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 2021)

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

KPMG Auditores, S.L.

P.º de la Castellana, 259C
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 2021, 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 2021 and of its consolidated financial performance and its 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.

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

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 revenue from services rendered to third parties (Euros 264,692 thousand)

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 revenue 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 revenue when the contractual milestone is reached or serves as a minimum payment in cases where the production service is carried out. In other cases, prior to providing manufacturing services and in accordance with certain defined milestones, the Group performs adjustment, overhaul and validation work on its plant and machinery, which, when the final cost of such work is borne by the customer, is recognised as revenue using 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 revenue, if any, and fulfilment of the established milestones. The recognition of revenue and profit or loss in these cases therefore requires management to exercise judgement and an exhaustive control of the estimates made and the deviations that might arise while the service is being carried out, as well as fulfilment of the contractually agreed milestones. The estimates take into account all costs and revenue directly attributable to the contracts, including any costs incurred in addition to those originally budgeted. Due to the high level of judgement and the significance of revenue from services rendered recognised in the income statement, and of the contractual liabilities still to be recognised in the	Our audit procedures included the following: - We evaluated the design and implementation of key controls associated with the process of recognising manufacturing and packaging revenue, revenue using the percentage of completion method, and revenue from production capacity reservations. - We obtained and evaluated contracts for the reservation of production capacity at the facilities in exchange for financial consideration in order to analyse their recognition as revenue from services rendered and, in particular, their deferral as contractual liabilities, as the case may be, in accordance with the agreed terms and conditions and in compliance with the established milestones. - Where revenue from services rendered is recognised using the percentage of completion method, we obtained the contracts, from which we selected a random sample, based on certain quantitative and qualitative criteria, to assess the estimates made for revenue recognition purposes, obtaining documentation supporting those estimates and evidence of the judgements made by the Group, where applicable. - With regard to manufacturing and packaging revenue, we performed a test using computer-assisted audit techniques enabling us to assess the existence and accuracy of a large volume of service transactions during the year, individually matching the revenue to the orders and delivery notes. - 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 revenue from services rendered to third parties (Euros 264,692 thousand) 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*
income statement, this has been considered a key audit matter of the current period.	

Other Information: Consolidated Directors' Report

Other information solely comprises the 2021 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 and the Annual Report on Directors' Remuneration, 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 2021, and that the content and presentation of the report are in accordance with applicable legislation.

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

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 the economic decisions of users taken on the basis of these consolidated annual accounts.

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

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue

as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Laboratorios Farmacéuticos Rovi, S.A. and its subsidiaries for 2021 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Company, which will form part of the annual financial report.

The Directors of Laboratorios Farmacéuticos Rovi, S.A. are responsible for the presentation of the 2021 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

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 22 February 2022.

(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 17 June 2021 for a period of one year, from the year ended 31 December 2021.

Previously, we had been appointed for a period of one year, 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)

On the Spanish Official Register of Auditors ("ROAC") with No. 15825

This report corresponds to stamp number 01/22/00184 issued by the Spanish Institute of Registered Auditors (ICJCE)

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts and
Consolidated Management Report
At 31 December, 2021

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

CONSOLIDATED ANNUAL ACCOUNTS OF LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES AT 31 DECEMBER, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Thousands of euros)

	Note	31 December	
		2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	181,775	155,395
Intangible assets	**7**	38,558	41,413
Investment in a joint venture	**10**	1,994	1,812
Deferred income tax assets	**19**	3,850	11,105
Equity securities	**9 & 11**	72	71
Financial receivables	**9 & 13**	65	65
		226,314	**209,861**
Current assets			
Inventories	**12**	245,473	227,199
Trade and other receivables	**9 & 13**	150,172	76,401
Current income tax assets	**27**	9,891	7,803
Prepaid expenses		1,791	13
Cash and cash equivalents	**9 & 14**	99,035	53,162
		506,362	**364,578**
Total assets		**732,676**	**574,439**

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, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Thousands of euros)

	Note	31 December	
		2021	2020
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	(66,121)	(20,185)
Retained earnings and voluntary reserve	16	292,349	241,158
Profit for the year	16	153,077	61,057
Other reserves	16	(2)	(3)
Total equity		**470,976**	**373,700**
LIABILITIES			
Non-current liabilities			
Financial debt	18	66,745	68,421
Deferred income tax liabilities	19	776	929
Contract liabilities	20	1,460	5,788
Deferred income	21	2,331	2,712
		71,312	**77,850**
Current liabilities			
Financial debt	18	6,417	6,022
Trade and other payables	17	125,173	91,364
Current tax liabilities	27	681	—
Contract liabilities	20	57,632	25,005
Deferred income	21	485	498
		190,388	**122,889**
Total liabilities		**261,700**	**200,739**
Total equity and liabilities		**732,676**	**574,439**

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, 2021

CONSOLIDATED INCOME STATEMENT
(Thousands of euros)

	Note	31 December	
		2021	2020
Revenue	5 & 22	648,677	419,961
Change in inventories of finished goods and work in progress		782	17,659
Raw materials and consumables used		(264,637)	(196,311)
Employee benefit expenses	23	(89,803)	(74,429)
Other operating expenses	24	(93,502)	(73,706)
Amortisation and depreciation	6 & 7	(21,364)	(19,593)
Impairment of non-current assets	7	(95)	(56)
Recognition of government grants on non-financial non-current assets and other		1,334	1,157
OPERATING PROFIT		**181,392**	**74,682**
Finance income		68	4
Finance costs		(905)	(1,072)
Impairment and gain or loss on measurement of financial instruments		2,069	(1,041)
Exchange difference		(178)	39
FINANCE COSTS - NET	**26**	**1,054**	**(2,070)**
Share of profit of joint venture	10	**182**	**(31)**
PROFIT BEFORE INCOME TAX		**182,628**	**72,581**
Income tax	27	(29,551)	(11,524)
PROFIT FOR THE YEAR		**153,077**	**61,057**
Earnings per share (basic and diluted) attributable to the shareholders ofthe Company (euros)			
- Basic and diluted	28	2.76	1.10

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, 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Thousands of euros)

	Note	31 December	
		2021	2020
Profit for the year		**153,077**	**61,057**
Items that may subsequently be reclassified to profit and loss		**1**	**—**
+ Changes in value of equity securities	**11**	1	—
Other comprehensive income (net of taxes)		**1**	**—**
Total comprehensive income for the year		**153,078**	**61,057**

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, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Thousands of euros)

	Share capital (Note 15)	Share premium (Note 15)	Legal reserve (Note 16)	Treasury shares (Note 16)	Retained earnings and voluntary reserve (Note 16)	Profit for the year (Note 16)	Other reserves (Note 16	TOTAL EQUITY
Balance at 1 January, 2020	**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**
Total comprehensive income	—	—	—	—	—	153,077	1	**153,078**
Transfer of 2020 profit	—	—	—	—	39,925	(39,925)	—	**—**
Dividends 2020 (Note 16 e)	—	—	—	—	—	(21,132)	—	**(21,132)**
Acquisition of treasury shares (Note 16 d)	—	—	—	(78,785)	—	—	—	**(78,785)**
Reissue of treasury shares (Note 16 d)	—	—	—	31,446	10,882	—	—	**42,328**
Other transactions with shareholders & owners	—	—	—	1,403	—	—	—	**1,403**
Other movements	—	—	—	—	384	—	—	**384**
Balance at 31 December, 2021	**3,364**	**87,636**	**673**	**(66,121)**	**292,349**	**153,077**	**(2)**	**470,976**

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, 2021

CONSOLIDATED STATEMENT OF CASH FLOWS
(Thousands of euros)

	Note	31 December	
		2021	2020
Cash flows from operating activities			
Profit before income tax		182,628	72,581
Adjustments for non-monetary transactions			
Amortisation and depreciation	**6 & 7**	21,364	19,593
Finance income	**26**	(68)	(43)
Valuation allowance	**12 & 13**	4,885	1,772
Adjustments for changes in value of derivatives		(908)	796
Gain or loss on derecognitions of financial assets and liabilities		(1,161)	245
Finance expenses	**26**	905	1,072
Grants, distribution licences and other deferred income		(6,473)	(2,101)
Share of profit in joint ventures	**10**	(182)	31
Share-based payments		1,403	—
Changes in working capital:			
Trade and other receivables		(74,187)	7,468
Inventories		(23,427)	(70,398)
Other current assets (prepaid expenses)		(1,778)	(10)
Trade and other payables		35,358	(811)
Other collections and payments			
Proceeds from contract manufacturing services	**20**	34,429	21,617
Proceeds from distribution licences	**20**	518	1,253
Interest paid		(4)	(151)
Income tax cash flow		(23,861)	(6,038)
Net cash generated (used) in operating activities		**149,441**	**46,876**
Cash flows from investing activities			
Purchases of intangible assets	**7**	(722)	(355)
Purchases of property, plant and equipment	**6**	(40,218)	(39,337)
Proceeds from sale of property, plant and equipment	**6**	33	63
Interest received		68	4
Net cash flows generated (used) in investing activities		**(40,839)**	**(39,625)**
Cash flows from financing activities			
Repayments of financial debt		(6,192)	(13,179)
Proceeds from financial debt	**18**	1,340	1,430
Interest paid		(288)	(299)
Purchase of treasury shares	**16.d**	(78,785)	(37,255)
Reissue of treasury shares	**16.d**	42,328	37,488
Dividends paid	**16.c**	(21,132)	(9,700)
Net cash generated (used) in financing activities		**(62,729)**	**(21,515)**
Net (decrease)/increase in cash and cash equivalents		**45,873**	**(14,264)**
Cash and cash equivalents at beginning of the year	**9 & 14**	**53,162**	**67,426**
Cash and cash equivalents an end of the year	**9 & 14**	**99,035**	**53,162**

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

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for the annual period ended 31 December, 2021
(Thousands of euros)

1. General information

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

The Company’s principal activity is the sale of its own pharmaceutical products, 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 and the toll manufacturing services to third parties.

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. 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, 2021, the company Norbel Inversiones, S.L. held 60.17% of the shares of Laboratorios Farmacéuticos Rovi, S.A. (Note 15). As of 31 December, 2020, the company Norbel Inversiones, S.L. held 63.11% of the shares of Laboratorios Farmacéuticos Rovi, S.A. 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 22 February, 2022 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 August 2021, the company Rovi Biotech GmbH was incorporated, with registered office at Bahnhofstrasse 10, 6300 Zug (Switzerland), 100% owned by Laboratorios Farmacéuticos Rovi, S.A. The pre-tax loss of this company in 2021 was 16 thousand euros and its assets at 31 December, 2021 were 269 thousand euros.

2. Summary of key accounting policies

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

2.1 Bases of presentation

These consolidated annual accounts for 2021 (and those for 2020 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 and in accordance with the format and markup requirements set out in Commission Delegated Regulation (EU) 2019/815, 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, 2021

In 2021, the following standards and amendments to existing standards were endorsed by the European Union and came into force on 1 January, 2021. They have either been applied by ROVI or may affect the Group in the future:

- IFRS 9 "Financial Instruments", IAC 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" (Amendment – Phase 2): Interest rate benchmark reform. 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 and the cash flows of the hedging instrument are based does not change as a result of the interest rate benchmark reform. The entry into force of this amendment has had no impact for 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 applying IFRS 8 (Amendments to IFRS 4) ("the Amendments"). The Amendments change the end date of the temporary exemption from applying IFRS 9 from 1 January, 2021 to 1 January, 2023.

b) Standards, amendments and interpretations that have not yet come into force but have been endorsed by the European Union

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 2022 onwards. ROVI considers that the following could be applicable to the Group, although they have not been adopted early:

- 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 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.

- 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.

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

At the date of signature of these consolidated annual accounts, the International Accounting Standards Board (IASB) and the International Financial Standards Interpretations Committee (IFRIC) had published the standards, amendments and interpretations described below which have not yet been endorsed by the European Union. ROVI considers that the following could be applicable to the Group:

- IAS 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.

- IAS 1 (Amendment) “Presentation of Financial Statements”. This will help those preparing the financial statements to apply the concept of materiality in disclosing accounting policies. The IASB proposes that this Amendment should come into force on 1 January, 2023, although early adoption is permitted. ROVI will analyse the potential impact of this Amendment, but no significant effects are expected.

- IAS 8 (Amendment) “Accounting policies, changes in accounting estimates and errors”. This Amendment is intended to clarify how to distinguish between accounting policies and accounting estimates, focusing on the definition and clarification of what accounting policies are. To do this, it introduces a new definition of estimate as monetary amounts in financial statements that are subject to measurement uncertainties. The IASB proposes that this Amendment should come into force on 1 January, 2023, although early adoption is permitted. It will be applied prospectively for changes in accounting estimates and policies that occur on or after the start of the first annual period in which the company applies the Amendment. ROVI will consider applying this Amendment if there are any changes in its accounting policies or estimates.

- IAS 12 (Amendment) “Income Taxes”. This Amendment is intended to clarify how companies should recognize deferred taxes on certain transactions. The IASB proposes that this Amendment should come into force on 1 January, 2023, although early adoption is permitted. ROVI will analyse the potential impact of this Amendment, but no significant effects are expected.

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 acquisition-date fair value. Any loss or gain arising from this remeasurement is recognised in profit and loss.

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

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

Exhibit 1 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 profit and loss and the other changes in the carrying amount are recognised in other comprehensive income.

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

2.6 Property, plant and equipment

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

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

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 identifiable and unique and that may be controlled by the Group are recognised as intangible assets when the following conditions are met:

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

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

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

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

c) Research and development expenses

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

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

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

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

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

Finance income obtained from the temporary investment of specific loans while they are waiting to be used on the qualifying assets are deducted from capitalizable 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 classified upon initial recognition as financial assets or financial liabilities in accordance with the economic nature of the contract and the definitions of financial asset and financial liability set out in IAS 32 “Financial Instruments: Presentation”.

Financial instruments are recognised when the Group becomes an obliged party under a contract or legal transaction 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 cannot be offset against each other, depending on the type of asset at the contract or settlement date.

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. Some of 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.

Acquisition of own equity instruments

The Group classifies a financial instrument as a financial liability, in full or in part, provided that the substance of the economic situation represents a direct or indirect contractual obligation for the Group to deliver cash or another financial asset or to exchange financial assets and liabilities with third parties under potentially unfavourable conditions.

Contracts that impose on the Group an obligation to acquire own equity instruments, in cash or by delivering a financial asset, are recognised in reserves as a financial liability for the present value of the amount payable. Transaction costs are likewise recognised as a decrease in reserves.

2.11 Financial assets

a) Financial assets classification

The Group classifies its financial assets in the following categories: financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income. 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) Financial assets at amortised cost

Financial assets measured at amortised cost 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. Financial assets measured at amortised cost 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 financial assets measured at amortised cost

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 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) Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income 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, called “equity securities”, 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. Financial assets measured at fair value through other comprehensive income 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 financial assets measured at fair value through other comprehensive income 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 financial assets measured at fair value through other comprehensive income, 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 financial assets measured at fair value through other comprehensive income, 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. The expected credit loss is recognised in other reserves and does not reduce the fair value of the assets.

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

The different liabilities recorded as financial debt are broken down below:

a) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are recognised initially at fair value less transaction costs incurred. Subsequently, are 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 liabilities measured at amortised cost are 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.

b) Financial liabilities held for trading

Financial liabilities held for trading are initially recognised at fair value. Transaction costs directly attributable to the purchase or issue are subsequently recognised as an expense as incurred. The initial fair value of a financial instrument is usually the transaction price, unless said price contains elements other than the instrument, in which case the Group determines its fair value.

Subsequent to initial recognition, they are recognised at fair price, taking any changes to profit and loss. Changes in the fair value include the interest component and dividends. The fair value is not reduced by any transaction costs that may be incurred if the instrument is sold or otherwise disposed of.

The Group classifies derivatives that have not been designated as hedging instrument as financial liabilities.

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 liabilities 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.

d) Share-based payments

The Group recognises the goods or services received or acquired in a transaction with share-based payments at the time the goods are obtained or the services received. If the goods or services are received in a transaction with share-based payments settled with equity instruments, an increase in equity is recognised, while if they are settled in cash, a liability is recognised, with its balancing item in profit or loss or in the assets of the consolidated statement of financial position.

