

**LABORATORIO REIG JOFRE, S.A.
AND
SUBSIDIARIES**

Consolidated annual accounts prepared in accordance with International Financial
Reporting Standards as adopted by the European Union (IFRS-EU)

31 December 2020

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



Auditor's Report on Laboratorio Reig Jofre, S.A. and subsidiaries

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

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



KPMG Auditores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
(Barcelona)

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 Laboratorio Reig Jofre, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Laboratorio Reig Jofre, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2020 and of its consolidated financial performance and 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.



Key Audit Matters

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

Capitalisation and recoverability of goodwill and other intangible assets

See notes 4(g) and 6 to the consolidated annual accounts

Key audit matter	How the matter was addressed in our audit
<p>At 31 December 2020 the Group recognises goodwill of Euros 29,972 thousand on its consolidated balance sheet, which is allocated to certain cash-generating units. It also has other intangible assets of Euros 82,832 thousand, which include Euros 61,050 thousand derived from the acquisition of trademarks and licences for products that are currently marketed, Euros 16,969 thousand for development expenses and Euros 3,115 thousand corresponding to the customer portfolio.</p> <p>At each reporting date the Group estimates the recoverable amount of goodwill, regardless of whether or not there are indications of impairment.</p> <p>The recoverable amount of each cash-generating unit was determined taking into account their value in use. To estimate this amount, the Group used valuation techniques that require the Parent's management and Directors to exercise judgement and make assumptions and estimates.</p> <p>Management reviews other intangible assets for the existence of indications of impairment on an annual basis. In addition, the relevant impairment analysis is performed on an annual basis for all intangible assets with indefinite useful lives and for intangible assets with finite useful lives for which there are indications of impairment. The assessment of the recoverability of these assets is based on the discounting of future cash flows using budgets approved by management, which are inherently subject to value judgements and, in the case of trademarks, their recoverability is evaluated using the royalties method based on projected sales.</p> <p>The capitalisation of any development expenses also requires an analysis of the compliance with the requirements established in the applicable financial reporting framework. The main risk is associated with the successful outcome of the projects and obtaining the corresponding clinical and regulatory authorisations for their subsequent marketing.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Assessing the design and implementation of controls related to the process of valuing goodwill. - Assessing the design and implementation of the controls associated with the process for estimating the recoverability of other intangible assets and the process used to recognise research and development expenses and to identify, where applicable, any expenses that qualify for capitalisation. - Evaluating the reasonableness of the methodology used to calculate value in use of goodwill and the main assumptions considered, with the involvement of our valuation specialists. - Contrasting the consistency of the estimated growth in future cash flows of each cash-generating unit included in the calculation of value in use of goodwill with the business plans prepared by the Parent's management. We also contrasted the cash flow forecasts estimated in prior years with the actual cash flows obtained. - Assessing the sensitivity of certain assumptions to changes that are considered reasonable. - We evaluated the criteria used by management in identifying indications of impairment. - We assessed the consistency of the profit and loss forecasts used as a basis for assessing the recoverability of other intangible assets, in particular, the projected income and expenses and cash flows, for assets with indications of impairment. - We evaluated the methodology and key assumptions used to assess the recovery of other intangible assets, involving our valuation specialists for this purpose.

Capitalisation and recoverability of goodwill and other intangible assets

See notes 4(g) and 6 to the consolidated annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
Due to the uncertainty associated with the aforementioned assumptions and estimates, the significance of the carrying amount of goodwill, the significance of the balance of the aforementioned items included as other intangible assets and due to the fact that they are also subject to a high level of uncertainty regarding their recoverability and capitalisation for development expenses, we consider this matter to be a key audit matter for 2020.	We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Recoverability of deferred tax assets

See note 23 to the consolidated annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2020 the Group recognised deferred tax assets totalling Euros 17,227 thousand mainly corresponding to the recognition of the tax effect of tax loss carryforwards and unused deductions.</p> <p>The recognition of deferred tax assets entails a high level of judgement by the Parent's management and the Directors in assessing the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and tax planning opportunities.</p> <p>Due to the significance of the amount of deferred tax assets and the uncertainty associated with their recovery, this has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Assessing the design and implementation of the controls over the measurement of deferred tax assets. - Assessing the key assumptions used to estimate the Group's future taxable profits and comparing these profits with the business plans prepared by management. - Comparing these key assumptions with the Group's historical data. - Assessing the Group's tax planning strategies in the context of their possible impact on the estimate of its future taxable profits. - Evaluating the sufficiency of future taxable profits to offset deferred tax assets, considering the estimated time scale for such offset and whether this is consistent with the financial reporting framework applicable to the Group. <p>We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.</p>



Other Information: Consolidated Directors' Report

Other information solely comprises the 2020 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

- a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.
- b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2020, and that the content and presentation of the report are in accordance with applicable legislation.

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

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

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

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



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

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

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



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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital file of Laboratorio Reig Jofre, S.A. and its subsidiaries for 2020 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 Laboratorio Reig Jofre, S.A. are responsible for the presentation of the 2020 annual 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").

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 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.



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

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 26 February 2021.

