL rate: CC	2.42%	3.39%	2.26%	3.23%
SL rate: COVID-19	0.77%	0.83%	0.00%	0.00%

SL: Sick leave
AW: Accident at work
OD: Occupational diseases
CC: Common contingencies

Source: Mutua de Accidentes de Trabajo FREMAP. Informe Anual de Absentismo Global GRUPO ROVI.

	2020				2019			
	Days sick leave	Days worked	Absence rate	Sector absence rate	Days sick leave	Days worked	Absence rate	Sector absence rate
TOTAL	**16,656**	**499,355**	**3.34%**	**4.39%**	**12,000**	**476,347**	**2.52%**	**3.43%**

Days sick leave: days sick leave for AW+OD+CC+COVID-19 recorded.

Notional days worked: days worked by each worker in companies with professional and common cover with a mutual society that collaborates with the Social Security. In the file of movements sent by the General Treasury of the Social Security, the days worked in the company by each worker are calculated and the days of all the workers are added together..

Total absolute absence rate: percentage ratio between the days of sick leave (AW+OD+CC+COVID-19) and the notional days worked by each worker in companies with professional and common cover with a mutual society that collaborates with the Social Security (Days sick leave AW+OD+CC+COVID-19 / notional days) * 100.

Sector: Data relating to the group protected by the mutual society that collaborates with the Social Security in the sector and/or region selected.

Source: Mutua de Accidentes de Trabajo FREMAP. Informe Anual de Absentismo Global GRUPO ROVI.

From the data shown for accidents at work, occupational diseases and common contingencies, it may be seen that the number of days of absence was 16,656, equivalent to 133,248 working hours lost, representing an absence rate of 3.34%. There were no occupational diseases among ROVI's employees in 2020.

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

ROVI endeavours to create an environment in the organisation that enables its employees to attain a higher quality of life, with a balance between their personal and family life and progress in their professional careers. To do this, a set of work-life balance measures are in place, with options adapted to different personal and family situations.

ROVI's employees apply the work-life balance measures contained in current legislation and the enhancements introduced by the Collective Agreement of the Chemical Industry, as well as other measures, such as flexible working hours, exchanging shifts or flexibility in the calendars for time off. As we say above in the section on Organisation of Work, ROVI has a flexible starting and finishing times for the working day of office employees and structure employees in the industrial area. Likewise, it allows exchanges of shift or days between co-workers in the industrial area and shorter working days adapted to the needs of each person, also offering flexibility in holiday calendars, provided that this is compatible with the activity of area in which the employee works

ROVI also supports the work-life balance through advantages in the remuneration of its workforce. Thus, it ensures that maternity does not represent any decrease in the usual income of the pregnant woman or the father. In this respect, as an improvement on the government benefits, pays a wage supplement that completes the benefit received from the Social Security to 100% of the employee's 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, in cases where the confidentiality obligations associated to the work documentation 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.

Due to the crisis caused by COVID-19, ROVI has prioritised this factor when organising its employees' work from home. Thus, in those cases where employees included in the teleworking system had difficulties in working the shifts where their in-person presence was required, they were excused from attending and allowed to work 100% of their working hours from home.

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.

Likewise, all ROVI's industrial plants hold OSHAS 18001:2007 Occupational Health and Safety Management Certifications, published on ROVI's website. It is planned for all the systems to migrate to the standard ISO 45001:15, an international standard for occupational health and safety management systems, in 2021.

Specifically, the ROVI Group set a goal of an accident rate (No. of accidents / No. of workers * 100) of 1.3% with sick leave and 3% without sick leave. In addition, each plant, individually, defines specific prevention objectives. Examples of these are:

- Reduction in the number of incidents related to energy and fluid control in comparison to the last two years.
- Elimination of the manual loading of solid chemical products into several production tanks.
- Continuation of the blockout-tagout assessments.

The principal occupational hazards identified by ROVI, following 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 are represented.

Likewise, 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 sport among the employees and participation in races, among others, and, during 2019, conducted the campaign "Every Superhero has his protection equipment" to raise awareness regarding the responsible use of Personal Protection Equipment (PPE).

During 2020, the priority in occupational health and safety management was focused on prevention of the impact of the COVID-19 pandemic. All the protocols necessary for early detection of cases in ROVI, as well as the evaluation of close contact, were established, and multiple safety measures were introduced to prevent contagions in the work environment, such as checking temperatures at the accesses to all our plants, the obligatory use of masks, the determination of safety distances, revision of workstations, encouragement of teleworking, increase in disinfections, etc.

The following are the indicators for accidents at work in 2020 and 2019:

WORK ACCIDENT FREQUENCY RATE (*) BY GENDER	2020	2019	Annual variation
Men	2.143	7.678	-72%
Women	6.769	11.540	-41%
TOTAL	**4.574**	**9.652**	**-53%**

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

WORK ACCIDENT SEVERITY INDEX (*) BY GENDER	2020	2019	Annual variation
Men	0.039	0.604	-94%
Women	0.290	0.405	-28%
TOTAL	**0.171**	**0.503**	**-66%**

** Index calculated as No. working days los / No. hours worked * 1000*

WORK ACCIDENT INCIDENCE RATE (*) BY GENDER	2020	2019	Annual variation
Men	0.595	2.280	-74%
Women	1.874	3.161	-41%
TOTAL	**1.268**	**2.778**	**-54%**

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

The following shows the number of accidents at work in 2020 and 2019 broken down by gender:

NO. ACCIDENTS AT WORK BY GENDER	2020	2019	Annual variation
Men	4	14	-71%
Women	14	22	-36%
TOTAL	**18**	**36**	**-50%**

Note: accidents on the way to work and data of ROVI group employees are included. Information on personnel hired through temporary employment companies is excluded. In addition, a working day of 8 hours has been used to calculate the number of working days lost.

During 2020, no sick leave due to occupational diseases was taken by ROVI employees. In addition, the above data do not include sick leave caused by COVID-19.

4.4. Labour relations

ROVI is convinced that labour relations with the workers' representatives must be based on an environment that allows for a constructive and trusting relationship. To do this, it bases its labour relations on transparency, strict compliance with the law and constant respect for and dialogue with its social partners, the workers' representatives.

Dialogue with the workers takes place with smooth communication using all the resources available, especially meetings, both regular, 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 2020, labour relations ran as normal without any conflictive incidents. During the year, numerous meeting were held for negotiations or information and consultation on a number of matters, such as the preventive measures applied by ROVI in relation to the pandemic, the extension of working hours in critical areas of the manufacturing process for the same reason, the application of the antigen test to employees in the industrial area, the work calendar or the application of measures in the work shifts aimed to improve the shift cycles.

It is very important to the organisation that its employees are kept informed of all aspects that are important to ROVI. Therefore, the Group 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 their work and those who do not. Thus, communication takes place through the internal television channel, notice boards, e-mail or the mobile phone application (Rovi Rocks).

This application, for internal use by ROVI employees, allows them to keep updated on new developments in the Company, in addition to including some very useful information, such as an employee directory with their contact phone numbers, the confidential consultation channel *Canal Ético*, or the section *Ideas ROVI*, through which employees may submit improvement proposals for the Group.

Additionally, the application allows the employee to enter an area of discounts and groups that are exclusive to ROVI employees and also includes a virtual library section (called Roviteca), where they can access a catalogue of more than 2,000 titles of all kinds: novels, educational, magazines, children's books, classics, etc.

This application has been especially useful to swiftly communicate the measures applied by the health authorities and the company during the pandemic caused by COVID-19.

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. 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 Group'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 personal 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

The Group knows that making training a priority is a long-term investment so that ROVI'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 or 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.

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 Group 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 Group, 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 Group 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 2020	TOTAL 2019	Var. Total
TOTAL HOURS OF TRAINING BY PROFESSIONAL GROUP	0.0	1,182.6	4,339.0	5,844.0	10,611.0	4,590.0	4,098.0	56.4	103.6	**30,824.0**	**28,163.9**	**9%**

**Professional Group in accordance with the XIX Chemical Industry Collective Agreement.*

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

Full social and workplace mainstreaming of persons with disabilities is hindered, firstly, by the physical obstacles to access to the work environment. In addition, the difficulty in using tools, objects and products irrespective of the person's technical, cognitive or physical skills is a further hurdle. ROVI believes that full and complete mainstreaming requires both types of barrier to be overcome.

To overcome the physical barriers, ROVI is endeavouring for the work centres where it carries on its activities to be accessible for everyone safely, comfortably and independently. For this to materialise, the new plans for remodelling works on work centre accesses include accessibility for persons with disabilities as one of the design premises.

To make the products marketed easier to use, they are labelled in Braille, so that the visually impaired can use them autonomously. Thus, the purpose for which they were designed is fully attained. Likewise, ROVI adapts the workstation and the work tools to the needs of the employees who are going to use them.

For ROVI, it is also important for its employees to be sensitised to the difficulties of persons with disabilities. Therefore, at the same time as the actions to favour accessibility, ROVI fosters sensitisation as the primary tool to combat the barriers that exist for people with disabilities. In this respect, it carries out corporate volunteering activities with non-profit entities engaged in the social mainstreaming of persons with mental and intellectual disabilities.

This allows employees to obtain first-hand knowledge of the main barriers that people with disabilities have to overcome in their everyday life. These activities are broadcast on the organisation's internal television channel and included in the periodic internal publications. Thus, the Group's commitment to accessibility and inclusion is shared with the employees, in order to raise disability awareness and combat the discrimination suffered by this group of people.

4.7. Equality

ROVI is convinced that real equality in treatment and opportunities for women and men is indispensable in order for the company to make good use of all the talent available and to prevent this talent from remaining hidden and unused as a result of practices that prevent or restrict it from being fully expressed.

As a consequence of the foregoing, ROVI is committed to establishing and developing polices 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.

Likewise, 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, the organisation carries out an integrated activity covering the following spheres: Equality, Code of Ethics, Protocol for the Prevention and Handling of Cases of Moral and Sexual Harassment, and Ethics Channel.

ROVI had an Equal Opportunities Plan for men and women until 2019, in accordance with the legislation in force until said year. As a derivative of this Plan, the Equality Opportunities Commission was created, with the main mission of making a diagnosis and monitoring the measures implemented to ensure equal opportunities and non-discrimination, as well as fostering the inclusion of new actions in this respect.

As mentioned above, during 2020, the ROVI Group worked to implement an Equality Plan in line with the regulatory framework set out in Royal Decree-Law 6/2019. The consultancy firm PwC (PricewaterhouseCoopers) and an Equality Commission formed by the Company's main interlocutors took part in preparing said Equality Plan.

However, the surprising publication of Royal Decree 901/2020 of 13 October, which regulated equality plans and the registration thereof and amended Royal Decree 713/2010, led to substantial changes in the methodology for preparing the plan and in the Company's obligations. Therefore, the Equality Plan has been updated within the framework of the new legislation and is expected to be published during the first few months of 2021.

ROVI's commitment to equality and non-discrimination is also set out in the Group'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.

Finally, to ensure that any reports that may be received informing of a violation of the aforementioned Protocol, the Code of Ethics or, in general, of 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 when handling or processing any reports or notifications received and ensures that, when faced with an action that potentially contravenes the Company's principles and values, the organisation 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, Poland 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. ROVI 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 (v) accounting and financial standards. Said Ethics Channel has Regulations that were approved by the Board of Directors on 7 November, 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 ROVI Group Ethics Channel is also open to suppliers. This is so much the case that (i) the Code of Ethics for Suppliers establishes the obligation for the suppliers to notify the same breaches and (ii) obliges our suppliers to inform their employees and subcontractors of the existence of this Channel. Likewise, in ROVI's general contracting conditions, the same obligations are passed on to our suppliers.
- 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.
- Likewise, the ROVI Group has commenced a project intended to provide a due diligence procedure for suppliers. This procedure will be executed by an external service provider and will furnish information on the following aspects: (i) environmental performance, (ii) social performance and (iii) ethics performance, all aspects related to respect for workers' rights and human rights being included within the assessment.

- Number of reports of human rights violations:

It may be deduced from the solutions given to the complaints lodged through the Ethics Channel in 2020, all of which have now been resolved, that none of the cases entailed a human rights violation.

- 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 abolition of forced or compulsory labour; the effective abolition of child labour:

Please see 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 government 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 annually 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 unlawfully 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 10 September, 2020) 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. Likewise, in compliance with said Code, all transfers of value to health professionals and health organisations are disclosed annually.

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

ROVI is considered a NON-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 (our ERP). 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 that includes a list of the criteria used to select each type of supplier. It provides for an initial evaluation and another periodic evaluation. It is used to draw up a list of approved suppliers kept by the Quality Department.
- Supplier engagement and payment policy: (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 in 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 minimise 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 Panquímica – it represents roughly 5% of the total collections of Panquímica 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 for 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 approves or rejects the Group’s donation requests, as appropriate. This procedure came into force in July 2018 and was amended on 6 November, 2019.

In 2020, a total of 144,406 euros was contributed to foundations and non-profit entities through donations (69,000 euros), co-operation agreements (48,906 euros) and sponsorships (26,500 euros).

7. INFORMATION ABOUT THE SOCIETY

7.1. Commitment to sustainable development

ROVI carries on its activity at different work centres located in Madrid, Alcalá de Henares, Pozuelo de Alarcón and San Sebastián de los Reyes (Madrid Region) and in Granada (Andalusia). It also has an extensive sales network deployed throughout Spanish territory and composed of more than 250 people and has subsidiaries in Germany, France, Italy, Poland, Portugal and the United Kingdom. From these subsidiaries, ROVI contributes to local development by creating and maintaining stable, high-quality employment, where 53% of its employees hold a university degree. In 2020, ROVI's growth continued along an upward path, as may be seen from the employee data shown in Section 4.1 Employment of this report. Many of the new workers hired were for the production area, both to carry out the COVID-19 vaccine manufacturing project for Moderna in order to supply the whole world except the United States, and to increase the manufacturing capacity for low-molecular-weight heparin (LMWH), which are included as treatment for COVID-19 and classified as essential medicines during the pandemic by both the Ministry of Health and the World Health Organisation (WHO).

As a sample of ROVI's commitment to transparency, the Group voluntarily submitted itself to an assessment by Sustainalytics, a leading global company in rating corporate social responsibility. On the basis of analysing criteria such as corporate governance, business ethics, product handling and access to the services, bribery and corruption, and human capital, a classification of companies is established based on their ESG (Environment, Social and Governance) rating. ROVI obtained a rating of 21.8 points, which places the Group in a medium-low risk position in respect of suffering material financial impacts. This rating is the second highest from among the 360 international pharmaceutical companies assessed by Sustainalytics and the 30th of the 750 sector companies that took part (biotechnology companies, healthcare equipment companies and pharmaceutical laboratories).

Aware of the need to contribute, as a company, to the economic and social development of the areas where it is present, ROVI carries out a large variety of activities locally, seeking the general goals of actively contributing to social progress, promoting health, fomenting research, a commitment to training and environmental protection. Some of the actions taken in 2020 are listed below:

Social protection and mainstreaming of people with disabilities

- Fundación Manantial, with which ROVI has an employment programme for people with mental illnesses. It began in 2019 when the first people joined the Alcalá de Henares production plan and was extended to the Julián Camarillo plant (Madrid) in 2020.
- Down Granada works helping young people in Granada with Down's Syndrome to enter the labour market in local companies and has co-operated with ROVI in training one of its young women to perform administrative tasks at the plant in the Health Technology Park (Granada).
- Fundación Prodis, with which ROVI has an employment program for young people with intellectual disabilities at the Pozuelo and Julián Camarillo offices (Madrid).
- ISS Facility Services (Gelim), which provides cleaning services at ROVI's offices. With the outbreak of the pandemic, ROVI intensified the usual cleaning services, including new daily routines with virucides at the work centres (office workstations, changing rooms, common areas, etc).

- Ilunion, which provides laundry services for plant clothing.
- Fundación A la par, engaged in the social and workplace integration of people with intellectual disabilities, which cleans the pallets used at the plants of Rovi Pharma Industrial Services.
- Fundación Deporte y Desafío, a non-profit organisation dedicated to mainstreaming disability sport. In 2020, ROVI strengthened the co-operation agreement with this association to conduct adapted skiing courses at the Madrid Xanadú shopping centre.
- Fundación También. This non-profit organisation works to include people with disabilities in sport. As it does each year, ROVI collaborated in acquiring adapted skiing material for the association.
- Cruz Roja Granada, with which ROVI collaborated in its assistance programme for disadvantaged families in Granada especially affected by coronavirus.

Knowledge sharing

- V OCARE Prizes (Observatory of Corporate Responsibility Communication and Action), which recognized the best communication campaigns by companies in the CSR area and which, for a further year, was sponsored by ROVI.

Corporate volunteering and charity races

In 2020, the number of activities with active participation of ROVI employees was reduced due to the restrictions applied to group activities because of the pandemic. Notwithstanding, the following list of activities was organised from the CSR area:

- IX Charity Race for Mental Health, organised by Fundación Manantial in Madrid (16 February), of which ROVI was the main sponsor. A group of 40 employees and members of their families took part in this charity race, which endeavours to raise awareness among the population of mental illnesses.
- Adapted ski campus with Fundación También, held in Sierra Nevada (Granada) between 14 and 16 February, 2020.
- V 100 Km Race for Africa, of Fundación Recover. In June, a group of 66 employees and members of their families took part in the challenge of completing 100 Km of this virtual race, the funds from which were used to combat COVID-19 in Africa.
- 9th Madrid También Solidario Race of Fundación También. Held virtually between 2 and 25 October, a group of 100 employees and members of their families took part in one of the three versions of this charity race: 1, 5 and 10 kilometres.

In addition, ROVI was a collaborating entity in the individual charity race *Muévete por la salud*, organised by Fundación Cofares and held between 5 and 8 December, the funds from which were used to cover the basic needs of hygiene and food items for groups that were vulnerable due to the COVID-19 pandemic.

Donations Committee

During 2020, 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 Practice for the Pharmaceutical Industry, ROVI's Code of Ethics, and the Social and Environmental Sustainability Policy. From among the social and humanitarian proposals approved by the Donations Committee in 2020, the following may be highlighted:

- International co-operation:

  - Fundación Recover, cooperating with its programmes to improve healthcare in Africa.
  - Fundación para el Desarrollo Integral de los Pueblos, with which ROVI co-operates in the acquisition of teaching and educational material for schools in Callao (Peru).

- Social protection:

  - Fundación La Sal de la Tierra (Alcalá de Henares), by donating industrial kitchen material that has been reused for the soup kitchens they have in Alcalá de Henares, Alicante and Vigo.
  - Fundación Alentia, a private non-profit organisation whose purpose is to help minors who have suffered traumatic or unfavourable life experiences by donating laptops and tablets for the Children's Homes of the Madrid Region, to enable the minors who live there to continue their studies online during the confinement.

- Employee proposals:

  In order to favour employee participation in ROVI's social action, an option has been provided for employees to propose charitable associations with which the Group might co-operate. From among the suggestions received, choosing on the basis of the relationship with the Group's Environmental and Social Sustainability Policy, the Donations Committee approved economic contributions to the following entities:

  - Alcer Granada. This is an association that fights against kidney disease and defends the rights of kidney-disease patients in Granada.
  - Ambulancia del Último Deseo. A foundation that tries to grant the wishes of terminal and/or paralysed patients.
  - Somos NUPA. An association that helps children and adults with multivisceral transplants and those affected by intestinal failure and parenteral nutrition in the Intestinal Rehabilitation Unit at the La Paz Children's Hospital in Madrid.
  - Asperger Madrid. An association that works to educate and integrate people on the autist spectrum in Madrid.
  - Asociación Uniendo Sonrisas para el Bierzo. Association created by a group of mothers of children in hospital that collaborates with the El Bierzo Hospital (León) to improve the experience of children in hospital by organising leisure and educational workshops, etc.

