



*Roche Finance Europe B.V. -
Interim Financial Statements 2021*

Interim Management Report

1. Review of the six months ended 30 June 2021

General

Roche Finance Europe B.V., a company registered in the Netherlands (hereafter 'the Company'), is 100% indirectly owned by Roche Holding Ltd, a public company registered in Switzerland and parent company of the Roche Group. The main activity of the Company is the provision of financing to other affiliates of the Roche Group. Refinancing takes place on the bond or loan markets.

Financial position and performance

In the period of six months ending 30 June 2021, the company made a net profit of EUR 121 thousand (2020: Net Profit of EUR 339 thousand). Interest income on loans was EUR 16,193 thousand (2020: EUR 15,959 thousand), interest expense on debt instruments was EUR 8,404 thousand (2020: EUR 8,108 thousand), amortisation cost of debt discount was EUR 728 thousand (2020: EUR 715 thousand) and guarantee fees to the parent company were EUR 6,750 thousand (2020: EUR 6,769 thousand).

No investments were made during the six month period ended 30 June 2021 (2020: none).

The credit rating of Roche Holding Ltd is AA (Standard & Poor's), based on the most recent available ratings. These ratings have not changed since the onset of the COVID-19 pandemic. The present value of the future cash flows of the intercompany loans should be suffice in order to meet the future obligations of the Company.

Employees

The Company has no employees. Roche Pharmholding B.V., Woerden, performs all administrative activities on behalf of the Company.

Diversity and Inclusion

With the resignation of Mrs. Sheri L. Morin on 1 July 2021, the Roche Finance Europe B.V. board consists now of 3 members of which 2 are male (67%) and 1 is female (33%). The Management Board recognises the benefits of diversity including gender balance, but feels that gender is only one part of diversity. The Management Board will continue to be selected on the basis of wide-ranging experience, backgrounds, skills, knowledge and insights and the gender diversity objectives will be taken into account as much as possible.

2. Principal risks and uncertainties

Strategy

The financing activities of the Company will develop in line with the strategy of the Roche Group. Depending on the future financing needs of the Roche Group, the Management Board of the Company may decide to issue new debt securities and/or borrow funds to finance other members of the Roche Group. Consequently, the Management Board is responsible for the long term strategy of the Company. The Company meets all of the requirements with respect to Corporate Governance by complying with requirements as set out in the relevant regulation, including these of the Luxembourg Stock Exchange.

Operational activities

The Company has no employees. Roche Pharmholding B.V., Woerden, performs all administrative activities on behalf of the Company. The Board of Directors is responsible to ensure all activities, including the ones performed outside the IT infrastructure, are performed considering adequate segregation of duties. This is also in order to mitigate the risk of fraudulent activities. Managing the interest, liquidity and credit risks resides as well with the Board of Directors of the Company. Whenever the Company is unable to manage these risks adequately, or is unable to meet compliance with applicable regulation, this would directly have effect on the reputation of the Company and the Roche Group.

Risks

The Company is exposed to various financial risks arising from its financing activities.

Credit Risk

The Company is exposed to potential default of payment of any of its loans receivable from other affiliates of the Roche Group. Therefore the credit risk ultimately depends on the financial position of the Roche Group.

The Company has assessed certain accounting matters that generally require consideration of forecasted financial information taking into account the potential future impacts of the COVID-19 pandemic. The accounting matters assessed included, but were not limited to, the Company's financial assets. No impairment issues were noted for financial assets of the Company. At 30 June 2021 the Company has no financial assets which are past due.

Market and Liquidity Risk

The exposure to interest rates and foreign exchange rates is limited, because interest rates, duration and terms of financial assets and liabilities as well as their currency are generally matching. Therefore, the liquidity risk is reduced as well. Moreover, the Company's obligations to third parties on the bond markets are guaranteed by Roche Holding Ltd, the parent company of the Roche Group and covered by loans receivable from other members of the Roche Group that have the same maturity. The Roche Group did not observe a significant increase in liquidity risk in the first half of 2021 due to the COVID-19 pandemic.

The Company's financial risk management is described in more detail in Note 16 to the Annual Financial Statements for the year ended 31 December 2020.