Contract Period

We were appointed as the Group's auditor by the shareholders at the ordinary and extraordinary general meeting on 23 July 2020 for a period of three years, for the years ended 31 December 2020, 2021 and 2022.

Previously, we had been appointed for a period of one year, by consensus of the shareholders at their ordinary and extraordinary general meeting, and have been auditing the annual accounts since the year ended 31 December 2014.

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

(Signed on original in Spanish)

Manuel Blanco Vera
On the Spanish Official Register of Auditors ("ROAC") with No. 17698
26 February 2021

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

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

CONSOLIDATED ANNUAL ACCOUNTS

AT 31 DECEMBER 2020 AND 2019

Consolidated Statement of Financial Position at 31 December 2020 and 2019- Assets.....	II
Consolidated Statement of Financial Position at 31 December 2020 and 2019 – Equity and Liabilities	III
Consolidated Income Statement for the year ended 31 December 2020 and 2019	IV
Consolidated Statement of Comprehensive Income for the year ended 31 December 2020 and 2019	V
Consolidated Statement of Changes in Equity for the year ended 31 December 2020 and 2019.....	VI
Consolidated Statement of Cash Flows for year ended 31 December 2020 and 2019	VII
1. General Information	1
2. Basis of Presentation	2
3. Significant Accounting Principles	5
4. Segment Reporting	21
5. Business Combinations	23
6. Intangible Assets	25
7. Property, Plant and Equipment	28
8. Operating Leases	31
9. Joint Arrangements	31
10. Financial Assets	32
11. Other Current Assets	34
12. Inventories	34
13. Cash and Cash Equivalents	35
14. Equity	35
15. Earnings Per Share	38
16. Non-Controlling Interests	38
17. Grants	39
18. Provisions	40
19. Financial Liabilities	41
20. Other Current Liabilities	43
21. Contingencies	43
22. Average Supplier Payment Period. "Reporting Requirement". Third Additional Provision of Law 15/2010 of 5 July 2010	44
23. Income Tax	44
24. Income and Expense	50
25. Other Information (includes environmental information)	52
26. Related Parties	53
27. Risk Management Policy	54
28. Events after the Reporting Period	60
APPENDIX I – Details of subsidiaries at 31 December 2020	61
APPENDIX I – Details of subsidiaries at 31 December 2019	62
APPENDIX II – Movement in Property, Plant and Equipment at 31 December 2020 and 2019	63

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

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

Consolidated Statement of Financial Position at 31 December 2020

(In thousands of Euros)

<u>Assets</u>	<u>Note</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
Goodwill	6	29,972	29,730
Other intangible assets	6	82,832	85,879
Property, plant and equipment	7	85,284	83,917
Equity-accounted investments	9	1,308	1,220
Equity instruments measured at fair value through other comprehensive income	10	1,214	1,204
Other non-current financial assets	10	938	658
Deferred tax assets	23	14,876	14,585
Total non-current assets		216,424	217,193
Inventories	12	40,450	38,353
Trade and other receivables	10	42,621	40,542
Current tax assets		4,616	4,144
Other current financial assets	10	801	924
Other current assets	11	648	2,288
Cash and cash equivalents	13	11,591	10,171
Total current assets		100,727	96,422
Total assets		317,151	313,615

The accompanying notes form an integral part of the consolidated annual accounts.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

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

Consolidated Statement of Financial Position at 31 December 2020

(In thousands of Euros)

<u>Equity and Liabilities</u>	<u>Note</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
Capital		38,401	38,031
Share premium		19,000	19,000
Reserves		123,505	118,559
Own shares		(1,708)	(1,138)
Other equity instruments		622	62
Profit attributable to the Parent		5,672	4,942
Translation differences		(771)	(1,146)
Other comprehensive income		(175)	(110)
Equity attributable to the Parent	14	184,546	178,200
Non-controlling interests	16	(68)	(62)
Total equity		184,478	178,138
Grants	17	2,438	1,729
Provisions	18	287	897
Loans and borrowings	19	26,930	8,893
	7, 8,		
Non-current lease payables	19	15,864	33,603
Other financial liabilities	19	6,025	5,681
Deferred tax liabilities	23	3,318	3,103
Other non-current liabilities	19	-	13,000
Total non-current liabilities		54,862	66,906
Provisions	18	25	82
Loans and borrowings	19	9,210	6,518
	7, 8,		
Current lease payables	19	5,021	7,582
Other financial liabilities	19	3,685	542
Liabilities for contracts with customers		1,429	-
Trade and other payables	19	40,608	36,241
Current tax liabilities		2,713	2,508
Other current liabilities	19, 20	15,120	15,098
Total current liabilities		77,811	68,571
Total equity and liabilities		317,151	313,615

The accompanying notes form an integral part of the consolidated annual accounts.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

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

Consolidated Income Statement for the year ended 31 December 2020

(In thousands of Euros)