Contribution to COVID-19

During the first wave of the pandemic in Spain, in March 2020, at the time when the health services were in a state of collapse and were having huge difficulties in accessing basic protection material, ROVI made a donation of a million masks and more than 1,000 protection suits to the National Health Management Institute (INGESA), which reports to the Ministry of Health.

Additionally, for the rest of the year, ROVI continued to make donations by contributing healthcare equipment considered especially useful for healthcare workers during the pandemic. Specifically, the following were donated:

- 241,000 surgical masks to 154 hospitals.
- 48 portable ultrasound machines to 41 hospitals.
- 2,345 stethoscopes to 90 hospitals.
- 2,710 pulse oximeters to 106 hospitals.

Commitment to research

ROVI is fully committed to supporting research and uses a significant part of its resources to promote it. Although, on occasions, the economic circumstances are particularly difficult, it is up to all of us to prioritize research and development in order to respond to the huge challenges that exist in health matters. Therefore, over recent years, ROVI has been carrying on intensive research activity with the intention of fomenting the prevention and knowledge of certain diseases, in order to improve patient health and quality of life.

At the same time, ROVI strongly supports collaborative research and is aware that the formation of research consortia is, today, a need and requirement of the “knowledge society”. Therefore, it has, for years, endeavoured to hold collaboration agreements with other leading benchmark companies in the sector, biotechnological companies, spin-offs, universities and public research centres, thus reflecting its commitment to creating a dynamic ecosystem of knowledge excellence at national, inter-institutional and multidisciplinary level.

This research work is reflected in the support received by the Group’s main research lines from an important national entity, such as the Industrial Technological Development Centre (CDTI), and regional entities such us the Technological Corporation of Andalusia (CTA) and the *IDEA Agencia*, which made several visits to evaluate and monitor projects during 2020.

The COVID-19 pandemic activated numerous research initiatives seeking to generate scientific information and evidence about the disease, its effects and the possible ways to tackle it. Along these lines, ROVI reached a collaboration agreement with the HM Hospitales group to fund a clinical trial analysing the efficiency and safety of bemiparin in patients in hospital with pneumonia due to COVID-19 and D-dimer of over 500ng/ml, as well as another collaboration agreement with the University of Navarra to carry out an open-label randomised clinical test to evaluate to effect of prophylactic or therapeutic doses of bemiparin in patients with COVID-19 (BEMCOP).

Commitment to training

In order for qualified students to enter a work environment and improve their skills, knowledge and experience, ROVI has a training programme underway in the organisation. In this respect, there are collaboration 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 2020, ROVI awarded scholarships to 33 people, 7 of whom obtained an employment contract with the Group after their scholarship had ended.

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. For ROVI, It is indispensable to ensure a supply chain that respects the principles of corporate social responsibility assumed by the ROVI Group. For this reason, ROVI undertakes to promote CSR-related values among its suppliers and subcontractors of goods and services.

Suppliers are a stakeholder group of strategic interest in relation to the Group's activities. For this reason, ROVI has put in place a series of specific action principles aligned with the ROVI'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:

- Abolition of forced labour.
- Abolition 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 addition to the aforementioned Code, ROVI has a supplier selection and monitoring policy that includes a list of the criteria used to select each type of supplier. The procedure provides for an initial evaluation and another periodic evaluation. It is used to draw up a list of approved suppliers, kept by the Quality Department.

Among the criteria it includes, ROVI maintains a constant focus on equal opportunities, occupational safety or care of the environment and 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. In this respect, in 2020, ROVI adhered to the EcoVadis platform, a tool that allows assessments of the corporate social responsibility of Group suppliers to be conducted and areas for improvement and corrective actions to be identified. At the time of preparation of this report,

ROVI and EcoVadis are compiling the first assessment questionnaires and inviting other suppliers who are not assessed by this platform to join.

As mentioned previously, attention should be drawn to the fact that 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, meaning that supplier non-compliance in respect of human rights is considered limited and controlled.

Additionally, regarding the environment, as mentioned 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 both their own safety and health and the safety and health of their workers.

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 organisation. 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.

An aspect to highlight in supplier evaluations is that, in 2020, the on-site audits were replaced by remote audits (on-line) to check that suppliers were operating in accordance with the national and local regulations that affect our products, that there were no important breaches in respect of workplace safety and that there were no practices that violated the workers' rights. Among other aspects, the auditors ensured that a safe working environment was provided, environmental legislation was respected and employees were not subject to abuse or discrimination.

To complement the foregoing, due to the continuous revision and improvement of ROVI's tax policies regarding tax evasion and the prevention of money-laundering, the internal procedure concerning double taxation continues to be updated and distributed. In 2020, internal training was given to company employees who deal with local and foreign suppliers, in order to inform them on the importance of the residency certificate in relation to the Double Taxation Treaty and avoid running any tax risks.

In 2020, ROVI strove to maintain adequate communication with both its existing and new suppliers, in line with its Communication and Transparency Policy. In this respect, they were informed of the procedures for continual improvement implemented to optimise and ensure the process of accounting for invoices, placing special emphasis on the management of digital and electronic invoices, in order to optimise and accelerate both the recognition and payment of the invoices.

In accordance with the new processes implemented, in 2020, a communication was sent informing and/or reminding suppliers of the procedure for sending invoices, giving details of the requirements, the incident management process and the procedures aimed to optimise and accelerate the process for accounting for the invoices and the process for paying them. This communication was sent to all new suppliers and to the existing suppliers where deemed appropriate.

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.

Data privacy

The ROVI Group is under the obligation to protect the personal information of customers, patients and professionals. This commitment has materialised in the adoption of a number of measures and the implementation of different procedures intended to ensure the integrity, confidentiality and availability of the data that are processed, as well as safeguarding people's rights and freedoms.

Within the framework of this process of adapting to the European regulations, ROVI, determined to comply with data processing principles and the obligations under the new legislation, has appointed a Data Protection Officer, whose functions include advising the Group on compliance with the new regulatory framework.

In relation to patient information, the ROVI Group has specific procedures that regulate personal data processing in both the pharmacovigilance area and the area of clinical processes. The procedures in place range from how to comply with information obligations, taking account of the recommendations of the Spanish Medicines Agency set out in the *Guide for correct preparation of a patient information sheet and informed consent form*, to exercising the rights of data subjects and the response thereto. Furthermore, the personal data processing procedure in pharmacovigilance includes the case where the notifier of an adverse reaction to a medicine is a health professional or a person other than the patient, in order to ensure the proper processing of the personal data of any data subject; and the data processing procedure for clinical processes regulates not only the processing of the data of the patients participating in clinical trials, but the processing of the data of all data subjects, including the trial personnel.

In relation to professionals, the ROVI Group has carried out an in-depth revision and updating of its privacy policies to ensure fair, transparent and lawful processing of personal information in its inter-relations with them, in order to foster an improvement in attention to patients, correctly establishing the lawful bases of the processes and the mechanisms necessary to obtain the consent on which the data processing is based.

In relation to customers, since almost all of them are legal persons and, therefore, their data are excluded from the scope of application of personal data protection legislation, the ROVI Group applies current legislation to ensure the security of the data of its employees and other third parties whose data must be processed in order to implement the contractual relationship and avoid any alteration, loss, or unauthorised processing or access to said data.

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 their 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 ROVI.

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 accept the voluntary codes that ensure the transparency and veracity of such actions.

Guaranteeing the quality, safety and efficacy of the products that the Group 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 compliance with 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, 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 both the Spanish health authorities and those of the countries to which the products are exported. The exceptional situation created by the pandemic has forced the adoption of new formulas for conducting both the internal and external audits, as well as the inspections by the health authorities, in 2020. In many cases remote audits (held by teleconferencing) were chosen, restricting in-person presence at ROVI's work centres to the indispensable minimum, meeting the highest guarantees of safety and protection against contagion with COVID-19.

ROVI likewise has a Pharmacovigilance System in place, which allows any possible adverse reactions (any harmful and unintended response to a medicine) that arise to ROVI's medicines and healthcare products to be detected. This system means that, if an adverse reaction is notified, the Pharmacovigilance Department analyses whether it could be due to a quality and/or safety problem, thus initiating the process of sign detection that ROVI has implemented, which allows any change in the benefit/risk balance of ROVI's medicines to be detected.

The Pharmacovigilance System allows constant monitoring of the safety of the medicines, evaluating the safety information received through different channels, such as, for example, spontaneous notifications from patients and health professionals, health authorities, or scientific studies or publications.

ROVI's Pharmacovigilance Department has a communication channel in place by e-mail (farmacovigilancia@rovi.es) or telephone [(+34) 91 021 30 00], both of which may be accessed through ROVI's website (www.rovi.es).

Complaints system: complaints received and solution thereto

When any customer or health professional contacts ROVI to notify a claim or complaint, the Group 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.

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.

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 (see previous section).

The data on complaints and queries made by customers in ROVI's to ROVI companies are shown below:

		CUSTOMER COMPLAINTS		CUSTOMER QUERIES: QUALITY & THERAPEUTIC	
		No. customer complaints	Complaints / million units	No. customer queries	Queries / million units
Laboratorios Farmacéuticos Rovi, S.A.		117	5.68	75	3.64
Rovi Pharma Industrial Services, S.A.	Madrid	249	2.42	0	0.00
	San Sebastián de los Reyes	28	0.58	0	0.00
	Alcalá de Henares	860	13.98	0	0.00
Pan Química Farmacéutica, S.A.		0	0.00	0	0.00
Laboratorios Farmacéuticos Rovi, S.A. perm. est. Portugal		12	15.41	4	5.14
Rovi Biotech, GmbH (Germany)		125	136,¡.26	243	264.89
Rovi Biotech, Limited (United Kingdom)		3	30.29	17	171.62
Rovi Biotech, S.R.L (Italy)		7	4.10	0	0.00
Rovi S.A.S (France)		1	3.46	23	79.47
TOTAL DISTRIBUTION		**1,402**	**5.92**	**362**	**1.53**

(*) Quality queries are those where the patient or health professional asks about the conditions concerning storage, allergens, formula composition or similar. Therapeutic queries are defined as those relating to any scientific information and/or the uses of a product.

7.4. Tax information

ROVI has a corporate 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.

In general, ROVI pays special attention to compliance with the tax obligations applicable in accordance with the territory in which it is operating. Specifically, the following information is provided on taxation in fiscal year 2020 by Company:

Thousands of euros	**Profit after tax**	**Income tax paid**	**Government grants received**
Laboratorios Farmacéuticos Rovi, S.A.	72,119	(3,877)	1,146
Laboratorios Farmacéuticos Rovi, S.A. permanent establishment Portugal	707	(202)	-
Laboratorios Farmacéuticos Rovi, S.A. permanent establishment Poland	(154)	-	-
Laboratorios Farmacéuticos Rovi, S.A. permanent establishment Germany	2,544	-	-
Rovi Pharma Industrial Services, S.A. (*)	33,374	(8,701)	-
Pan Química Farmacéutica, S.A. (*)	387	(97)	-
Gineladius, S.L. (*)	(37)	9	-
Rovi Escúzar, S.L. (*)	(74)	23	-
Bertex Pharma GmbH	-	-	-
Rovi Biotech, Limited	10	-	11
Rovi Biotech, S.R.L.	409	(112)	-
Rovi Biotech, GmbH	623	(164)	-
Rovi S.A.S.	9	-	-
Rovi Biotech spółka z o.o	(4)	(2)	-
TOTAL	**109,913**	**(13,123)**	**1,157**

(*) These companies form part of tax group 362/07, headed by Laboratorios Farmacéuticos Rovi, S.A.

8. TABLE OF CONTENTS OF LAW 11/2018 COMPARED WITH GRI

Code	Information required by Law 11/2018	Relationship with GRI indicators (Guidance only)	Page SNFI
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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.	12-16
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.	9-11
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1.1.4	On application of the precautionary principle.	102-11 Precautionary principle or approach.	9-12
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1.1.44	Measures taken to improve energy efficiency.	302-4 Reduction of energy consumption.	12
1.1.45	Use of renewable energies.	302-1 Energy consumption within the organisation.	12-13 & 15
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.	13-16
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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**		
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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.	17-34
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.	17-34
2. 2	**Detailed information**		
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2.2.3	**Health and safety**		
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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.	29
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	30-31
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2.2.7.1	Measures adopted to promote equal treatment and opportunities for women and men.	401-3 Parental leave.	33-34
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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.	37
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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.	40-50
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.	40-49
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APPENDIX 3

CORPORATE GOVERNMENT ANNUAL REPORT 2020

(see http://www.cnmv.es/Portal/consultas/EE/InformacionGobCorp.aspx?nif=A-28041283)

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

THIS TRANSLATION IS FOR INFORMATION PURPOSES ONLY.

IN THE EVENT OF ANY DISCREPANCY BETWEEN THE SPANISH VERSION AND THE ENGLISH VERSION, THE SPANISH VERSION SHALL PREVAIL.

ISSUER IDENTIFICATION

Year-end date:	31/12/2020
Tax identification No (C.I.F.):	A-28041283

Company name:

LABORATORIOS FARMACEUTICOS ROVI, S.A.

Registered address:

JULIAN CAMARILLO, 35, MADRID

A. CAPITAL STRUCTURE

A.1. Complete the table below with details of the share capital of the company:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
18/10/2018	3,364,137.90	56,068,965	56,068,965

Please state whether there are different classes of shares with different associated rights:

[ ] Yes

[√] No

A.2. Please provide details of the company's significant direct and indirect shareholders at year end, excluding any directors:

Name of shareholder	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
WELLINGTON MANAGEMENT GROUP, LLP	0.00	4.92	0.00	0.00	4.92
T.ROWE PRICE ASSOCIATES, INC.	0.00	3.00	0.00	0.00	3.00
NORBEL INVERSIONES, S.L.	63.11	0.00	0.00	0.00	63.11
INDUMENTA PUERI, S.L.	0.00	5.06	0.00	0.00	5.06

The data have been taken from the official records of the National Securities Market Commission (CNMV).

Breakdown of the indirect holding:

Name of indirect shareholder	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights
WELLINGTON MANAGEMENT GROUP, LLP	DIVERSAS I.I.C.	4.92	0.00	4.92
T.ROWE PRICE ASSOCIATES, INC.	T. ROWE PRICE INTERNATIONAL FUNDS	3.00	0.00	3.00

Name of indirect shareholder	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights
INDUMENTA PUERI, S.L.	GLOBAL PORTFOLIO INVESTMENTS S.L.	5.06	0.00	5.06

State the most significant shareholder structure changes during the year:

Most significant movements

T. Rowe Price International Discovery Fund - a separate series within T. Rowe Price International Funds, Inc. whose funds are managed by T. Rowe Price Associates, Inc. and T. Rowe Price International Ltd. dropped below 3% of share capital on 14/12/2020.

The data have been taken from the official records of the National Securities Market Commission (CNMV).

A.3. In the following tables, list the members of the Board of Directors (hereinafter "directors") with voting rights in the company:

Name of director	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights	% of voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
No data							

Total percentage of voting rights held by the Board of Directors	0.00

Breakdown of the indirect holding:

Name of director	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights	% of voting rights that can be transmitted through financial instruments
No data					

A.4. If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, except those that are reported in Section A.6:

Name of related party	Nature of relationship	Brief description
No data		

A.5. If applicable, state any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:

Name of related party	Nature of relationship	Brief description
No data		

A.6. Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in case of proprietary directors.

Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group or those tied to significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders:

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
MR JUAN LÓPEZ-BELMONTE LÓPEZ	NORBEL INVERSIONES, S.L.	NORBEL INVERSIONES, S.L.	Chairman & shareholder

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
MR JUAN LÓPEZ-BELMONTE ENCINA	NORBEL INVERSIONES, S.L.	NORBEL INVERSIONES, S.L.	Director & shareholder
MR IVÁN JORGE LÓPEZ-BELMONTE ENCINA	NORBEL INVERSIONES, S.L.	NORBEL INVERSIONES, S.L.	Director & shareholder
MR JAVIER LÓPEZ-BELMONTE ENCINA	NORBEL INVERSIONES, S.L.	NORBEL INVERSIONES, S.L.	Director & shareholder

Norbel Inversiones, S.L. holds 63.107% of the Company's share capital and is partly owned by Mr Juan López-Belmonte López and his sons, Messrs Juan, Javier and Iván López-Belmonte Encina, none of whom hold control over the entity. Mr Juan López-Belmonte López is the Chairman of the Board of Directors of said company, while his sons, Messrs Juan, Javier and Iván López-Belmonte Encina, are Board members.

A.7. State whether the company has been notified of any shareholders' agreements that may affect it, in accordance with Articles 530 and 531 of the Corporate Enterprises Act ("Ley de Sociedades de Capital" or "LSC"). If so, describe these agreements and list the party shareholders:

[ ] Yes
[v] No

State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

[ ] Yes
[v] No

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

A.8. State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Spanish Securities Market Act ("Ley de Mercados de Valores " or "LMV"). If so, please identify them:

[v] Yes
[ ] No

Name of individual or company
NORBEL INVERSIONES, S.L.

A.9. Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
673,654		1.20

(*) Through:

Name of direct shareholder	Number of direct shares
No data	

A.10. Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares:

The General Shareholders' Meeting held on 12 June, 2019 authorised the Company's Board of Directors for the derivative acquisition of the Company's own shares, both directly by the Company itself and indirectly through its subsidiaries, observing the legally-established limits and requirements, in the terms set out below**:**
a) The acquisitions may be made by means of purchase, exchange or any other type of share acquisition in return for a consideration permitted by law, up to the maximum amount permitted by law. b) The minimum acquisition price or minimum value of the consideration will be equivalent to the par value of the treasury shares acquired, while the maximum acquisition price or maximum value of the consideration will be equivalent to a price that is no higher than the higher of the latest transaction performed on the market between independent parties and the highest price contained in a purchase order on an order card. c) The authorisation will be in force for 5 years as of the date on which this resolution is approved. d) As a consequence of the acquisition of shares, including those that the Company, or a person acting in their own name but on behalf of the Company, acquired previously and has held on their portfolio, the resulting equity cannot fall lower than the amount of the share capital plus the reserves that, by law or pursuant to the Bylaws, are unavailable, all of which is in accordance with the Corporate Enterprises Act.
Likewise, for the purposes set out in the Corporate Enterprises Act, any of the subsidiaries is authorised to acquire shares in the Company in the same terms as set out in the resolution.
Shares acquired as a consequence of this authorisation may be disposed of or applied to the remuneration systems described in article 146.1.a) of the Corporate Enterprises Act, and to conduct programmes that encourage the holding of shares in the Company's capital, such as, for example, dividend reinvestment plans, loyalty bonds or other similar instruments.
Likewise, said General Shareholders' Meeting held on 12 June, 2019 delegated in the Board of Directors the power to increase the share capital, with authorisation to exclude preferential subscription rights (with no limitation), observing the limits and requirements set out in the Corporate Enterprises Act, for a maximum term of five years as of the resolution of the General Shareholders' Meeting.

A.11. Estimated floating capital:

	%
Estimated floating capital	22.21

A.12. State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

[ ] Yes
[√] No

A.13. State if the shareholders have resolved at a meeting to adopt measures to neutralise a take-over bid pursuant to the provisions of Act 6/2007.

[ ] Yes
[√] No

If so, please explain the measures approved and the terms under which such limitations would cease to apply:

A.14. State if the company has issued shares that are not traded on a regulated EU market.