Uncertainties

The main activity of the Company is to provide financing to other members of the Roche Group and to refinance this on the bond or loan markets. Depending on decisions of management, the Company may potentially issue new debt securities and/or borrow funds to finance other members of the Roche Group.

While there was no significant impact from the areas assessed on the Company Interim Financial Statements, the Company will continue to monitor the areas of increased judgements and risk for material changes. Based on our current

knowledge and available information, it is not expected that COVID-19 pandemic will have an impact on the ability of the Company to continue as a going concern.

The other various known and unknown risks, uncertainties and other factors could lead to substantial differences between the current and future results, financial position and performance of the Company and the historical results given in the Interim Management Report and the Interim Financial Statements.

3. Responsibility statement

The directors of Roche Finance Europe B.V. confirm that, to the best of their knowledge as of the date of their approval of the condensed interim financial statements as at 30 June 2021:

- the condensed interim financial statements as at 30 June 2021, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of Roche Finance Europe B.V. taken as a whole; and
- the interim management report gives a true and fair view of the development and performance of the business and the position of Roche Finance Europe B.V. together with a description of the principal risks and uncertainties that it faces.

Woerden, 19 July 2021

The Board of Directors

Peter Eisenring

Hafsa Shamsie

Mark Ekelschot

Roche Finance Europe B.V. Interim Financial Statements

The Interim Financial Statements have been reviewed by the Roche Finance Europe B.V.'s auditor and their review report is presented on page 15.

Roche Finance Europe B.V., condensed statement of comprehensive income *in millions of EUR*

	Six months ended 30 June	
	2021	2020
Income		
Financial income – related parties ³	16	16
Total income	16	16
Expenses		
Financing costs ³	(9)	(9)
Guarantee fees – related parties ^{3, 10}	(7)	(7)
Total expenses	(16)	(16)
Profit before taxes	-	-
Income tax ⁴	-	-
Net income	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income	-	-

Roche Finance Europe B.V., condensed balance sheet (before profit appropriation) *in millions of EUR*

	30 June 2021	31 December 2020
Assets		
Non-current assets ^{5, 10}	1,730	1,727
Current assets ¹⁰	30	33
Total assets	1,760	1,760
Liabilities		
Non-current liabilities ⁶	(1,735)	(1,731)
Current liabilities ⁶	(8)	(12)
Total liabilities	(1,743)	(1,743)
Total net assets	17	17
Equity		
Share capital ⁷	2	2
Retained earnings	15	14
Unappropriated result	-	1
Total equity	17	17

Roche Finance Europe B.V., condensed statement of cash flows *in millions of EUR*

	Six months ended 30 June	
	2021	2020
Cash flows from operating activities, before income taxes	19	19
Income taxes received	-	-
Total cash flows from operating activities	19	19
Total cash flows from investing activities	-	-
Total cash flows from financing activities	(19)	(19)
Increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

Roche Finance Europe B.V., condensed statement of changes in equity *in millions of EUR*

	Share capital	Retained earnings	Unappropriated result	Total
Six months ended 30 June 2020				
At 1 January 2020	2	14	-	16
Net income	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Appropriation of result	-	-	-	-
At 30 June 2020	2	14	-	16
Six months ended 30 June 2021				
At 1 January 2021	2	14	1	17
Net income	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Appropriation of result	-	1	(1)	-
At 30 June 2021	2	15	-	17

The retained earnings represent the Company's cumulative net result at the beginning of the period after accounting for dividend payments. Unappropriated result represents the Company's net result for the period.

Notes to the Roche Finance Europe B.V. Interim Financial Statements

1. Accounting policies

Basis of preparation

These financial statements are the unaudited condensed interim financial statements (hereafter 'the Interim Financial Statements') of Roche Finance Europe B.V., Chamber of Commerce Number 30186306, a company incorporated in the Netherlands ('the Company'), for the six months ended 30 June 2021. The Company is 100% indirectly owned by Roche Holding Ltd, a public company registered in Switzerland and parent company of the Roche Group, and therefore the Company is part of the Roche Group. The main activity of the Company is the provision of financing to other affiliates of the Roche Group. Refinancing takes place on bond or loan markets. These Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020 (hereafter 'the Annual Financial Statements'), as they provide an update of previously reported information.

Statement of compliance

The Interim Financial Statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company since the Annual Financial Statements. The Interim Financial Statements were approved for issue by the Board of Directors on 19 July 2021.