	<u>Note</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
Revenue	4	230,079	200,207
Changes in inventories of finished goods and work in progress		2,369	1,515
Self-constructed non-current assets		3,682	5,625
Supplies	24	(92,128)	(75,426)
Other operating income		993	94
Employees benefits expense	24	(66,434)	(57,132)
Other operating expenses	24	(52,012)	(55,192)
Amortisation and depreciation	6, 7	(16,983)	(13,148)
Non-financial and other capital grants	17	23	23
Impairment and losses on disposal of fixed assets		(361)	(243)
Results from operating activities		9,228	6,323
Finance income	27	32	71
Finance costs		(990)	(1,048)
Change in fair value of financial instruments	5	(2,000)	-
Exchange gains/(losses)		68	(156)
Net finance cost	24	(2,890)	(1,133)
Profit of equity-accounted entities	9	88	113
Profit before tax from continuing operations		6,426	5,303
Income tax expense	23	(760)	(364)
Post-tax profit from continuing operations		5,666	4,939
Consolidated profit for the year		5,666	4,939
Profit attributable to the Parent		5,672	4,942
Loss attributable to non-controlling interests	16	(6)	(3)
Basic earnings per share (in Euros)	15	0.08	0.07
Diluted earnings per share (in Euros)	15	0.08	0.07

The accompanying notes form an integral part of the consolidated annual accounts.

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

Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

(In thousands of Euros)

	31/12/2020	31/12/2019
Consolidated profit for the year	5,666	4,939
Other comprehensive income		
Items to be reclassified in profit or loss		
Translation differences of financial statements of foreign operations	375	47
Items not to be reclassified in profit or loss		
Equity instruments measured at fair value through other comprehensive income	(87)	7
Tax effect	22	(2)
Other comprehensive income for the year, net of tax	310	52
Total comprehensive income for the year	5,976	4,991
Total comprehensive income attributable to the Parent	5,982	4,994
Total comprehensive income attributable to non-controlling interests	(6)	(3)

The accompanying notes form an integral part of the consolidated annual accounts.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

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

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

	Capital	Share premium	Reserves	Own shares	Other equity instruments	Profit attributable to the Parent	Other comprehensive income		Equity attributable to the Parent	Non-controlling interests	Equity
							Translation differences	Equity instruments measured at fair value			
<i>in thousands of Euros</i>											
Balance at 31 December 2018	32,525	-	110,183	(900)	34	9,266	(1,193)	(115)	149,800	(59)	149,741
Profit/(loss) for the year	-	-	-	-	-	4,942	-	-	4,942	(3)	4,939
Other comprehensive income	-	-	-	-	-	-	47	5	52	-	52
Total comprehensive income for the year	-	-	-	-	-	4,942	47	5	4,994	(3)	4,991
Dividends	-	-	(359)	-	-	-	-	-	(359)	-	(359)
Share-based payments	-	-	-	-	28	-	-	-	28	-	28
Capital increase (note 14)	5,506	19,000	(506)	-	-	-	-	-	24,000	-	24,000
Reserves	-	-	9,266	-	-	(9,266)	-	-	-	-	-
Net movement in own shares	-	-	-	(238)	-	-	-	-	(238)	-	(238)
Other changes	-	-	(25)	-	-	-	-	-	(25)	-	(25)
Transactions with shareholders or owners	5,506	19,000	8,376	(238)	28	(9,266)	-	-	23,406	-	23,406
Balance at 31 December 2019	38,031	19,000	118,559	(1,138)	62	4,942	(1,146)	(110)	178,200	(62)	178,138
Profit/(loss) for the year	-	-	-	-	-	5,672	-	-	5,672	(6)	5,666
Other comprehensive income	-	-	-	-	-	-	375	(65)	310	-	310
Total comprehensive income for the year	-	-	-	-	-	5,672	375	(65)	5,982	(6)	5,976
Dividends	-	-	(88)	-	-	-	-	-	(88)	-	(88)
Share-based payments	-	-	-	-	560	-	-	-	(560)	-	(560)
Capital increase (note 14)	370	-	(370)	-	-	-	-	-	-	-	-
Reserves	-	-	4,942	-	-	(4,942)	-	-	-	-	-
Net movement in own shares	-	-	(58)	(570)	-	-	-	-	(628)	-	(628)
Other changes	-	-	520	-	-	-	-	-	520	-	520
Transactions with shareholders or owners	370	-	4,946	(570)	560	(4,942)	-	-	364	-	364
Balance at 31 December 2020	38,401	19,000	123,505	(1,708)	622	5,672	(771)	(175)	184,546	(68)	184,478

The accompanying notes form an integral part of the consolidated annual accounts.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