[ ] Yes
[√] No

If so, please list each type of share and the rights and obligations conferred on each:

B. GENERAL SHAREHOLDERS' MEETING

B.1. State whether there are any differences from the minimum regime provided for in the Companies Enterprises Act (LSC) with respect to the quorum for the general meeting and if so, describe them in detail:

[ ] Yes
[√] No

B.2. State any differences with respect to the rules established in the Companies Enterprises Act for the adoption of corporate resolutions and, if so, explain:

[ ] Yes
[v] No

B.3. State the rules for amending the company's bylaws. In particular, state the majorities required to amend the bylaws and any provisions in place to protect shareholders' rights in the event of amendments to the bylaws.

Rules applicable to amending the Company's Bylaws.
According to articles 27.2 of ROVI's Bylaws and 5.i) of the Regulations of the General Shareholders' Meeting ("GSM"), the GSM will resolve on any amendment to the Bylaws. According to the same article 27.2 of the Bylaws and article 15 of the Regulations of the General Shareholders' Meeting, it will be necessary, on the first call, for shareholders holding at least fifty percent of the subscribed capital with voting rights to be present. On the second call, it will be sufficient for twenty-five percent of said capital to be present, although according to article 15 of the Regulations of the General Shareholders' Meeting, the amendments can only be validly adopted with the vote in favour of two thirds of the capital present or represented at the General Meeting when less than fifty percent of the Company's capital is present. Notwithstanding, if the capital present or represented exceeds fifty percent on either the first or the second call, an absolute majority will be sufficient for the resolution to be passed.
Similarly, articles 34.7 and 34.8 of the Bylaws state that resolutions of the General meeting will be passed by a simple majority of the capital present or represented, specifying that a resolution is passed when it obtains more votes of the capital present or represented in favour than against. Exceptionally, in cases where the applicable law or the Bylaws stipulate a larger majority and, in particular, when shareholders representing less than fifty percent of the subscribed capital with voting rights are present, resolutions concerning the matters described in article 194 of the Companies Enterprises Act will require the vote in favour of two thirds of the share capital present or represented at the General Meeting in order to be valid. Notwithstanding, if the capital present or represented exceeds fifty percent on either the first or the second call, an absolute majority will be sufficient to pass the resolution.

B.4. Indicate the attendance figures at the general shareholders' meetings held during the year of this report and the previous two years:

	Attendance data				
Date of General Meeting	% physically present	% present by proxy	% distance voting		Total
			Electronic voting	Other	
29/05/2018	69.68	23.45	0.00	0.00	93.13
Of which, floating capital	0.04	3.85	0.00	0.00	3.89
12/06/2019	63.13	25.70	0.00	1.39	90.22
Of which, floating capital	0.02	10.04	0.00	1.39	11.45
20/10/2020	63.11	16.68	0.00	1.60	81.39
Of which, floating capital	0.00	16.68	0.00	1.60	18.28

B.5. State whether any items on the agenda of the general shareholders' meetings held during the year were not approved by the shareholders for any reason:

[ ] Yes
[v] No

B.6. State if the bylaws contain any restrictions requiring a minimum number of shares to attend general shareholders' meetings, or to vote by remote means:

[ ] Yes
[√] No

B.7. State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the general shareholders' meeting:

[ ] Yes
[√] No

B.8. State the address and manner of access to the page on the company website where one may find information on corporate governance and other information regarding general shareholders' meetings that must be made available to shareholders through the company's website:

The address of the Company's website is www.rovi.es. The corporate governance content is accessed by clicking on the section "Shareholders and Investors" and then on the third tab ("Corporate Governance").

C. COMPANY ADMINISTRATIVE STRUCTURE

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the bylaws and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the general meeting	7

C.1.2 Please complete the following table with the members of the board:

Name of director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR JUAN LÓPEZ-BELMONTE LÓPEZ		Proprietary	CHAIRMAN	27/07/2007	31/05/2017	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR JUAN LÓPEZ-BELMONTE ENCINA		Executive	CHIEF EXECUTIVE OFFICER	27/07/2007	31/05/2017	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR JAVIER LÓPEZ-BELMONTE ENCINA		Executive	1st DEPUTY CHAIRMAN	27/07/2007	31/05/2017	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR IVÁN JORGE LÓPEZ-BELMONTE ENCINA		Executive	2nd DEPUTY CHAIRMAN	27/07/2007	31/05/2017	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR JOSÉ FERNANDO DE ALMANSA MORENO-BARREDA		Independent	DIRECTOR	09/06/2015	12/06/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR MARCOS PEÑA PINTO		Independent	INDEPENDENT COORDINATING DIRECTOR	09/05/2019	12/06/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION

Name of director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MS FÁTIMA BÁÑEZ GARCÍA		Independent	DIRECTOR	20/12/2019	20/10/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION

Total number of directors	7

State if any directors, whether through resignation or by decision of the Board, have left the Board during the period subject to this report:

Name of director	Director type at time of leaving	Data of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
No data					

Reason for termination when it occurs before the end of the term of office and other observations; whether the director sent a letter to the other members of the board and, in the case of termination of non-executive directors, explanation or opinion of the director who was removed by the general meeting.

C.1.3 Complete the following tables regarding the members of the board and their categories:

EXECUTIVE DIRECTORS		
Name or company name of director	Post in organisational chart of the company	Profile
MR JUAN LÓPEZ-BELMONTE ENCINA	Executive (Chief Executive Officer and General Manager)	Mr López-Belmonte Encina graduated in Economic and Business Sciences, specialising in Auditing, from CEU San Pablo, Madrid in 1993. He is a shareholder of Norbel Inversiones, S.L., where he holds 26.67% of the share capital (this company is, in turn, ROVI's controlling shareholder) , and General Manager and CEO of ROVI. He is the Deputy Chairman of the Governing Council and Management Board of Farmaindustria. Likewise, he was Chairman of the R&D&i Committee of the CEOE (Spanish Confederation of Business

EXECUTIVE DIRECTORS		
Name or company name of director	Post in organisational chart of the company	Profile
		Organisations) from March 2015 until the end of 2018. He began his professional career working in different pharmaceutical areas of relevant international pharmaceutical companies in the United States and United Kingdom. He has been working for the Company since 1994, was appointed General Manager in October 2001 and has been the Company's CEO since October 2007. He was initially appointed to the Company's Board of Directors on 27 July, 2007 when ROVI was first listed on the securities markets and was re-elected at the General Shareholders' Meetings held on 2012 and 2017. In October 2020 he was named President of the National Business Association of the Pharmaceutical Industry in Spain (Farmaindustria).Currently, Mr López-Belmonte Encina is a member of the Boards of Directors of Norbel Inversiones, S.L., Norbepa Inversiones, S.L. and Alentia Biotech, S.L.
MR JAVIER LÓPEZ-BELMONTE ENCINA	Executive (Chief Financial Officer)	Mr López-Belmonte Encina graduated in Economic and Business Sciences from Colegio Universitario de Estudios Financieros (CUNEF), Madrid, specialising in Financing, in 1998. He obtained a joint Executive MBA from Brown University and the Instituto de Empresa in Madrid in 2017. He is a shareholder of Norbel Inversiones, S.L., where he holds 26.67% of the share capital (this company is, in turn, ROVI's controlling shareholder) and 1st Deputy Chairman of ROVI's Board of Directors. He began his professional career in the banking sector in 1998, working for Argentaria, S.A. in the United Kingdom as an analyst, and in the pharmaceutical sector with Medeva Pharma, also in the United Kingdom. He joined ROVI in 2000 and has been Chief Financial Officer since 2001. He was initially appointed to the Company's Board of Directors on 27 July, 2007 when ROVI was first listed on the securities markets and was re-elected at the General Shareholders' Meetings held on 2012 and 2017. He has been Vice President of CEIM, a member of its Management Board and Chairman of its Health Commission. Likewise, he has been a member of the Social Council of the Universidad Autónoma de Madrid representing CEIM and a member of the Board of Trustees of Fundación Universidad Autónoma de Madrid, representing the Social Council of the Universidad Autónoma de Madrid. Currently, Mr López- Belmonte Encina is a member of the Board of Directors of Norbel Inversiones, S.L., CEO and secretary of Norbepa Inversiones, S.L., deputy secretary and director of Alentia Biotech, S.L. and secretary and director of Enervit Nutrition, S.L.

MR IVÁN JORGE LÓPEZ-BELMONTE ENCINA	Executive (Corporate Development Manager)	Mr López-Belmonte Encina graduated in Economic and Business Sciences, specialising in Auditing, from CEU San Pablo, Madrid in 1994. He is a shareholder of Norbel Inversiones, S.L., where he holds 26.67% of the share capital (this company is, in turn, ROVI's controlling shareholder) and 2nd Deputy Chairman of ROVI's Board of Directors. As part of his post-graduate education, in 2008 he earned a Diploma in Advanced Studies which qualifies him as an investigator in the fields of economics, finance and accounting. He began his professional career in Germany, working in companies like Amersham, engaged in nuclear medicine, and Hexal AG, specialised in generics. He has been working for the Company since 1995 and has been ROVI's Corporate Development Manager since September 2007. He was initially appointed to the Company's Board of Directors on 27 July, 2007 when ROVI was first listed on the securities markets and was re-elected at the General Shareholders' Meetings held on 2012 and 2017. Currently, Mr López-Belmonte Encina is a member of the Boards of Directors of Norbel Inversiones, S.L. and Norbepa Inversiones, S.L., the joint and several administrator of Bertex Pharma GmbH, and Chairman and legal representative of Enervit Nutrition, S.L.

Total number of executive directors	3
% of Board	42.86

PROPRIETARY DIRECTORS		
Name of director	Name or company name of the significant shareholder represented or that has proposed their appointment	Profile
MR JUAN LÓPEZ-BELMONTE LÓPEZ	NORBEL INVERSIONES, S.L.	Sr. López-Belmonte López graduated in Economic and Business Sciences from Universidad Complutense de Madrid in 1969 and is an insurance actuary. He is the Chairman of ROVI and a shareholder of Norbel Inversiones, S.L., where he holds 20% of the share capital (this company is, in turn, ROVI's controlling shareholder). He was President of the Madrid Chamber of Commerce from March 2016 to April 2018. Likewise, he has been President of Asociación para el Autocuidado de la Salud (ANEFP) and Vice President of Farmaindustria. He was appointed as a director of the Company on 27 July, 2007 when ROVI was first listed on the securities markets and re-elected at the General Meetings held on 2012 and 2017. Currently, Mr López-Belmonte is Chairman and a member of the Board of Directors of Norbel Inversiones, S.L., Norbepa Inversiones, S.L., Lobel y Losa Development, S.L., Inversiones Borbollón, S.L. and Alentia Biotech, S.L.

Total number of proprietary directors	1
% of total Board	14.29

INDEPENDENT DIRECTORS	
Name of director	Profile
MR JOSÉ FERNANDO DE ALMANSA MORENO-BARREDA	Mr Almansa Moreno-Barreda holds a degree in law from the University of Deusto (Bilbao). Diplomat. He joined the Diplomatic Service on 2 December, 1974. Between 1976 and 1992 he held different positions: Secretary of the Spanish Embassy in Brussels, Cultural Attaché at the Spanish Embassy in Mexico, Chief Director of the Coordination Section of the Subdirectorate-General for Eastern Europe, Director of Atlantic Affairs at the Directorate-General of Foreign Policy for Europe and Atlantic Affairs, Political Counsellor to the Permanent Representative of Spain on the North Atlantic Council in Brussels, Minister-Counsellor of the Spanish Embassy in the Soviet Union, Secretary General of the National Commission for the Fifth Centenary of the Discovery of America and Subdirector General for Eastern Europe, reporting to the Directorate-General of Foreign Policy for Europe. From 1993 to 2002, His Majesty King Juan Carlos I appointed him as Head of the Royal Household with the rank of minister and he was appointed as a privy councillor of His Majesty King Juan Carlos I. He was a member of the Board of Directors of Telefónica, S.A. from 2003 to 2016, holding the position of chairman of the International Affairs Commission of its Board and forming part of several subsidiaries of Telefónica, S.A. in Latin America as a Board member. Likewise, from 2003 until 2015, he formed part of the Board of the Mexican bank BBVA BANCOMER. Currently, he is a director of Telefónica Móviles, S.A. in Mexico. He has been a director of ROVI since 9 June, 2015, having been re-elected at the 2019 Ordinary General Meeting.
MR MARCOS PEÑA PINTO	Mr Peña Pinto holds a law degree from the Universidad Complutense de Madrid and passed the official examination to become a Technical Labour and Social Security Inspector. From 1984 to 1989, Mr Peña held the position of Labour Attaché at the Spanish Embassy in Italy. Subsequently, from 1991 to 1996, he was the Secretary-General for Health at the Ministry of Health and Consumption and Secretary General for Employment and Labour Relations at the Ministry of Labour. Between 2005 and 2006, he was appointed expert member of the Economic and Social Council, which he presided until April 2019. Likewise, Mr Peña Pinto has been a member of the Council of State due to his position as president of the Economic and Social Council. In April 2020, Mr Peña became a trustee of the CEOE Foundation. Regarding his other professional activities, it should be noted that Mr Marcos Peña is specialised in collective bargaining and has held the position of chairman of the Negotiation Committee for many collective labour agreements (e.g. Telefónica, Renfe, Repsol, Alcatel, Endesa, Astilleros, etc.). Furthermore, Mr Peña Pinto has been an arbitrator and mediator in various labour conflicts on a nationwide scale and is the author of numerous publications, often publishing articles with the written press. He was appointed as an independent director of the Company by co-option by the Board of Directors, accepting his appointment on 9 May, 2019, and re-elected at the Ordinary General Shareholders' Meeting of 12 June, 2019.
MS FÁTIMA BÁÑEZ GARCÍA	Ms Báñez García holds a combined degree in Law and Economic and Business Sciences from the Universidad Pontificia de Comillas -ICADE E-3- and continued her academic education with a postgraduate degree in Company Administration from the University of Harvard, Boston, MA, likewise completing the Public Management Leadership Programme at the IESE Business School. She was Minister of Employment and Social Security in the Spanish government from December 2011 to June 2018, and provisional Minister of Health, Social Services and Equality from August to November 2016. Also in the public area, she was member of the Spanish Congress of Deputies for Huelva (2009-2019), holding important responsibilities in the economic area of the Popular Parliamentary Group, as well as the position of chairperson of the Foreign Affairs Commission of the Lower Chamber (2018-2019). Previously, from November 1997 to June 2000, she was a member of the Board of Directors of Radio Televisión de Andalucía. She began her professional life

INDEPENDENT DIRECTORS	
Name of director	Profile
	in the private sector as head of Corporate Strategy and Development of her family's company group (1993-1997) and returned to private activity as a business consultant and advisor in November 2019. She has extensive international experience, having represented Spain on the EPSCO Council, at the G-20, at the Ibero-American Summits and at meetings of the OECD and ILO, as well as at international employment forums. Ms Báñez is currently a director of Iberdrola Mexico, S.A., President of the Fundación México, S.A. and President of the CEOE Foundation. She was appointed director of the Company by co-option on 20 December 2019, and re-elected at the Ordinary General Shareholders' Meeting on 20 October 2020.

Number of independent directors	3
% of the Board	42.86

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

In this case, include a statement by the board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of the director	Description of the relationship	Statement of the Board
No data		

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders			
Name of director	Reason	Company, director or shareholder to whom the director is related	Profile
No data			

Total number of other external directors	N/A
% of the Board	N/A

State any changes in status that have occurred during the period for each director:

Name of Director	Date of change	Previous status	Current status
No data			

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				% of directors for each category			
	Year 2020	Year 2019	Year 2018	Year 2017	Year 2020	Year 2019	Year 2018	Year 2017
Executive					0.00		0.00	0.00
Proprietary					0.00		0.00	0.00
Independent	1	1			33.33	33.33	0.00	0.00
Other external					0.00		0.00	0.00
Total:	1	1			14.29	14.29	0.00	0.00

C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.

[v] Yes
[ ] No
[ ] Partial policies

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved

ROVI is committed to establishing and developing policies that include equal treatment and opportunities for women and men, with no direct or indirect gender-based discrimination, as well as driving and fomenting measures to attain true equality in the organisation, establishing equal opportunities as a strategic principle of its human resources policy.

ROVI has an Equality Plan that puts mechanisms in place in areas such as selection and recruitment, internal promotion and professional development, training, remuneration, work-life balance, gender violence and harassment prevention, and communication. ROVI reviews the Equality Plan annually.
When Royal Decree-Law 6/2019, of 1 March, on urgent measures to guarantee equal treatment and opportunities for women and men in employment and occupation was published, ROVI initiated the process of adapting its Equality Plan to said legislation. The Plan Negotiating Commission was created and made a diagnosis negotiated with the workers' legal representatives on issues concerning selection and recruitment processes, professional classification, training, professional promotion, working conditions (including a wage audit between women and men), co-responsibility in exercising the rights to personal, family and professional life, female under-representation, remuneration, and sexual harassment prevention. With the entry into force of Royal Decree 901/2020 of 13 October which regulates equality plans and their registration and amends Royal Decree 713/2010 of 28 May on the registration and filing of collective bargaining agreements and collective employment agreements, the object of which is the regulatory development of equality plans and their diagnosis, including the obligations associated with registration, filing and access, the Company has commenced the process of adapting to the provisions of the law in relation to the negotiation, content and registration of its Equality Plan and bringing it in line with the new regulatory framework. It is anticipated that in 2021 an Equality Plan that is consistent with Royal Decree 901/2020 of 13 October regulating equality plans and their registration will be approved.
ROVI's commitment to equality and non-discrimination is also included in the Company's Code of Ethics and in the principles that govern training programmes and actions. Furthermore, ROVI has a Protocol for the Prevention and Treatment of Cases of Moral and Sexual Harassment in the Workplace, which all the employees are obliged to know and respect.
ROVI allocates significant resources to promote its career plans and professional evolution and growth. Likewise, the Company has a Director Selection Policy intended to: (i) ensure that the proposals for the appointment and re-election of directors of the company are based on a prior analysis of the needs of the Board of Directors; and (ii) favour diversity of knowledge, experience, age and gender, in such a way that decision-making is enriched and plural viewpoints are contributed to the debates on the matters that fall within the scope of the Board's competence. In December 2020 the Company amended this policy to bring it in line with the changes introduced into the Good Governance Code of Listed Companies approved by the CNMV in June of last year, at the same time changing the name to Board of Director Composition Policy.
When selecting candidates for the position of director, the starting point will be an analysis of the needs of the Company and its group, which must be made by the Board of Directors, with advice and reports from the Appointments and Remuneration Committee ("A&RC"). The A&RC will assess the skills, knowledge and experience required of the Board candidates. In this respect, the A&RC will define the functions and abilities required of the candidates to fill each vacancy and will also assess the time and dedication needed to perform their tasks properly. In the selection process, any kind of implicit bias that might suggest discrimination and, in particular, that hinders the selection of persons of either gender will be avoided. To that end, if there is an obvious imbalance in the composition of the Board of Directors, potential candidates must include women who meet the requirements and fit the profile being sought. Furthermore, the Board of Directors Composition Policy states that the company will strive for the number of female directors to represent at least 40% of total Board members in 2022 and no less than 30% before that.
When selecting Board candidates, the A&RC will ensure that the people proposed are honest and apt for the position, with recognised professional prestige, competence, experience, qualifications, training, availability and commitment to their duties, and that the composition of the Board is suitably balanced.
Regarding professional qualifications, the Policy requires candidates to have a university degree or at least five years' experience in administration, management, control or advisory functions in public or private entities with a similar size and requirements to the company. Furthermore, as guidance, the Board considers that, in general, directors should not be aged over 80.