The Group recognises transactions in share-based payments settled through Group equity instruments, including capital increases with non-monetary payments, as well as the increase in equity related thereto, at the fair value of the goods or services received, unless said fair value cannot be reliably estimated, in which case the value will be measured in accordance with the fair value of the equity instruments handed over.

Equity instruments handed over in consideration for services provided by Group employees or third parties who provide similar services will be measured in accordance with the fair value of the equity instruments handed over.

Share-based payments to employees settled by issuing equity instruments

Payments to employees settled by issuing equity instruments are recognized by applying the following criteria:

- If the equity instruments awarded vest immediately at the time they are awarded, the services received are charged to profit and loss with the resulting increase in equity;

- If the equity instruments awarded vest when the employees complete a certain period of service, the services received are recognized over the vesting period and credited to equity accounts.

The Group determines the fair value of the instruments awarded to employees at the date they are awarded.

Market and other conditions that do not determine vesting are considered when measuring the fair value of the instrument. The rest of the vesting conditions are taken into account by adjusting the number of equity instruments included when determining the amount of the transaction, in such a way that, finally, the amount recognised for the services received is based on the number of equity instruments that are likely to vest. Consequently, the Group recognizes the amount for the services received over the vesting period, based on the best estimate of the number of instruments that will vest. This estimate is revised in accordance with the rights that are expected to vest.

Once the services received and the related increase in equity are recognised, no additional adjustments will be made to the equity after the vesting date, although the relevant reclassifications in equity will be made.

If the Group retains equity instruments in order to pay the employee's income tax into the Public Treasury, the entire plan will be treated as having been settled in equity instruments, except for the portion of the instruments retained that exceeds the fair value of the tax obligation.

2.20 Provisions

The Group recognises provision liabilities when:

- It 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.

Occasionally, before providing the manufacturing service, ROVI, in accordance with certain defined milestones, carries out work to adapt, fit out and validate the facilities and machinery –which may be 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 from the service provided on the basis of the percentage of completion of the work performed, in accordance with the defined milestones. If the percentage of completion includes a determined acquisition of assets, the margin is not recognised 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 financial consideration. In these cases, revenue accrual is linked to attainment of a single milestone, which is fixed by contract and may consist of being ready to produce or of reaching the end of the term agreed without the customer requesting the reserved production. Additionally, in cases where the production takes place, the capacity reservation will 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 Contribution to public health system

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.

Since 2017, the Spanish government and the members of Farmaindustria, which include ROVI, have signed different agreements whereby the members assume the commitment to make certain contributions to the Public Health System. The Group recognises the sums accrued for these commitments as a reduction in sales.

3. Financial risk management

3.1 Financial risk factors

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

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

a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is 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, 2021, the Group held instruments of this kind for a value of 5,000 thousand euros (13,500 thousand euros at 31 December, 2020), the measurement of which led to recognition of a loss of 17 thousand euros at the 2021 reporting date (at 31 December, 2020, the loss originating from measurement of these assets was 925 thousand euros). If, at 31 December, 2021, the exchange rate had been 10% higher, ROVI would have incurred a loss of 502 thousand euros and, if the exchange rate had been 10% lower, ROVI would have recorded a profit of 392 thousand euros from the measurement of these assets (at 31 December, 2020, the impact would have been a loss of 1,925 thousand euros or a profit of 297 thousand euros, respectively).

At 31 December, 2021, there were assets of 3,187 thousand pounds sterling, 2,491 thousand zlotys and 278 thousand Swiss francs on the statement of financial position (2,476 thousand pounds sterling and 2,992 thousand zlotys at 31 December, 2020). If the exchange rate at the reporting date had been 10% higher, the value of these assets in euros would have decreased by 419 thousand euros thousand euros, respectively (310 thousand euros at 31 December, 2020), and if the exchange rate had been 10% lower, their value would have increased by 512 thousand euros (379 thousand euros at 31 December, 2020).

At 31 December, 2021, there were liabilities of 3,217 thousand pounds sterling, 2,456 thousand zlotys and 10 thousand Swiss francs on the statement of financial position (2,677 thousand pounds sterling and 1,911 thousand zlotys at 31 December, 2020). If the exchange rate at the reporting date had been 10% higher or lower, the value of these liabilities in euros would have decreased or increased by 397 and 486 thousand euros, respectively (309 and 377 thousand euros, respectively, at 31 December, 2020), with the corresponding 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, 2021 and 2020, 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 2021, 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 (51 thousand euros at 31 December, 2020).

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, 2021, the greatest investment in financial assets, including cash and cash equivalents and apart from trade receivables, was related to Banco de Santander, 53,328 thousand euros (25,112 thousand euros with BBVA at 31 December, 2020). 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 there to be 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 2020, ROVI signed credit policies for a total amount of 45 million euros. ROVI did not renew these policies when they expired in 2021.

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, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank borrowing (Note 18)	993	13,334	19,709	12,052
Debt with government entities (Note 18)	2,245	3,253	4,275	1,719
Trade suppliers (Note 17)	97,407	—	—	—
Other payables (Note 17)	27,766	—	—	—
	128,411	16,587	23,984	13,771

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

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, 2021 and 2020 was as follows:

	2021	2020
Financial debt (Note 18)	73,162	74,443
Less: Cash and cash equivalents (Note 14)	(99,035)	(53,162)
Less: Equity securities (Note 11)	(72)	(71)
Less: Deposits (Notes 9 & 13)	(1,427)	(1,399)
Net debt / (cash)	**(27,372)**	**19,811**
Equity	470,976	373,700
Leverage Index / Gearing ratio	**-5.8 %**	**5.3 %**

In addition, the Group's net debt/cash at 31 December, 2021 and 2020 was as follows:

	2021	2020
Financial debt (Note 18)	73,162	74,443
Less: Cash and cash equivalents (Note 14)	(99,035)	(53,162)
Less: Equity securities (Note 11)	(72)	(71)
Less: Deposits (Notes 9 & 13)	(1,427)	(1,399)
Net debt / (cash)	**(27,372)**	**19,811**

3.3 Fair value estimate

Measurement of financial instruments at market price is classified into:

- Level 1. Quoted prices on 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 financial assets measured at fair value through other comprehensive income, registered as "equity securities" in the statement of financial position (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.

Regarding the impact of climate change-related issues, ROVI considers climate change to represent an implicit element of the methodologies and models used in the estimates made by Management to quantify some of the assets, liabilities, revenues, expenses and commitments. The Group has taken account of the possible implications that may derive from climate change and considers that there was no material impact in any area as of the reporting date.

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, 2021 and 2020. 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 commercialisation in Europe of this biosimilar, all the expenses incurred in this project have been capitalised. Amortisation of this asset commenced during the first quarter of 2017, with the favourable result of the decentralised process used by the Group to apply for marketing authorisation in twenty-six European Union countries. These assets have a useful life of 20 years, which is consistent with the term of pharmaceutical product patents. ROVI considers that it will obtain a positive return on said development over that period.

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

c) Co-operation Agreement between the government and Farmaindustria

As a member of Farmaindustria, the Group holds a commitment to assume and pay part of the interannual increase in the pharmaceutical spending of the Autonomous Communities, in accordance with reimbursement mechanisms established between the parties for each year.

The amounts payable estimated by Management are based on the evolution of public spending on medicines (excluding generics and biosimilars) and the Group’s market share, among other factors.

4.2 Critical judgements in applying the accounting policies

Revenue recognition

The Group has recognised the total sales of goods marketed in 2021 and 2020 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.

Revenue recognised for the work to adapt, fit out and validate the facilities and machinery –which may be either owned by ROVI or acquired or subcontracted from a third party– prior to provision of a manufacturing service was calculated in accordance with the percentage of completion of the work to be carried out. Additionally, if the percentage of completion includes a determined acquisition of assets, the margin is not recognised until they are finally installed.

Furthermore, revenue from reservations of capacity is recognised when the circumstance agreed by contract occurs (Note 2.21.b).

Determining the percentage of completion of the service provision takes account of Management' best estimate regarding meeting the defined milestones and the costs incurred and yet to be incurred 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 and machinery has been carried out 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 or marketing activities, irrespective of the geographical area where the activities took place. Therefore, segment identification does not relate so much to the geographical distribution of the business but to a differentiated type 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 2021 was as follows:

	Manufacturing	Marketing	Other	Aggregated total	Inter-segment transactions	Consolidated total
Total segment revenues	471,788	383,975	—	**855,763**	(207,086)	**648,677**
Profit/(loss)	136,122	44,492	(40)	180,574	(27,497)	153,077
Income tax	35,433	(4,924)	(9)	30,500	(949)	29,551
Profit/(loss) before tax	171,555	39,568	(49)	211,074	(28,446)	182,628
Finance costs – net	616	(26,344)	—	(25,728)	24,674	(1,054)
Amortisation/depreciation	11,117	10,247	—	21,364	—	21,364
EBITDA (*)	**183,288**	**23,471**	**(49)**	**206,710**	**(3,772)**	**202,938**
Amortisation/depreciation	(11,117)	(10,247)	—	(21,364)	—	(21,364)
EBIT (**)	**172,171**	**13,224**	**(49)**	**185,346**	**(3,772)**	**181,574**

The 2020 figures were as follows:

	Manufacturing	Marketing	Other	Aggregated total	Inter-segment transactions	Consolidated total
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/depreciation	7,703	11,890	—	19,593	—	19,593
EBITDA (*)	**41,518**	**58,046**	**(39)**	**99,525**	**(5,281)**	**94,244**
Amortisation/depreciation	(7,703)	(11,890)	—	(19,593)	—	(19,593)
EBIT (**)	**33,815**	**46,156**	**(39)**	**79,932**	**(5,281)**	**74,651**

(*) 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 2021 were as follows:

	Manufacturing	Marketing	Other	TOTAL
Total segment revenues	471,788	383,975	—	855,763
Inter-segment revenues	(207,096)	10	—	(207,086)
Revenues from external customers	264,692	383,985	—	648,677

In 2020, sales to external customers 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

At 31 December, 2021, the breakdown of assets and liabilities by segment was as follows:

	Manufacturing	Marketing	Other	Aggregated total
Total assets	**373,226**	**491,838**	**483**	**865,547**
Of which:				
Investments in group companies	—	9,489	—	9,489
Increases in non-current non financial assets	35,190	9,827	—	45,017
Total liabilities	**(222,497)**	**(149,283)**	**(8)**	**(371,788)**

The assets of the aggregated segments at 31 December, 2021 can be reconciled with the total consolidated assets as follows:

	Manufacturing	Marketing	Other	Intercompany balances	Group investments	Consolidated total
Total assets	373,226	491,838	483	(123,382)	(9,489)	732,676

Details of assets and liabilities by segment at 31 December, 2020 were as follows:

	Manufacturing	Marketing	Other	Aggregated 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 total
Total assets	346,206	556,650	514	(319,442)	(9,489)	574,439

The following tables show the revenue and total assets of the Group by geographical area:

Net revenue	**2021**	**2020**
Spain	256,698	228,821
European Union	119,632	127,211
OECD countries	243,556	49,437
Other countries	28,791	14,492
	648,677	**419,961**

Total assets	**2021**	**2020**
Spain	650,075	534,627
Portugal	10,943	6,725
Germany	34,310	19,736
Italy	30,698	8,563
UK	3,798	2,756
France	2,041	1,363
Poland	542	669
	732,676	**574,439**

Virtually all the investment in property, plant and equipment and intangible assets in 2021 and 2020 was made in Spain.

6. Property, plant and equipment

Movement on property, plant and equipment was as follows:

	Land & buildings	Technical facilities, machinery & tools	Furniture, fittings & other	IT equipment and vehicles	Usage rights	In progress	Total
Balance at 01.01.20							
Cost	35,339	207,410	3,402	15,266	24,234	—	285,651
Accumulated depreciation	(18,357)	(115,566)	(2,652)	(13,873)	(3,595)	—	(154,043)
Net carrying am. 01.01.20	**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 deprec.	—	47	—	9	—	—	56
Depreciation charge	(236)	(10,820)	(108)	(850)	(3,621)	—	(15,635)
Balance at 31.12.20							
Cost	35,745	229,888	3,449	16,885	24,375	14,675	325,017
Accumulated depreciation	(18,593)	(126,339)	(2,760)	(14,714)	(7,216)	—	(169,622)
Net carrying am. 31.12.20	**17,152**	**103,549**	**689**	**2,171**	**17,159**	**14,675**	**155,395**
Additions	1,498	18,902	162	1,654	4,077	18,002	44,295
Retirements	—	(33)	—	(78)	—	—	(111)
Eliminations from deprec.	—	—	—	78	—	—	78
Transfers	7	4,616	13	(14)	—	(4,622)	—
Depreciation charge	(292)	(12,562)	(87)	(1,046)	(3,895)	—	(17,882)
Balance at 31.12.21							
Cost	37,250	253,373	3,624	18,447	28,452	28,055	369,201
Accumulated deprec.	(18,885)	(138,901)	(2,847)	(15,682)	(11,111)	—	(187,426)
Net carrying am. 31.12.21	**18,365**	**114,472**	**777**	**2,765**	**17,341**	**28,055**	**181,775**

A majority of the additions recognised in 2021 and 2020 related to investments in ROVI's manufacturing plants, principally:

- 2.9 million euros was invested in the Madrid injectables plant, in comparison with the 3.2 million euros invested in 2020.
- 4.9 million euros was invested in the injectables plant in San Sebastián de los Reyes, in comparison with the 8.6 million euros invested in 2020.
- 1.4 million euros was invested in the Granada plant, in comparison with the 2.4 million euros invested in 2020.
- 4.2 million euros was invested in the Alcalá de Henares plant, in comparison with the 3.8 million euros invested in 2020.
- 5.5 million euros was invested in the ISM® industrialisation, in comparison with the 9.7 million euros invested in 2020.
- 18.8 million euros was invested in the construction of the new heparin plant in Escúzar (Granada), in comparison with the 10.1 million euros invested in 2020.
- 2.9 million euros was invested in the new vial filling line and expansion of operations, in comparison with the 5.9 million invested in 2020.

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.

Rights of use totalled 17,341 thousand euros at 31 December, 2021 (17,159 thousand euros in 2020). Real property leases are the main item in rights of use.

At 31 December, 2021, the Group held property, plant and equipment with a net carrying amount of 514 thousand euros subject to retention of title (571 thousand euros at 31 December, 2020).

At 31 December, 2021 and 2020, the Group held acquisition commitments for property, plant and equipment related to the ordinary course of its business.

In 2021 and 2020, 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 & licences	Computer software	Total
Balance at 01.01.20				
Cost	8,873	44,929	12,080	65,882
Accumulated impairment	—	(341)	—	(341)
Accumulated amortization	(944)	(9,076)	(10,442)	(20,462)
Net carrying amount 01.01.20	**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)
Balance at 31.12.20				
Cost	8,886	44,929	12,413	66,228
Accumulated impairment	—	(397)	—	(397)
Accumulated amortization	(1,399)	(11,748)	(11,271)	(24,418)
Net carrying amount 31.12.20	**7,487**	**32,784**	**1,142**	**41,413**
Additions	13	—	709	722
Impairment	—	(95)	—	(95)
Amortisation charge	(455)	(2,422)	(605)	(3,482)
Balance at 31.12.21				
Cost	8,899	44,929	13,122	66,950
Accumulated impairment	—	(492)	—	(492)
Accumulated amortization	(1,854)	(14,170)	(11,876)	(27,900)
Net carrying amount 31.12.21	**7,045**	**30,267**	**1,246**	**38,558**

Development

At 31 December, 2021 and 2020, 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 2021 or 2020.

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, 2021 and 2020. 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 calculating the value in use by projecting the forecast cash flows for the following five years. In the cash flow projections as of 31 December, 2021, a discount rate of 7.2% was applied (6.5% at the end of 2020) and, for each year, the margins forecast on the basis of the characteristics 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.

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, 2021, the pertinent impairment loss was recognised. The loss recognised in 2021, which was 95 thousand euros (56 thousand euros at 31 December, 2020), 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 7.2% (6.5% in 2020). 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 2021 were 27,445 thousand euros (23,801 thousand euros in 2020) 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 2021, 8,384 thousand euros was recognised under the "Employee benefit expenses" (Note 23) heading (7,001 thousand euros at 31 December, 2020) and 19,061 thousand euros under "Other operating expenses" (Note 24) (16,800 thousand euros in 2020).