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

Consolidated Statement of Cash Flows for year ended 31 December 20

<i>In Euros</i>	31/12/2020	31/12/2019
Cash flows from operating activities		
Profit before income tax	6,426	5,303
Adjustments for:		
Amortisation and depreciation	16,983	13,148
Impairment of property, plant and equipment	-	-
Impairment of trade receivables	37	250
Impairment of inventories	904	311
Impairment of other financial assets	-	-
Change in provisions	(8)	93
Government grants recognised in profit or loss	(23)	(23)
Gains on disposal of fixed assets	361	243
Losses on disposals of financial instruments		
Finance income	(32)	(71)
Finance costs	990	1,048
Exchange gains/(losses)	(68)	156
Change in fair value of financial instruments	2,000	-
Other income and expenses	472	29
Share in profit/(loss) of equity-accounted entities	-	(113)
Other adjustments	-	-
Changes in operating assets and liabilities		
Change in inventories	(3,001)	(4,101)
Changes in trade and other receivables	(1,390)	(8,562)
Changes in other assets	-	-
Changes in trade and other payables	1,450	6,322
Changes in other liabilities	-	(52)
Other cash flows from operating activities		
Interest paid	(990)	(1,048)
Interest received	32	71
Income tax paid	(1,639)	(1,325)
Net cash from operating activities	22,504	11,679
Cash flows from investing activities		
Payments for investments		
Group companies and business units	-	-
Property, plant and equipment	(4,123)	(5,847)
Intangible assets	(11,745)	(25,298)
Other financial assets	(449)	(1,267)
Business combinations	(15,000)	(20,000)
Proceeds from sale of investments		
Property, plant and equipment	(82)	-
Intangible assets	513	26
Other financial assets	186	1,965
Net cash used in investing activities	(30,700)	(50,421)
Cash flows from financing activities		
Proceeds from and payments for equity instruments		
Capital issued	-	24,000
Acquisition of own equity instruments of the Parent	(628)	(238)
Sale of own equity instruments of the Parent	-	-
Grants, donations and bequests received	2,062	-
Proceeds from and payments for financial liability instruments		
Issue		

The accompanying notes form an integral part of the consolidated annual accounts.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

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

Loans and borrowings and finance leases	19,352	21,885
Other	1,429	-
Redemption and repayment		
Loans and borrowings and finance leases	(11,735)	(4,644)
Other	(776)	-
Dividends and interest on other equity instruments paid		
Dividends paid	(88)	(359)
Interest on other equity instruments (-)	-	-
Net cash flows from financing activities	9,616	40,644
Effect of exchange rate fluctuations on cash and cash equivalents		
Net increase in cash and cash equivalents	1,420	1,902
Cash and cash equivalents at beginning of year	10,171	8,269
Cash and cash equivalents at year end	11,591	10,171

The accompanying notes form an integral part of the consolidated annual accounts.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

1. General Information

Laboratorio Reig Jofre, S.A., (formerly Natraceutical, S.A.) (the Company or the Parent) was incorporated on 1 June 1993, and its registered office is located at calle Gran Capità 10, in Sant Joan Despí (Barcelona).

Its statutory activity is as follows:

- 1) Manufacture, purchase and sale, research, development, innovation and registration, both nationally and internationally, of raw materials, pharmaceuticals, biotechnological products, nutritional supplements, health products, medical devices, cosmetics, parapharmacy, food and other products related directly or indirectly to health, cosmetics, and/or human or animal food.
- 2) The rendering to third parties of marketing and promotion services for any of the products listed in section 1) above.
- 3) The preparation and research of active ingredients and nutraceutical ingredients from natural sources, specifically aimed at disease prevention or for use as nutritional supplements incorporated into products of daily consumption (functional foods). The obtaining of patents for such products and their benefits following their validation, for the subsequent assignment of their use and sale to third parties.
- 4) The above mentioned activities, together with any other activities that are complementary to those which fall within the statutory activity, may be carried out by the Company, in whole or in part, directly and indirectly, through the ownership of shares or interests in companies or entities with identical or similar statutory activity, as well as through the transfer of rights, licensing and/or authorisations of any kind.

The Reig Jofre Group's principal activities consist of:

- The manufacture of pharmaceutical products and specialities for marketing and for third parties, and the undertaking of research and development studies for third parties.
- The import, export, purchase, wholesale, retail and commercialisation of authorised food supplements, dietary products and cosmetics.

On 26 June 2014, the boards of directors of Natraceutical, S.A., (hereinafter Natraceutical or the Absorbing Company) and Laboratorio Reig Jofre, S.A., (hereinafter Reig Jofre or the Absorbed Company), approved the merger between the two companies. The merger was carried out through the absorption of Reig Jofre (legally absorbed company), by means of the dissolution without liquidation thereof and the transfer en bloc of all its assets and liabilities to Natraceutical (legally absorbed company), which acquired, by universal succession, its rights and obligations.

On 27 September 2017, the board of directors of "LABORATORIO REIG JOFRE, S.A." (Absorbing Company), and the sole director of "LABORATORIO FARMACÉUTICO ORRAVÁN, S.L.U.", "LABORATORIO RAMÓN SALA, S.L.U.", "LABORATORIES MEDEA, S.A.U." and "FORTE PHARMA IBERICA, S.L." (Absorbed Companies) agreed on the absorption of the latter four companies by the former. The merger deed was entered in the Barcelona Mercantile Registry on 19 December 2017.

Laboratorio Reig Jofre, S.A. is the Parent of a group of subsidiaries (hereinafter the Group), which have been fully consolidated. Likewise, at 31 December 2020 and 2019 the Group participates in an equity-accounted joint venture, with another venturer.

Details of subsidiaries forming part of the consolidated Group are shown in Appendix I.