C.1.6 Describe the means, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women. State whether these measures include the company striving to have a significant number of women directors:

Explanation of means

The Appointments and Remuneration Committee assesses the skills, knowledge and experience necessary in candidates to form part of the Board, in accordance with the Regulations of the Board of Directors and the Regulations on the Appointments and Remuneration Committee. Specifically, as set out in the Board of Directors Composition Policy, the A&RC verifies that the selection procedures are not affected by any implicit bias that could imply some kind of discrimination and, in particular, that they do not hinder the selection of female directors.

The Company's Board of Directors is currently composed of the Company's three top executives, one proprietary director and three independent directors who enjoy recognised prestige, all of whom were appointed applying a professional criteria, irrespective of their gender.

The selection of directors to be appointed in the Company is based on the candidates' merits. In this respect, the Board of Directors and the Appointments and Remuneration Committee, within their respective spheres of competence, will ensure that honourable and suitable

persons of recognised professional standing, with the right skills, experience, qualifications, education, availability and commitment are chosen and both men and women who meet the aforementioned requirements may be included among the potential candidates.

These measures also apply to the appointment of senior executives at ROVI, in particular, to the 10 members of the senior executives staff (excluding executive directors), four of whom are women, which demonstrates ROVI's commitment to striking a balance between men and women at all levels.

When, in spite of any measures that have been adopted, the number of women directors or senior executives is scant or nil, explain the reasons that justify this:

Explanation of the reasons

No new directors were selected in 2020. Ms Fátima Báñez was re-elected since she had been appointed by co-option. As previously mentioned, the composition of ROVI's executive staff reflects a balance between men and women.

C.1.7 Describe the conclusions of the appointments committee regarding verification of compliance with the policy designed to favour the appropriate composition of the board of directors.

It was not necessary to apply the Board of Directors Composition Policy in 2020. However, the latest appointment and re-election of a female director and the composition of ROVI's executive staff demonstrate the Company's commitment to the Policy, aimed at achieving a balanced Board of Directors.

C.1.8 If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name of shareholder	Reason
No data	

State whether the board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. If this is the case, please explain why the aforementioned requests were not met:

[ ] Yes
[v] No

C.1.9 State the powers delegated by the board of directors, as the case may be, to directors or board committees:

Name of director or committee	Brief description
Juan López-Belmonte Encina	Chief Executive Officer. He holds all the powers and authorisations that may be delegated by law, as set out in the deed entering corporate resolutions into public record dated 21 June, 2017.

C.1.10 Identify any members of the board who are also directors, representatives of directors or executives in other companies in the group of which the listed company is a member:

Name of director	Name of group member	Position	Do they have executive powers?
MR JUAN LÓPEZ-BELMONTE ENCINA	PAN QUÍMICA FARMACÉUTICA, S.A	Representative Laboratorios Farmacéuticos Rovi, S.A.	Yes

Name of director	Name of group member	Position	Does the director have executive powers?
MR JUAN LÓPEZ-BELMONTE ENCINA	ROVI PHARMA INDUSTRIAL SERVICES, S.A.	Representative Laboratorios Farmacéuticos Rovi, S.A.	YES
MR JUAN LÓPEZ-BELMONTE ENCINA	GINELADIUS, S.L.	Representative Laboratorios Farmacéuticos Rovi, S.A.	YES
MR JUAN LÓPEZ-BELMONTE ENCINA	ROVI ESCÚZAR, S.L.	Representative Laboratorios Farmacéuticos Rovi, S.A.	YES
MR IVÁN JORGE LÓPEZ-BELMONTE ENCINA	BERTEX PHARMA GMBH	Joint & Several Administrator	YES
MR IVÁN JORGE LÓPEZ-BELMONTE ENCINA	ROVI BIOTECH LIMITED	Sole Administrator	YES
MR IVÁN JORGE LÓPEZ-BELMONTE ENCINA	ROVI GMBH	Sole Administrator	YES
MR JUAN LÓPEZ-BELMONTE ENCINA	ROVI BIOTECH SRL	Representative Laboratorios Farmacéuticos Rovi. S.A.	YES
MR JUAN LÓPEZ-BELMONTE ENCINA	ROVI S.A.S.	Representative Laboratorios Farmacéuticos Rovi, S.A.	YES
MR IVÁN JORGE LÓPEZ-BELMONTE ENCINA	ROVI S.A.S.	Representative Laboratorios Farmacéuticos Rovi, S.A.	YES
MR JAVIER LÓPEZ-BELMONTE ENCINA	ROVI S.A.S.	Representative Laboratorios Farmacéuticos Rovi, S.A.	YES
MR JUAN LÓPEZ-BELMONTE ENCINA	ROVI BIOTECH SP. ZO.O.	Chairman of the Board of Directors	YES
MR IVÁN JORGE LÓPEZ-BELMONTE ENCINA	ROVI BIOTECH SP. ZO.O.	First Deputy Chairman of the Board of Directors	YES
MR JAVIER LÓPEZ-BELMONTE ENCINA	ROVI BIOTECH SP. ZO.O.	Second Deputy Chairman of the Board of Directors	YES

Laboratorios Farmacéuticos ROVI, S.A. is Sole Administrator of the ROVI Group subsidiaries Gineladius, S.L., Pan Química Farmacéutica, S.A., Rovi Pharma Industrial Services S.A., Rovi Escúzar, S.L. and Rovi Biotech S.R.L., having appointed Mr Juan López-Belmonte Encina as its representative. Laboratorios Farmacéuticos Rovi, S.A. holds the office of "First President" of ROVI S.A.S., the ROVI Group's French subsidiary, and is represented jointly by Messrs Juan, Javier Iván López-Belmonte Encina as natural persons.

C.1.11 List any directors or representatives of legal-entity directors of your company who are members of the board of directors representatives of legal-entity directors of other companies listed on regulated securities markets other than group companies, and have communicated that status to the Company:

Name of director	Name of listed company	Position
No data		

C.1.12 State whether the company has established rules on the maximum number of boards of other companies on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

[v] Yes
[ ] No

Explanation of the rules and identification of the document where this is regulated

Article 17 of ROVI's Regulations of the Board of Directors, which incorporates Recommendation 25 of the Good Governance Code, limits to ten the number of company boards of which its directors may form part (and a limit of eight if they are companies whose shares a traded on Spanish or foreign stock exchanges). The latter excludes positions that directors may hold in certain cases and a provision is made for the possibility that, depending on the circumstances of each case, the Appointments and Remuneration Committee may expressly authorise the director otherwise.

C.1.13 Indicate the amounts for the items regarding the overall remuneration for the board of directors:

Remuneration accrued by the Board of Directors during the year (thousand euros)	1,817
Amount of vested pension interests accumulated by current members (thousand euros)	883
Amount of vested pension interests accumulated by former members (thousand euros)	

ROVI's General Shareholders' Meeting held on 20 October 2020 approved a maximum annual remuneration for the members of the Board of Directors in their capacity as such (i.e. excluding the remuneration of the executive directors for performing their executive and senior management functions) of 660,000 euros for 2020. Likewise, the General Meeting delegated the distribution of said sum amongst the directors to the Board, taking into account the functions and responsibilities assigned to each director, whether or not they sit on Board committees, and other objective circumstances deemed relevant.

C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Name	Position
MR PEDRO CARRETERO TRILLO	Hospital Network Manager
MS ARÁNZAZU LOZANO PIRRONGELLI	Internal Audit
MR FERNANDO MARTÍNEZ GARIJO	Sales Effectiveness Manager
MR MIGUEL ÁNGEL CASTILLO SAN ROMÁN	International & Business Development Manager

Name	Position
MR FRANCISCO JAVIER ANGULO GARCÍA	Human Resources Manager
MS MERCEDES BENÍTEZ DEL CASTILLO SÁNCHEZ	Legal Department Manager
MR MIGUEL ÁNGEL ORTEGA SÁNCHEZ	Industrial Manager
MR IBÓN GUTIERRO ADÚRIZ	Pre-clinical Research Manager
MS Mª. ROSARIO PERUCHA PÉREZ	Marketing Manager
MS BEATRIZ ÁVILA ALCALDE	Sales Manager

Number of women in senior management positions	4
Percentage of total senior management positions	40%
Total senior management compensation (in thousands of euros)	1,688

C.1.15 State whether any amendments have been made to the board regulations during the year:

[√] Yes
[ ] No

Description modifications

At the meeting held on 3 December 2020, the Board of Directors, on the recommendation of the Audit Committee and the Appointments and Remuneration Committee, resolved to amend the Board Regulations as part of its commitment to continuously update and review the corporate governance system and the Company's internal regulations in order to bring them in line with best corporate governance practices. Specifically, amendments were introduced for the following purposes:

(i) To incorporate the updates of certain recommendations in the new version of the Good Governance Code published by the CNMV in June 2020, in order to: (a) place greater emphasis on non-financial information and sustainability and pay more attention to reputational and other non-financial risks; (b) adjust the wording regarding the explanation to be given by directors who leave before the end of their term of office and their obligations to the Company in the event of situations affecting the Company that could damage its credibility and reputation (c) adapt the wording on the operation, powers and functions of the Audit Committee to the new recommendations; and (d) adapt the wording on the operation, powers and functions of the Appointments and Remuneration Committee to the new recommendations.

(ii) To Include the changes introduced to the Corporate Enterprises Act by Law 11/2018 in the areas of non-financial reporting, the diversity of the composition of the Board of Directors and the powers of this body ineligible for delegation.

(iii) To make certain technical adjustments in order to improve the wording and interpretation of the Regulations and supplement their content.

In addition, as part of the process of updating and revising the Company's corporate governance system and internal regulations, the Regulations of the Appointments and Remuneration Committee and the Regulations of the Audit Committee were also amended, and other corporate policies were adapted or approved: (i) the "Corporate Social Responsibility Policy" which was renamed the "Environmental and Sustainability Policy"; (ii) the "Director Selection Policy" which was renamed the "Board of Directors Composition Policy; and (iii) the policy on communication and contacts with shareholders, institutional investors and proxy advisors.

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. Detail the competent bodies, steps to follow and criteria applied in each procedure.

According to Chapter VI of the Regulations of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A. (articles 17 to 21, inclusive), the appointment and removal of directors is regulated as follows:
a) Appointment: directors will be appointed and re-elected (i) at the proposal of the Appointments and Remuneration Committee in the case of independent directors; and (ii) with a prior report from the Appointments and Remuneration Committee in all other cases, by the General Meeting or the Board of Directors in accordance with legal provisions and the director selection policies approved by the Board at any given moment. The proposal must necessarily be accompanied by a report from the board describing the skills, experience and merits of the proposed candidate, which shall be appended to the minutes of the general meeting or board meeting. The Board and the Appointments and Remuneration Committee will ensure that the director selection procedures favour diversity of gender, experience, age and knowledge and do not show any implicit bias that hinders the selection of female directors. Any director may ask the A&RC to consider potential candidates to fill director vacancies if, in his or her opinion, they are suitable candidates. The Board of Directors and the A&RC, within the scope of their competencies, will strive for the candidates selected to be persons with recognised knowledge, competence, age and experience and must be particularly strict in relation to candidates that may fill the position of independent directors.
b) Term of office: directors will hold office for four years, at the end of which they may be re-elected one or more times for periods with the same maximum duration. Directors' appointments will expire when, after the term has expired, either the following General Meeting has been held or the legal period allowed for

holding the Meeting that should approve the preceding year's accounts has elapsed. Directors appointed by co-option must have their appointment ratified at the first General Meeting held after they are appointed to the position. Directors whose term of office ends or who cease to be directors for any other reason may not be a director or hold management positions in any other entity that has a corporate purpose analogous to that of the Company during a period of two years. The Board of Directors may, if it sees fit, release the outgoing director from this obligation or shorten its duration.

c) Re-election: before proposing the re-election of directors to the General Meeting, the Appointments and Remuneration Committee and the Board of Directors will assess the quality of the work and the dedication to the position of the directors proposed during the preceding term of office.
d) Evaluation: the A&RC evaluates the skills, knowledge, age and experience necessary on the Board, defining, in consequence, the functions and abilities necessary in the candidates to fill each vacancy, and evaluates the time and dedication required for them to perform their task properly. The Board of Directors, in a plenary session, evaluates likewise: (i) the quality and efficiency of its own operation; (ii) the performance of their functions by the Chairman of the Board and the Company's chief executive, on the basis of a report that the A&RC submits to it; (iii) the operation and composition of the Board committees, on the basis of reports submitted to it by said committees; and (iv) the diversity of the composition and skills of the Board and the performance and contribution of each director, paying special attention to those responsible for the different committees.
e) Removal of directors: directors will leave the Board when the period for which they were appointed has expired and when the General Meeting thus decides using the powers it holds by law or in accordance with the Bylaws and when they tender their resignation. Directors must offer to resign and, if the Board sees fit, do so under a series of circumstances set out in the Regulations of the Board. In the event that, due to resignation or the decision of the General Meeting, a director leaves the Board before their term of office expires, they must explain their reasons for stepping down or, in the case of non-executive directors, their thoughts about the reasons for the removal by the general meeting in a letter that they will send to all the Board members. The Board of Directors may only propose the removal of an independent director before the bylaw-stipulated term expires when the Board considers there to be a fair reason subsequent to a report from the Appointments and Remuneration Committee. In particular, a fair reason will be deemed to exist when the director comes to hold new positions or acquires new obligations that prevent them from devoting the time necessary to the functions inherent to the position of director, they do not comply with the duties inherent to their position, or are affected by any of the circumstances that cause them to lose their independent status in accordance with the applicable legislation.

C.1.17 Explain how the annual evaluation of the Board has given rise to significant changes in its internal organisation and to procedures applicable to its activities:

Description of changes
The annual evaluation of the Board of Directors was performed with the support of an external advisor - Deloitte Legal, S.L.P. – for a more objective and independent vision of the process. The evaluation confirmed the efficiency and proficiency of ROVI's Board of Directors. No significant changes in the Board's internal organisation or the procedures applicable to its activities have derived from said evaluation.

Describe the evaluation process and the areas evaluated by the board of directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and evaluated areas
The evaluation of the Board consisted of analysing (i) the quality and efficiency of its operation; (ii) the size, composition and diversity of the Board of Directors; (iii) the performance of their functions by the Chairman of the Board and the Company's chief executive; (iv) the performance and contributions of directors, with special emphasis on those chairing the different committees; (v) the frequency and length of meetings; (vi) the contents of meeting agendas and the time devoted to addressing the different items; (vii) the quality of the information received; (viii) the amplitude and openness of debates; and (ix) the Board's decision-making process, all pursuant to Recommendation 36 of the Good Governance Code developed in section 7 of the CNMV's Technical Guidance 1/2019, on Appointments and Remuneration Committees. The process of evaluating the Board and its Committees consisted of analysing the self-assessment surveys completed by ROVI's directors and conversations between Deloitte Legal representatives and the Company's directors. The Board analysed (i) the evaluation of the workings of the Board of Directors, (ii) the degree of compliance with the 2020 action plan and the action plan for 2021.

C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

At the meeting held on 25 February 2020, ROVI's Appointments and Remuneration Committee verified the independence of Deloitte Legal, S.L.P. and issued a favourable report to the Board of Directors on the proposed appointment of this firm as an external advisor to assist with the evaluation of the Board of Directors for the year 2020. The proposal was approved by the Board at the meeting held on the same date.
Laboratorios Farmacéuticos Rovi, S.A. has no business relationship with Deloitte Legal, S.L.P. other than the evaluation of the Board of Directors and its committees. However, Laboratorios farmacéuticos Rovi, S.A. has signed contracts with certain companies related to Deloitte Legal, S.L.P. for process support services, cybersecurity services and occasional tax advice.

C.1.19 State the situations in which directors are required to resign.

According to article 21 of the Regulations of the Board of Directors, directors must offer to resign and, if the Board sees fit, do so in the following cases:
a) When they cease to hold the executive positions to which their appointment as directors was associated.

b) When they are affected by any of the causes of incompatibility or prohibition provided for by law.
c) When they receive a serious reprimand from the Board of Directors because they have not complied with their obligations as directors.
d) When they lose the professional good repute necessary to be a director of the Company, or the reasons for which they were appointed no longer exist (e.g. when a proprietary director disposes of their interest in the Company.)
e) In the case of independent directors, they may not hold this status for a continuous period of more than 12 years and, therefore, after said term, they must offer their resignation to the Board of Directors and resign.
f) In the case of proprietary directors (i) when the shareholder whom they represent sells its entire shareholding; and, likewise (ii) the corresponding number of directors must resign when said shareholder reduces its shareholding to a level that requires a reduction in the number of proprietary directors.

In addition, directors must report to the Company and, where applicable, resign when situations affecting them, which may or may not be related to their conduct in the Company, could damage the Company's standing and reputation, in particular, criminal cases when they are under investigation and procedural difficulties.

C.1.20 Are qualified majorities other than those established by law required for any specific decision?

[ ] Yes
[√] No

If so, please describe the differences.

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the board of directors:

[ ] Yes
[√] No

C.1.22 State whether the bylaws or the board rules establish any limit as to the age of directors:

[ ] Yes
[√] No

The Policy on the composition of the Board envisages that the directors should not, in general, be aged over 80.

C.1.23 State whether the bylaws or the board rules establish any term limits for independent directors other than those required by law:

[ ] Yes
[√] No

C.1.24 State whether the bylaws or board rules establish specific proxy rules for votes at board meetings in favour of other board members the procedure for doing so and, in particular, the maximum number of proxies a director may hold, as well as whether any restriction has been established as regards the categories of director that may be appointed as proxies, beyond the limits imposed by law. If so, please briefly describe the rules.

According to article 16 of the Regulations of the Board, when directors cannot attend Board meeting in person, they will grant written proxy to another Board member specifically for each meeting, including the appropriate instructions and notifying the Board Chairman accordingly. Notwithstanding the foregoing, non-executive directors may only grant proxy to another non-executive director.

C.1.25 State the number of meetings held by the board of Directors during the year, and if applicable, the number of times the board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.

Number of Board meetings	9
Number of Board meetings without the chairman	0

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	15

Please specify the number of meetings held by each committee of the board during the year:

Number of meetings of Audit Committee	7
Number of meetings of Appointments and Remuneration Committee	8

Marcos Peña Pinto, ROVI's coordinating director during 2020, was the Chairman of the Audit Committee and a member of the Appointments and Remuneration Committee, which are composed solely of independent directors. Therefore, on the occasions that these committees met, the coordinating director held 15 meetings with ROVI's independent directors during the year.

C.1.26 State the number of meetings held by the board of directors during the year in which all of its directors were present:

Number of meetings with in in-person attendance of at least 80% of the directors	9
% in-person attendance of the total votes during the year	100.00
Number of meetings with either in-person attendance or proxies granted with specific instructions by all the directors	9
% of votes cast in person or by proxy with specific instructions out of the total votes during the year	100.00

C.1.27 State if the individual and consolidated financial statements submitted to the board for preparation were previously certified:

[ ] Yes
[√] No

Identify, if applicable, the person/s who certified the individual and consolidated financial statements of the company for preparation by the board:

C.1.28 Explain any measures established by the board of directors to ensure that the annual accounts submitted by the board of directors to the general meeting of shareholders are prepared in accordance with generally-accepted accounting principles.

Article 40 of the Regulations of the Board of Directors states that the Audit Committee is responsible for ensuring that the annual accounts submitted by the board to the general meeting are prepared according to generally-accepted accounting principles. In exceptional cases where the auditors include a proviso in the auditor's opinion, the Chairman of the Audit Committee will explain and clarify at the general meeting the Audit Committee's opinion regarding the scope and content of the proviso, providing shareholders with a summary of its opinion when the general meeting is announced, along with the rest of the board's reports and proposals. Nonetheless, when the board considers that it must maintain a different position, it will publicly explain the scope and content of the discrepancy.