8. Financial instruments by category

a) Financial assets

At 31 December, 2021, the Group held trade receivables amounting to 129,858 thousand euros (63,330 thousand euros at 31 December, 2020) (Note 13), other receivables amounting to 90 thousand euros (94 thousand euros at 31 December, 2020) (Note 13), and other deposits of 1,427 thousand euros (1,399 thousand euros at 31 December, 2020) (Note 13), which the Group classifies as financial assets measured at amortised cost for recognition and measurement purposes (Note 2.11.a).

At 31 December, 2021, the Group held cash amounting to 99,035 thousand euros (53,162 thousand euros at 31 December, 2020) (Note 14), which it classifies as cash and cash equivalents for recognition and measurement purposes (Note 2.13).

At 31 December, 2021, the Group held equity securities of 72 thousand euros (71 thousand euros at 31 December, 2020) (Note 11), which it classifies as financial assets measured at fair value through other comprehensive income for recognition and measurement purposes (Note 2.11.b).

b) Financial liabilities

At 31 December, 2021 and 2020, all the loans included in financial debt (Note 18), excluding derivatives, as well as trade and other payables (Note 17), were recognised as financial liabilities held at amortised cost. Financial instruments are recognised as financial liabilities held for trading.

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**	**2021**	**2020**
	A+	53,221	705
	A	21,035	23,720
	A-	165	24,853
	BBB+	5,014	202
	BBB	19,565	1,698
	BBB-	—	1,260
	Baa2	—	682
	Sin rating	35	42
	Total cash (Note 14)	**99,035**	**53,162**

Financial receivables	**Rating**	**2021**	**2020**
	A	65	65
	Total financial receivables (Note 13)	**65**	**65**

Equity securities	**Rating**	**2021**	**2020**
	A-	13	12
	No rating	59	59
	Total equity securities (Note 11)	**72**	**71**

Trade receivables	**Rating**	**2021**	**2020**
	AA	(27)	138
	A1	1,357	554
	Public centres and institutions (Note 13)	9,026	9,394
	Other (wholesalers, pharmacies, hospitals)	119,502	53,244
	Total trade receivables (Note 13)	**129,858**	**63,330**

Other deposits	**Rating**	**2021**	**2020**
	A	1,327	1,327
	No rating	100	72
	Total other deposits (Note 13)	**1,427**	**1,399**

10. Interests in joint ventures

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

	2021	**2020**
Balance at beginning of the year	**1,812**	**1,843**
Share in profits	182	(31)
Balance at end of the year	**1,994**	**1,812**

The nature of investment in joint ventures at 31 December, 2021 and 2020 was as follows:

Name	Country of incorporation	% interest	Nature of relationship	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, 2021 and 2020 is as follows:

	31 December 2021		31 December, 2020	
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	2	22	106	13
Other current assets (excluding cash)	—	2,311	—	2,087
Total current assets	**2**	**2,333**	**106**	**2,100**
Financial liabilities (excluding trade payables)		(48)		(926)
Oher current liabilities (including trade payables)	—	(1,299)	—	(746)
Total current liabilities	**—**	**(1,347)**	**—**	**(1,672)**
Non-current				
Property, plant and equipment	—	2	—	17
Intangible assets	—	2,849	—	3,055
Other financial assets	—	—	—	5
Deferred tax assets	—	151	—	119
Total non-current assets	**—**	**3,002**	**—**	**3,196**
Financial liabilities	(2,100)	—	(2,200)	—
Other liabilities	—	—	—	—
Total non-current liabilities	**(2,100)**	**—**	**(2,200)**	**—**
NET ASSETS	**(2,098)**	**3,988**	**(2,094)**	**3,624**

	31 December, 2021		31 December, 2020	
Condensed statement of comprehensive income	**Alentia Biotech, S.L.**	**Enervit Nutrition, S.L.**	**Alentia Biotech, S.L.**	**Enervit Nutrition, S.L.**
Revenue	—	7,442	—	5,669
Cost of sales	—	(5,929)	—	(4,507)
Employee benefit expenses	—	(375)	—	(501)
Other operating expenses	(4)	(565)	—	(599)
Amortisation and depreciation	—	(209)	—	(212)
Profit / (loss) before tax	**(4)**	**364**	**—**	**(150)**
Finance costs - net	**—**		**—**	(7)
Income tax	**—**	**—**	**—**	1
Profit / (loss) for the period	**(4)**	**364**	**—**	**(156)**
Other comprehensive income	**—**	**—**	**—**	**—**
TOTAL COMREHENSIVE INCOME	**(4)**	**364**	**—**	**(156)**
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, 2021 and 2020:

	31 December 2021		31 December, 2020	
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	**(2,098)**	**3,624**	**(2,094)**	**3,781**
Profit/(los) of joint ventures in the year	(4)	364	—	(156)
Net assets of joint ventures at the end of the year	**(2,102)**	**3,988**	**(2,094)**	**3,625**
Share in profit of joint venture	—	1,994	—	1,812
Carrying amount	**—**	**1,994**	**—**	**1,812**

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

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

11. Equity securities

The breakdown of financial assets measured at fair value through other comprehensive income is as follow:

	2021	2020
Beginning of the year	**71**	**71**
Net gains / (losses) recorded in equity	1	—
End of the year	**72**	**71**
Less: non-current portion	72	71
Current portion	—	—

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

	2021	2020
Non-listed securities		
– Variable-income securities (equity securities)	59	59
	59	59

	2021	2020
Listed securities		
– Investment funds and equity securities	13	12
	13	12

At 31 December, 2021 and 2020, these securities were denominated in euros.

12. Inventories

	2021	2020
Raw materials and other consumables	124,940	137,123
Work in progress and semi-finished goods	50,447	31,753
Finished goods produced internally	35,507	53,419
Marketing products	34,579	4,904
	245,473	**227,199**

In 2021, the Group reduced the value of its inventories by 5,153 thousand euros (2,011 thousand euros in 2020) 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:

	2021	2020
Trade receivables	129,858	63,330
Less: loss allowance	(57)	(45)
Trade receivables – Net (13.a)	129,801	63,285
Other receivables	90	94
Receivables from related parties (Note 31)	2	96
Deposits (13.b)	1,427	1,399
Employee advances	96	95
Public authorities (13.c)	18,821	11,497
Total	150,237	76,466
Less: Non-current portion: Financial receivables	65	65
Current portion	150,172	76,401

a) Trade and other 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, zlotys and Swiss francs.

At 31 December, 2021, the balance receivable from the Social Security authorities and other government entities was 9,026 thousand euros (9,394 thousand euros at 31 December, 2020), geographically distributed as follows:

	Rating 2021	Balance 2021	Rating 2020	Balance 2020
Portugal	BBB	1,978	BBB	3,629
Italy	BBB	2,509	BBB	1,650
Catalonia	BB	938	BB	881
Valencia	BB-	729	BB-	755
Madrid	BBB	725	BBB	644
Galicia	BBB	232	BBB	330
Aragón	BBB	452	BBB	266
Basque Country	A	389	A	256
Andalusia	BBB-	312	BBB-	239
Canary Islands	BBB	99	BBB	138
Cantabria	BBB	139	BBB	134
Castilla la Mancha	BBB-	93	BBB-	106
Castilla y León	Baa2	47	Baa2	50
Other	—	384	—	316
		9,026		**9,394**

At 31 December 2021, there were matured receivables amounting to 29,984 thousand euros (22,241 thousand euros at 31 December, 2020), although they had suffered no impairment. For both the 2021 and 2020 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:

	2021	2020
Up to 3 months	30,398	22,333
From 3 to 6 months	579	13
From 6 months to one year	(739)	450
Over one year	(251)	(555)
	29,987	22,241

The total of the matured debt due from government entities at 31 December, 2021 was 1,871 thousand euros, in comparison with the 3,130 thousand euros that was outstanding at 31 December, 2020. This amount was geographically distributed as follows:

	2021	2020
Spain	920	715
Portugal	949	2,437
United Kingdom	2	—
Italy	—	(22)
	1,871	3,130

Matured receivables that had been impaired at 31 December, 2021 were 57 thousand euros (45 thousand euros a 31 December, 2020). Movement on the provision for impairment of trade receivables was as follows:

	2021	2020
Beginning of the year	**45**	**175**
Net remeasurement of loss allowance	(363)	(102)
Derecognition due to non-collectability	375	(28)
End of the year	**57**	**45**

The ageing of these accounts was as follows:

	2021	2020
From 6 to 9 months	56	383
Over 9 months	1	(338)
	57	45

b) Deposits

At 31 December, 2021, the deposits caption included fixed-term deposits amounting to 1,427 thousand euros (1,399 thousand euros at 31 December, 2020) bearing interest at a rate ranging from 2% to 3%. At 31 December, 2021 and 2020, 1,327 thousand euros of these deposits was pledged to Banco Santander. The Group considers these deposits as low credit risk and, therefore, no expected losses have been recorded.

c) Public authorities

Balances included in this caption at 31 December 2021 and 2020 relate to the following items:

	2021	2020
Value-added tax	17,003	9,980
Withholding tax	908	759
Late payment interest receivable	—	70
Grants awarded but not received	910	688
	18,821	11,497

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 2021 and 2020 reporting periods was as follows:

	2021	2020
Cash at bank and in hand	99,035	53,162
	99,035	53,162

15. Capital and share premium

a) Capital

The number of shares, the face value of the shares and the total share capital for the years 2021 and 2020 were as follows:

	No. shares	Face value (euros)	Total share capital (thousands)
Balance at 1 January, 2020	56,068,965	0.06	3,364
Balance at 31 December, 2020	56,068,965	0.06	3,364
Balance at 31 December, 2021	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, 2021, are the following:

Shareholder	% direct	% indirect	TOTAL
Norbel Inversiones, S.L.	60.170	—	60.170
Indumenta Pueri, S.L.	—	5.057	5.057
T. Rowe Price Associates Inc.	—	3.005	3.005

Norbel Inversiones, S.L. performed several share purchase and sale transactions with the Company's share capital in 2021. As a result, Norbel Inversiones, S.L. held 60.17% of the shares of Laboratorios Farmacéuticos Rovi, S.A. at 31 December, 2021, in comparison with the 63.11% held at 31 December, 2020. At 31 December, 2021, Norbel Inversiones, S.L. was owned by Ms Mercedes Encina Vega (9.62%) and Messrs Juan, Iván and Javier López-Belmonte Encina (30.12% each). Therefore, at 31 December, 2021, the interest held by Ms Mercedes Encina Vega in the Company's share capital was 5.79% of the share capital, while Messrs Juan, Iván and Javier López-Belmonte Encina held 18.12% each. At 31 December, 2020, Norbel Inversiones, S.L. was owned by Mr Juan López-Belmonte López (20.00%) and Messrs Juan, Iván and Javier López-Belmonte Encina (26.67% each). At 31 December, 2020, Mr Juan López-Belmonte López held an interest of 12.62% of the Company's share capital and Messrs Juan, Iván and Javier López-Belmonte Encina each held an interest of 16.83%.

b) Share premium

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

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

- As a consequence of the foregoing, the effective total amount of the Capital Increase was 87,999,992.50 euros, 364,137.90 euros of which related to the nominal value and 87,635,854.60 to the share premium.

16. Other information on reserves

a) Legal reserve

The legal reserve, which totalled 673 thousand euros at 31 December 2021 and 2020, 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 2021, retained earnings were increased and/or reduced as follows:

- On 17 June, 2021, the General Meeting of Shareholders of Laboratorios Rovi, S.A. resolved to approve the proposal for distribution of the profit for 2020 (71,137 thousand euros), allocating 21,373 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 241 thousand euros.

- The sale of treasury shares in 2021 led to a profit of 10,882 thousand euros, which was recognised in the retained earnings account (Note 16.d).

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 2019 (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).

Retained earnings at 31 December 2021 and 2020 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 2021 and 2020 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

At 31 December, 2021, the number of treasury shares was 1,218,776 (673,654 at 31 December, 2020). The following movements took place in 2021:

	Number of shares
Balance at 31.12.20	**673,654**
Shares acquired under liquidity contract (d.1)	826,381
Shares sold under liquidity contract (d.1)	(831,586)
Share acquired under buy-back programme (d.2)	585,583
Extraordinary bonus through award of shares (d.3)	(35,256)
Balance at 31.12.21	**1.218.776**

d.1) Liquidity contract

Under the liquidity contract that ROVI had signed, 826,381 shares were acquired (1,233,324 in 2020), for which a total sum of 42,224 thousand euros was disbursed (37,255 thousand euros in 2020). Likewise, a total of 831,586 shares were resold (1,246,626 in 2020) for a sum of 42,328 thousand euros (37,488 thousand euros in 2020). Said shares had been acquired at a weighted average cost of 31,446 thousand euros (27,411 thousand euros in 2020), giving rise to a profit of 10,882 thousand euros on the sale (10,077 thousand euros in 2020), which was recognized in reserves.

d.2) Share buy-back programme

ROVI commenced a buy-back programme for company shares effective 3 November, 2021 (the “Buy-Back Programme”). Its main features are the following:

- Purpose and scope: the purpose of the Buy-Back Programme is to write off ROVI shares (capital reduction) while, at the same time, increasing ROVI’s shareholder remuneration by increasing the earning per share.
- Term: 12 months as of 3 November, 2021, the date on which the Buy-back Programme was published. Additionally, ROVI reserves the right to end the programme before its termination date.
- Maximum monetary amount: up to 125,000,000 euros.
- Maximum number of shares to be acquired: 1,682,000 shares in the Company, representing approximately 3% of ROVI’s share capital at the Buy-back Programme publication date.

Under this resolution, 585,583 shares were acquired in 2021, for which ROVI paid a total of 36,561 thousand euros.

d.3) Extraordinary bonus through award of treasury shares

On 17 June, 2021, the Ordinary General Shareholders’ Meeting of Laboratorios Farmacéuticos Rovi, S.A. approved an extraordinary bonus for the Company’s executive directors through the award of treasury shares. The maximum number of shares to be awarded was determined by multiplying by three (i.e. by the number of beneficiaries of the bonus) the amount resulting from dividing 985 thousand euros by the average quoted price of the company shares in the 30 trading days immediately prior to approval of the bonus (54.48 euros), giving a number of 54,240 shares to be taken from the treasury shares (Note 31).

The amount recognised for this bonus under the caption “Employee expenses” was 2,520 thousand euros.

e) Dividends

On 17 June, 2021, the General Meeting of Shareholders approved the distribution of the 2020 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 21,373 thousand euros (0.3812 euros gross per share). This dividend was paid out in July 2021.

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.

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:

	2021	2020
Basis of application		
Profit for the year	65,143	71,137
Distribution		
Dividends	53,580	21,373
Retained earnings	11,563	49,764
	65,143	**71,137**

17. Trade and other payables

	2021	2020
Trade payables	97,407	63,452
Payables to related parties (Note 31)	2,336	2,070
Outstanding remuneration	5,466	4,564
Public authorities	5,539	4,936
Other payables	14,425	16,342
	125,173	**91,364**

At 31 December, 2021 and 2020, the “Other payables” caption included the following liabilities:

	2021	2020
Returns	2,338	1,438
Contribution to public health system	7,085	14,096
Other	3,911	7
	13,334	**15,541**

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, 3,214 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 (10,424 thousand euros at 31 December, 2020) (Note 2.24).

For the provision for 2021, a 10% increase or decrease in the relevant public spending would represent an increase of 611 thousand euros or a decrease of 106 thousand euros, respectively.

In 2020, the pharmaceutical industry showed a clear will to extend the Agreement and, therefore, ROVI made provision for the estimated amounts for said year. The pharmaceutical industry proposed a mechanism to compensate the government for the increase in pharmaceutical spending, which was not finally applied because of the global pandemic caused by COVID-19, where the government's priorities were to solve the situation and those of the industry were to make an active contribution in its role as a priority industry to combat COVID-19. Therefore, according to current information, no payment will finally be required from the signatories of the Agreement.