Key accounting judgements, estimates and assumptions

The preparation of the Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and related disclosures. Actual outcomes could differ from those management estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors. Revisions to estimates are recognised in the period in which the estimate is revised.

There are currently no key assumptions about the future and no key source of estimation uncertainty that the Company's management believe have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next twelve months.

Significant accounting policies

Except as described below, the accounting policies applied in these Interim Financial Statements are the same as those applied in the Annual Financial Statements. The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements

Impairment of financial assets. At 30 June 2021 the Company had EUR 2 million in allowance for doubtful accounts for loans receivables (31 December 2020: 2 million) (see Note 5). The allowance for doubtful accounts is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the calculation of the allowance for doubtful accounts, based on the company's past experience, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Impact of the COVID-19 pandemic

The Company has assessed certain accounting matters that generally require consideration of forecasted financial information taking into account the potential future impacts of the COVID-19 pandemic. The accounting matters assessed included, but were not limited to, the Company's financial assets. No impairment issues were noted for financial assets of the Company. At 30 June 2021 the Company has no financial assets which are past due.

While there was no significant impact from the areas assessed on the Company Interim Financial Statements, the Company will continue to monitor the areas of increased judgements and risk for material changes. Based on our current knowledge and available information, it is not expected that COVID-19 pandemic will have an impact on the ability of the Company to continue as a going concern.

Changes in accounting policies adopted by the Roche Group and, consequently, by the Company

In 2021 Roche Group has implemented various minor amendments to existing standards and interpretations. None of these new and revised standards and interpretations have a material impact on the Company's overall results and financial position.

Foreign currency translation

The functional currency of the Company is Euro (EUR). Transactions in other currencies are initially reported using the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. The exchange differences arising from the translation of the unsettled monetary assets and liabilities or upon their settlement are recognised in profit or loss.

Accounting policies for assets and liabilities

Accounts receivable

Accounts receivable are carried at the original invoice amount less allowances made for doubtful accounts. The Company applies the simplified approach prescribed by IFRS 9, which requires the use of the lifetime expected loss provision from initial recognition of the receivables. The Company measures an allowance for doubtful accounts equal to the credit losses expected over the lifetime of accounts receivable.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and time, call and current balances with banks and similar institutions. Such balances are only reported as cash equivalents if they are readily convertible to known amounts of cash, are subject to insignificant risk of changes in their fair value and have a maturity of three months or less from the date of acquisition.

Fair values

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is determined by reference to quoted market prices or by the use of established valuation techniques such as the discounted cash flow method if quoted prices in an active market are not available ('Fair value hierarchy'). Valuation techniques will incorporate observable market data about market conditions and other factors that are likely to affect the fair value of a financial instrument. The fair values of financial assets and liabilities at the reporting date are not materially different from their reported carrying values unless specifically mentioned in the Notes to the Interim Financial Statements.

Financial assets at amortised cost

Financial assets are measured at amortised costs.

Loans and receivables are non-derivative financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Loans and receivables are initially recorded at fair value and subsequently carried at amortised cost using the effective interest rate method, less any impairment losses.

For loans to related parties carried at amortised cost, the Company applies the general expected credit loss model.

Allowances for expected credit losses for loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the allowance is based on whether there has been

a significant increase in credit risk since initial recognition of the financial asset. The Company uses the 30 days past due criteria as a backstop rather than a primary driver to considering exposures to have significantly increased credit risk since the initial recognition.

For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The following indicators are incorporated: internal credit rating, significant increases in credit risk on other financial instruments of the same borrower, actual or expected significant adverse changes in business, financial and economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.

Debt instruments

Debt instruments are initially recognised at fair value, net of transaction costs incurred, which is equal to the net proceeds received. Subsequently they are reported at amortised cost. Any discount between the net proceeds received and the principal value due on redemption is amortised over the duration of the debt instrument and is recognised as part of financing costs using the effective interest rate method. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Accounting policies for profit or loss

Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise guarantee fee expenses, interest expense on borrowings and impairment losses recognised on financial assets. Guarantee fee to Roche Holding Ltd. is recognised as it accrues and calculated as a fixed percentage of nominal value of outstanding Euro notes. Interest expenses are recognised using the effective interest method. Allowance for credit losses on financial assets to related parties are recognised based on a forward looking expected credit loss model.