Before drawing up the annual accounts, pursuant to articles 13 of the Board rules and 6 of the Audit Committee rules, the Audit Committee must, among other aspects: -Review the Company's accounts; -Monitor compliance with legal requirements and the proper application of generally accepted accounting principles; -Review the regular financial information that the Board must provide to the markets and their supervisory bodies; -Oversee and evaluate the process of preparing and presenting the financial and non-financial information and the integrity of the information as well as the systems for managing and controlling financial and non-financial risks affecting the Company and the Group - including operational, technological, legal, social, environmental, political, reputational and corruption-related - reviewing compliance with legal requirements, the accurate demarcation of the consolidation perimeter and the proper application of accounting principles, and submit recommendations or proposals to the Board of Directors aimed to safeguard its integrity: and -Periodically review and supervise the internal control and risk management systems, as well as their efficacy, so that the principal risks are identified, managed and made known appropriately.

C.1.29 Is the secretary of the board also a director?

[ ] Yes
[v] No

If the secretary is not a director, please complete the following table:

Name of secretary	Representative
MR GABRIEL NÚÑEZ FERNÁNDEZ	

C.1.30 State the concrete measures established by the entity to ensure the independence of its external auditors and, if any, those regarding the independence of financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

The Regulations of the Board of Directors state that the Audit Committee has the duty of submitting the proposals for the selection, appointment, re-election and replacement of the account auditors, assuming responsibility for the selection process and their engagement conditions.
Furthermore, according to the Regulations of the Board, the Audit Committee is responsible for the Company's notifying the CNMV of the change in auditor as relevant information which will be accompanied by a statement on the possible existence of disagreements with the outgoing auditor and, if any such disagreements existed, the content thereof; and, in order to preserve the auditor's independence, article 13 of the Regulations of the Board of Directors and article 6 of the Regulations of the Audit Committee state that the Audit Committee should: (i) Establish the appropriate relations with the external auditors to receive information on any issues that might represent a threat to their independence. (ii) Issue annually, prior to issuance of the statutory audit report, a report expressing an opinion on whether the independence of the account auditors or audit firms has been jeopardised. This report must make a pronouncement on the provision of additional services by the account auditors. (iii) Supervise compliance with the audit contract, striving for the opinion on the annual accounts and the main contents of the audit report to be worded clearly and precisely, and evaluate the results of each audit. (iv) In the event that the external auditor resigns, examine the circumstances that caused this. (v) Ensure that the remuneration of the external auditor for its work does not jeopardise either quality or independence. (vi) Ensure that the external auditor holds, annually, one meeting with the Board of Directors in a plenary session to report on the work performed and the evolution of the Company's accounting and risk situation. (vii) Ensure that the Company and the external auditor respect current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, any other rules on auditor independence.

C.1.31 State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

[ ] Yes
[v] No

If there were any disagreements with the outgoing auditor, please provide an explanation:

[ ] Yes
[v] No

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its Group and, if so, the fees paid and the corresponding percentage of the total fees invoiced to the company and/or Group for auditing services:

[√] Yes
[ ] No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousand euros)	18	0	18
Amount invoiced for non-audit services/Amount for audit work (in %)	12.08	0.00	7.47

The fees charged by KPMG Auditores, S.L. for auditing services, audit-related services (limited review of the interim financial statements at 30 June 2020) and other services rendered to Laboratorios Farmacéuticos Rovi, S.A. and its subsidiaries in 2020 totalled €241,000 (€149,000 of which was for ROVI as parent company). Other non-audit services include the work performed for the review of the internal control system for financial reporting and the review of compliance with financial ratios for financing contracts. In addition, KPMG Auditores, S.L. provided enterprises related to the ROVI Group auditing services totalling €28,000.

In 2020, the services rendered by the firm to which KPMG Auditores, S.L. to review the non-financial information statements of Laboratorios Farmacéuticos Rovi, S.A. and its subsidiaries totalled €18,000. The services rendered to enterprises related to the ROVI Group in this regard totalled €2,000.

C.1.33 State whether the auditors' report on the financial statements for the preceding year contains a proviso. If so, please explain the reasons given by the chairman of the audit committee to explain the content and extent of the aforementioned proviso.

[ ] Yes
[√] No

Explain reasons and insert link to document provided to shareholders at the time of the announcement on this subject.
The auditor's opinion of the 2020 annual accounts contains no provisos.

C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	4	4

	Individual	Consolidated
Number of years audited by the current audit firm/Number of fiscal years the company has been audited (by %)	12.90	16.67

C.1.35 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

[√] Yes
[ ] No

Explanation of procedure

Article 15.4 of the Regulations of the Board states that notice of the meetings of said body must be given at least three days in advance and will always include the meeting's agenda and be accompanied by the relevant information, duly summarised and prepared. The agenda must clearly state the items on which the Board of Directors will have to adopt a decision or resolution. The Chairman, as the person responsible for the efficient operation of the Board, will ensure that the directors receive said information appropriately. Likewise, article 22 of the Regulations of the Board states that a director may contact the Secretary of the Board of Directors to request information on any matter that falls within scope of the Board's competence and, in this respect, examine its books, records, documents and other documentation. The right to information includes the Company's subsidiaries whenever possible. The Secretary will pass the request to the Board Chairman and the appropriate interlocutor in the Company. The Secretary will warn the director of the confidential nature of the information requested and received and of his/her duty of confidentiality, as provided for in the Regulations of the Board.

C.1.36 State whether the company has established rules whereby directors must report and, where applicable, resign when situations affecting them, which may or may not be related to his conduct in the company, could damage the company's standing and reputation. If so, provide details:

[v] Yes
[ ] No

Explain the rules

According to articles 21.3 and 32 of the Regulations of the Board, directors must report to the Company and, where applicable, resign when situations affecting them, which may or may be related to their conduct in the company, could damage the company's standing and reputation, in particular, criminal cases when they are under investigation and procedural difficulties.

Once the Board is informed or becomes aware of such a situation, it will examine the case as soon as possible and, depending on the specific circumstances and with a report from the A&RC, will decide whether or not to take measures such as opening an internal investigation, requesting the director's resignation or proposing removal.

Additionally, directors should offer to resign and, if the Board sees fit, do so in the following cases provided for in article 21.2 of the Regulations of the Board: -When they cease to hold the executive positions to which their appointment as directors was associated; -When they are affected by any of the causes of incompatibility or prohibition provided for by law; -When they receive a serious reprimand from the Board of Directors because they have not complied with their obligations as directors; -When they lose the professional good repute necessary to be a director of the Company or the reasons for which they were appointed no longer exist (e.g. when a proprietary director disposes of their interest in the Company); -In the case of independent directors, they may not hold this status for a continuous period of more than 12 years and, therefore, after said term, they must offer their resignation to the Board of Directors and resign; -In the case of proprietary directors (i) when the shareholder whom they represent sells its entire shareholding; and, likewise (ii) the corresponding number of directors must resign when said shareholder reduces its shareholding to a level that requires a reduction in the number of proprietary directors.

C.1.37 Barring special circumstances that are duly noted in the report, state whether the board has been informed or has otherwise become aware of any situation affecting a director, whether or not related to his or her conduct in the Company, which could harm the Company's credibility or reputation.

[ ] Yes
[v] No

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

There are no significant agreements of this nature, although, due to the large number of contracts signed by the Company, the possibility that some of them may include clauses that provide for amendments thereto or the termination thereof in the event of corporate operations that entail changes in control over the Company cannot be ruled out.

C.1.39 Identify individually for directors, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of beneficiaries	3
Beneficiary	Description of agreement
MR JUAN LÓPEZ-BELMONTE ENCINA, MR JAVIER LÓPEZ-BELMONTE ENCINA AND MR IVÁN LÓPEZ-BELMONTE ENCINA	-Mr Juan López-Belmonte Encina: The Company holds a service agreement with the chief executive officer. In particular, the causes for termination of the contract and the consequences thereof have been adapted to the latest changes made by the CNMV to the Good Governance Code in June 2020, which were in turn added to the executive directors' contracts following the review at the end of 2020. Thus, if the contractual relationship ends, a provision is made for an indemnity to the director of a gross sum equivalent to the two times the arithmetic average of the total annual compensation for the last three full years immediately preceding the contract termination date, except in the cases of (i) resignation from the position of director for reasons other than those included in the contract or (ii) revocation by the Company due to the director's failure to perform the duties established by law, contract or internal regulations, or the existence of a cause for fair dismissal in accordance with labour legislation (apart from unilateral termination by the employer). – Messrs Javier López-Belmonte Encina and Iván López-Belmonte Encina: The Company has signed employment contracts with these executive directors. In particular, regarding causes for termination of the contracts and the consequences thereof, the employment contracts refer to the provisions of the Workers' Statute.

State if these contracts have been communicated to and/or approved by management bodies of the company or of the Group. If they have, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General shareholders' meeting
Body authorising the severance clauses	√	

	Yes	No
Are these clauses notified to the General Shareholders' Meeting?	√	

In order to meet the provisions of article 249 of the Capital Companies Law, the aforementioned executive director contracts (and the amendments) were approved by the Board of Directors before they were signed, with the vote in favour of two thirds of the members (specifically, a unanimous vote on the part of the directors). The director involved in each case abstained from attending the deliberations and voting.

C.2. Committees of the board of directors

C.2.1 Provide details of all committees of the board of directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

Audit Committee		
Name	Post	Category

MR MARCOS PEÑA PINTO	CHAIRPERSON	Independent
MS FÁTIMA BÁÑEZ GARCÍA	MEMBER	Independent
MR JOSÉ FERNANDO DE ALMANSA MORENO- BARREDA	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	100.00
% of other external directors	0.00

Explain the functions, including, where applicable, the additional ones to those legally envisaged, attributed to this committee and describe its procedures and organizational and operating rules. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Bylaws or other corporate resolutions.

The rules of organisation and operation of the Audit Committee ("AC") are set out in articles 47 of the Corporate Bylaws and 13 of the Regulations of the Board of Directors, as well as in the Committee's own Regulations approved in 2017 and modified in December 2020 to bring them in line with the changes introduced by the reform of the Code of Good Corporate Governance for Listed Companies approved by the CNMV in June 2020. The AC will be formed by a minimum of three and a maximum of five directors appointed from among the non-executive directors. They must all be appointed, and particularly the chairperson, taking account of their knowledge and experience in accounting, auditing and financial and non-financial risk management. At any event, at least a majority of the AC members must be independent. Overall, the AC members must have the relevant technical knowledge in relation to the sector of activity to which the Company belongs. At least one of the members should have information technology expertise.

The Chairperson of the AC will necessarily be an independent director and must be replaced every four years. The AC meets quarterly, in order to review the regular financial information that must be sent to the CNMV to be published, as well as the information that the Board must approve and include in the annual public documentation. Likewise, it will meet at the request of any of its members and whenever its Chairperson calls a meeting, which he or she must do whenever the Board or the Board Chairman requests a report be issued or proposals adopted; and when it is convenient for fulfilment of its functions. These meetings will be attended by (i) when the AC members consider it appropriate, members of the Company's management team or personnel, (ii) the internal auditors whenever financial information (annual or interim) is to be published, i.e. twice a year. Likewise, the AC will obtain the advice of other external experts when it considers this necessary.
The AC reports on its activity and assumes responsibility for the work performed at the first Board of Directors meeting held after its own meetings and it keeps minutes of its meetings, a copy of which is sent to all Board members. Likewise, it prepares an annual report on its operation. Basic functions: (i) To inform at the General Shareholders' Meeting on any questions raised in relation to subjects that fall within the scope of the AC's competence and, in particular, on the result of the audit, explaining how it has contributed to the integrity of the financial information and the role that the AC has played in this process; (ii) To submit to the Board of Directors proposals for the selection, appointment, re-election and replacement of the accounting auditors, assuming responsibility for the selection process and engagement conditions, and regularly obtain information on the audit plan and the execution thereof from the auditor, in addition to preserving the auditor's independence in the course of its functions; (iii) To oversee the internal audit systems; (iv) To review the Company's accounts, monitor compliance with legal requirements and the proper application of generally-accepted accounting principles; (v) To supervise the risk control and management policy; (vi) To supervise compliance with the audit contract, striving for the opinion on the annual accounts and the main contents of the audit report to be worded clearly and precisely, and evaluate the results of each audit; (vii) To receive information on structural and corporate changes that the Company plans to make in order to analyse them and provide the Board with a prior report on their economic conditions and accounting impact and, in particular, where applicable, on the proposed exchange ratio; (viii) To examine and supervise compliance with the Company's governance rules, ensuring that the corporate culture is in line with its purpose and values, and make the proposals necessary to improve them, including the periodic evaluation and review of the Company's corporate governance system and its environmental and social policy to ensure that it performs its mission of promoting the Company's interests, while taking account of, as appropriate, the lawful interests of the other stakeholders; (ix) To supervise the Company's environmental and social practices to make sure that are consistent with stated policy and strategy; (x) To supervise and evaluate the processes in relations with the different stakeholder groups; and (xi) To receive information and, where appropriate, issue reports on disciplinary measures it is intended to impose on members of the Company's senior management team.

The AC Annual Report for 2020, which will be made available to all shareholders on ROVI's website, summarises the most important actions carried out by the AC in said year. It states that the Report was drawn up in accordance with the aspects set out in the CNMV's Technical Guide 3/2017 on audit committees in public-interest entities.

Identify the members of the audit committee who has been appointed due to his/her knowledge and experience in accounting, auditing or both and state the number of years for which the chairperson of

this committee has been in said position.

Names of directors with experience	MR MARCOS PEÑA PINTO
Date of appointment of chairperson	12/06/2019

Appointments and Remuneration Committee		
Name	Post	Category
MR JOSÉ FERNANDO DE ALMANSA MORENO- BARREDA	CHAIRPERSON	Independent
MR MARCOS PEÑA PINTO	MEMBER	Independent
MS FÁTIMA BÁÑEZ GARCÍA	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	100.00
% of other external directors	0.00

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the Bylaws or other corporate resolutions.

The rules of organisation and operation of the Appointments and Remuneration Committee ("A&RC") are set out in article 14 of the Regulations of the Board of Directors and in the Committee's own Regulations approved in 2019 and modified in December 2020 to bring them in line with the changes introduced by the reform of the Code of Good Corporate Governance for Listed Companies approved by the CNMV in June 2020. The A&RC will be formed by a minimum of three directors and a maximum of five, appointed from among the non-executive directors, and at least a majority of the members will be independent. The members will be appointed by the Board of Directors taking account of their knowledge, skills and experience in relation to the tasks they are required to perform, especially in the areas of corporate governance, strategic analysis and evaluation of human resources, selection of directors and officers, performance of executive management functions, and design of compensation policies and plans for directors and officers. As a whole, the Committee members shall possess the pertinent technical knowledge of the sector in which the Company operates.
The Chairperson will necessarily be an independent director and must be replaced every four years.
The A&RC meets quarterly and must likewise meet whenever its Chairperson calls a meeting, which he or she must do whenever the Board or the Board Chairman requests a report be issued or proposals adopted; and when it is convenient for fulfilment of its functions.
The Committee may obtain the advice of external experts when it considers this necessary.
The A&RC reports on its activity and assumes responsibility for the work performed at the first Board of Directors meeting held after its own meetings and it keeps minutes of its meetings, a copy of which is sent to all Board members.
The A&RC annually submits to the Board, to be evaluated at a Board meeting, a report on the performance of their functions by the Chairman of the and the Company's chief executive, as well as a report on the operation of the A&RC itself.
Likewise, it annually prepares and submits to the Board a report on director remuneration to be approved and subsequently put to a consultative ballot at the General Shareholders' Meeting.
Basic functions: (i) To evaluate the skills, knowledge and experience necessary on the Board; (ii) To submit to the Board of Directors proposals for the appointment of independent directors to be co-opted to the Board or submitted for the decision of the General Shareholders' Meeting; (iii) To report to the Board of the proposals for the appointment of the other directors to be co-opted to the Board or submitted for the decision of the General Shareholders' Meeting; (iv) To report to the Board on proposals for the appointment and removal of senior management and the basic conditions of their contracts; (v) To report to the Board on gender diversity issues and director qualifications. In this respect, it will set a target for representation of the gender with less representation on the Board of Directors and will draw up guidance on how to achieve said goal; (v) To propose to the Board of Directors: (a) the remuneration policy for directors or general managers or those who perform senior management functions reporting directly to the Board, executive commissions or executive officers; and (b) the individual remuneration of the executive directors and the other conditions of their contracts; (vii) To verify observance of the remuneration policy established by the Company; (viii) To organise the succession of the Chairman and the Chief Executive; (ix) To ensure the transparency of the remuneration and verify the information on the remuneration of directors and senior management contained in the various corporate documents; (x) To oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the board; (xi) To supervise the application of the reporting policy for economic, financial, non-financial and corporate information as well as communications and relations with shareholders, institutional investors and advisers and to monitor the way in which the Company communicates with and relates to small and medium sized shareholders; and (xii) To review the Company's social and environmental sustainability policy, ensuring that it is directed towards value creation.
The A&RC's annual report for 2020, which will be made available to all shareholders on ROVI's website, summarises the most important actions carried out by the AC in said year. It states that the Report was drawn up in accordance with the aspects set out in the CNMV's Technical Guide 1/2019 on Appointments and Remuneration Committees in public-interest entities.

C.2.2 Complete the following table with information regarding the number of female directors who were members of board committees at the close of the past four years:

	Number of female directors							
	Year 2020		Year 2019		Year 2018		Year 2017	
	No.	%	No.	%	No.	%	No.	%
Audit Committee	1	33.33	1	33.33	0	0.00	0	0.00
Appointments & Remuneration Committee	1	33.33	1	33.33	0	0.00	0	0.00

C.2.3 State, where applicable, the existence of any regulations governing board committees, where these regulations may be found, and any amendments made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.

Committee name
AUDIT COMMITTEE
Brief description
The rules of organisation and operation of the Audit Committee are set out in the Corporate Bylaws and the Regulations of the Board of Directors, which may be consulted on the Company's website (www.rovi.es). Furthermore, since November 2017, the Company has Regulations of the Audit Committee in accordance with the provisions of the CNMV's Technical Guide 3/2017, which may also be consulted on the Company's website. The Regulations were amended on 3 December 2020 by unanimous agreement of the Board of Directors in order to adapt them to the new working of the recommendation introduced by the CNMV to the Good Governance Code for Listed Companies following the review in June 2020.
Moreover, the Audit Committee prepares an annual report (which is made available to shareholders on the Company's website when notice of the General Meeting is given), which highlights the main activities and incidents, if any, that have taken place during the year in relation to its sphere of competence. Likewise, when the Audit Committee sees fit, said report will include proposals to improve the Company's governance rules.
Committee name
APPOINTMENTS AND REMUNERATION COMMITTEE
Brief description
The rules of organisation and operation of the Appointments and Remuneration Committee are set out in the Corporate Bylaws and the Regulations of the Board of Directors, which may be consulted on the Company's website (www.rovi.es). Furthermore, since November 2019, the Company has Regulations of the Appointments and Remuneration Committee in accordance with the provisions of the CNMV's Technical Guide 1/2019, which may also be consulted on the Company's website. The Regulations were amended on 3 December 2020 by unanimous agreement of the Board of Directors in order to adapt them to the new working of the recommendation introduced by the CNMV to the Good Governance Code for Listed Companies following the review in June 2020.
The Appointments and Remuneration Committee prepares an annual report (which is made available to shareholders on the Company's website when notice of the General Meeting is given), which highlights the main activities and incidents, if any, that have taken place during the year within its sphere of competence. Likewise, when the Committee sees fit, said report will include proposals to improve the Company's governance rules.

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1. Describe, if applicable, the procedure for approval of related-party and intragroup transactions.