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:

	2021	2020
	Days	Days
Average payment period to suppliers	57	55
Ratio of transactions paid	61	58
Ratio of transactions outstanding	40	19

	2021	2020
Total payments made (thousands of euros)	424,190	239,082
Total payments outstanding (thousands of euros)	74,341	16,116

18. Financial debt

Non-current	2021	2020
Bank borrowings	44,107	44,825
Debt with government entities	8,416	9,119
Financial liabilities for leases	14,222	14,477
	66,745	68,421
Current		
Bank borrowings	714	175
Debt with government entities	2,245	1,853
Financial liabilities for leases	3,441	3,069
Derivatives	17	925
	6,417	6,022
	73,162	**74,443**

a) Bank borrowings

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, 2020, ROVI had drawn down the entirety of this credit line in:

a) A draw-down of 5,000 thousand euros in 2018 at an annual interest rate of Euribor at 3 months plus 0.844%.
b) A draw-down of 40,000 thousand euros in 2019 at a fixed annual interest rate of 0.681%.

As of 31 December, 2021, this loan matured as follows:

	a)	b)	TOTAL
Entity	**BEI**	**BEI**	
Face value	**5,000**	**40,000**	
Interest rate	**Eur3+0.844%**	**0.681% Fixed**	
2022	714	—	714
2023	714	5,714	6,428
2024	714	5,714	6,428
2025	714	5,714	6,428
2026	714	5,714	6,428
2027 onward	1,251	17,144	18,395
	4,821	40,000	44,821
Non-current	4,107	40,000	44,107
Current	714	—	714

At 31 December, 2020, the loan matured as follows:

	a)	b)	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

In the first half of 2021 and 2020, compliance as of 31 December, 2020 and 2019, respectively, with the financial ratios fixed in this financing agreement was certified. At 31 December, 2021, ROVI met the ratios fixed, although this will not be certified until after these annual accounts have been approved.

b) Debt with government entities

b.1) Since 2001, the Company has been receiving reimbursable grants from different Ministries to finance a number of R&D projects. The amounts recorded as non-current financial debt for this item at 31 December, 2021 amounted to 8,416 thousand euros (9,119 thousand euros at 31 December, 2020). 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 2021:

In 2021, the different Group companies received various reimbursable advances from different entities, details of which are given below:

			Thousand euros		Years	
Company	Government entity	Project	Face value	Initial fair value	Repayment period	Grace period
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	54	46	13	4
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	28	24	12	3
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	46	40	12	3
Lab. Farm. Rovi	Technological Corporation of Andalusia	(1)	12	10	13	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	148	122	7	1
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	200	179	11	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(2)	106	92	16	4
Lab. Farm. Rovi	Industrial Technological Development Centre	(2)	94	80	16	3
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	279	248	10	3
Lab. Farm. Rovi	Industrial Technological Development Centre	(1)	373	310	7	1
			1,340	1,151		

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

(2) Funds the projects to develop a biosimilar

b.2.2) Advances received in 2020:

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

			Thousand 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.

At 31 December, 2021 and 2020, debt with government entities matured as follows:

Year	**2021**	**2020**
2021	—	1,853
2022	2,245	1,726
2023	1,208	1,304
2024	1,479	1,388
2025	1,396	1,285
2026	1,410	1,260
2027 onward	2,923	2,156
	10,661	10,972
Non-current	8,416	9,119
Current	2,245	1,853

Fair value of the financial debt

The carrying amounts and fair values of non-current bank borrowings and debt with government entities at 31 December, 2021 and 2020 were as follows:

	Carrying amount		Fair value	
	2021	**2020**	**2021**	**2020**
Bank borrowings	44,107	44,825	43,359	44,072
Debt with government entities	8,416	9,119	8,766	9,757
	52,523	53,944	52,125	53,829

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 2020).

To calculate the fair value of fixed rate non-current bank borrowings the 2021 and 2020 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, 2021 and 2020 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 liability 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, 2021 and 2020, financial liabilities for leases matured as follows:

Year	**2021**	**2020**
2021	—	3,069
2022	3,441	1,977
2023	3,422	2,006
2024	2,181	2,036
2025	2,112	2,067
2026	2,137	2,098
2027 onward	4,370	4,293
	17,663	17,546
Non-current	14,222	14,477
Current	3,441	3,069

d) Financial derivatives

At 31 December, 2021, financial derivatives were measured at 17 thousand euros (925 thousand euros in 2020). In 2021 and 2020, the financial derivatives were not classified as hedging instruments and, therefore, were included in the category of financial liabilities held for trading.

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:

	2021	2020
Deferred tax assets:		
– Deferred tax assets to be recovered at more than 12 months	104	3,450
– Deferred tax assets to be recovered within 12 months	3,746	7,655
	3,850	11,105
Deferred tax liabilities		
– Deferred tax liabilities to be recovered at more than 12 months	758	874
– Deferred tax liabilities to be recovered within 12 months	18	55
	776	929

Net movement on the deferred tax account was as follows:

	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
At 1 January, 2020	**14,660**	**(1,078)**	**13,582**
(Charged)/credited to profit and loss (Note 27)	(3,555)	149	(3,406)
At 31 December, 2020	**11,105**	**(929)**	**10,176**
(Charged)/credited to profit and loss (Note 27)	(7,255)	153	(7,102)
At 31 December, 2021	**3,850**	**(776)**	**3,074**

Movement on deferred tax assets was as follows:

	Negative tax bases	Tax credits not yet applied	30% amortisation 13 &14	Provisions	Other	Total
At 1 January, 2020	**6,720**	**5,642**	**911**	**359**	**1,028**	**14,660**
(Charged)/credited to profit and loss	(2,755)	(1,231)	(117)	579	(31)	(3,555)
At 31 December, 2020	**3,965**	**4,411**	**794**	**938**	**997**	**11,105**
(Charged)/credited to profit and loss	(3,965)	(4,411)	(151)	2,044	(772)	(7,255)
At 31 December, 2021	**—**	**—**	**643**	**2,982**	**225**	**3,850**

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. Additionally, the “Provisions” column includes the amounts related to booking non-tax deductible provisions in the years reported.

Movement on deferred tax liabilities was as follows:

	Freedom of amortization	Other	Total
At 1 January, 2020	**452**	**626**	**1,078**
(Charged)/credited to profit and loss	(149)	—	(149)
At 31 December, 2020	**303**	**626**	**929**
(Charged)/credited to profit and loss	(153)	—	(153)
At 31 December, 2021	**150**	**626**	**776**

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 2021 and 2020 was as follows

	Distribution licences	Other contracts	Total
At 1 January, 2020	**6,559**	**800**	**7,359**
Additions	1,253	33,446	34,699
(Charged)/credited to profit and loss	(944)	(10,321)	(11,265)
At 31 December, 2020	**6,868**	**23,925**	**30,793**
Additions	518	98,435	98,953
(Charged)/credited to profit and loss	(5,140)	(65,514)	(70,654)
At 31 December, 2021	**2,246**	**56,846**	**59,092**

a) Distribution licences

In 2021, new contract liabilities of 518 thousand euros (1,253 thousand euros in 2020) were recognised in relation to agreements granting distribution licences.

In 2021, ROVI recognised revenue from distribution licences for a total amount of 5,140 thousand euros (944 thousand euros in 2020) (Note 22).

At 31 December, 2021 and 2020, the contract liabilities related to distribution licences had the following estimated maturities:

Year	**2021**	**2020**
2021	—	1,080
2022	786	1,282
2023	269	981
2024	248	74
2025	181	17
2026 onward	145	—
	1,630	3,434
Non-current	844	2,354
Current	786	1,080

At 31 December, 2021, there were contract liabilities related to distribution licences for an amount of 616 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 (3,434 thousand euros at 31 December, 2020).

b) Other contracts

This caption includes sums billed to customers for the adaptation, fitting-out and validation of the facilities and machinery – either owned by ROVI 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. It totalled 38,575 thousand euros at 31 December, 2021 (2,943 thousand euros in 2020). Likewise, it includes the sum of 8,784 thousand euros in 2021 (17,284 thousand euros in 2020) for reserved 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 materials for production that will take place in 2021, the costs of which are 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

	2021	2020
Non-current	2,331	2,712
	2,331	2,712
Current	485	498
	485	498
	2,816	**3,210**

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

	2021	2020
a) Deferred revenues from non-reimbursable capital grants	2,565	3,030
b) Deferred revenues from reimbursable capital grants	252	180
	2,816	3,210

a) Deferred revenue 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, 2021 was 1,744 thousand euros (2,039 thousand euros at 31 December, 2020).

b) Deferred revenue 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:

	2021	2020
Sales of goods	378,845	327,460
Sale of services	264,692	91,557
Revenue from distribution licenses (Note 20)	5,140	944
	648,677	419,961

a) Sales of goods

As of 31 December, 2021, the "Sales of goods" caption included 1,792 thousand euros related to services to promote third-party products (3,179 thousand euros at 31 December, 2020).

Additionally, as of 31 December 2021, the "Sales of good" caption included 3,419 thousand euros (3,514 thousand euros at the 2020 reporting date) related to royalties received on the basis of enoxaparin distribution agreements signed with third parties.

Total sales of goods fell by 11,909 thousand euros in 2021 (19,393 thousand euros in 2020) as a consequence of the rebates furnished to the National Health System (Note 2.24). 2,564 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 (6,306 thousand euros at 31 December, 2020) (Note 17).

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

	2021	2020
Specialty pharmaceuticals	342,237	296,031
Contrast agents and other hospital products	35,494	30,736
Other	1,114	693
	378,845	327,460

b) Sales of services

At 31 December, 2021, the "Sales of services" caption included 64,006 thousand euros (11,829 thousand euros at 31 December, 2020) relating to the work to adapt, fit out and validate ROVI's facilities and machinery, which may be either owned by ROVI or acquired or subcontracted from third parties, to subsequently provide manufacturing services to certain customers, as well as reserve manufacturing capacity as agreed with customers (Note 2.21.b).

c) Breakdown by geographical market and segment

The breakdown of revenue by geographical market and segment at 31 December, 2021 was as follows:

	Manufacturing	Marketing	TOTAL
Spain	7,000	249,698	256,698
European Union	34,678	84,954	119,632
Other countries	223,014	49,333	272,347
	264,692	**383,985**	**648,677**

At 31 December, 2020, the breakdown was as follows:

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

Sales in the 2021 and 2020 reporting periods were made principally in euros.

23. Employee benefit expenses

Employee benefit expenses may be summarised as follows:

	2021	2020
Wages and salaries	73,025	60,171
Social security costs	16,772	14,234
Pension costs - defined-contribution pension plans	6	24
	89,803	74,429

In 2021, the wages and salaries figure was affected by non-recurring expenses of 59 thousand euros (1,338 thousand euros in 2020) as a consequence of COVID-19.

Total employee benefit expenses included expenses of 8,384 thousand euros at 31 December, 2021 (7,001 thousand euros at 31 December, 2020, Note 7) related to the R&D Department.

The “Wages and salaries” figure includes severance payments of 813 thousand euros in 2021 and 1,009 thousand euros in 2020.

The average number of employees was as follows:

	2021	2020
Management	34	33
Administration	171	205
Sales force	270	270
Production and plant	936	700
R&D	177	156
	1,588	1,364

At 31 December, 2021, the Group’s total headcount was 1,751 employees (1,419 at 31 December, 2020), 919 of whom were women (747 at 31 December, 2020). There were 13 women in management positions in 2021 (13 in 2020).

At 31 December, 2021, the Group’s total headcount included 14 people with a disability rating of 33% or more (26 at 31 December, 2020).

24. Other operating expenses

	2021	2020
Advertising costs	12,713	11,409
Services from third parties	11,881	9,502
Supplies	24,192	12,242
Transport and warehouse expenses	7,764	6,860
Repairs and maintenance	4,987	4,173
Operating leases	839	327
Other taxes	5,707	6,404
Other operating expenses	25,419	22,789
	93,502	73,706

During 2021, the “Other operating expenses” caption was affected by non-recurring expenses for a total amount of 1,522 thousand euros, due to COVID-19. Likewise, also as a result of COVID-19, certain operating expenses were reduced, mainly those included under the advertising costs caption derived from the reduction in the activity of the sales force.

Total operating expenses at 31 December, 2021 included R&D-related expenses of 19,061 thousand euros (16,800 thousand euros at 31 December, 2020, Note 7), most of which are registered under the “Other operating expenses” caption.

25. Operating leases

At 31 December, 2021 and 2020, there were no minimum future payments on uncancellable operating leases.

26. Finance income/costs

	2021	2020
Interest income	68	4
Total finance income	68	4
Other finance costs	(669)	(806)
Total finance costs	(236)	(266)
Interest income	(905)	(1,072)
Proceeds on disposal of financial instruments	1,161	(245)
Change in fair value of financial instruments	908	(796)
Impairment and gain/(loss) on measurement of financial instruments	2,069	(1,041)
Exchange rate differences	(178)	39
	(178)	39
Net finance income/(cost)	**1,054**	**(2,070)**

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

At 31 December, 2020, the Group held financial derivatives of 13,500 million dollars to minimise the impact of exchange rate risk. The measurement of these financial derivatives at fair value represented a loss of 925 thousand euros at the 31 December, 2020 reporting date. In 2021, these assets, as well as other acquired during 2021, were liquidated, incurring a profit of 1,161 thousand euros on the liquidations (loss of 245 thousand euros in 2020). At 31 December, 2021, there were current contracts of this nature of 5,000 thousand dollars, the measurement of which at the 2021 reporting date represented a loss of 17 thousand euros.

27. Income tax

In 2021 and 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 expense is broken down into the following items:

	2021	2020
Current tax	(21,941)	(8,316)
Deferred tax (Note 19)	(7,102)	(3,406)
Adjustment corporate income tax prior years	(508)	198
	(29,551)	(11,524)

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:

	2021	2020
Profit before tax	182,628	72,581
Tax calculated at domestic tax rate of 25%	(45,657)	(18,145)
Share of profit of joint venture	46	(8)
Movement on capitalised negative tax bases	593	—
Adjustment corporate income tax prior years	(508)	198
Non-tax deductible expenses	104	(675)
Tax differences in results of subsidiaries	75	(91)
R&D tax credits used	19,667	8,263
Movement on capitalized R&D tax credits	(3,869)	(1,066)
Income tax expense	(29,551)	(11,524)

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

The current tax for Spain, Portugal and Poland in 2021, after deducting the amount of payments on account and withholding during the year, generated a current tax receivable of 9,891 thousand euros. Additionally, in 2021, a current tax payable of 681 thousand euros was generated in Germany and Italy, after applying the payments on account and withholdings for the year.

Tax credits

The Group generated tax credits of 3,945 thousand euros in 2021 (4,376 thousand euros in 2020) and was likewise entitled to offset tax credits of 15,722 thousand euros from previous years (8,298 thousand euros at 31 December, 2020). In 2021, tax credits of 19,667 thousand euros were applied (8,263 thousand euros in 2020) and there were thus no further tax credits to be offset in future years (4,411 thousand euros at 31 December, 2020).

Negative tax bases

The totality of the negative tax bases recognized in the assets at 31 December, 2020 will be applied to the corporate income tax for the year 2021. Therefore, at the end of 2021, there were no assets relating to this item.

At 31 December, 2020, the Group had recognized all the negative tax bases not yet offset, which it expects to recover in a period of between three and five years.

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

	Years
Corporate income tax	2017-20
Value-added tax	2018-21
Transfer tax	2018-21
Personal income tax (withholdings)	2018-21

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 2021 and 2020, the weighted average number of shares was calculated without taking the treasury shares that existed at any given moment into account.

	2021	2020
Profit attributable to the Company's shareholders	153,077	61,057
Weighted average number of ordinary shares in issue (thousands)	55,404	55,386
Basic and diluted earnings per share (euros per share)	2.76	1.10

At 31 December, 2021 and 2020, there were no shares with potential diluting effects.