Taxation

Income taxes include all taxes based upon the taxable profits of the Company, including withholding taxes payable on the distribution of retained earnings within the Roche Group. Other taxes not based on income, such as property and capital taxes, are included within other expenses.

Deferred tax assets and liabilities are recognised on temporary differences between the tax bases of assets and liabilities and their carrying values. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them. Deferred taxes are determined based on the currently enacted tax rates applicable in each tax jurisdiction where the Company operates.

Classification of cash flows

The Company has elected to present cash flow from operating activities using the indirect method, by adjusting the Company's net profit or loss after tax for any non-cash income and expense items in order to derive the cash generated from operations. The Company classifies the cash flows from the issuance of, or proceeds from, loans receivables and the interest received to 'operating activities'. The cash pool balances with related parties are also presented within cash flows from operating activities. The Company believes that, for a finance entity, presenting the aforementioned items within operating activities provides more relevant information. The cash flows from interest paid and repayment or redemption of bonds and notes and guaranteed feed paid are classified as financing activities.

2. Operating segment information

The Company has only one operating segment and undertakes its operations in the Netherlands. The vast majority of income relates to interest on loans received from related parties ⁵.

External financial income by locations of debtors *in millions of EUR*

	Six months ended 30 June	
	2021	2020
Germany	14	14
UK	2	2
Total	16	16

3. Financial income and financing costs

Financial income *in millions of EUR*

	Six months ended 30 June	
	2021	2020
Interest income – related parties ¹⁰	16	16
Income from early repayment of loans – related parties ¹⁰	-	-
Total financial income – related parties	16	16

Financing costs *in millions of EUR*

	Six months ended 30 June	
	2021	2020
Interest expense on debt instruments	(8)	(8)
Amortisation of debt discount	(1)	(1)
Guarantee fees – related parties ¹⁰	(7)	(7)
Total financing costs	(16)	(16)

4. Income Taxes

The Company's local statutory tax rate is 25.0% (2020: 25.0%) which is also applied to these Interim Financial Statements. It is member of the fiscal unity led by the parent, Roche Pharmholding B.V.

5. Loans receivable – related parties

Loans receivables: movements in carrying value in millions of EUR

	30 June 2021	31 December 2020
At 1 January	1,727	1,731
Proceeds from repayments of loans receivables – related parties	-	-
Issuance of long-term loans receivables – related parties	-	-
Expected credit loss allowance	-	-
Currency translation effects	3	(4)
At the end of period	1,730	1,727
Reported as		
- Long-term loans receivables	1,730	1,727
- Short-term loans receivables	-	-
Total loans receivables	1,730	1,727

GBP denominated loans

Loans receivable – related parties in millions of EUR

	30 June 2021	31 December 2020
Long-term loans		
Roche Diagnostics Limited, United Kingdom, due 29 August 2023, outstanding principal GBP 71 million (2020: GBP 71 million), interest rate 5.67%	82	79
Total loans receivable – related parties	82	79

The exchange rate GBP/EUR at 30 June 2021 is 1.16 (2020: 1.1). The average exchange rate GBP/EUR during the six month period ended 30 June 2021 is 1.15 (2020: 1.13).

EUR denominated loans

Loans receivable – related parties in millions of EUR

	30 June 2021	31 December 2020
Long-term loans		
Roche Deutschland Holding GmbH, Germany, due 27 February 2023, outstanding principal EUR 650 million, interest rate 1.515%	650	650
Roche Deutschland Holding GmbH, Germany, due 25 February 2025, outstanding principal EUR 1.0 billion, interest rate 1.80%	1,000	1,000
Total loans receivable due in more than 1 year – related parties	1,650	1,650
Total GBP and EUR denominated loans reported as		
- Long-term loans receivable – related parties ¹⁰	1,732	1,729
- Short-term loans receivable – related parties ¹⁰	-	-
Total loans receivable – related parties	1,732	1,729
Expected credit loss – IFRS 9	(2)	(2)
Total loans receivable – related parties (Net)	1,730	1,727