The Group's main industrial facilities are located in Sant Joan Despí and Toledo (Spain) and Malmö (Sweden).

In December 2020 Reig Jofre closed an agreement with Janssen Pharmaceutical Companies (hereinafter Janssen) to carry out a technological transfer process to enable the manufacture of the COVID-19 vaccine candidate developed by this group, Ad26.COV2-S, once it has been satisfactorily completed and the requirements for approval by the pertinent health authorities have been met.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

This agreement has not had a significant impact on the income statement for 2020 and has only led to liabilities being recognised for contracts with customers in the balance sheet and the start of investments in the assets required for the manufacture of the aforementioned product.

2. Basis of Presentation

The consolidated annual accounts have been prepared on the basis of the accounting records of Laboratorio Reig Jofre, S.A. and of the consolidated companies. The consolidated annual accounts for the year ended 31 December 2020 (2020) have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Laboratorio Reig Jofre, S.A. and subsidiaries at 31 December 2020 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.

The Group adopted IFRS-EU on 1 October 2011 and applied IFRS 1, “First-time adoption of International Financial Reporting Standards”.

The directors consider that the consolidated annual accounts for 2020, authorised for issue on 25 February 2021, will be approved with no changes by the shareholders at their annual general meeting.

a) Basis of preparation of the consolidated annual accounts

The consolidated annual accounts have been prepared on a historical cost basis, except for derivative financial instruments and financial assets measured at fair value through profit or loss and other comprehensive income.

b) Comparative information

The consolidated annual accounts, consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity and the notes thereto for 2020 include comparative figures for the year ended 31 December 2019. The figures presented for 2019 do not differ from those in the consolidated annual accounts for 2019 approved by the shareholders at the general meeting held on 23 July 2020.

As indicated in note 2 d), with effect as of 1 January 2019, the Group adopted IFRS 16 Leases, without restating the comparative information.

c) Relevant accounting estimates, assumptions and judgements used when applying accounting principles and changes in estimates

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group’s accounting principles to prepare the consolidated annual accounts in conformity with IFRS-EU. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts, is as follows:

- Evaluation of the recoverability of tax credits, including prior years’ tax losses and unused rights to deductions. Deferred tax assets are recognised when taxable profits will be available against which temporary differences can be utilised, based on management assumptions in relation to the amount and timing of payments of future taxable profits (see notes 3 and 23).

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

- Assumptions used to test the impairment of non-current assets and goodwill: each year tests are performed to determine the impairment of relevant cash-generating units, based on the risk adjustment to future cash flows and the appropriate discount rates used. The key assumptions used are provided in note 6. Assumptions about the risk adjustment to future cash flows and discount rates used are based on business forecasts and are therefore inherently subjective. Future events may affect these assumptions, with the resulting adverse effect on the Group's future profits. Where considered significant, a sensitivity analysis has been performed on the effect of changes to these assumptions and the effect on the recoverable amount of the cash-generating unit (CGU). The valuations indicate the existence of a sufficient margin.
- Useful lives of intangible assets and property, plant and equipment: the estimated useful lives assigned to each category of intangible assets and property, plant and equipment are provided in note 3. Although estimates are calculated by Group management based on the best information available at 31 December 2020, future events may require changes to these estimates in subsequent years. Given the large quantity of individual items of property, plant and equipment, it is not considered probable that a reasonably possible change in the assumptions would give rise to any significant adverse effect.
- Valuation allowances for bad debts: the application of the expected credit loss model based on customers' credit ratings, current market trends, and the historical analysis of bad debts at an aggregated level require a high degree of judgement (see notes 3 and 10).
- Estimate of net realisable value of inventories: This is for the purpose of making the appropriate impairment.
- Business combinations: The Group's business combinations are recognised using the acquisition method (see note 3) and require judgements and estimates when allocating fair values to the assets acquired and liabilities assumed in the transaction, as well as when allocating the purchase price to these fair values. Note 5 specifies the business combination in 2019.

During 2020 the new osteoarticular business acquired in 2019 was integrated, both at national and international level, into the Group's Specialty Pharmacare division. This has contributed significantly to the growth of sales in 2020.

The array of impacts associated with the outbreak of COVID-19 has had a negative, albeit immaterial, effect on the sales figure. This has been offset by the effect of growth in the new osteoarticular product portfolio and international demand for pharmaceutical technology products.

On 11 March 2020 COVID-19 was declared a global pandemic by the World Health Organization. As a result, the higher level of uncertainty associated with the unprecedented nature of this pandemic entails higher complexity when making reliable estimates and applying judgement.

There have not been any changes with respect to the judgements used to assess uncertainties in prior years.

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2020, future events may require changes to these estimates in subsequent years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

d) First-time application of standards

First-time application of standards in 2020

The following standards, amendments and interpretations took effect in 2020 and were consequently considered in the preparation of the accompanying consolidated annual accounts:

Amendments to IAS 1 and IAS 8 - Definition of "material". Amendments to IAS 1 and IAS 8 to align the definition of "material" with that contained in the conceptual framework.