29. Contingencies

At 31 December, 2021, the Group held bank guarantees amounting to 2,606 thousand euros (2,398 thousand euros in 2020). 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) 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 balances and transactions

The Group is controlled by Norbel Inversiones, S.L., which, at 31 December, 2021, held 60.17% of the shares of the parent company (63.11% at 31 December, 2020). At 31 December, 2021, Norbel Inversiones, S.A. belonged to Ms Mercedes Encina Vega and Messrs Juan, Javier and Iván López-Belmonte Encina (at 31 December, 2020, it belonged to Mr Juan López-Belmonte López and Messrs Juan, Javier and Iván López-Belmonte Encina).

a) Purchases of goods and services

	2021	2020
Purchases of services		
– Directors who are also shareholders	25	25
– Entities in which the López-Belmonte Encina family holds an interest	2,030	2,033
	2,055	2,058

Purchases of services from companies in which the López-Belmonte Encina family 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

	2021	2020
Wages, salaries and other current benefits	5,324	1,799
Contributions to defined-contribution pension plans (Notes 22 & 33.1.c)	6	24
	5,330	1,823

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

ROVI had a Long-Term Incentive Plan for the executive directors for the years 2019 to 2021. The purpose of this plan is to reward the long-term creation of value for the Group in the interests of the shareholders. This Incentive Plan accrued in 2021 and 2020 were recognized under the caption “Wages, salaries and other current benefits”. The total amount payable under this plan, which ended on 31 December, 2021, is included in the above table on “Director Remuneration” on the “Wages, salaries and other current benefits” line for 2021.

On 17 June, 2021, the General Shareholders’ Meeting approved a Long-Term Incentive Plan for the executive directors for the years 2022 to 2024. 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.

On 17 June, 2021, the Ordinary General Shareholders’ Meeting of Laboratorios Farmacéuticos Rovi, S.A. approved an extraordinary bonus for the Company’s executive directors through the award of treasury shares (Note 16). The maximum number of shares to be awarded was determined by multiplying by three (i.e. by the number of beneficiaries of the bonus) the amount resulting from dividing 985 thousand euros by the average quoted price of the company shares in the 30 trading days immediately prior to approval of the bonus (54.48 euros), giving a number of 54,240 shares to be taken from the treasury shares. The amount recognised for this bonus under the caption “Employee benefit expenses” was 2,520 thousand euros.

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:

	2021	2020
Wages, salaries and other short-term benefits	1,706	1,688
	1,706	1,688

At 31 December, 2021 and 2020, the Management Committee was formed by 12 members, three of whom were also members of the Board of Directors.

c) Dividends paid

Dividends paid to the company Norbel Inversiones, S.L. in 2021 were 12,847 thousand euros (6,196 thousand euros in 2020). Additionally, dividends of 1,197 thousand euros (547 thousand euros in 2020) were paid to other significant shareholders.

d) 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. The interest accrued on this loan is 22 thousand euros p.a.

e) Balances at the end of the reporting period

	2021	2020
Receivables from related parties (Note 13)		
– Directors	—	44
– Joint ventures (*)	2	52
	2	96
Payables to related parties (Note 17):		
– Key management	260	255
– Directors	1,665	1,385

– Joint ventures	80	80
– Entities in which the López-Belmonte Encina family holds an interest	331	350
	2,336	2,070

(*) 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 fees accrued by KPMG Auditores, S.L. and other companies belonging to the KPMG network for audit services and other related-services (consisting of a limited-scope review of the interim financial statements as of 30 June, 2021, a review of the internal control over financial reporting system, a review of compliance with the ratios for financing contracts, a review of the declaration of packaging of one of the group companies and the issue of a report on procedures agreed necessary to convert debt into capital in another group company) provided to Laboratorios Farmacéuticos Rovi, S.A. and its subsidiaries in 2021 were 245 thousand euros and 54 thousand euros, respectively (196 thousand euros and 45 thousand euros, respectively in 2020).

Additionally, the firm network to which KPMG Auditores, S.L. belongs provided services for the review of the Statement of Non- Financial Information amounting to 32 thousand euros (18 thousand euros in 2020).

Audit work carried out by firms unrelated to the firm KPMG totalled 14 thousand euros.

33. Director remuneration

At 31 December, 2021, the members of the Board of Directors were as follows:

Mr Juan López-Belmonte Encina	Chairman & Chief Executive Officer
Mr Javier López-Belmonte Encina	First Deputy Chairman
Mr Iván López-Belmonte Encina	Second Deputy Chairman
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, 2021
(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 2021:

1. 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 2021 and 2020 were as follows:

	2021	2020
Mr Juan López-Belmonte López	96	165
Mr Juan López-Belmonte Encina	80	70
Mr Javier López-Belmonte Encina	80	70
Mr Iván López-Belmonte Encina	80	70
Mr Fernando de Almansa Moreno-Barreda	80	70
Mr Marcos Peña Pinto	80	70
Ms. Fátima Báñez García	80	70
	576	585

   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):

	2021	2020
Mr Juan López-Belmonte Encina	2	8
Mr Javier López-Belmonte Encina	2	8
Mr Iván López-Belmonte Encina	2	8
	6	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 2021 and 2020 was as follows:

	2021		2020	
	Fixed	Variable	Fixed	Variable
Mr Juan López-Belmonte Encina	327	1,406	330	153
Mr Javier López-Belmonte Encina	239	1,271	242	125
Mr Iván López-Belmonte Encina	237	1,268	239	125
	803	3,945	811	403

   At 31 December, 2021, the variable remuneration of the executive directors included the amounts accrued for their annual variable item, those accrued under the Long-Term Incentive Plan and the amount recognised in the income statement for the extraordinary bonus settled by handing over shares (Note 31.b.1). At 31 December, 2020, it included the sums accrued for the annual variable item.

   g. In 2021 and 2020, 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. At 31 December, 2021 and 2020, there were no awards of shares, options or any other equity instrument tied to the value of the share that were pending accrual. On 17 June, 2021, the Ordinary General Shareholders' Meeting of Laboratorios Farmacéuticos Rovi, S.A. approved an extraordinary bonus for the Company's executive directors through the award of treasury shares. The maximum number of shares to be awarded was determined by multiplying by three (i.e. by the number of beneficiaries of the bonus) the amount resulting from dividing 985 thousand euros by the average quoted price of the company shares in the 30 trading days immediately prior to approval of the bonus (54.48 euros), giving a number of 54,240 shares to be taken from the treasury shares. The amount recognised for this bonus under the caption "Employee benefit expenses" was 2,520 thousand euros and is included in the variable remuneration of the table in section f) above.

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

	2021	2020
Remuneration of executive directors	4,748	1,214
Profit of parent company	65,143	71,137
Remuneration of executive directors / Profit attributable to parent company	7.29 %	1.71 %

The Company holds a liability insurance policy for directors and senior management. A premium of 181 thousand euros accrued for this policy in 2021 (61 thousand euros in 2020).

b) Conflicts of interest 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

ROVI announced (by publication of the relevant information number 14055 dated 15th of February of 2022) that the European Commission has authorised the marketing of Okedi® (Risperidone ISM®) for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone.

ROVI announced (by publication of the inside information number 1299 dated 16th of February of 2022) a long-term collaboration with Moderna to increase capacities for the compounding, aseptic filling, inspection, labelling, and packaging of ROVI's facilities located in Madrid, San Sebastián de los Reyes and Alcalá de Henares. This new agreement, which has a term of ten years, includes a series of investments expected to allow the manufacturing capacity to increase across ROVI's facilities in Madrid, Spain. In addition to producing Moderna's COVID-19 vaccine, ROVI's platform could also be utilized to service future Moderna mRNA vaccine candidates. Moderna and ROVI are expected to finalize details of this agreement in the first quarter of 2022.

ROVI announced on 22 February 2022 the end of the share buy-back programme, effective as of 3 November 2021, and the launching of a new share buy-back programme, effective from 23 February 2022.

35. Other significant information

In 2021, the U.S. Food and Drug Administration (FDA) informed ROVI that there would be a delay in the inspection of the Risperidone ISM® manufacturing facilities as a result of the restrictions on movement due to COVID-19-

Likewise, on 29 April, 2021, ROVI informed that it was reinforcing its collaboration in the fill-finish of the Moderna COVID-19 vaccine by increasing its current fill-finish capacity.

Additionally, on 12 April, 2021, ROVI reported that it was expanding the activities it performed in the manufacture of the Moderna COVID-19 vaccines and would take part in the manufacture of the active substance, as well as the compounding, filling and final packaging before distribution to be administered to patients.

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for the annual period ended 31 December, 2021
(Thousands of euros)

Exhibit 1

Subsidiaries Included in the Consolidated Group

		Ownership interest			
Corporate name	Registered Office	2021	2020	Activity	Auditor
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 GmbH	Bahnhofstrasse 10, 6300 Zug, (Switzerland)	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)	E
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 in 2021 and 2020 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 2021 and 2020 by KPMG AG.
D Audited in 2021 and 2020 by KPMG, S.A.
E Audited in 2021 by KPMG SPA.

Free translation of the 2021 Consolidated Management Report originally issued in Spanish. In the event of discrepancy, the Spanish version prevails.

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

2021 Consolidated Management Report

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 dos principal growth pillars:

- The specialty pharmaceutical area, which contains three divisions:
  - The low-molecular-weight heparin ("LMWH") division, which accounted for 37% of group sales in 2021.
  - The speciality pharmaceutical division in Spain, which has a diversified portfolio of its own and licensed innovative products, protected by patents.
  - The contract manufacturing division, with high-value-added products.
- The R&D area, focused on ROVI's proprietary extended-release drug delivery platform, ISM®..

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 see Non-Financial Information Statement or visit: www.rovi.es

2.- BUSINESS PERFORMANCE AND SIGNIFICANT MATTERS

2.1.- Business performance

€ Million	2021	2020	Growth	% Growth
Operating revenues	648.7	420.0	228.7	54%
Other income	1.3	1.2	0.2	15%
Total revenue	**650.0**	**421.1**	**228.9**	**54%**
Cost of sales	-263.9	-178.7	-85.2	48%
Gross profit	**386.2**	**242.5**	**143.7**	**59%**
% margin	*59.5%*	*57.7%*		*1.8pp*
R&D expenses	-27.4	-23.8	-3.6	15%
SG&A	-156.0	-124.4	-31.6	25%
Share of profit/loss of a joint venture	0.2	0.0	0.2	n.a
EBITDA[1]	**202.9**	**94.2**	**108.7**	**115%**
% margin	*31.3%*	*22.4%*		*8.8pp*
EBIT[1]	**181.6**	**74.7**	**106.9**	**143%**
% margin	*28,0%*	*17.8%*		*10.2pp*
Net profit	**153.1**	**61.1**	**92.0**	**151%**

[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 54% to 648.7 million euros driven by (i) the strength of the contract manufacturing organization ("CMO") business, which grew by 189%, and (ii) the specialty pharmaceutical business, where sales rose 17%. Total revenue increased by 54% to 650.0 million euros in 2021.

Sales outside Spain increased by 105% to 392.0 million euros in 2021, 64.4 million euros (or 16%) of which related to international subsidiaries, mainly due to (i) the increase in LMWH international sales and (ii) the increase in the contract manufacturing organisation business. Sales outside Spain represented 60% of operating revenue in 2021 compared to 46% in 2020.

Sales of prescription-based pharmaceutical products rose 17% to 347.2 million euros in 2021.

Sales of the heparin franchise (Low Molecular Weight Heparins and other heparins) increased by 16% to 242.0 million euros in 2021. Heparin sales represented 37% of operating revenue in 2021 compared to 50% in 2020.

Sales of Low Molecular Weight Heparins (LMWH) (Enoxaparin biosimilar and Bemiparin) increased by 16% to 234.8 million euros in 2021.

Sales of the Enoxaparin biosimilar increased 22% to 124.0 million euros in 2021 mainly because of (i) the launch of the product in thirteen new countries in 2021 and (ii) the increase in the demand for the product in countries where we are already present. 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; in South

Africa, Israel, Peru, Holland, Panama, and the Dominican Republic in 2020; and in Canada, Malasya, Albania, North Macedonia, Guatemala, El Salvador, Honduras, Georgia, Bahamas, Jamaica, Gabon, Democratic Republic of Congo, and Trinidad and Tobago in 2021.

Bemiparin showed a positive performance in 2021, with sales up 9% to 110.7 million euros. International sales of Bemiparin increased by 25% to 41.3 million euros. This increase was mainly linked to (i) the increase in sale prices to some partners and wholesalers due to the rise in LMWH raw material prices; and (ii) the increase in sales in the Russian, Turkish and Chinese markets. Sales of Bemiparin in Spain (Hibor®) increased 1% to 69.4 million euros in 2021, mainly due to a higher penetration of the product in the treatment segment.

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 30% to 38.5 million euros in 2021, compared to 29.6 million euros 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 14% to 16.3 million euros in 2021.

Sales of Vytorin®, Orvatez® and Absorcol®, specialty products from Merck Sharp & Dohme ("MSD") indicated as adjunctive therapy to diet in patients with hypercholesterolemia, remained constant at 28.3 million euros in 2021. In the second quarter of 2020, Orvatez® price was reduced by 30% due to the entrance of hybrid products formulated with ezetimibe and atorvastatine.

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 17% to 9.4 million euros in 2021, compared to 11.3 million euros in the previous year, mainly due to Ulunar® Breezhaler® price reduction of 18% in the second quarter of 2020.

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, increased by 4% to 3.6 million euros in 2021. 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 4% in 2021 compared to the previous year. Nevertheless, ROVI prescription-based pharmaceutical product sales increased 17% in 2021, outperforming the market by more than 13 percentage points.

Sales of contrast imaging agents and other hospital products increased by 15% to 35.5 million euros in 2021. This increase shows the strong recovery of the Spanish and Portuguese hospital activity in 2021 after the effects of lockdowns during the pandemic.

CMO sales increased by 189% to 264.7 million euros in the 2021 because of (i) the booking of the income related to the production of the COVID-19 vaccine, (ii) the booking of the income related to the activities to prepare the plant for the COVID-19 vaccine production under the agreement with Moderna, and (iii) the reorientation of our contract manufacturing activities strategy towards high-value-added products.

Likewise, in 2022, ROVI expects the CMO business to increase by between 30% and 40%, including production of the COVID-19 vaccine.

Other income (subsidies) increased by 15% to 1.3 million euros in 2021, compared to the previous year.

Gross profit increased by 59% to 386.2 million euros in 2021, the gross margin showing an increase of 1.8 percentage points from 57.7% in 2020 to 59.5% in 2021, mainly because the increase in the CMO business contributed higher margins to group sales. This positive impact on the gross margin offset the increase in the LMWH cost of goods sold in 2021 compared to the previous year. ROVI expects LMWH raw material prices to continue to decline in 2022 as a result of the increase in the pig population in China. 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 being used, stocked for several months, was purchased at higher prices.

R&D expenses increased 15% to 27.4 million euros in 2021. R&D expenses were mainly related to (i) the repetition of the bioavailability study comparing multiple doses of Risperidone ISM® with oral risperidone, in response to the major observation of the Committee for Medicinal Products for Human Use (CHMP), (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.

SG&A expenses increased 25% to 156.0 million euros 2021 mainly as a result of (i) an increase in expenses related to the manufacture of the Moderna vaccine; and (ii) an increase in expenses due to the preparation of Okedi® launch in Europe. Expenses related to Covid-19 decreased to 1.6 million euros in 2021, from 4.0 million euros in 2020. Excluding expenses related to COVID-19, SG&A would have increased by 28% to 154.4 million euros in 2021, compared to 120.4 million euros in 2020.

EBITDA increased to 202.9 million euros in 2021, a rise of 115% compared to the previous year, reflecting a 8.8 percentage point increase in the EBITDA margin, which was up to 31.3% in 2021 from 22.4% in 2020. EBITDA excluding expenses related to COVID-19 ("recurrent EBITDA") increased to 204.5 million euros in 2021, a rise of 108% compared to the previous year, reflecting a 8.1 percentage point increase in the recurrent EBITDA margin, which was up to 31.5% in 2021 from 23.4% in 2020.

EBITDA "Pre-R&D", calculated excluding R&D expenses in 2021 and 2020, increased by 95%, from 118.0 million euros in 2020 to 230.4 million euros in 2021, reflecting a 7.4 percentage point rise in the EBITDA margin to 35.5% in 2021. Likewise, recognising the same amount of R&D expenses in 2021 as in 2020, EBITDA would have increased by 119% to 206.6 million euros, reflecting a 9.4 percentage point rise in the EBITDA margin to 31.8% in 2021, up from 22.4% in 2020.

Depreciation and amortisation expenses increased by 9% to 21.4 million euros in 2021, as a result of the new property, plant and equipment and intangible assets purchases made during the last twelve months.