Asset available for the repayment of liabilities

Movements in carrying value of recognised asset in millions of EUR

	At 1 January	Cash flows (Inflow)/ Outflow	Financing Income	Foreign Exchange Adjustments	At the end of period
31 December 2020					
Loan	1,731	(32)	32	(4)	1,727
Interest Receivable	25	-	-	-	25
Total assets available for the repayment of liabilities	1,756	(32)	32	(4)	1,752
30 June 2021					
Loan	1,727	(16)	16	3	1,730
Interest Receivable	25	(12)	-	-	13
Total assets available for the repayment of liabilities	1,752	(28)	16	3	1,743

6. Debt

Debt: movements in carrying value of recognised liabilities in millions of EUR

	30 June 2021	31 December 2020
At 1 January	1,731	1,734
Proceeds from issue of bonds and notes	-	-
Repayment and redemption of bonds and notes	-	-
Amortisation of debt discount ³	1	1
Currency translation effects	3	(4)
At the end of period	1,735	1,731
Consisting of		
- Bonds	1,735	1,731
Total debt	1,735	1,731
Reported as		
- Long-term debt	1,735	1,731
- Short-term debt	-	-
Total debt	1,735	1,731

Recognised liabilities and effective interest rates of bonds in millions of EUR

	Effective interest rate	30 June 2021	31 December 2020
Long-term debts			
0.5% bonds due 27 February 2023, principal EUR 650 million (ISIN: XS1371715118)	0.63%	649	648
5.375% bonds due 29 August 2023, principal GBP 250 million, outstanding GBP 76 million (ISIN: XS0175478873)	5.46%	88	85
0.875% bonds due 25 February 2025, principal EUR 1.0 billion (ISIN: XS1195056079)	0.93%	998	998
Total		1,735	1,731

Exchange rate GBP/EUR at 30 June 2021 is 1.16 (2020: 1.1). Average exchange rate GBP/EUR during the six month period ended 30 June 2021 is 1.15 (2020: 1.13).

The fair value of the bonds is EUR 1,795 million (31 December 2020: 1,801 million). These are calculated based on observable market prices of the bonds (Level 1 fair value hierarchy). There are no pledges on the Company's assets in connection with the debt. All issued bonds are guaranteed by Roche Holding Ltd, the parent company of the Roche Group.

Issuance of bonds and notes

The Company did not issue any new fixed rate bonds or notes during the six months ended 30 June 2021 and during 2020.

Redemption and repurchase of bonds and notes

The Company did not redeem or repurchase any bonds or notes during the six months ended 30 June 2021.

Liabilities arising from financing activities

Movements in carrying value of recognised liabilities <i>in millions of EUR</i>					
	At 1 January	Cash flows Inflow (Outflow)	Financing Costs	Foreign Exchange Adjustments	At the end of period
31 December 2020					
Debt	1,734	(17)	18	(4)	1,731
Interest payable	12	-	-	-	12
Total liabilities arising from financing activities	1,746	(17)	18	(4)	1,743
30 June 2021					
Debt	1,731	(8)	9	3	1,735
Interest payable	12	(4)	-	-	8
Total liabilities arising from financing activities	1,743	(12)	9	3	1,743

7. Equity

Share Capital

The authorised share capital of the Company amounts to EUR 10 million, consists of 100,000 shares with a nominal value of EUR 100 each of which 20,000 ordinary, voting shares have been issued and fully paid in. Roche Pharmholding B.V., a company registered in the Netherlands is the sole shareholder.

Dividends

There were no dividend payments during the six months ending 30 June 2021 (2020: none).

Retained earnings and unappropriated result

The retained earnings represent the Company's cumulative net result at the beginning of the period after accounting for dividend payments. Unappropriated result represents the Company's net result for the period.

Own equity instruments

As of 30 June 2021, the Company holds none of its own shares (31 December 2020: none).

8. Contingent liabilities

The Company is a member of the fiscal unity for corporate income tax led by the parent, Roche Pharmholding B.V. Based on the Tax Collection Act, the Company and the parent are jointly and severally liable for the taxes payable of the fiscal unity.

The income corporate tax as recognized in the financial statement of the Company is based on the statutory result of the company. The Company settles the corporate income tax through its current account with the parent.

At 30 June 2021, the Company does not have any other material contingent liabilities (2020: none).

9. Subsequent events

No subsequent events.