According to articles 47 of the Corporate Bylaws, 13 of the Regulations of the Board of Directors and 10 of the Regulations of the Audit Committee, the Audit Committee is responsible for supervising compliance with the legislation on related-party transactions, ensuring that the obligatory communications to the market are carried out providing prior reports to the Board of Directors when it is going to make decisions on related-party transactions. Likewise, article 33 of the Regulations of the Board of Directors states any transaction the Company, or any company belonging to its group, performs with the directors, in the terms legally provided for, or with shareholders who hold, either individually or on a concerted basis with others, significant interests as defined in stock market legislation, including shareholders represented on the Board of Directors of the Company or other companies that form part of the same group, or with persons related thereto, will require the authorisation of the Board of Directors, subject to a prior report in favour from the Audi Committee. The directors affected or who represent or are related to the shareholders affected must refrain from taking part in the deliberations and voting on the resolution in question. Notwithstanding, this authorisation is not required in those related-party transactions that simultaneously meet three conditions: (i) they are carried out under contracts with standard conditions applied to a large number of customers; (ii) they are carried out at market prices or rates fixed on a general basis by the person or entity acting as supplier of the goods or services in question; and (iii) the amount of the transaction does not exceed 1% of the Company's annual revenue.

D.2. Describe any transactions which are significant, either because of the amount involved or subject matter, entered into between the company or entities within its group and the company's significant shareholders:

Name of significant shareholder	Name of company within the group	Nature of the relationship	Type of transaction	Amount (thousand euros)
NORBEL INVERSIONES, S.L.	Laboratorios Farmacéuticos Rovi, S.A.	Corporate	Dividends and other profits distributed	6,196

At its meeting held on 20 October 2020, the General Shareholders' Meeting passed a resolution to pay a gross dividend of 0.1751 per share to the shareholders. As a result of this resolution, the Company's shareholders received the amount corresponding to their shareholding on 19 November 2020. In particular, other Significant Shareholders received dividends amounting to 547 thousand euros.

D.3. Describe any transactions that are significant, either because of their amount or subject matter, entered into between the company or entities within its group and directors or managers of the company:

Name of director or manager	Name of the related party	Relationship	Type of transaction	Amount (thousand euros)
MR IVÁN JORGE LÓPEZ-BELMONTE ENCINA	LABORATORIOS FARMACÉUTICOS ROVI, S.A. - REPRESENTAÇAO EM PORTUGAL	Commercial	Operating lease agreements	25

Name of director or manager	Name of the related party	Relationship	Type of transaction	Amount (thousand euros)
MR JUAN LÓPEZ-BELMONTE LÓPEZ	LABORATORIOS FARMACÉUTICOS ROVI, S.A.	Commercial	Operating lease agreements	1,109
MR JUAN LÓPEZ-BELMONTE LÓPEZ	PAN QUÍMICA FARMACÉUTICA, S.A.	Commercial	Operating lease agreements	58
MR JUAN LÓPEZ-BELMONTE LÓPEZ	ROVI PHARMA INDUSTRIAL SERVICES S.A.U.	Commercial	Operating lease agreements	866

The Company and the ROVI group entity Rovi Pharma Industrial Services, S.A hold nine non-residential property rental contracts with the company Inversiones Borbollón, S.L, in which Mr Juan López-Belmonte López, Chairman of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A, holds a direct majority interest. Likewise, the Company holds three non-residential property rental contracts with the company Norba Inversiones, S.L., in which Mr Juan López-Belmonte López, Chairman of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A, holds an indirect majority interest.
Pan Química Farmacéutica S.A., a ROVI group entity, holds a non-residential property rental contract with the company Lobel y Losa Development, S.L., in which Mr Juan López-Belmonte López, Chairman of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A, holds a direct majority interest. The premises where ROVI's sales branch in Portugal is located belong to Mr Iván López-Belmonte Encina, who leases it to Laboratorios Farmacéuticos Rovi, S.A. - RepresentanCao em Portugal.

D.4. Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any event, note any intragroup transaction conducted with entities established in countries or territories which are considered tax havens:

Name of entity within the group	Brief description of the transaction	Amount (thousand €)
No data		N/A

D.5. State the amount of any transactions conducted with other related parties that have not been reported in the previous sections:

Name of related party	Brief description of the transaction	Amount thousand €)
ALENTIA BIOTECH S.L.	Laboratorios Farmacéuticos ROVI, S.A., as the lender, has two loan agreements with Alentia Biotech, S.L., as the borrower, for sums of fifty thousand (50,000) euros and one million fifty thousand (1,050,000) euros, respectively, each one with an interest rate of 2%, which accrued interest of twenty-two thousand (22,000) euros in 2020.	22

Name of related party	Brief description of the transaction	Amount thousand €)

Laboratorios Farmacéuticos ROVI, S.A. owns 50% of the company Alentia Biotech, S.L. and Mr Juan López-Belmonte López and Messrs Juan and Javier López-Belmonte Encina are members of its Board of Directors.

D.6. Describe the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

According to article 28 of the Regulations of the Board, directors must notify the Board of the existence of conflicts of interest relating both to the directors themselves and persons related to them. Persons related to a director are defined as follows: a) his or her spouse or person with whom the director has an analogous affective relationship; b) forebears, descendants and siblings of the director or the director's spouse; c) forebears, descendants and siblings of the director's spouse; and d) companies in which the director, him or herself, or through an intermediate person, is in one of the situations included in the first section of article 42 of the Code of Commerce. In the event of directors that are legal entity persons, related parties are defined as the following: a) shareholders who are, in respect of the director that is a legal person, in one of the situations included in the first section of article 42 of the Code of Commerce, b) the de facto o de jure administrators, the liquidators and the persons hold general powers of attorney from the director that is a legal person; c) the companies that form part of the same group and their shareholders; d) the persons who, in respect of the representative of the director that is a legal person, are considered persons related to a director.
The director must refrain from participating in the deliberations and voting on resolutions or decisions when he, or a related person, has a direct or indirect conflict of interest. Resolutions and decisions that affect the director in his capacity as such, like his appointment to positions on the governing body or others with analogous implications or the revocation of such appointments, are excluded from the aforementioned obligation. Likewise, directors must adopt the necessary measures to avoid situations in which their interests, either on their own behalf or on behalf of others, may enter into conflict with the corporate interests and their duties to the Company. In particular, the duty to avoid conflicts of interest obliges the director to refrain from: (a) performing transactions with the Company, except in the case of ordinary transactions, carried out under standard conditions for customers and of little importance, defined as those on which information is not necessary in order to express a true and fair view of the Company's equity, financial situation and results. In the case of transactions in the ordinary course of business that are habitual or recurring, a generic authorisation from the Board of Directors of the transaction and the conditions under which it is performed will suffice; (b) using the Company's name or referring to their status as a director to unduly influence the execution of private transactions; (c) making use of corporate assets, including the Company's confidential information, for private purposes; (d) taking advantage of the Company's business opportunities; (e) obtaining benefit or remuneration from third parties other than the Company associated to the performance of his or her position; (f) carrying on activities on the director's own behalf or on behalf of a third party that entail effective competition, whether it be real or potential, with the Company or that, in some other way, places the director in permanent conflict with the Company's interests. The Company may excuse the director in exceptional cases by authorising a director or a person related thereto to perform a determined transaction with the Company, use certain corporate assets, take advantage of a specific business opportunity or obtain benefit or remuneration from a third party.
The General Shareholders' Meeting must necessarily, in an express separate resolution, grant the authorisation to which the preceding paragraph refers when it is intended to excuse obtaining benefit or remuneration from a third party or affects a transaction for a value in excess of ten percent of the corporate assets. In the other cases, the authorisation may also be granted by the Board of Directors, provided that the independence of the members granting the authorisation in respect of the director receiving it is sufficiently guaranteed. Additionally, it will be necessary, in the latter of the cases mentioned, to ensure that the transaction authorised does not harm the Company's equity or, where applicable, is performed under market conditions, as well as the transparency of the process.
A director may only be excused from the non-compete obligation in the event that no harm can be expected for the Company or that any harm expected will be offset by the benefit it is expected to obtain from the authorisation. The authorisation will be granted in an express, separate resolution of the General Meeting.

D.7. State whether the company is controlled, pursuant to the meaning established in Article 42 of the Commercial Code, by another listed or non-listed entity, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to the activities of any of them.

[√] Yes
[ ] No

State whether detailed information has been made public regarding the respective lines of business and the business relations between the listed company and its subsidiaries, on the one hand, and the parent company and its subsidiaries, on the other:

[√] Yes
[ ] No

Report on the respective lines of business and the business relations between the listed company and its subsidiaries, on the one hand, and the parent company and its subsidiaries, on the other, and state where this information has been made public

Norbel Inversiones, S.L., which owns 63.107% of the Company's capital, is participated by Mr Juan López-Belmonte López and his sons, Messrs Juan, Javier and Iván López-Belmonte Encina.

There were no business relations between ROVI and NORBEL in 2020 with the exception of the related-party transaction referred to in part D.2 above and dividend payments. All business relations between ROVI and its group companies with the majority shareholder (and subsidiaries) have been published in the Annual Corporate Governance Reports in recent years.

Regarding business sectors, because Norbel Inversiones is a family business dedicated to investments, its activities are not in conflict with those of ROVI and its affiliates.

Identify the mechanisms in place to resolve conflicts of interest between the other controlling company of the listed company and the rest of the group companies:

Mechanisms in place to resolve conflicts of interest

The mechanisms in place to resolve possible conflicts of interest between Norbel Inversiones or ROVI and group companies are described in section D.6 above.

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including tax compliance risk.

ROVI considers Risk Control and Management as an instrument that helps attain greater efficiency and efficacy in its operations. Therefore, though its Risk Control and Management Policy, the latest version of which was approved by the Board of Directors in December 2020, it has put in place the basic mechanisms and principles for proper management of the key risks it encounters. Through this Policy, the Company fixes the risk level. it deems acceptable, identifies the different types of financial and non-financial risks, including tax compliance risks, as well as the measures in place to mitigate the impact thereof should they materialise. Additionally, the Policy identifies the information and internal control systems that will be used to control and manage the aforementioned risks.

The Company's Risk Management System operates integrally and continuously, consolidating said management by area or business unit or activity, subsidiaries, geographical areas and support areas (human resources, financial-tax, marketing, management control, etc.) at corporate level. ROVI's risk management model is based on three lines of defence:

- The first line of defence is formed by the Group's different operating areas, which, in the course of their daily operations, must identify, classify, assess and monitor the risks, in accordance with the level of risk accepted by ROVI.

- The second line of defence is formed by the risk control and management function. This function is responsible for implementing the risk control and management system, collaborating in initially establishing it, and helping to improve it once it has been implemented, monitoring its operation and coordinating its development.

- The third line of defence is Internal Audit, which supervises the internal control and risk management systems by auditing both the first and second lines of defence.

Additionally, in the tax area, the Company's firm commitment to contribute to the economic and social development of the different markets in which it operates has materialised in the Board's determination of a Tax Strategy, the latest version of which was approved by the board in November 2020, the goal of which is to ensure that the Company's compliance with its tax obligations is conducted through ethical and responsible practices and which places special emphasis on the efficient operation of the tax risk control and management systems.

E.2. Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.

According to article 5.3 of the latest version of the Regulations of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A. approved in December 2020, the plenary session of the Board of Directors is competent to approve the Risk Control and Management Policy for financial and non-financial risks, including tax compliance risks, as well as the periodic monitoring of the internal reporting and control systems. In accordance with article 13.2 of said Regulations, the functions of the Audit Committee include the supervision of the Risk Control and Management Policy that affect the attainment of corporate goals. To this end, the same article states that the Audit Committee will periodically review and supervise the internal risk control and management systems, including tax compliance risks, and the efficacy thereof, so that the main risks are identified, managed and made known appropriately. In particular, article 13.2 of the Regulations of the Board of Directors states that the Audit Committee will exercise the following functions in relation to the risk policy and management:

- Identify the different types of financial and non-financial risks (operational, technological, legal, social, environmental, political and reputational, including those related to corruption, among others) to which the Company is exposed. For financial and economic risks, this includes contingent

liabilities and other off-balance sheet risks.
- Establish a risk control and management model based on different levels.
- Identify the level of risk that the Company considers acceptable.
- Identify the measures in place to mitigate the impact of the risks identified should they materialise.
- Identify the reporting and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities and other off-balance sheet risks.

The Audit Committee performs these functions through management, which identifies, classifies, evaluates and monitors the risks, taking account of the acceptable risk level categories fixed by the Audit Committee, and applies the measures that are in place to mitigate the impact thereof should they materialise.

The Internal Audit Department assumes the function of implementing a Risk Control and Management System, helping to improve it once it has been implemented, monitoring its operation and coordinating its development. Likewise, it reports to the Audit Committee at each of its meetings on the proper functioning of the System and/or, when appropriate, any risks that have materialised.

In relation to tax compliance risks, the Financial Department is directly responsible for controlling the effective implementation of the basic aspects of the Tax Strategy determined by the Board of Directors and establishing and applying measures to ensure that the tax compliance risk is assessed appropriately in the Company's decision-making process. Given the complexity of tax issues and the continual changes in the tax legislation, the Company and its group always enjoy the collaboration of external advisors who are experts on the subject, with the possibility of forming multidisciplinary teams if a specific transaction so requires, in order to ensure that their taxes are filed properly and appropriate decisions are made on tax issues.

E.3. State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.

The primary risk factors to which the Group considers itself to be exposed in relation to achieving its business goals are the following:
- Changes in the conditions under which raw materials and other packaging materials needed for manufacturing its products are supplied.
- Failure to complete successfully or in the expected manner the Research and Development projects that ROVI is executing.
- Changes in the prescription criteria or changes in the legislation regulating the market aimed to contain pharmaceutical spending (price control, reference prices, support for generic products, co-payment, purchase platforms).
- Concentration of business in certain geographical areas.
- Actions on the part of the competition that have an adverse impact on ROVI's sales.
- Risk of cyberattacks.
- Tax risk inherent to the activity of companies of the size and complexity of the Group.

E.4. State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.

As part of the risk management process, the Audit Committee has established, for each one of the key risks identified, both the appetite for risk (the level of risk that ROVI is ready to accept to attain its strategic goals) and the tolerance (degree of change in appetite it will accept to attain its goals).

ROVI's risk tolerance level is low, which means that ROVI is not willing to tolerate risk in order to attain its goals and objectives and would only be willing to do so if the probabilities were remote or the impact, in the event of the risk materialising, were minor. Tolerance is updated periodically and whenever there is any change in the Group's strategy.

ROVI evaluates the level of identified corporate risks on a regular basis using the risk assessment scales for the variables of probability of occurrence and consequences approved annually by the Audit Committee in the process of updating the Company's risk map.

The Group then assesses whether the existing risk level exceeds the risk level it is willing to accept to attain the strategic goals, defining response plans as deemed necessary.

E.5. State which risks, including tax compliance risks, have materialised during the year:

The main risks that materialised during the year were as follows:

(i) Changes in the general economic situation due to the global pandemic caused by COVID-19.

The public health crisis caused by COVID-19 had a negative impact on the global economy in 2020. Despite this, its impact on ROVI was limited to: (i) reduced sales of certain products, mainly contrast agents and other hospital products used for diagnostic tests, which

declined in 2020; (ii) an increase in costs related primarily to the protection of ROVI employees (personal protective equipment, cleaning supplies and disinfectant, etc.) and the adaptation of IT systems and equipment to facilitate remote work; and (iii) reduced commercial costs due to the reduction in commercial activity because of the restrictions on medical visits.

The slowdown in consumption or the adoption of measures by governments to contain pharmaceutical spending may have an impact on the pharmaceutical industry as a whole in the future.

(ii) Changes in the conditions under which raw materials and other packaging materials needed for manufacturing its products are supplied.

The principal raw material for manufacture of our two low-molecular-weight heparins (bemiparin and the enoxaparin biosimilar) is sodium heparin, which is obtained from pig mucosa. Therefore, any disease that affects pigs may have an effect on the global heparin market by affecting either the supply or the prices.

Since the end of 2018, there has been an outbreak of swine fever in China, the main producer of pork and pork derivatives worldwide which was declared to be "under control" by Chinese authorities in July 2019. This has already affected prices, which had been increasing but started to stabilise in the second half of 2020.

(iii) Actions by competitors that have had a negative impact on ROVI's turnover.

Because of the highly competitive nature of the pharmaceutical market, ROVI's turnover in 2020 was negatively impacted as a result of the launch of hybrid and generic products by competitors, which in turn led to a reduction in the price of certain ROVI products.

The Company has applied the supervision and control systems and response plans described in section E.6 to the risks mentioned in this section and considers that they have operated correctly to foresee and detect the occurrence of risks and minimise their impact.

E.6. Explain the response and monitoring plans for all major risks of the company, including tax compliance risks, as well as the procedures followed by the company in order to ensure that the board of directors respond to any new challenges that arise.

ROVI permanently monitors and is alert to any risks that might have an adverse effect on its business activities, applying the appropriate mechanisms to manage them and continually developing contingency plans able to reduce or offset their impact. Among them, we highlight the fact that the Group: (i) continues with the diversification of suppliers of raw materials and other packaging materials necessary for the manufacture of its products; (ii) continues to pursue its goal of constantly opening up new markets through its international expansion project; (iii) continues to enhance is processes and controls, including those related to the internationalisation process; (iv) is working intensively to maintain broad and diversified portfolios of products and customers; (v) perseveres each year with an internal savings plan, which has focused mainly on improving the efficiency of its internal and external operating processes; (vi) the Group performs strict credit control and carries out effective cash management, which ensures that sufficient working capital is generated and maintained to permit day-to-day transactions to be performed; (vii) the Group has an exhaustive tax compliance risk control system and external advisors who review the preparation and filing of the various taxes, as well as the tax decisions made by the Group; and (viii) the Group has intensified its efforts to mitigate the risk of cyberattacks by raising the awareness of staff and conducting cybersecurity reviews.

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

F.1. Control environment

Report on at least the following, describing their principal features:

F.1.1 The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

ROVI's System for Internal Control over Financial Reporting (hereinafter, "ICFR") has the goal of obtaining reasonable certainty as to the reliability of the financial reporting. The bodies responsible for it are:

- The Board of Directors: this is the body responsible for the existence and continuity of adequate and effective ICFR in accordance with the version of the Regulations of the Board of Directors approved on 3 December 2020.

- Senior Management performs the functions of implementing and designing the ICFR.

- The Audit Committee is the body responsible for overseeing ICFR, as stated in the company's Bylaws, the Regulations of the Board of Directors and the latest version of the Regulations of Audit Committee approved by the Board of Directors on 3 December 2020. This Regulation assigns the following responsibilities to the Audit Committee, among others:

o To oversee and evaluate the process of preparing and presenting the financial reporting of the company and, where applicable, the Group, and ensure it is complete, reviewing compliance with legal requirements, the accurate demarcation of the consolidated group and the proper application of accounting principles, and to put forward recommendations or proposals to the Board of Directors aimed to safeguard the integrity of the financial reporting.

o To receive, respond to and take account of, appropriately and adequately, any requirements that the public supervisor of the financial reporting may have sent in the present or previous years, ensuring that the same type of incidents previously identified in such requirements are not repeated in the financial statements.

o To discuss any significant internal control weaknesses detected in the course of the audit with the statutory auditors, where appropriate, without jeopardising their independence. In this respect, where appropriate, recommendations and proposals may be submitted to the Board of Directors, together with the relevant period for following them up.

o To regularly review and oversee the internal control and risk management systems and the efficacy thereof, in order for the main risks to be identified, managed and made known appropriately.

o To review the clarity and integrity of all the financial reporting and related non-financial reporting that the entity makes public, such as the financial statements, management reports, risk management and control reports and corporate governance reports, evaluating in which cases the statutory auditors should be involved in reviewing any of the reports in addition to the financial statements.