EBIT increased by 143% to 181.6 million euros in 2021, reflecting a 10.2 percentage point rise in the EBIT margin, which was up to 28.0% in 2021 from 17.8% in 2020.

EBIT "pre-R&D", calculated excluding R&D expenses in 2021 and 2020, increased by 112%, from 98.5 million euros in 2020 to 209.0 million euros in 2021, reflecting a 8.8 percentage point rise in the EBIT margin to 32.2% in 2021. Likewise, recognising the same amount of R&D expenses in 2021 as in 2020, EBIT would have increased by 148% to 185.2 million euros, reflecting a 10.8 percentage point rise in the EBIT margin to 28.6% in 2021, up from 17.8% in 2020.

Net finance result (income) amounted to 1.1 million euros in 2021 compared to (2.1) million euros (cost) in 2020, mainly due to the higher income related to exchange-rate derivative financial instruments.

The effective tax rate was 16.2% in 2021, compared to 15.9% in 2020, mainly due to the increase of the profit before income tax.

As of 31 December 2021, all the Group's negative tax bases had been used.

Net profit increased by 151%, from 61.1 million euros in 2020 to 153.1 million euros in 2021.

Net profit "pre-R&D", calculated excluding R&D expenses in 2021 and 2020, increased by 117%, from 81.1 million euros in 2020 to 176.1 million euros in 2021. Likewise, recognising the same amount of R&D expenses in 2021 as in 2020, net profit would have increased by 156% to 156.1 million euros.

2.2.- Outlook for 2022

For 2022, ROVI is upgrading its operating revenue guidance from a mid-single-digit growth rate to the range between 15% and 20%.

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.

The Group forecasts that it will continue to grow at a much higher rate than the Spanish pharmaceutical market expenditure in 2021, which, according to the Ministry of Health, Consumption and Social Welfare, showed a growth rate of 6.1%.

ROVI expects its growth drivers to be the launch of Okedi® in Europe, 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 Moderna and ROVI expand long-term collaboration for the manufacture of mRNA medicines over the next ten years

ROVI announced (by publication of the inside information number 1299 dated 16th of February of 2022) a long-term collaboration with Moderna to increase capacities for the compounding, aseptic filling, inspection, labelling, and packaging of ROVI's facilities located in Madrid, San Sebastián de los Reyes and Alcalá de Henares.

This new agreement, which has a term of ten years, includes a series of investments expected to allow the manufacturing capacity to increase across ROVI's facilities in Madrid, Spain. In addition to producing Moderna's COVID-19 vaccine, ROVI's platform could also be utilized to service future Moderna mRNA vaccine candidates.

"ROVI has been a pivotal partner in supporting the manufacturing of our COVID-19 mRNA vaccine for countries outside of the U.S., and this long-term agreement expands our partnership and allows for further scale-up for future mRNA medicines," said Juan Andres, Moderna's Chief Technical Operations and Quality Officer.

Mr. Juan López-Belmonte Encina, ROVI's Chairman and Chief Executive Officer, said: "We are delighted to expand our collaboration with Moderna and become a long-term manufacturing partner. At ROVI we are working to contribute all our experience as a high-technological-value contract manufacturer of injectables to the solution of this pandemic and we are confident of our ability to take part in the manufacturing of new mRNA candidates in the future."

Moderna and ROVI are expected to finalize details of this agreement in the first quarter of 2022.

2.3.2 ROVI receives the European Commission's approval of Okedi® as a treatment for schizophrenia

ROVI announced (by publication of the relevant information number 14055 dated 15th of February of 2022) that the European Commission has authorised the marketing of Okedi® (Risperidone ISM®) for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone.

Risperidone ISM® is a prolonged-release injectable antipsychotic developed and patented by ROVI for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone, since, as of the first injection, it provides immediate and sustained plasmatic drug levels and does not require loading doses or supplementation with oral risperidone.

This approval is based on the positive results of the pivotal PRISMA-3 study on the efficacy and safety of Risperidone ISM® in schizophrenia patients[1]. The results obtained in this study show that the two different 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

[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*

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. Likewise, patients who successfully completed the double-blind period were offered the opportunity to continue in a long-term, open-label 12-month extension phase with once every four weeks injections of Risperidone ISM® (75 mg or 100 mg). New, clinically stable patients ("de novo" patients) were also able to enter this open phase of the study. Long-term treatment was observed to be effective, safe and well tolerated in adult patients with schizophrenia, regardless the initial severity of the disease or whether they had been treated previously with Risperidone ISM® during an acute exacerbation or switched from stable doses of oral risperidone[2].

"We are very excited about the European Commission's approval of Risperidone ISM® because we think our medicine will be able to contribute to the clinical management of schizophrenia patients. Likewise, we hope to launch the product in Europe in the second quarter of 2022", commented Juan López-Belmonte Encina, ROVI's Chairman and Chief Executive Officer.

Regarding other territories, ROVI filed the application for marketing authorisation of Risperidone ISM® with the United State Health authorities, the U.S. Food and Drug Administration ("FDA") on 24 November, 2020 and the dossier is currently being reviewed by the FDA. Recently, the FDA informed ROVI of a delay in making a decision on the grant of said marketing authorisation.

2.3.3 New Share Buy-back Programme

ROVI announced on 22 February 2022 the end of the share buy-back programme, effective as of 3 November 2021, and the launching of a new share buy-back programme, effective as of 23 February 2022.

End of the share buy-back programme

ROVI informs that the Board of Directors has resolved to finalize the share buy-back programme launched by the Company as of 3 November 2021

Launching of a new share buy-back programme

ROVI further informs that, in accordance with the resolutions passed today by the Board of Directors of the Company, under the authorization granted by the general shareholders' meeting of the Company on 17 June 2021, item 13 of its agenda, the Company will launch, effective as of 23 February 2022, a new share buy-back program (the "Buy-back Program") under Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("Regulation 596/2014") and Commission Delegated Regulation (EU) No. 2016/1052 of 8 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures ("Delegated Regulation 2016/1052"), in accordance with the following terms:

1.- Purpose and scope: the Buy-back Program's purpose is to redeem own shares of ROVI (share capital reduction) and, at the same time, to contribute to ROVI's shareholders remuneration by increasing earnings per share.

The Buy-back Programme is approved as a continuation and renewal of the buy-back programme commenced as of 3 November 2021, that is deemed to be successfully concluded as previously indicated..

2.- Term: from 23 February 2022, the day following the date of publication of the notice informing of the approval and commencement of the Buy-back Program, and for a period of 6 months.

Nevertheless, the Buy-back Program will terminate before the end of the referred period upon acquisition of the maximum number of shares authorized by the Board of Directors or if the maximum monetary amount of the Buy-

[2] *Filts Y, Litman RE, Martínez J, Anta L, Naber D, Correll CU. Long-term efficacy and safety of once-monthly Risperidone ISM® in the treatment of schizophrenia: Results from a 12-month open-label extension study. Schizophr Res. 2021 Nov 27;239:83-91.*

back Program is reached. Moreover, ROVI reserves the right to terminate the Buy-back Program before the end of the referred 6-month period if any other circumstance that makes it advisable occurs.

3.- Maximum monetary amount up to 46,000,000 euros, provided that the maximum price per share may not exceed that provided for by article 3.2 of Delegated Regulation 2016/1052.

The authorization granted by the general shareholders' meeting of the Company on 17 June 2021 established (a) a minimum price for the acquisition corresponding to the nominal value of the acquired shares and (b) a maximum price for the acquisition corresponding to a price not above the highest between (i) the last transaction carried out on the market by independent parties and (ii) the highest price of a purchase order amongst those contained in the orders book.

The maximum monetary amount of the Buy-back Program may be reduced in the amount applied by the Company, during its term, to the acquisition of own shares on the block trades market or over the counter for the same purpose, which will be notified to the market in the periodic other relevant information notices informing of the transactions carried out under the Buy-back Program.

4.- Maximum number of shares to be acquired: 560,700 shares of the Company, representing approximately 1% of the Company's share capital as of today.

The maximum number of shares to be acquired under the Buy-back Program may also be reduced if, during its term, acquisitions of own shares on the block trades market or over the counter are carried out for the same purpose, which will be notified to the market in the periodic other relevant information notices informing of the transactions carried out under the Buy-back Program.

5.- Trading volume to be considered as reference: the trading volume to be taken as a reference for the purposes of the provisions of article 3.3 of Delegated Regulation 2016/1052 for the entire duration of the Buyback Program shall be 25% of the average daily volume of ROVI's shares on the Continuous Market of the Spanish Stock Exchanges during the twenty trading days prior to the date of the purchase.

The Buyback Program shall be managed by Bestinver, S.V., S.A., that will manage the Buyback Program by making its decisions regarding the implementation of the purchases of ROVI's shares and their price and volume conditions independently.

It is noted that, as of 16 November 2021, ROVI does not have any liquidity agreements in place (nor has it suspended any transactions under any liquidity agreement).

Any potential amendment, interruption or termination of the Buyback Program and any acquisition of shares thereunder shall be communicated to the Spanish National Securities Market Commission pursuant to article 5 of Regulation 595/2014 and Delegated Regulation 2016/1052.

2.3.4 ROVI receives the positive opinion of the CHMP on Okedi® as a treatment for schizophrenia

ROVI announced (by publication of the relevant information number 13249 dated 17th of December of 2021) that the Committee for Medical Products for Human Use (CHMP) of the European Medicines Agency has recommended the approval of Okedi® (Risperidone ISM®) for the treatment of schizophrenia.

Risperidone ISM® is a prolonged-release injectable antipsychotic developed and patented by ROVI for the treatment of schizophrenia in adults for whom the tolerability and effectiveness has been established with oral risperidone, since, as of the first injection, it provides immediate and sustained plasmatic drug levels and does not require loading doses or supplementation with oral risperidone.

The positive opinion of the CHMP is based on the positive results of the pivotal PRISMA-3 study on the efficacy and safety of Risperidone ISM® in schizophrenia patients[3].The results obtained in this study show that the two different doses (75 mg

[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*

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. Likewise, patients who successfully completed the double-blind period were offered the opportunity to continue in a long-term, open-label 12-month extension phase with once-monthly injections of Risperidone ISM® (75 mg or 100 mg). New, clinically stable patients ("de novo" patients) were also able to enter this open phase of the study. The objective of the study extension phase is to check the safety, tolerability and durability of the long-term effect of Risperidone ISM®4.

"We are very satisfied to receive the favourable recommendation for Risperidone ISM® announced by the CHMP because we believe that our product can contribute to the clinical management of schizophrenia patients", commented Juan López-Belmonte Encina, ROVI's Chairman and Chief Executive Officer.

The European Commission takes the recommendations of the CHMP (EMA) into consideration and usually follows them, issuing its final decision on the basis thereof. The approval of Risperidone ISM® is expected in approximately 60 days' time and it could be launched in Europe in the second quarter of 2022.

Regarding other territories, ROVI filed the application for marketing authorisation of Risperidone ISM® with the United State Health authorities, the U.S. Food and Drug Administration ("FDA") on 24 November, 2020 and the dossier is currently being reviewed by the FDA. Recently, the FDA informed ROVI of a delay in making a decision on the grant of said marketing authorisation.

2.3.5 ROVI Share Buyback Program

ROVI informed the market (by publication of inside information number 1143 dated 3rd of November of 2021) that, effective as of 3 November 2021, a share buyback program (the "Buyback Program") commenced, in accordance with the following terms:

1.- Purpose and scope: the Buyback Program's purpose is to redeem own shares of ROVI (share capital reduction) and, at the same time, to contribute to ROVI's shareholders remuneration by increasing earnings per share.

2.- Term: from 3 November 2021, date of publication of the communication of the approval and effectiveness of the Buyback Program, and for a period of 12 months.

3.- Maximum monetary amount: up to 125,000,000 euros, provided that the maximum price per share may not exceed that provided for by article 3.2 of Delegated Regulation 2016/1052.

The authorization granted by the general shareholders' meeting of the Company on 17 June 2021 established (a) a minimum price for the acquisition corresponding to the nominal value of the acquired shares and (b) a maximum price for the acquisition corresponding to a price not above the highest between (i) the last transaction carried out on the market by independent parties and (ii) the highest price of a purchase order amongst those contained in the orders book.

4.- Maximum number of shares to be acquired: 1,628,000 shares of the Company, representing approximately 3% of the Company's share capital.

5.- Trading volume to be considered as reference: the trading volume to be taken as a reference for the purposes of the provisions of article 3.3 of Delegated Regulation 2016/1052 for the entire duration of the Buyback Program is

[4] *Filts Y, Litman RE, Martínez J, Anta L, Naber D, Correll CU. Long-term efficacy and safety of once-monthly Risperidone ISM® in the treatment of schizophrenia: Results from a 12-month open-label extension study. Schizophr Res. 2021 Nov 27;239:83-91.*

25% of the average daily volume of ROVI's shares on the Continuous Market of the Spanish Stock Exchanges during the twenty trading days prior to the date of the purchase.

The Buyback Program is managed by Bestinver, S.V., S.A., that is managing the Buyback Program by making its decisions regarding the implementation of the purchases of ROVI's shares and their price and volume conditions independently.

2.3.6 The FDA delays its decision on Risperidone ISM®

ROVI announced (by publication of the relevant information number 12278 dated 21st of October of 2021) that it had been informed of the delay in the decision on the granting of marketing authorisation for Risvan® (Risperidone ISM®) by the U.S. Food and Drug Administration ("FDA"). The FDA will be taking a number of actions, including an in-situ inspection of the European production plant where the product is manufactured, located in Madrid (Spain). The grant of the marketing authorisation for Risperidone ISM® by the FDA is subject to the result of this inspection.

The delay in the inspection of the manufacturing facilities has been caused by the restrictions on movement due to COVID-19 and, thus, the FDA has not yet fixed the inspection date.

ROVI filed the application for marketing authorisation for Risvan® with the FDA on 24 November, 2020. On 24 September, 2021, ROVI received a Complete Response Letter from the FDA with outstanding questions on the Risvan® dossier. The Company has provided full response on 17th January 2022. ROVI expects its responses to clarify the outstanding questions.

In the Complete Response Letter, the FDA states that, due to the exceptional situation caused by the pandemic which has prevented the inspection from taking place within the term defined in the Filing Communication Letter, all the responses to outstanding questions will be evaluated in accordance with the timeline described in the "2020 Guidance for Industry Review Timelines for Applicant Reponses to Complete Response Letters When a Facility Assessment Is Needed During the COVID-19 Public Health Emergency", with an estimated review time of 6 months as of the submission of the responses to the questions raised in the Complete Response Letter.

2.3.7 ROVI informs about the joint statement from Moderna and Takeda on the investigation of suspended lots of the vaccine

ROVI, as an entity participating in the manufacturing process of Moderna's vaccine against COVID-19, and in relation to the notification of particulate matter having been seen in certain drug product vials of the vaccine distributed in Japan, informed (by publication of the relevant information number 11466 dated 1st of September of 2021) about the joint statement from Moderna and Takeda on the investigation of suspended lots of the vaccine published on that date.

Working with the Ministry of Health, Labour and Welfare (MHLW), Moderna, the vaccine manufacturer, ROVI Pharma Industrial Services, S.A. in Spain, Moderna's European contract manufacturing organization, and Takeda, the authorized distributor, have conducted a thorough investigation, which includes:

- Identification of the root cause of the particles and the corrective and preventive actions being taken;
- An assessment of the nature of a particle from one vial from Lot 3004667; and
- An associated medical safety assessment, to determine if the identified particle poses a health or safety risk.

Root Cause Investigation, and Corrective and Preventive Actions

Three lots of the Moderna COVID-19 Vaccine (Lots 3004667, 3004734 and 3004956) were suspended following reports from vaccination sites of a potential foreign particulate substance observed in unused vials from Lot 3004667.

According to the root cause analysis report, conducted by ROVI, the most probable cause of the particulates identified in lot 3004667 is related to friction between two pieces of metal installed in the stoppering module of the production line due to an incorrect set-up. The two pieces are the star-wheel and the stoppers feeding device piece which feeds stoppers into the star-wheel. It is believed that this condition occurred during the assembling of the line prior to production of batch 3004667 and was a result of improper alignment during a line changeover before starting this batch. Based on the analysis

conducted by ROVI, the manufacturing issue only impacted the lots that were included in the suspension. The following steps have been taken by ROVI to correct and prevent future defects:

- Full inspection of the manufacturing line;
- Improving standard operating procedure for changeover of manufacturing line; and
- Setting alert inspection limits in the automatic visual inspection, as an internal process control.