Amendment to IFRS 3 - Definition of a Business. Clarifications of the definition of a business.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

These standards have been applied but have not had a significant impact on either the figures reported or presentation and disclosure, because they either do not involve major changes or they relate to economic issues that do not affect the Group.

First-time application of standards in 2019

From the standards, interpretations and amendments adopted by the European Union, which enter into force as of 2019, the following were applicable to the Group:

IFRS 16 Leases

IFRS 16 was effective for the annual periods beginning on or after 1 January 2020 and introduced changes to the accounting policies applied until then to lease contracts.

The Group opted to carry out the transition using the modified retrospective approach, recording the effect of the initial application of this standard on 1 January 2020 and recognising the right-of-use asset for an amount equal to the lease liability.

IFRS 16 Leases introduces changes for the lessee which, at the commencement date, must recognise in the statement of financial position a liability for lease payments and an asset for the right to use the underlying asset during the lease term. Likewise, the expense for the financial discounting of the lease liability and the depreciation charge for the right-of-use asset must be recognised separately.

The Group availed of the options included in the standard for lessees, enabling them not to recognise the lease liability and right-of-use asset corresponding to short-term leases (leases for a period equal to or less than one year) and leases of low value. Likewise, for those contracts expiring in 2020 the Group opted to apply the practical expedient, enabling it to adopt the new IFRS 16 for those leases that expire during the first twelve months of the new standard.

The lease term of the contracts was determined as the non-cancellable period of the lease, taking into consideration the extension and termination options when it is reasonably certain that they will be exercised.

For the discount rate, the Group used common discount rates for groups of contracts with similar characteristics with regard to term, asset, currency and economic environment.

A specific review of the inventory of the lease contracts classified as operating leases was carried out in accordance with the aforementioned standard, as well as of certain service contracts subject to classification as leases in accordance with the new lease. No significant difference has arisen as a result of this analysis.

At 31 December 2019 the impact of the application of IFRS 16 Leases on the accompanying consolidated income statement was as follows:

<i>in thousands of Euros</i>	2019
Other operating expenses	2,736
Amortisation and depreciation	(2,679)
Results from operating activities	57
Finance costs	(128)
Net finance cost	(128)
Loss before tax from continuing operations	(71)
Income tax expense	-
Post-tax loss from continuing operations	(71)
Consolidated loss for the year	(71)

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

At 31 December 2019, due to the application of IFRS 16 Leases, a net financial debt is recorded for the recognition of the payment obligation for right-of-use-asset contracts amounting to Euros 12,847 thousand.

e) Standards and interpretations issued but not yet effective at 1 January 2020, which the Group expects to adopt as of 1 January 2021 or at a later date (none have been adopted early)

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Provisions for onerous contracts. The entity must apply the standard in its first financial statements prepared under IFRS for periods beginning on or after 1 January 2022. Pending adoption by the EU.
- Annual improvements 2018-2020 cycle. The entity must apply the standard in its first financial statements prepared under IFRS for periods beginning on or after 1 January 2022. Pending adoption by the EU.
 - Amendments to IAS 9 Financial instruments to determine the costs of modifications of financial liabilities.
 - Amendments to IFRS 16 Leases
- References to the IFRS Conceptual Framework in IFRS 3. The entity must apply the standard in its first financial statements prepared under IFRS for periods beginning on or after 1 January 2022. Pending adoption by the EU.
- Classification of liabilities as current or non-current. The entity must apply the standard in its first financial statements prepared under IFRS for periods beginning on or after 1 January 2023. Pending adoption by the EU.
- Definition of accounting estimates. The entity must apply the standard in its first financial statements prepared under IFRS for periods beginning on or after 1 January 2023. Pending adoption by the EU.
- Disclosures of accounting policies. The entity must apply the standard in its first financial statements prepared under IFRS for periods beginning on or after 1 January 2023. Pending adoption by the EU.

3. Significant Accounting Principles

a) Subsidiaries

Subsidiaries are entities, over which the Company, either directly or indirectly through subsidiaries, exercises control. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

Information on the subsidiaries included in the consolidated Group is presented in Appendix I.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date of acquisition, which is when the Group takes control. Subsidiaries are excluded from the consolidated Group from the date on which control is lost.

Transactions and balances with Group companies and unrealised gains or losses have been eliminated on consolidation.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

The subsidiaries' accounting policies have been adapted to Group accounting policies for like transactions and events in similar circumstances.

The annual accounts of the subsidiaries used in the consolidation process refer to the same date of presentation and the same period as those of the Parent.

b) Non-controlling interests

Non-controlling interests are disclosed in consolidated equity separately from equity attributable to shareholders of the Parent. Non-controlling interests' share in consolidated profit or loss for the year and in consolidated comprehensive income for the year is disclosed separately in the consolidated income statement and in the consolidated statement of comprehensive income.

The consolidated profit or loss for the year, consolidated total comprehensive income for the year and changes in equity of the subsidiaries attributable to the Group and non-controlling interests after consolidation adjustments and eliminations, is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or not, on cumulative preference shares classified in equity accounts.

c) Business combinations

As permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards, the Group recognised only business combinations that occurred on or after 1 October 2011, the date of transition to IFRS-EU, using the acquisition method. Entities acquired prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

The Group has applied IFRS 3 Business Combinations, revised in 2008, to transactions carried out on or after 1 October 2011.