F.1.2 State whether the following are present, especially if they relate to the creation of financial information:

· Departments and/or mechanisms in charge of: (i) the design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity:

- (i) Design and review of corporate structure;

The design and review of the organisational structure are carried out by the Human Resources Department with the involvement of the management of the relevant department. There are specific organisation charts for each financial area, which are sufficiently detailed and establish the lines of responsibility and authority.

(ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions;

Tasks and responsibilities in the preparation and supervision of financial reporting are defined for each position. The lines of authority and responsibility are described in the organisation charts for each department and are defined by Management. Likewise, the procedures related to the preparation of financial reporting set out the responsibilities of the different areas of the Company.

and (iii) assurance that adequate procedures exist for proper communication throughout the entity, especially in relation to the process of preparing the financial reporting.

The procedures concerning preparation of the financial reporting are communicated to those responsible for the financial function.

- Code of conduct, the body approving this, degree of dissemination and instruction, including principles and values, (state if there is specific mention of transaction recording and creation of financial information), a body charged with analysing breaches and proposing corrective actions and sanctions:

ROVI has a Code of Conduct (the "Code of Ethics"), the latest version of which was approved by the Board of Directors on 19 February, 2018, which is the basis of the ethics principles of the Company and its Group. This Code is applicable to all employees, to whom it has been communicated, and has the fundamental objective of providing a framework of guidelines and recommendations that transmit the good practices of ROVI's employees in their day-to-day work to its stakeholders (employees, shareholders, suppliers, customers, patients, professionals, public authorities and society in general), while, at the same time, it provides guidance for making everyday decisions. ROVI considers this Code of Ethics to be an opportunity to put the values that identify it as a company into practice, such as mutual respect, the quest for innovation, team work, efficiency, or the competitiveness that always results from scientific excellence.

The Code of Ethics is formally signed by all workers when they join the workforce of any ROVI Group company.

ROVI's Code of Ethics includes a specific section on financial integrity and protection of its assets, whereby it undertakes to apply the highest standards of ethics and transparency in its communications, information records and reports concerning its products and activities. This entails the obligation that, when preparing the accounting for the financial statements, books, records and accounts, ROVI will meet legal requirements and will properly apply current accounting principles, in order to provide an accurate picture of its business activities and the Group's financial situation.

Additionally, ROVI has an Anti-Bribery and Anti-Corruption Policy, the latest version of which was approved by the Board of Directors on 10 September 2020, which develops one of the principles of the Code of Ethics, which is to reject any practice that includes bribery or corruption. The Anti-Bribery and Anti-Corruption Policy, also applicable to all ROVI's employees, states that detailed books, records and accounts that accurately show the group's assets and transactions must be kept and that an appropriate system of internal control over financing reporting must be in place. No accounts outside these books are permitted, since such practices may facilitate or conceal undue payments. The document is available to employees in the internal mobile application and on other internal ROVI websites.

The body responsible for compliance with the Code of Ethics is the Compliance Function, to which this duty is assigned in the "Regulatory Compliance Function Charter, approved by the Audit Committee of 25 July, 2017. The Compliance Function is composed of a Compliance Committee (a permanent internal collegial body that reports directly to the Audit Committee and is considered an advisory body to said Committee on compliance matters) and the Compliance Department (area responsible for conducting day-to-day compliance coordination activities, providing support to the Compliance Committee and reporting to it on the relevant matters).

In 2020, personnel from ROVI's subsidiaries received training in the Code of Ethics, imparted by the Compliance area. Said training had two main goals: the first, to reinforce the idea that all the employees and members of governing bodies of ROVI are subject to the Code and that it is binding on them, and the second, to provide training on all the action principles contained in the Code of Ethics, with their possible applications and interpretations.

Additionally, the Compliance Committee approved the "Code of Ethics for Suppliers" on 7 November, 2017. The main objective of this Code is to ensure that ROVI's suppliers and other components of the value chain respect not only current legislation, but also the values of the ROVI's corporate governance system, the principles set out in its Corporate Social Responsibility Policy and other internal rules of ROVI. Implementation of the use of this Code is currently under development by some of the departments involved in supplier management. As part of this work, the general contracting conditions of the ROVI Group, and the rest of the contracts when the negotiations so permit, include the obligation to comply with the contents of the Code of Ethics for Suppliers.

ROVI has a "Regulations of the Ethics Channel for Employees and Suppliers", the latest update of which was approved by the Audit Committee on 7 May, 2019. They establish that the management body of ROVI's ethics channels is the Ethics Channel Management Committee, which is likewise responsible for ensuring that all reports submitted through the channel receive attention and are managed appropriately, in full and confidentially. Said body is responsible for analysing cases of non-compliance and proposing corrective actions. Possible sanctions derived from non-compliance are the responsibility of the Human Resources Department.

Additionally, ROVI has an Internal Regulations on Conduct in the Securities Markets, the latest version of which was approved by the Board of Directors on 7 May, 2019. The purpose of these Regulations is to adjust the actions of the company, its governing bodies and other persons subject to the rules on conduct to securities market-related legislation.

- Whistleblower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, reporting, as the case may be, if this is of a confidential nature:

ROVI has a reporting channel (the "Ethics Channel") available to its employees, suppliers, business partners, agents and external collaborators, the purpose of which is to ensure smooth and efficient communication with the bodies responsible for ensuring compliance, ethics and transparency within the organisation.

This channel is intended to allow any financial, contractual, legal or ethical irregularities to be notified and to raise any queries that may arise on the interpretation of ROVI's Code of Ethics, the Code of Ethics for Suppliers or, in general, the different policies and procedures approved by the Group.

The Ethics Channel is regulated in the "Regulations of the Ethics Channel for Employees and Suppliers", which states that all ROVI Group employees and the suppliers subject to the Code of Ethics for Suppliers are obliged to notify:

- Any breaches of legislation of which they are aware, including failure to comply with rules that ROVI has decided to apply voluntarily, such as, for example, the Code of Good Practice for the Pharmaceutical Industry.
- Any conduct that may constitute an offence or a breach of the Group's Crime Prevention Model.
- Any conduct that may be classified as unethical or contrary to ROVI's Code of Ethics or the Code of Ethics for Suppliers.
- Any financial, accounting or other irregularities that may potentially have a material effect on the functioning and operation of the Group companies.
- Any breaches of internal policies or procedures of which they become aware.

Reports may be sent:
- By ordinary post, to the address provided in the "Regulations of the Ethics Channel for Employees and Suppliers".
- By e-mail, to the address provided for this purpose in the "Regulations of the Ethics Channel for Employees and Suppliers".
- By telephone.
- Through ROVI's internal mobile application.

All these methods of sending a report guarantee the confidentiality of the reports by restricting access to the telephone, the postal address where they are received and the e-mail (where the reports sent through the mobile application are also received) to only the recipients authorised in the "Regulations of the Ethics Channel for Employees and Suppliers".

- Training and periodic refresher programmes for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.

The Company has a very stable workforce among the employees who participate in preparing the financial reporting, who have the knowledge necessary to perform the duties assigned to them. If any changes take place in the applicable legislation or the duties assigned to employees involved in these activities, specific training programmes are conducted in coordination with the Human Resources Department.

Additionally, the Company enjoys the assistance of external advisors who provide support to the personnel belonging to the financial function on questions concerning new tax, legal and accounting developments. There is regular contact with these advisors.

F.2. Assessment of financial information risks.

Report on at least the following:

F.2.1 The main characteristics of the risk identification process, including error and fraud risk, as regards:

- Whether the process exists and is documented:

The Company has a risk identification system, which includes risks of error or fraud in the financial information. Details are given in a "Risk Control and Management Policy", the latest version of which was approved by the Board of Directors in December 2020.

For each of the areas with a material financial impact, depending on its quantitative or qualitative importance, the relevant processes and sub-processes have been identified and the risks that could give rise to errors in the financial information or fraud in the transactions have likewise been identified, as have the control activities that mitigate these risks.

- If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency:

For each one of the material processes identified, the risks that could generate errors in the financial information have been identified, covering the objectives of existence and occurrence, integrity, valuation, delivery, breakdown and comparability, and rights and obligations. The processes identified and documented are reviewed and updated annually in the event that there have been changes in the management of said processes or in the applicable legislation that thus requires.

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities:

The Company's perimeter of consolidation is reviewed and updated on a monthly basis by the area responsible for consolidation, with the pertinent quarterly supervision by the Audit Committee, which is the body responsible for reviewing the accurate demarcation of the perimeter of consolidation and the proper application of accounting principles.

There are no complex structures and, since there are few changes in the perimeter, any change is mentioned in the annual and half-yearly financial information issued by the Company.

- If the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements:

The process takes into account the effect of other types of risk, such as operational, technological, legal, reputational, environmental risks, etc., that may have a material effect on the financial information. In the event that any of these risks could affect the financial information, the Company identifies how it should proceed to mitigate said effect.
These risks are managed and assessed as set out in the Risk Management and Control Policy. This Policy identifies four types of risk:
- Strategic: those that affect high-level objectives, directly related to ROVI's strategic plan.
- Operational: those that affect objectives related to the efficiency and efficacy of the operations, including performance- and profitability-related targets.
- Reporting: those that affect the reliability of the information provided (including the financial information) both internally and externally.
- Compliance: those that affect objectives relating to compliance with the applicable laws and rules (including those concerning accounting, auditing, internal control and risk management).

- The governing body within the company that supervises the process:

The most important risks, whether they be financial or of any other nature, are notified to the Audit Committee to be subsequently reported to the Board of Directors. The Audit Committee is the body responsible for supervising the Risk Management and Control Policy, including tax compliance risks, for risks that affect attainment of the corporate objectives. Furthermore, the Audit Committee has the task of periodically supervising the internal control and risk management systems and the efficacy thereof, in order for the main risks to be identified, managed and made known appropriately.

F.3. Control activities

Report on whether the company has at least the following, describing their main characteristics

F.3.1 Review and authorisation procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.

ROVI conducts regular reviews of the financial information it prepares based on different levels:

- At each reporting date, the departments involved in closing the accounts and the corporate accounting department review the financial information prepared, carrying out the relevant checks to ensure the reliability of the records.
- Once the consolidation process is completed, the Financial Department conducts a review of the financial information, identifying any possible deviations.
- If the financial information is to be made public in compliance with stock market regulations:

1. The Audit Committee reviews the financial information. Before reviewing it, the Committee is informed of at least:

o The correctness of the perimeter of consolidation.
o Judgements, criteria, valuations and estimates made that have a material impact on the related financial and non-financial statements.
o Changes in the significant criteria applied.
o Alternative Performance Measures ("APM") taken into account.
o Significant internal control weaknesses.
o Where applicable, significant adjustments used by the statutory auditor or resulting from reviews conducted by internal audit and the management's position on these adjustments.
o Where applicable, requirements sent by the public supervisor of the financial information.
o Other relevant information.

2. The Board of Directors approves the financial information to be published.

The description of the ICFR system is reviewed by both the Financial Department and Internal Audit and the aforementioned governing bodies as part of the regular information that ROVI sends to the markets.

ROVI has descriptions of the activity flows of the main processes that affect the financial information, including the procedure for closing the accounts and preparing reports, which specifies the process of reviewing material judgements, estimates and projections. For each one of these procedures, the most significant controls and the transactions that could have a material effect on the financial statements have been identified. The documentation on each one of these processes is updated in cases where changes in the legislation or the processes make it necessary. This documentation is composed of:

- Details of the structure/company to which it applies.
- Descriptions of the sub-processes associated to each process.
- Flow charts of the principal sub-processes.
- Details of the material risks to the financial information.
  Description of controls (key and non-key) that mitigate the probability of occurrence of the risks identified for each one of them, details are given of: type of control, level of automation, supporting evidence, and person or body responsible

F.3.2 Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.

ROVI's Corporate Information and Communication Technologies (ICT) Department is responsible for promoting and supporting the establishment of technical, organisational and control measures that ensure that integrity, availability, reliability and confidentiality of the information.

The Risk Manager of the Information Security Management System (ISMS-Risk Manager) is responsible for supervising the effective and efficient management of risks and incidents in respect of the security of confidential information and for promoting plans and policies to safeguard it.

Access to the information systems is managed on a centralised basis for all the offices, both in Spain and internationally. Protocols have been put in place to guarantee that ROVI users only access the data and programmes that they are allowed to access in accordance with their position or function, preventing unauthorised access. This access, defined on the basis of roles and profiles that define the functionalities to which a user should have access, takes place through a user name and password, which are personal and untransferable, for both systems (operating systems and shared folders) and databases and applications. Likewise, ROVI has systems that alert of any malicious or suspicious use of the information (DLP), likewise detaining possible attacks using malicious software, such as the well-known "Cryptolocker". Additionally, our Active Directory is monitored to alert of any conduct suspected of being an attack, such as stealing passwords, lateral movements, manipulation of certifications, application of permissions, abuse of privileges, etc.

As an additional security measure, all Company servers now have a virtual patching system. Specific Firewall rules ae applied daily to each one of the systems, in order to block any attacks that take advantage of security breaches that have not yet been patched through the monthly Operating System updates that are applied to them.

The segregation of functions is determined in the systems in accordance with the distribution of roles and profiles mentioned above. The Internal Audit function analyses the systems annually to ensure that no duties that are incompatible with the segregation of functions are carried out by the same user.

The general security policy does not allow software to be installed, deinstalled or modified in equipment without specific permissions, preventing non-administrator users from making substantial changes to the client equipment without the authorisation of an ICT administrator. Users are also prohibited from using external storage devices unless approved and inventoried by the IT Department.

At ROVI, a methodology for managing changes has been established on the basis of the Good Manufacturing Practice standards ("GMP standards"), which establish the precautions and validations necessary to limit risk in this process. This methodology is obligatory for any change made to the Company's ICT systems.

There is an internal 24-hour "Help Desk" service, which end users may contact if they encounter any incident with their workstation or system.

The Company has a Data Processing Centre (DPC) located in the Madrid Region, operated and managed by an external provider. It has all the measures for secure access to and availability of the service. Only authorised personnel may access these facilities and all accesses are recorded. Monitoring of all the systems and data links has been established to ensure their proper functioning and response. The operation and management of the DPC and the ROVI systems it houses are audited annually in accordance with the standard ISAE3402 on a satisfactory basis.

ROVI's communications and systems are protected by network elements such as firewalls, at various levels, and antiviruses, to reinforce internally the control against threats such as viruses or other types of malicious software.

Most of the systems have high local availability and there are redundant servers and data cabinets in the DPC itself, allowing availability to be ensured in the event of incidents.

Additionally, a back-up copy of the data and systems is made regularly and kept in a safe place in different locations. At least once a year, the system and data retrieval procedure is executed in relation to the financial information, thus verifying its reliability and proper operation.

ROVI has its ERP (SAP) virtualised, which furnishes greater tolerance in the event of disasters, maintaining a mirrored system in a DPC located elsewhere, at a different geographic location to the principal DPC, which would come into operation in the event of a major disaster.

F.3.3 Internal control policies and procedures intended to guide the management of subcontracted activities and those of third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.

At present, the only outsourced operation with a material effect on the financial information is the process of preparing the payroll. The payroll management process is monitored by the Human Resources Department. The supervisory activities are shown in the documentation describing the Company's flows and activities.

F.4. Information and communication

State whether the company has at least the following, describing their main characteristics:

F.4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

In the Company's Financial Department, specifically in the accounting area, there is a specific function responsible for defining the accounting policies and keeping them updated, as well as solving any doubts or conflicts arising from the interpretation thereof.

The Company has an accounting policy manual that includes the main accounting criteria to be taken into account when preparing the financial information. Said manual is updated by ROVI's Financial Department periodically. The latest update took place in December 2017 and a revision process is currently underway to include the applicable new accounting principles.

F.4.2 Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the entity or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

All the companies that form part of the Group use SAP as the only system for capturing and preparing financial information. Data are uploaded to the application homogeneously for all the subsidiaries included in the perimeter of consolidation.

Moreover, since it is a group of companies with a highly centralised financial function, the key activities conducted in preparing the financial information are performed by the same team of employees for all the Group companies, which ensures the consistency of the information.

In relation to ICFR, the person responsible for preparing this information contacts the departments involved to obtain the documentation (financial and non-financial) necessary for proper compliance with the legal requirements in relation thereto.

F.5. Supervision of system performance

Describe at least the following:

F.5.1 The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR.
Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

The Audit Committee met monthly to review the regular financial reporting sent to the National Securities Market Commission. It supervised the process of preparing both the individual and consolidated quarterly and half-yearly financial information and the integrity thereof. Specifically, the Committee reviewed, before it was sent, compliance with regulatory requirements, the accurate demarcation of the perimeter of consolidation and the proper application of accounting criteria in the regular information, within the periods established by law in this respect.

The Audit Committee was regularly informed by Internal Audit of ICFR-related activities. In this respect, Internal Audit drew up the annual internal audit work plan for 2020, which was examined and approved by the Audit Committee and contained, among other things, the work to be carried out in 2020 in relation to ICFR. The Audit Committee received the Annual Audit Report for 2020, which described, among other items, the status of execution of Internal Audit's work on the ICFR and informed of the results, stating, where applicable, the aspects that might materially affect the financial reporting.

Lastly, in order to avoid the individual and consolidated accounts approved by the Board of Directors being submitted to the General Meeting with qualifications in the Audit Report, the Audit Committee carried out the following tasks, among others, before they were approved: it reviewed the annual accounts, monitored compliance with legal requirements and the correct application of generally-accepted accounting principles, received information on the financial reporting process and the Company's internal control systems, and checked their suitability and integrity.

The Audit Committee reported favourably to the Board of Directors before the annual accounts were approved.

The Company has an internal audit function that provides support to the Audit Committee in supervising the internal control over financial reporting.

The Internal Audit function, under the supervision of the Audit Committee, ensures that the information and internal control systems operate properly. The Internal Audit function is regulated in an "Internal Audit Charter", the latest version of which was approved by the Board of Directors on the recommendation of the Audit Committee in December 2020. The head of Internal Audit submits the annual work plan to the Audit Committee, likewise informing the Committee directly of any incidents that arise in executing the plan and submitting an activity report to the Committee at the end of each year.

In 2020, as part of its Annual Work Plan, Internal Audit reviewed the efficacy of the design and implementation of the key controls of the processes with a material effect on ROVI's financial statements. Specifically, the design of the controls was assessed and proper operation thereof in the following processes was verified:
- Fixed assets
- Sales
- Purchasing
- Payroll
- Taxes
- Year-end close

The corrective measures identified with a material effect on the financial reporting were included in the Annual Internal Audit Report submitted to the Audit Committee at the year-end.

In 2021, audits to supervise the proper operation of the key ICFR processes will continue.

F.5.2 If there is a procedure by which the account auditor (in accordance with the contents of the Normas Técnicas de Auditoría (NTA) - "Auditing Standards"), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weakness in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses found.

The Audit Committee has a stable and constant relationship with the statutory auditors. In its Annual Work Plan, the Audit Committee fixes the minimum annual meetings that it will hold with the statutory auditors, in such a way as ensure smooth communication and receive information on any significant internal control weaknesses detected.

In this respect, in 2020 the Audit Committee met with the statutory auditor three times, when it obtained information on both the planning of the work and the results and findings thereof (including significant control weaknesses). Before the annual accounts for the year were approved, the statutory auditor also met with the plenary session of the Board of Directors to report on the work executed.

Likewise, the Audit Committee holds regular meetings with ROVI's Internal Audit which, on a quarterly basis, reports on, among other aspects, any significant internal control weaknesses that may have been identified.

Apart from the scheduled meetings, in the event that any material weakness is detected, both the statutory auditors and Internal Audit are able to notify the Audit Committee immediately.