Takeda, as the Japan Marketing Authorization Holder, is planning to initiate the recall of the three suspended lots 3004667, 3004734, and 3004956 from the market as of September 2, 2021, in consultation with MHLW and Osaka Prefecture. Moderna as the Global Marketing Authorization Holder is in full agreement with this decision.

Preliminary Particulate Analysis

According to Moderna's independent analysis, the particle from lot 3004667 has been thoroughly analyzed and is confirmed to be grade 316 stainless steel. This is consistent with the root cause determination described above. Grade 316 is a high grade of stainless steel commonly used in manufacturing and in food processing.

Current Medical Safety Assessment

After a health assessment conducted by Moderna and Takeda, the rare presence of stainless steel particles in the Moderna COVID-19 vaccine does not pose an undue risk to patient safety and it does not adversely affect the benefit/risk profile of the product.

Metallic particles of this size injected into a muscle may result in a local reaction, but are unlikely to result in other adverse reactions beyond the local site of the injection. Stainless steel is routinely used in heart valves, joint replacements and metal sutures and staples. As such, it is not expected that injection of the particles identified in these lots in Japan would result in increased medical risk.

Investigation of Two Deaths Following Administration of Vaccine

At this time, there is no evidence that the two tragic deaths following administration of the Moderna COVID-19 vaccine (from lot 3004734) were in any way related to administration of the vaccine. The relationship is currently considered to be coincidental. It is important to conclude a formal investigation to confirm this. The investigation is being conducted with the greatest sense of urgency, transparency and integrity and is of the highest priority.

To date, more than 200 million doses of the Moderna COVID-19 vaccine have been administered to more than 110 million individuals in 45 countries, representing a critical component of the global fight against COVID-19.

For additional updates and resources about the COVID-19 vaccine program in Japan please go to the official COVID-19 information center.

2.3.8 ROVI informs on the evolution of the investigation of particulate matter having been seen in certain drug product vials of the Moderna COVID-19 vaccine distributed in Japan

ROVI, as an entity participating in the manufacturing process of Moderna's vaccine against COVID-19, and in relation to the notification of particulate matter having been seen in certain drug product vials of the vaccine distributed in Japan, announced (by publication of the relevant information number 11399 dated 29th of August of 2021) that the investigation on this event continued to be conducted to determine what happened in the drug product fill/finish manufacturing process of the related batch. As reported publicly by the laboratory owning the vaccine, Moderna, and the company in charge of distributing the vaccine in Japan, Takeda, unfortunately, the death of two individuals who had received the Moderna COVID-19 vaccine had been reported. There is no evidence up-to-date that these deaths are caused by the Moderna covid-19 vaccine. In any event, there is a formal investigation underway to determine whether there is any connection. As recently reported, the detection of this particulate matter in certain drug product vials is an event that is in the process of being investigated by ROVI in coordination with Moderna, Takeda and the health authorities. ROVI will continue to proactively assist in the investigation of this matter, waiting for its finalisation and the publishing of the relevant conclusions by Moderna and Takeda.

2.3.9 ROVI informs on the notification of particulate matter having been seen in certain drug product vials of the Moderna's COVID-19 vaccine distributed in Japan

ROVI, as an entity participating in the manufacturing process of Moderna's vaccine against COVID-19, and in relation to the notification of particulate matter having been seen in certain drug product vials of the vaccine distributed in Japan, announced (by publication of the relevant information number 11377 dated 26th of August of 2021) that it was conducting an investigation on this event, following the standard procedure for these cases. The detection of this particulate matter referred to certain vials of one product lot distributed exclusively in Japan. ROVI, as well as Moderna and Takeda, the company distributing the referred vaccine in Japan, are working with health authorities in order to clarify and solve, if applicable, this incident. The origin of this manufacturing incident may be in one of ROVI's manufacturing lines. ROVI is working in order to provide with all the information and assistance that may be needed to progress with the investigation. As a precaution, this lot and two adjacent lots had been put on hold. To date, no safety or efficacy issues have been identified in relation to the vaccine, as Moderna and Japanese authorities have reported.

2.3.10 Mr. Juan López-Belmonte Encina has been appointed as new Chairman of the Board of Directors of ROVI

ROVI announced (by publication of the inside information register No. 991 dated 16 July, 2021) that, subsequent to the death of its chairman Mr Juan López-Belmonte López (communicated as stated in point 7.2 below), the Board of Directors of ROVI had unanimously decided, acting on a proposal and report from the Appointments and Remuneration Committee, to appoint the current Chief Executive Officer, Mr Juan López-Belmonte Encina, as the new chairman of ROVI's Board of Directors. He will combine this position with his current post as Chief Executive Officer.

The Board of Directors has expressed the profound gratitude and respect of the Company and all of its employees towards the former Chairman, Mr. Juan López-Belmonte López. The Appointments and Remunerations Committee has considered that according to the career of Mr. Juan López-Belmonte Encina it is clear that he has unquestionable knowledge to perform the functions as Chairman of the Board, as well as a deep and extensive expertise in the Company, the Rovi Group and the sector in which it develops its activity, making him the suitable candidate to occupy such position. As indicated, Mr. Juan López-Belmonte Encina will continue to act also as a Chief Executive Officer. It was hereby stated that the Company has already appointed a lead independent director, Mr. Marcos Peña Pinto, among its independent directors.

2.3.11 The President of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A., Mr. Juan López-Belmonte López, passed away

ROVI announced (by publication of the relevant information number 10575 dated 13th of July of 2021) that the President of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A., Mr. Juan López-Belmonte López, passed away.

The First Vice President of the Board, Mr. Javier López-Belmonte Encina, exercised the functions of the presidency until the appointment of the new President in accordance with the provided succession plans and corporate procedures.

The Company will always be grateful for the commendable work carried out by its President and it will honour his example.

2.3.12 ROVI increases its fill-finish capacity for the COVID-19 Vaccine Moderna

ROVI announced (by publication of the inside information number 858 dated 29th of April of 2021) that it strengthened its collaboration in the fill-finish of the COVID-19 Vaccine Moderna by increasing its fill-finish capacity. To this end, further industrial investments will be made in the ROVI Group's facility in Madrid (Spain).

These investments consist of the installation of two new production lines and equipment for compounding, filling, automatic visual inspection, labelling and packaging that will provide additional fill-finish capacity for the COVID-19 Vaccine Moderna, intended to supply markets outside the United States. These lines, located at ROVI's facility in San Sebastián de los Reyes (Madrid), will come into operation in the fourth quarter of 2021 and be fully operational in the first half of 2022 and will more than double the number of vials for which there is fill-finish capacity at this facility.

2.3.13 ROVI participates in the manufacture of the active substance of Moderna's COVID-19 vaccine

ROVI announced (by publication of the inside information number 837 dated 12th of April of 2021) that they will strengthen their collaboration for the manufacture of the active substance of the COVID-19 Vaccine Moderna. To this end, further industrial investment will be made in the ROVI Group's facility in Granada (Spain).

This investment consists of the installation of a new line supporting production phases of the active substance of the mRNA vaccine, which are prior and additional to the compounding and fill-finish of the vaccine. This line will have a production capacity equivalent to more than 100 million doses per year and is expected to begin to supply markets outside the United States in the third quarter of 2021.

With this addition, ROVI will extend the activities it performs in the manufacturing process of the COVID-19 Vaccine Moderna: it will take part in the manufacture of the active substance, as well as the compounding, filling and final packaging before the vaccine is distributed for administration to patients.

2.3.14 ROVI has requested to European Medicines Agency (EMA) to "stop the clock" on Day 181 of the Doria® authorisation process

ROVI announced (by publication of the inside information number 781 dated 2sd of March of 2021) that it had requested to European Medicines Agency (EMA) to "stop the clock" on Day 181 of the authorisation process to provide responses within the framework of the centralised registration procedure.

The purpose of said clock stop is to have sufficient time to repeat the bioavailability study comparing multiple doses of Doria® with oral risperidone, in response to the major observation of the Committee for Medicinal Products for Human Use (CHMP), which states that the study must be performed using the European reference product. The current dossier of Doria® already includes a clinical trial of bioavailability using the oral risperidone medicine marketed in the United States.

ROVI expected the trial using the U.S.A. reference product to be valid for Europe because the two products -the oral risperidone medicine marketed in the European Union and the one marketed in the U.S.A.- can be considered bioequivalents based on the in vitro and in vivo studies that ROVI had conducted and submitted to the EMA. Indeed, the therapeutic indication in schizophrenia for oral risperidone was supported by the same efficacy clinical trials in both territories.

ROVI considers that the additional clinical information requested can be provided in November this year 2021, thus resuming the regulatory process and enabling the EMA to complete its evaluation. Additionally, the EMA includes a second major observation in its Day 180 evaluation, aimed to prevent possible problems related to the lack of flexibility in interrupting the treatment with a long-acting formulation, as well as other minor observations that will be answered on Day 181 of the procedure.

ROVI does not foresee any additional information requirements from the EMA and aspires to obtain the indication of "treatment of schizophrenia in adults", which would mean that Doria®, due to its unique pharmacokinetic profile, would not only be indicated for the maintenance treatment of stabilised patients, but could also be used in unstable patients with moderate to severe symptoms who require a fast and prolonged-acting product like Doria®. It would be the only long-acting injectable atypical antipsychotic with said indication in the European Union.

2.4.- Research and development

ISM® technology platform

Okedi® (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 January 2020, ROVI announced the commencement of the centralised procedure for registration of Okedi® with the European Medicines Agency (EMA). In March 2021, ROVI informed about the request of a "clock stop" in the Okedi® authorization process to provide answers within the framework of the centralized registration procedure. The purpose of

said clock stop was to have sufficient time to repeat the bioavailability study comparing multiple doses of Okedi® with oral risperidone from EU source, in response to the major observation of the Committee for Medicinal Products for Human Use (CHMP), which states that the study must be performed using the European reference product. The original Okedi® dossier already included a clinical bioavailability trial using the oral risperidone drug marketed in the United States (USA). Thereafter, at the planned date, ROVI submitted the required answers and additional clinical data to the CHMP. On 16 December 2021, the CHMP adopted a positive opinion, recommending the granting of a marketing authorisation for the medicinal product Okedi®. Finally, on 15 February 2022, the European Commission authorized the marketing of Okedi® (Risperidone ISM®) for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone, and it could be launched in Europe in the second quarter of 2022.

Likewise, at its Capital Markets Day held on 24 November 2020, ROVI 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). ROVI was informed of the delay in the decision on the granting of marketing authorisation for Risvan® (Risperidone ISM®) by the U.S. Food and Drug Administration ("FDA"). The FDA will be taking a number of actions, including an in-situ inspection of the European production plant where the product is manufactured, located in Madrid (Spain). The grant of the marketing authorisation for Risvan® by the FDA is subject to the result of this inspection. Furthermore, on 24 September 2021, ROVI received a Complete Response Letter from the FDA with outstanding questions on the Risvan® dossier. The Company has already answered them since, in its letter, the FDA recognises that it did not review some of the responses submitted during the evaluation process. ROVI expects its responses to clarify the outstanding questions. In the Complete Response Letter, the FDA states that, due to the exceptional situation caused by the pandemic which has prevented the inspection from taking place within the term defined in the Filing Communication Letter, all the responses to outstanding questions will be evaluated in accordance with the timeline described in the "*2020 Guidance for Industry Review Timelines for Applicant Reponses to Complete Response Letters When a Facility Assessment Is Needed During the COVID-19 Public Health Emergency*", with an estimated review time of 6 months as of the submission of the responses to the questions raised in the Complete Response Letter.

As previously informed, the Risperidone ISM® dossier is mainly supported by the pivotal clinical trial "PRISMA-3"[5] whose results were published in November of 2020 in the medical journal *npj Schizophrenia*[6]. The PRISMA-3 study demonstrated that Risperidone ISM® provides rapid and progressive reduction of symptoms in patients with acutely exacerbated schizophrenia without need of oral risperidone supplementation or loading doses[2].

The company also announced in July 2019 the completion of an open-label extension (12 additional months) of the PRISMA-3 study[7], which is also included in the Risperidone ISM® dossier and further supports the long-term use of Risperidone ISM®. The results of this part of the PRISMA-3 study have been recently published in the medical journal *Schizophrenia Research*. In this article the authors conclude that Risperidone ISM® is an effective, safe, and well-tolerated long-term treatment of schizophrenia in adults, regardless of the initial disease severity or whether patients were previously treated with Risperidone ISM® during an acute exacerbation or switched from stable doses of oral risperidone[8].

Besides, several communications were presented at two international congresses, providing further clinical data of Risperidone ISM®:

- 8th European Conference on Schizophrenia Research (ECSR) held on 23-25 September 2021[9]:
  - Robert E. Litman, et al. Personal And Social Functioning In Patients With Schizophrenia Treated With Once-Monthly Risperidone ISM® [oral presentation #O-06-003].

[5] *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").*

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

[7] *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").*

[8] *Filts Y, Litman RE, Martínez J, Anta L, Naber D, Correll CU. Long-term efficacy and safety of once-monthly Risperidone ISM® in the treatment of schizophrenia: Results from a 12-month open-label extension study. Schizophr Res. 2022;239:83-91. https://doi.org/10.1016/j.schres.2021.11.030.*

[9] *8th European Conference on Schizophrenia Research. Virtual meeting, 23-25 September 2021. [https://www.schizophrenianet.eu/portal/start.html].*

  - Christoph U. Correll, et al. Risperidone ISM® Efficacy In Schizophrenia Patients With Severe Psychotic Symptoms During An Acute Exacerbation [poster #220].
  - Christoph U. Correll, et al. Efficacy Of Once-Monthly Risperidone ISM® In Schizophrenia Patients With A Psychotic Relapse Who Were Previously Treated With Either Risperidone Or Another Antipsychotic [poster #219].
- 34th European College of Neuropsychopharmacology (ECNP) congress held on 2-5 October 2021[10]:
  - Robert E. Litman, et al. Risperidone ISM® effect size evaluation: post-hoc findings from the Prisma-3 phase III study [poster #0839].

Furthermore, another article has been recently published in the journal *Drug Design, Development and Therapy* about a comparative bioavailability clinical trial of Risperidone ISM® and oral risperidone. The authors concluded that direct switch after 24 hours from the last oral risperidone dose to Risperidone ISM® treatment may be done in schizophrenia patients with no time lag, maintaining steady-state levels of the active moiety throughout the treatment without the need for oral supplementation or loading doses.[11]

In addition, the company continues with the clinical development of Letrozole ISM®, which represents the second candidate using ROVI's ISM® technology platform. This new investigational medicine is, to the best of ROVI's knowledge, the first long-acting injectable aromatase inhibitor intended for the treatment of hormone-dependent breast cancer. ROVI has obtained positive results that confirm that this ISM® formulation provides a prolonged release of letrozole which produces a sustained suppression of oestrogenic hormones. The company has initiated discussions with the FDA to review these results, as well as the next steps for continuing the clinical development of this novel long-acting injectable aromatase inhibitor.

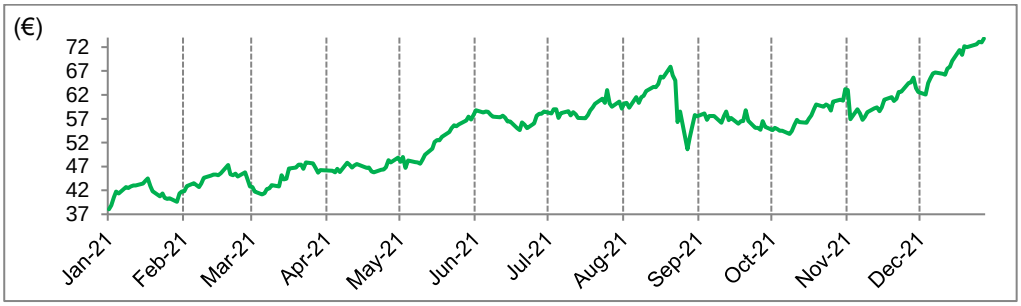
Lastly, ROVI's R&D team is progressing in the development of a new formulation of Risperidone ISM® for a 3-monthly injection, which would complement the current formulation of Risperidone ISM® for the maintenance treatment of patients with clinically stable schizophrenia. This development is currently undergoing regulatory toxicity studies needed to conduct a Phase I clinical trial in humans.