The Group applies the acquisition method for business combinations.

The acquisition date is the date on which the Group obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any payment that does not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

The Group recognises the assets acquired and liabilities assumed at their acquisition-date fair value. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured.

These criteria are not applicable to non-current assets or disposal groups which are classified as held for sale, long-term defined benefit obligations, share-based payment transactions, deferred tax assets and liabilities and intangible assets arising from reacquired rights previously granted to the acquiree.

With the exception of lease and insurance contracts, the assets acquired and liabilities assumed are classified and designated for subsequent measurement based on contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the acquisition date.

The excess between the consideration given and the value of net assets acquired and liabilities assumed, less the value assigned to non-controlling interests, is recognised as goodwill. Any shortfall, after evaluating the consideration given, the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

d) Joint arrangements

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Group and the remaining venturers or operators. The existence of joint control is assessed considering the definition of control over subsidiaries.

(i) Joint ventures

Investments in joint ventures are accounted for using the equity method.

The Group's share of the profit or loss of joint ventures obtained from the date of acquisition is recognised as an increase or decrease in the value of the investments, with a credit or debit to profit or loss of equity-accounted investees in the consolidated income statement.

The Group's share of the profit or loss and changes in equity is calculated to the extent of the Group's interest at year end and does not reflect the possible exercise or conversion of potential voting rights.

Losses attributable to the Group are limited to the extent of its net investment, except where the Group has legal or constructive obligations or when payments have been made on behalf of the entity. For the purpose of recognising impairment losses, net investments are considered as the carrying amount of the investment after applying the equity method plus any other item which in substance forms part of the investment.

The accounting policies have been harmonised in terms of timing and measurement, applying the policies described for subsidiaries.

e) Foreign currency transactions and balances

(i) Functional and presentation currency

The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, the Parent's functional and presentation currency, rounded off to the nearest thousand.

(ii) Foreign currency transactions, balances and cash flows

Transactions in foreign currency are translated at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as effect of exchange rate fluctuations on cash and cash equivalents held.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Translation of foreign operations

Foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative balances, are translated at the closing rate at the date of the statement of financial position;

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

- Income and expenses, including comparative amounts, are translated at the average exchange rates for the year. This method does not differ significantly from applying the exchange rate at the date of the transaction.
- All resulting exchange differences are recognised as translation differences in other comprehensive income.

f) Property, plant and equipment

(i) Initial recognition

Property, plant and equipment are recognised at cost or deemed cost, less accumulated depreciation and any accumulated impairment losses.

At 1 October 2011 the Group applied the exemption permitted by IFRS 1, First-time Adoption of International Financial Reporting Standards, relating to fair value or revaluation as deemed cost.

(ii) Depreciation

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Group determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remaining components of the asset.

Property, plant and equipment are depreciated using the following criteria:

	Depreciation method	Estimated years of useful life
Buildings and constructions	Straight-line	33.33
Technical installations and machinery	Straight-line	10
Other installations, equipment and furniture	Straight-line	6.66-10
Other property, plant and equipment	Straight-line	4-10

The Group reviews residual values, useful lives and depreciation methods at each reporting date. Changes to initially established criteria are accounted for as a change in accounting estimates.

Subsequent costs

Subsequent to initial recognition of the asset, only those costs incurred which will generate probable future profits and for which the amount may reliably be measured are capitalised. Costs of day-to-day servicing are recognised in profit or loss as incurred.

(iii) Impairment

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (h) below.

(iv) Right-of-use assets

Identification of a lease

At inception of a contract, the Group assesses whether the contract contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period of time during which the Group uses an asset includes consecutive and non-consecutive periods of time. The Group only re-evaluates the conditions when there is an amendment to the contract.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

Lessee accounting

In contracts that contain one or more lease components or non-lease components, the Group assigns the consideration of the contract to each lease component in accordance with the independent sale price of the lease component and the aggregate individual price of the non-lease components.

Payments made by the Group that do not constitute a transfer of goods or services thereto by the lessor, do not constitute a separate lease component, but form part of the total consideration of the contract.

At inception of the lease the Group recognises a right-of-use asset and a lease liability. The right-of-use asset comprises the amount of the lease liability, any lease payments made at or before the commencement date, less incentives received, initial direct costs incurred and an estimate of dismantling or restoration costs to be incurred, pursuant to the criteria for provisions.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date. The Group discounts lease payments at the appropriate incremental borrowing rate, unless the implicit interest rate of the lessor can be determined reliably.

Outstanding lease payments comprise fixed payments, less any incentive receivable, variable payments that depend on an index or rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of purchase options if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, providing the lease term reflects the lessee exercising the option to terminate the lease.

The Group measures right-of-use assets at cost, less accumulated depreciation and accumulated impairment losses, adjusted for any remeasurement of the lease liability.