For all significant internal control weaknesses that are observed, action plans to mitigate or eliminate them are designed.

F.6. Other relevant information

There is no relevant information other than that included in the preceding sections.

F.7. External auditor's report

Report from:

F.7.1 If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

The information on the internal control over financial reporting systems included in the Annual Corporate Governance Report was submitted to a review by an external auditor, a copy of which is attached hereto.

G. EXTENT OF COMPLIANCE WITH GOOD GOVERNANCE RECOMMENDATIONS

Specify the company's level of compliance with recommendations from the Unified Code of Good Governance.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining the reasons in such a manner that shareholders, investors and the market in general have enough information to judge the company´s actions. General explanations are not acceptable.

1. That the bylaws of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.

   Complies [X] Explanation [ ]

2. When the listed company is controlled, pursuant to the meaning established in Article 42 of the Commercial Code, by another listed or non-listed entity, and has, directly or through its subsidiaries, business relationships with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to the activities of any of them, this is reported publicly, with specific information about:

   a) The respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

   b) The mechanisms in place to resolve any conflicts of interest that may arise.

   Complies [ ] Complies partially [ ] Explanation [ ] Not applicable [X]

3. That, during the course of the ordinary general shareholders' meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the board of directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:

   a) Changes that have occurred since the last general shareholders' meeting.

   b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

   Complies [X] Complies partially [ ] Explanation [ ]

4. The company should define and promote a policy for communication and contact with shareholders and institutional investors within the framework of their involvement in the company, as well as with proxy advisors, that complies in full with the rules on market abuse and gives equal treatment to shareholders who are in the same position. The company should make said policy public through its website, including information regarding the way in which it has been implemented and the parties involved or those responsible for its implementation.

   Further, without prejudice to the legal obligations of disclosure of inside information and other regulated information, the company should also have a general policy for the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other channels) that helps maximise the dissemination and quality of the information available to the

market, investors and other stakeholders.

Complies [X] Complies partially [ ] Explanation [ ]

5. That the board of directors should not propose to the general shareholders' meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

   And that whenever the board of directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

   Complies [ ] Complies partially [X] Explanation [ ]

ROVI's General Shareholders' Meeting held on 12 June, 2019 passed a resolution to delegate the power to increase the share capital to the Board of Directors, without previously consulting the General Meeting, on one or more occasions and at any time, for a term of five years as of the date the Meeting was held, by the maximum amount permitted by law, i.e. a maximum nominal amount of 1,682,068.95 euros, which is equal to half the share capital at the time the authorisation was granted, expressly authorising the Board of exclude, totally or partially, preferential subscription rights in the terms of article 506 of the Corporate Enterprises Act.

6. That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the general shareholders' meeting, even when their publication is not mandatory:

   a) Report regarding the auditor's independence.

   b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.

   c) Report by the audit committee regarding related-party transactions.

   Complies [X] Complies partially [ ] Explanation [ ]

7. That the company reports in real time, through its web page, the proceedings of the general shareholders' meetings.

   The company should have mechanisms that allow the delegation and exercise of votes by electronic means and even, in the case of large-cap companies and, to the extent that it is proportionate, attendance and active participation in the general shareholders' meeting.

   Complies [X] Complies partially [ ] Explanation [ ]

8. The audit committee should strive to ensure that the financial statements that the board of directors presents to the general shareholders' meeting are drawn up in accordance to accounting legislation. And in those cases where the auditor includes any qualification in its report, the chairman of the audit committee should give a clear explanation at the general meeting of the opinion of the audit committee regarding the scope and content, making a summary of that opinion available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board.

   Complies [X] Complies partially [ ] Explanation [ ]

9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the general shareholders' meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies [X] Complies partially [ ] Explanation [ ]

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the general shareholders' meeting, the company:

a) Immediately distributes the additions and new proposals.

b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the board of directors.

c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the board of directors including, particularly, assumptions or default positions regarding votes for or against.

d) That after the general shareholders' meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Complies [ ] Complies partially [ ] Explanation [ ] Not applicable [X]

11. That, in the event the company intends to pay for attendance at the general shareholders' meeting, it establishes in advance a general policy of long-term effect regarding such payments.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

12. That the board of directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

And that in pursuit of the company's corporate interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies [X] Complies partially [ ] Explanation [ ]

13. That the board of directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Complies [X] Explanation [ ]

14. The board of directors should approve a policy aimed at promoting an appropriate composition of the board that:

a) is concrete and verifiable;

b) ensures that appointment or re-election proposals are based on a prior analysis of the competences required by the board; and

c) favours diversity of knowledge, experience, age and gender. Therefore, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The results of the prior analysis of competences required by the board should be written up in the nomination committee's explanatory report, to be published when the general shareholders' meeting is convened that will ratify the appointment and re-election of each director.

The nomination committee should run an annual check on compliance with this policy and set out its findings in the annual corporate governance report.

Complies [X] Complies partially [ ] Explanation [ ]

15. That proprietary and independent directors constitute a substantial majority of the board of directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

Further, the number of female directors should account for at least 40% of the members of the board of directors before the end of 2022 and thereafter, and not less than 30% previous to that.

Complies [ ] Complies partially [X] Explanation [ ]

The Company complies with the recommendation to the extent that the number of directors is the minimum necessary, taking the percentage interest held by the executive directors in the Company's capital into account. Likewise, the external directors (four members, three of whom are independent, while one is proprietary) hold the majority of the Board (7 members).

16. That the percentage of proprietary directors divided by the number of non- executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

a) In companies with a high market capitalisation in which interests that are legally considered significant are minimal.

b) In companies where a diversity of shareholders is represented on the board of directors without ties among them.

Complies [X] Explanation [ ]

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies [X] Explanation [ ]

18. That companies publish and update the following information regarding directors on the company website:

a) Professional profile and biography.

b) Any other boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) The date of their first appointment as a director of the company's board of directors, and any subsequent re-election.

e) The shares and options they own.

Complies [X] Complies partially [ ] Explanation [ ]

19. That the annual corporate governance report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies [ ] Complies partially [ ] Explanation [ ] Not applicable [X]

20. That proprietary directors representing significant shareholders must resign from the board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies [ ] Complies partially [ ] Explanation [ ] Not applicable [X]

21. That the board of directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the bylaws unless the board of directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies [X] Explanation [ ]

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, related or not to their actions within the company, and tendering their resignation as the case may be, and, in particular, to inform the board of directors of any criminal charges brought against them and the progress of any trial.

When the board is informed or becomes aware of any of the situations mentioned in the previous paragraph, the board of directors should examine the case as soon as possible and, attending to the particular circumstances, decide, based on a report from the nomination and remuneration committee, whether or not to adopt any measures such as opening of an internal investigation, calling on the director to resign or proposing his or her dismissal. The board should give a reasoned account of all such determinations in the annual corporate governance report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, at the time it adopts the corresponding measures.

Complies [X] Complies partially [ ] Explanation [ ]

23. That all directors clearly express their opposition when they consider any proposal submitted to the board of Directors to be against the company's interests. this particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the board of directors.

Furthermore, when the board of directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the board of directors, despite not being a director.

Complies [ ] Complies partially [ ] Explanation [ ] Not applicable [X]

24. Directors who give up their position before their tenure expires, through resignation or resolution of the general meeting, should state the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter to be sent to all members of the board of directors.

This should all be reported in the annual corporate governance report, and if it is relevant for investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the director.

Complies [ ] Complies partially[ ] Explanation [ ] Not applicable [X]

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the board rules establish the maximum number of company boards on which directors may sit.

Complies [X] Complies partially [ ] Explanation [ ]

26. That the board of directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies [X] Complies partially [ ] Explanation [ ]

27. That director absences only occur when absolutely necessary and are quantified in the annual corporate governance report. and when absences occur, that the director appoints a proxy with instructions.

Complies [X] Complies partially [ ] Explanation [ ]

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the board of directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies [ ] Complies partially [ ] Explanation [ ] Not applicable [X]

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies [X] Complies partially [ ] Explanation [ ]

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.

Complies [X] Explanation [ ] Not applicable [ ]

31. That the agenda for meetings clearly states those matters about which the board of directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the board of directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

Complies [X] Complies partially [ ] Explanation [ ]

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies [X] Complies partially [ ] Explanation [ ]

33. That the chairman, as the person responsible for the efficient workings of the board of directors, in addition to carrying out his duties required by law and the bylaws, should prepare and submit to the board of directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the board as well as, if applicable, the chief executive of the company, should be responsible for leading the board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies [X] Complies partially [ ] Explanation [ ]

34. That when there is a coordinating director, the bylaws or the board rules should confer upon him the following competencies in addition to those conferred by law: chairman of the board of directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non- executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

35. That the secretary of the board of directors should pay special attention to ensure that the activities and decisions of the board of directors take into account the recommendations regarding good governance contained in this code of good governance and which are applicable to the company.

Complies [X] Explanation [ ]

36. That the board of directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the board of directors' work.

b) The workings and composition of its committees.

c) Diversity of membership and competence of the board of directors.

d) Performance of the chairman of the board of directors and the chief executive officer of the company.

e) Performance and input of each director, paying special attention to those in charge of the various board committees.

In order to perform its evaluation of the various committees, the board of directors will take a report from the committees themselves as a starting point and for the evaluation of the board, a report from the appointments committee.

Every three years, the board of directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the annual corporate governance report.

The process and the areas evaluated shall be described in the annual corporate governance report.

Complies [X] Complies partially [ ] Explanation [ ]

37. When there is an executive committee, there should be at least two nonexecutive members, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.

Complies [ ] Complies partially [ ] Explanation [ ] Not applicable [X]

38. That the board of directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the board of directors receive a copy of the minutes of meetings of the executive committee.

Complies [ ] Complies partially [ ] Explanation [ ] Not applicable [X]

39. That all members of the audit committee, in particular its chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies [X] Complies partially [ ] Explanation [ ]

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the board or of the audit committee.

Complies [X] Complies partially [ ] Explanation [ ]

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, for approval by this committee or the board, inform it directly of any incidents or scope limitations arising during its implementation, the results and monitoring of its recommendations, and submit an activities report at the end of each year.

Complies [X] Complies partially[ ] Explanation [ ] Not applicable [ ]

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

a) Monitor and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential significance, including financial and accounting irregularities, or those of

any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party.

d) In general, ensure that the internal control policies and systems established are applied effectively in practice.

2. With regard to the external auditor:

a) In the event that the external auditor resigns, examine the circumstances which caused said resignation.

b) Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c) Insist that the company file through the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d) Ensure that the external auditor holds an annual meeting with the board of directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.

e) Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.

Complies [X] Complies partially [ ] Explanation [ ]

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies [X] Complies partially [ ] Explanation [ ]

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the board of directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies [ ] Complies partially [ ] Explanation [ ] Not applicable [X]

45. That the risk management and control policy identify or establish, as a minimum:

a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational and risks relating to corruption) which the company faces, including financial or economic risks, contingent liabilities and other off balance sheet risks.

b) A risk control and management model based on different levels, of which a specialised risk committee will form part when sector regulations provide or the company deems it appropriate.

c) The level of risk the company considers acceptable.

d) Means identified in order to minimise identified risks in the event they transpire.

e) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off balance sheet risks.

Complies [X] Complies partially [ ] Explanation [ ]

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the board of directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.

b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.

c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the board of directors.

Complies [X] Complies partially [ ] Explanation [ ]

47. That members of the appointment and remuneration committee – or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies [X] Complies partially [ ] Explanation [ ]

48. That high market capitalisation companies have formed separate appointments and remuneration committees.

Complies [ ] Explanation [ ] Not applicable [X]

49. That the appointments committee consult with the chairman of the board of directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the board of directors.

Complies [X] Complies partially [ ] Explanation [ ]

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

a) Propose basic conditions of employment for senior management.

b) Verify compliance with company remuneration policy.

c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.

d) Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the board.

e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies [X] Complies partially [ ] Explanation [ ]

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies [X] Complies partially [ ] Explanation [ ]

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the board of directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

a) That they are comprised exclusively of non-executive directors, with a majority of them independent.

b) That their chairmen be independent directors.

c) That the board of directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the board of directors held after the committee's last meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and the minutes be made available to all directors.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

53. The task of supervising compliance with the policies and rules of the company in the environmental, social and corporate governance areas, and internal rules of conduct, should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, a committee specialised in sustainability or corporate social responsibility, or a dedicated committee established by the board of directors under its powers of self-organisation. Such a committee should be made up solely of non-executive directors, the majority being independent and specifically assigned the following minimum functions.

Complies [X] Complies partially [ ] Explanation [ ]

54. The minimum functions referred to in the previous recommendation are as follows:

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules, and ensure that the corporate culture is aligned with its purpose and values.

b) Monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.

c) Periodically evaluate the effectiveness of the company's corporate governance system and environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

d) Ensure the company's environmental and social practices are in accordance with the established strategy and policy.

e) Follow-up of social responsibility strategy and practice, and evaluation of degree of compliance.

Complies [X] Complies partially [ ] Explanation [ ]

55. Environmental and social sustainability policies should identify and include at least:

a) The principles, commitments, objectives and strategy regarding shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts.

b) The methods or systems for monitoring compliance with policies, associated risks and their management.

c) The mechanisms for supervising non-financial risk, including that related to ethical aspects and business conduct.

d) Communication channels, participation and dialogue with stakeholders.

e) Responsible communication practices that prevent the manipulation of data and protect integrity and honour.

Complies [X] Complies partially [ ] Explanation [ ]

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies [X] Complies partially [ ]

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged sell in order to meet the costs related to their acquisition.

Complies [X] Complies partially [ ] Explanation [ ]

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.

b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.

c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

59. The payment of the variable components of remuneration is subject to sufficient verification that previously established performance, or other, conditions have been effectively met. Entities should include in their annual directors' remuneration report the criteria relating to the time required and methods for such verification, depending on the nature and characteristics of each variable component.

Additionally, entities should consider establishing a reduction clause ('malus') based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

61. That a material portion of variable remuneration for executive directors is linked to the delivery of shares or instruments indexed to share value.

Complies [ ] Complies partially [X] Explanation [ ] Not applicable [ ]

The long-term variable remuneration of the Executive Directors provides for settlement, at the beneficiary's choice, in cash alone, in ROVI shares alone, or through a mixed system of 50% in cash and 50% in shares. Although it is true that the annual variable remuneration system does not provide for giving shares or financial instruments indexed to the share value, since the Executive Directors are likewise significant indirect shareholders in the Company through their shareholdings in Norbel Inversiones, S.L., their professional performance and the Company's interests are in alignment with each other.

62. Following the award of shares, options or financial instruments corresponding to the remuneration schemes, executive directors should not be able to transfer their ownership or exercise them until a period of at least three years has elapsed.

Except for the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to the shares that the director needs to dispose of to meet the costs related to their acquisition or, upon favourable assessment of the nomination and remuneration committee to address an extraordinary situation.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

64. That payments made for contract termination or extinction shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all criteria for payment or has met the predetermined performance criteria.

For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual non-compete agreements.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

H. FURTHER INFORMATION OF INTEREST

1. If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

   Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July, 2010.

Section A.2- It is stated for the record that the information relative to the significant shareholder, T. ROWE PRICE ASSOCIATES, INC. and the entities that hold indirect stakes in ROVI matches the information on file in CNMV's official records.

Section A.2 - It is stated for the record that as of the date of this report, and according to the latest communication from the significant shareholder, Wellington Management Group LLP dated 3 February 2021, this shareholder indirectly controls 3.030% of the voting rights of ROVI, and possesses financial instruments representing 0.013% of ROVI's voting rights.

Section 3 – The Company has adhered to the Code of Good Practice for the Pharmaceutical Industry, the standard code of Farmaindustria for personal data protection in the field of clinical research and pharmacovigilance, and to the Code of Ethical Standards for the promotion and advertising of non-prescription medicines not financed by the National Health System and other healthcare products.

This annual corporate government report was approved by the Board of Directors of the Company at its meeting held on:

23/02/2021

State whether any directors voted against or abstained from voting on this report.

[ ] Yes
[v] No

Laboratorios Farmacéuticos Rovi, S.A.

Auditor's report referring to the "Information related to the Internal Control System over Financial Information (ICOFR)" of Laboratorios Farmacéuticos Rovi, S.A. corresponding to the 2020 financial year

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

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

Auditor's report referring to the "Information related to the Internal Control System over Financial Information (ICOFR)" of Laboratorios Farmacéuticos Rovi, S.A. corresponding to the 2020 financial year

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

To the Directors of Laboratorios Farmacéuticos ROVI S.A.

As requested by the board of directors of Laboratorios Farmacéuticos ROVI, S.A. (the "Company") and in accordance with our proposal letter dated 12 January 2021, we have applied certain procedures to the "ICOFR disclosures" attached hereto in section F of the Annual Corporate Governance Report (ACGR) of Laboratorios Farmacéuticos ROVI, S.A. for 2020, which summarises the Company's internal control procedures for annual financial reporting.

The board of directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and monitoring of an adequate system of internal control and developing improvements to that system, as well as defining the content of and preparing the ICOFR information attached hereto.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Company's annual accounts. Consequently, the scope of our evaluation of internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the effectiveness of this internal control over regulated annual financial reporting.

Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

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

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the *Guidelines for preparing the auditor's report on the information on internal control over financial reporting of listed companies,* published on the website of the Spanish National Securities Market Commission (CNMV), which define the work to be performed, the minimum scope thereof and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on the effectiveness thereof, nor on its design or operating effectiveness, with respect to the Company's annual financial reporting for 2020 described in the ICOFR information attached hereto. Consequently, had additional procedures been applied other than those established in the aforementioned Guidelines, or had an audit or a review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

As this special work did not constitute an audit of accounts and is not subject to the legislation regulating the audit of accounts in Spain, we do not express an audit opinion under the terms provided in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Company regarding ICOFR – disclosures included in the directors' report – and an evaluation of whether this information meets all the reporting requirements, taking into account the minimum content described in section F, on the description of ICOFR, of the ACGR template provided in the Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013 and subsequent amendments, the most recent being CNMV Circular 1/2020 of 6 October 2020 (hereinafter "the CNMV Circulars").
2. Inquiries of the personnel responsible for drawing up the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.
3. Review the explanatory documentation supporting the information detailed in point 1 above, which will mainly include documents made directly available to those responsible for preparing the ICOFR descriptive information. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit committee.
4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICOFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.
5. Reading of the minutes of the meetings of the board of directors, audit committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to ICOFR with the information detailed in point 1 above.
6. Obtaining a representation letter in connection with the work performed, signed by those responsible for preparing and approving the information detailed in point 1 above.

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

No inconsistencies or incidents that might affect ICOFR disclosures have come to light as a result of the procedures applied to those disclosures.

This report has been prepared exclusively within the context of the provisions of article 540 of the Revised Spanish Companies Act and the CNMV Circulars for the purposes of the description of ICOFR in annual corporate governance reports.

KPMG Auditores, S.L.

(Signed on original in Spanish)

José Ignacio Rodríguez Prado

Partner

23 February 2021

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 2020 and which precede this document, have been issued by the Board of Directors at its meeting of 23 February 2021, 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, 23 February 2021

Mr. Juan López-Belmonte López
Chairman

Mr. Juan López-Belmonte Encina
Chief Executive Officer

Mr. Javier López-Belmonte Encina
Vice Chairman 1º

Mr. Iván López-Belmonte Encina
Vice Chairman 2º

Mr. Marcos Peña Pinto
Lead Independent Director

Mr. José Fernando de Almansa Moreno-Barreda
Director

Ms. Fátima Báñez García
Director