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.

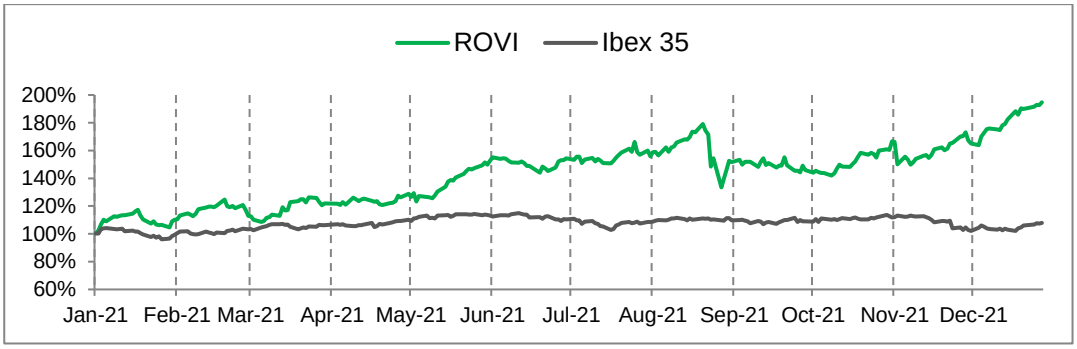
Additionally, in 2018, a capital increase was carried out through the issue of 6,068,965 newly-issued ordinary shares in the Company with a par value of 0.06 euros each, belonging to the same class and series as the existing shares that were already in issue.

The following graph shows the fluctuations of the share price in the stock market in 2021:



[10] *34th ECNP congress. Lisbon (Portugal), 2-5 October 2021 [https://www.ecnp.eu/Congress2021/ECNPcongress].*
[11] *Walling DP, Hassman HA, Anta L, et al. The Steady-State Comparative Bioavailability of Intramuscular Risperidone ISM and Oral Risperidone: An Open-Label, One-Sequence Study. Drug Des Devel Ther. 2021;15:4371-4382. [https://doi.org/10.2147/dddt.s332026]*

The following chart shows the performance of the share price of ROVI compared with the IBEX 35 index in 2021:



3.- FINANCIAL INFORMATION

3.1.- Liquidity and capital resources

3.1.1.- Liquidity

As of 31 December 2021, ROVI had a gross cash position of 100.5 million euros, compared to 54.6 million euros as of 31 December 2020, and net cash of 27.4 million euros (equity securities plus deposits plus financial derivatives plus cash and cash equivalents minus current and non-current financial debt), compared to net debt of 19.8 million euros as of 31 December 2020.

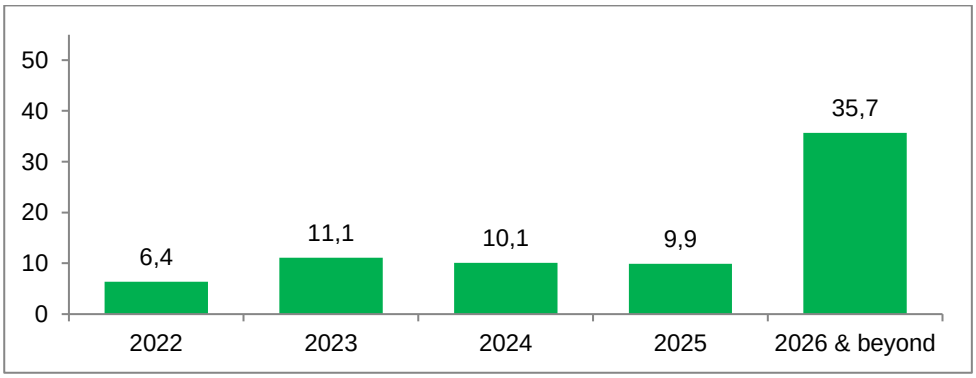
3.1.2.- Capital resources

Debt with public administration, which is 0% interest rate debt, represented 15% of total debt as of 31 December 2021.

In thousand euros	**2021**	**2020**
Bank borrowings	44,821	45,000
Debt with public administration	10.661	10,972
Financial liabilities for leases	17,663	17,546
Derivatives	17	925
Total	**73,162**	**74,443**

As of 31 December 2021, bank borrowings remained almost stable. In December 2017, ROVI announced the European Investment Bank (EIB) had granted it a loan to support its investments in Research, Development and Innovation. The loan was for 45 million euros. As of 31 December 2021, ROVI had drawn 45 million euros against this credit line; 5 million euros at a variable interest rate of Euribor at 3 months + 0.844% (the latest interest rate paid was 0.297% in January 2022) and 40 million euros at a fixed interest of 0.681%. Repayment of the variable interest loan started in October 2021 (quarterly repayments) and its current outstanding balance is 4.8 million euros. The credit matures in 2029 and includes a grace period of 3 years.

Debt maturities at 31 December, 2021 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, 2021 and 2020, there were no minimum future payments due on these non-cancellable operating leases.

3.2.- Capital expenditure

ROVI invested 40.9 million euros in 2021, compared to 39.7 million euros in 2020. These investments in 2021 and 2020 was mainly related to investments in the production plants of ROVI:

- 2.9 million euros was invested in the Madrid injectables plant, in comparison with the 3.2 million euros invested in 2020.
- 4.9 million euros was invested in the injectables plant in San Sebastián de los Reyes, in comparison with the 8.6 million euros invested in 2020.
- 1.4 million euros was invested in the Granada plant, in comparison with the 2.4 million euros invested in 2020.
- 4.2 million euros was invested in the Alcalá de Henares plant, in comparison with the 3.8 million euros invested in 2020.
- 5.5 million euros was invested in the ISM® industrialisation, in comparison with the 9.7 million euros invested in 2020.
- 18.8 million euros was invested in the construction of the new heparin plant in Escúzar (Granada), in comparison with the 10.1 million euros invested in 2020.
- 2.9 million euros was invested in the new vial filling line and expansion of operations, in comparison with the 5.9 million invested in 2020.

3.3.- Treasury shares transactions

At 31 December, 2021, the number of treasury shares was 1,218,776 (673,654 at 31 December, 2020). The following movements took place in 2021:

	Number of shares
Balance at 31.12.20	**673,654**
Shares acquired under liquidity contract (a.1)	826,381
Shares sold under liquidity contract (a.1)	(831,586)
Share acquired under buy-back programme (a.2)	585,583
Extraordinary bonus through award of shares (a.3)	(35,256)
Balance at 31.12.21	**1.218.776**

a.1) Liquidity contract

Under the liquidity contract that ROVI had signed, 826,381 shares were acquired (1,233,324 in 2020), for which a total sum of 42,224 thousand euros was disbursed (37,255 thousand euros in 2020). Likewise, a total of 831,586 shares were resold (1,246,626 in 2020) for a sum of 42,328 thousand euros (37,488 thousand euros in 2020). Said shares had been acquired at a weighted average cost of 31,446 thousand euros (27,411 thousand euros in 2020), giving rise to a profit of 10,882 thousand euros on the sale (10,077 thousand euros in 2020), which was recognized in reserves.

a.2) Share buy-back programme

ROVI commenced a buy-back programme for company shares effective 3 November, 2021 (the “Buy-Back Programme”). Its main features are the following:

- Purpose and scope: the purpose of the Buy-Back Programme is to write off ROVI shares (capital reduction) while, at the same time, increasing ROVI’s shareholder remuneration by increasing the earning per share.
- Term: 12 months as of 3 November, 2021, the date on which the Buy-back Programme was published. Additionally, ROVI reserves the right to end the programme before its termination date.
- Maximum monetary amount: up to 125,000,000 euros.
- Maximum number of shares to be acquired: 1,682,000 shares in the Company, representing approximately 3% of ROVI’s share capital at the Buy-back Programme publication date.

Under this resolution, 585,583 shares were acquired in 2021, for which ROVI paid a total of 36,561 thousand euros.

a.3) Extraordinary bonus through award of treasury shares

On 17 June, 2021, the Ordinary General Shareholders’ Meeting of Laboratorios Farmacéuticos Rovi, S.A. approved an extraordinary bonus for the Company’s executive directors through the award of treasury shares. The maximum number of shares to be awarded was determined by multiplying by three (i.e. by the number of beneficiaries of the bonus) the amount resulting from dividing 985 thousand euros by the average quoted price of the company shares in the 30 trading days immediately prior to approval of the bonus (54.48 euros), giving a number of 54,240 shares to be taken from the treasury shares.

The amount recognised for this bonus under the caption “Employee expenses” was 2,520 thousand euros.

3.4.- Dividends

On 17 June, 2021, the General Meeting of Shareholders approved the distribution of the 2020 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 21,373 thousand euros (0.3812 euros gross per share). This dividend was paid out in July 2021.

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.

4.- OTHER NON-FINANCIAL INFORMATION

The Statement of Non-Financial Information of the ROVI Group for the year 2021 is an integral part of this Management Report, although it is presented as a separate document. It will be available as a document released on 23 February 2022 at https://www.cnmv.es/portal/Otra-Informacion-Relevante/Resultado-OIR.aspx?nif=A-28041283.

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:

- 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, …).
- Actions on the part of the competition that have an adverse impact on ROVI's sales.
- Ciber attack risk.
- Concentration of operations in certain geographical areas.
- Changes in the conditions under which raw materials and other packaging materials needed for manufacturing its products are supplied;
- 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 manufacturing process and 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.

b) 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.

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 2020, ROVI signed credit policies for a total amount of 45 million euros. ROVI did not renew these policies when they expired in 2021.

6.- CORPORATE GOVERNMENT ANNUAL REPORT

The Annual Corporate Governance Report prepared by Laboratorios Farmacéuticos Rovi, S.A. for the year 2021 is an integral part of this Management Report, although it is presented as a separate document.

It will be available at http://www.cnmv.es/Portal/consultas/EE/InformacionGobCorp.aspx?nif=A-28041283.

7.- ANNUAL REPORT ON DIRECTORS' REMUNERATIONS

The Annual Report on Directors' Remunerations prepared by Laboratorios Farmacéuticos Rovi, S.A. for the year 2021 is an integral part of this Management Report, although it is presented as a separate document.

It will be available at https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A-28041283.

8.- EVENTS AFTER BALANCE SHEET DATE

ROVI announced (by publication of the relevant information number 14055 dated 15th of February of 2022) that the European Commission has authorised the marketing of Okedi® (Risperidone ISM®) for the treatment of schizophrenia in adults for whom tolerability and effectiveness has been established with oral risperidone.

ROVI announced (by publication of the inside information number 1299 dated 16th of February of 2022) a long-term collaboration with Moderna to increase capacities for the compounding, aseptic filling, inspection, labelling, and packaging of ROVI's facilities located in Madrid, San Sebastián de los Reyes and Alcalá de Henares. This new agreement, which has a term of ten years, includes a series of investments expected to allow the manufacturing capacity to increase across ROVI's facilities in Madrid, Spain. In addition to producing Moderna's COVID-19 vaccine, ROVI's platform could also be utilized to service future Moderna mRNA vaccine candidates. Moderna and ROVI are expected to finalize details of this agreement in the first quarter of 2022.

ROVI announced on 22 February 2022 the end of the share buy-back programme, effective as of 3 November 2021, and the launching of a new share buy-back programme, effective from 23 February 2022.

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 2021 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.

Cost of sales

The Cost of Sales reflects the cost involved in producing or acquiring the products or services that ROVI sells.

The cost of Sales is calculated as the amount of Procurements plus that corresponding to the Change in inventories of finished goods and work in progress and Raw materials and consumables used.

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 company (which comprises the Annual Corporate Governance Report, the Annual Directors' Remuneration Statement and the non-financial information statement) for the fiscal year ended on 31 December 2021 and which precede this document, have been issued by the Board of Directors at its meeting of 22 February 2022 following the formatting (and tagging) requirements set out in Commission Delegated Regulations (EU) 2019/815 of 17 December 2018 (European Single Electronic Format - ESEF), whose members sign below in accordance with Article 253 of the Royal Legislative Decree 1/2010, of 2 July, approving the restated text of the Spanish Companies Law (*Ley de Sociedades de Capital*), and Article 37 of the Spanish Commercial Code:

Madrid, 22 February 2022

Mr. Juan López-Belmonte Encina
Chairman and 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. Fernando de Almansa Moreno-Barreda
Director

Ms. Fátima Báñez García
Director

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The members of the Board of Directors of Laboratorios Farmacéuticos Rovi, S.A. ("**Rovi**" or the "**Company**"), at its meeting held on 22 February 2022, and in accordance with, Article 8.1.b) of Royal Decree 1362/2007 of 19 October, state that, to the best of their knowledge, the Individual Annual Accounts, as well as the Consolidated Annual Accounts of the Company and its subsidiaries, for the fiscal year ended on 31 December 2021, issued by the Board of Directors at the abovementioned meeting of 22 February 2022, and prepared in accordance with applicable accounting standards, present a fair view of the equity, financial condition and results of operations of the Company and its subsidiaries included within the scope of consolidation, taken as a whole, and that the management reports supplementing the individual and consolidated annual accounts (the latter including the corresponding non-financial information statements) contain a fair assessment of the corporate performance and results and of the position of Rovi and of the subsidiaries included within its scope of consolidation, taken as a whole, as well as a description of the main risks and uncertainties they face.

Madrid, 22 February 2022

Mr. Juan López-Belmonte Encina
Chairman and 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. Fernando de Almansa Moreno-Barreda
Director

Ms. Fátima Báñez García
Director

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.

Mr. Gabriel Núñez Fernández, Non-Director Secretary of the Board of Directors of Laboratorios Farmacéuticos ROVI, S.A. ("**ROVI**" or the "**Company**") with registered address in Calle Julián Camarillo, 35, Madrid, entered in the Commercial Registry of Madrid in Tome 3823, Section 8, Folio 1, sheet number M-64245, entry number 62, and holding Tax ID number (NIF) A-28041283

HEREBY CERTIFIES

I. That the documents sent to the National Securities Market Commission (CNMV) by means of the CIFRADOC/CNMV electronic submission service through the "FEUE" procedure for the "Audited financial statements of listed companies" (i.e., ROVI's individual and consolidated Annual Financial Statements and Management Reports, with the latter including the Annual Corporate Governance Report, the Annual Report on the Remuneration of the Directors, and the respective non-financial information statements, corresponding to the financial year that ended on 31 December 2021 and drawn up by the Board of Directors at its meeting on 22 February 2022 for the approval by the General Shareholders' Meeting, as well the respective statements of responsibility) were drawn up in electronic format and signed by all members of the Board of Directors at the aforementioned meeting of 22 February 2022 with the express assent of all the members of the Board of Directors and following the formatting (and tagging) requirements set out in Commission Delegated Regulations (EU) 2019/815 of 17 December 2018 (European Single Electronic Format - ESEF).

II. That the Company's individual and consolidated Annual Financial Statements and Management Reports for the financial year that ended on 31 December 2021, and sent through the CIFRADOC/CNMV electronic submission service, correspond with those audited by KPMG Auditores, S.L.

III. That the audit reports on the individual and consolidated Annual Financial Statements corresponding to the financial year that ended on 31 December 2021, attached hereto in the xHTML files, and sent through the CIFRADOC/CNMV electronic submission service, are a true copy of the originals signed on 22 February 2022 by Mr. José Ignacio Rodríguez de Prado, partner of KPMG Auditores, S.L., the Company's auditor.

IV. That the independent verification report on the non-financial information statement (NFS) and the auditor's report on the "information relating to the system of internal control over financial reporting (ICFR)", sent through the CIFRADOC/CNMV electronic submission service, are a true copy of the originals signed on 22 February 2022 by Mrs. Marta Contreras Hernández and by Mr. José Ignacio Rodríguez de Prado, respectively.

V. That the English translation of the annual individual and consolidated financial report, sent through the CIFRADOC/CNMV electronic submission service, has been prepared internally and for information purposes only, and has not been drawn up by the Board of Directors of the Company. In the event of any discrepancy between the Spanish and English versions, the Spanish version shall prevail.

In witness whereof, and for all relevant purposes, I issue this certificate in Madrid on 22 February 2022.