10. Related parties

Parent and other related parties

As a member of the Roche Group, all of the Company's related party transactions are with Roche Group affiliates. The transactions include interest on and issues/repayments of loans given by the Company. The Company pays guarantee fee to the ultimate parent company Roche Holding Ltd. In addition the Company has a current account with Roche Pharmholding B.V., the corporate cash pool leader.

Subsidiaries and associates

The Company has no subsidiaries or associates.

Related party transactions *in millions of EUR*

	Six months ended 30 June	
	2021	2020
Interest income – related parties ³	16	16
Guarantee fees – related parties ³	(7)	(7)
(Increase) decrease of cash pool balance with related parties	(9)	(8)

Related party balances *in millions of EUR*

	30 June 2021	31 December 2020
Long-term loans receivable – related parties ⁵	1,732	1,729
Accounts receivable – related parties	30	33

Key management personnel

The purpose of the Company is to act as a financing company for the operations of the Roche Group. The members of the Company's Board of Directors act as the chief operating decision-maker.

Board of Directors of Roche Finance Europe

Peter Eisenring	Member of the Board	Appointed 31 January 2003
Sheri L. Morin	Member of the Board	Appointed 15 August 2016 Resigned 1 July 2021
Mark Ekelschot	Member of the Board	Appointed 15 June 2018
Hafsa Shamsie	Member of the Board	Appointed 1 May 2019

The directors did not receive remuneration or payment from the Company for their time and expenses related to their services during the first six month ended on 30 June 2021 (2020: none).

11. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in Note 16 to the Annual Financial Statements.

Carrying value and fair value

The carrying values and fair values of financial assets at 30 June 2021 are stated below:

Carrying value and fair value of financial assets *in millions of EUR*

By line items in notes	Asset class	30 June 2021		31 December 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Long-term loan receivable – related parties ⁵	Amortised cost	1,732	1,784	1,729	1,796
Short-term loan receivable – related parties ⁵	Amortised cost	-	-	-	-
Accounts receivable – related parties ¹⁰	Amortised cost	30	30	33	33
Total		1,762	1,814	1,762	1,829

The fair value for long-term loans receivable – related parties disclosed in the above table was calculated based on the present value of the future cash flows of the loans, discounted at an adjusted market rate for instruments with similar credit status, maturity periods and currency. The counterparties to the Company's financial assets are members of the Roche Group and therefore the credit risk ultimately depends on the financial position of the Roche Group. The fair value of the long-term loans receivable would be Level 2 in the fair value hierarchy.

Woerden, 19 July 2021

The Board of Directors

Peter Eisenring

Hafsa Shamsie

Mark Ekelschot

Independent auditor's review report

To: the General Meeting and the Management of Roche Finance Europe B.V.

Our conclusion

We have reviewed the accompanying interim financial information for the period from 1 January 2021 to 30 June 2021 of Roche Finance Europe B.V. based in Woerden.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the period from 1 January 2021 to 30 June 2021 of Roche Finance Europe B.V. is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

The interim financial information comprises:

- ▶ the condensed statement of comprehensive income for the period from 1 January 2021 to 30 June 2021;
- ▶ the condensed balance sheet as at 30 June 2021;
- ▶ the condensed statement of cash flow for the period from 1 January 2021 to 30 June 2021;
- ▶ the condensed statement of changes in equity for the period from 1 January 2021 to 30 June 2021;
- ▶ the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim financial information' section of our report.

We are independent of Roche Finance Europe B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management for the interim financial information

Management is responsible for the preparation and presentation of the interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the interim financial information that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the interim financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- ▶ Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion.
- ▶ Obtaining an understanding of internal control, as it relates to the preparation of the interim financial information.
- ▶ Making inquiries of management and others within the entity.
- ▶ Applying analytical procedures with respect to information included in the interim financial information.
- ▶ Obtaining assurance evidence that the interim financial information agrees with or reconciles to the entity's underlying accounting records;
- ▶ Evaluating the assurance evidence obtained.
- ▶ Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle.
- ▶ Considering whether management has identified all events that may require adjustment to or disclosure in the interim financial information.
- ▶ Considering whether the interim financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amstelveen, 19 July 2021

For and on behalf of BDO Audit & Assurance B.V.,

Digitally signed by:
Maurice Meijer
July 19 2021 8:08 PM GMT +00:00...

drs. M.F. Meijer RA