If the contract transfers ownership of the asset to the Group by the end of the lease term or if the cost of the right-of-use asset includes a purchase option, the Group applies the depreciation criteria set out in the section on property, plant and equipment from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies the impairment criteria for non-current assets described in section (h) to the right-of-use asset.

The Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises variable payments not included in the initial measurement of the lease liability in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Group recognises remeasurements of the lease liability as an adjustment to the right-of-use asset, until the latter is reduced to zero, after which, it is taken to profit or loss.

The Group remeasures the lease liability by discounting the lease payments at a revised discount rate, if there has been a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

The Group remeasures the lease liability if there is a change in the amounts expected to be payable under a residual value guarantee or a change in the index or rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review.

The Group accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets; and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group allocates the consideration in the modified contract applying the criteria described above, determines

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

the lease term of the modified lease and remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The Group decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. The Group makes a corresponding adjustment to the right-of-use asset for all other lease modifications.

g) Intangible assets

(i) Goodwill

Goodwill arises from business combinations and corresponds to the excess between the consideration given and the value of net assets acquired and liabilities assumed, less the value allocated to non-controlling interests.

Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs) or groups of CGUs which are expected to benefit from the synergies of the business combination and the criteria described in section (h) below are applied. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Internally generated intangible assets

Any expenditure incurred during the research phase of projects is charged as an expense when incurred.

Costs relating to development expenses are capitalised as soon as product approval has been obtained, provided that they meet the following conditions:

- The Group has technical studies that demonstrate the feasibility of the production process.
- The Group has undertaken a commitment to complete production of the asset, to make it available for sale or internal use.
- The asset will generate sufficient future economic benefits.
- The Group has sufficient technical and financial resources to complete development of the asset and has devised budget control and cost accounting systems that enable monitoring of budgetary costs, modifications and the expenditure actually attributable to the different projects.

The cost of internally generated assets is calculated using the same criteria established for determining production costs of inventories. The production cost is capitalised by allocating the costs attributable to the asset to self-constructed non-current assets in the consolidated income statement.

(iii) Patents, trademarks and licences

Patents, trademarks and licences are initially recognised at their cost of acquisition and mainly reflect trademark registrations and pharmaceutical specialities acquired from third parties.

(iv) Useful life and amortisation rates

The Group assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

Intangible assets with indefinite useful lives are not amortised, but are instead tested for impairment on an annual basis or whenever there is an indication that the intangible asset may be impaired.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis over its useful life, by applying the following criteria:

	Amortisation method	Estimated years of useful life
Development	Straight-line	5
Patents, trademarks and licences	Straight-line	10
Customer portfolio	Straight-line	11
Computer software	Straight-line	3
Other intangible assets	Straight-line	10

The depreciable amount is the cost or deemed cost of an asset, less its residual value.

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(v) Impairment

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (h) below.

h) Impairment of non-financial assets subject to amortisation or depreciation

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group tests goodwill and intangible assets that are not yet ready to enter service for potential impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

The recoverable amount of the assets is the higher of their fair value less costs to sell and their value in use. An asset's value in use is measured based on the future cash flows the Group expects to derive from use of the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows the Group expects to derive from the asset.

Negative differences arising from comparison of carrying amounts of assets with their recoverable amounts are recognised in consolidated profit and loss.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Impairment losses for cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs of disposal, its value in use and zero.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in profit or loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

A reversal of an impairment loss for a CGU is allocated to the assets of each unit, except goodwill, pro rata with the carrying amounts of those assets. The carrying amount of an asset may not be increased above the lower of its

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

recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

i) Leases

(i) Classification of leases

• Operating leases

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

Since 1 January 2019 the Group has been applying IFRS 16 Leases, see note f (iv) Right-of-use assets.

j) Financial instruments

(i) Recognition and classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments". Presentation".

The Group recognises financial instruments when it becomes party to the contract or legal transaction, in accordance with the terms set out therein.

The Group classifies financial instruments into the following categories: financial assets and financial liabilities at fair value through profit or loss, showing separately those designated as such upon initial recognition from those that are held for trading or mandatorily measured at fair value through profit or loss, financial assets and financial liabilities measured at amortised cost, and financial assets measured at fair value through other comprehensive income, showing separately equity instruments designated as such from other financial assets. The Group classifies financial assets, other than those designated as at fair value through profit or loss and equity instruments designated as at fair value through other comprehensive income, according to the business model and the contractual cash flow characteristics. The Group classifies financial liabilities as measured at amortised cost, except those designated as at fair value through profit or loss and those held for trading.

The Group classifies a financial asset or liability as held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument; or
- It is an obligation to deliver financial assets that the Group has borrowed and does not yet own.

The Group classifies a financial asset as at amortised cost when it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The Group classifies a financial asset as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

The business model is determined by key personnel of the Group and at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model refers to how it manages its financial assets in order to generate cash flows.

The Group has designated certain equity instruments as at fair value through other comprehensive income.

Other financial assets are designated as at fair value through profit or loss.

Financial assets and liabilities for contingent consideration arising from a business combination are classified as financial assets and liabilities measured at fair value through profit or loss.

The Group classifies financial liabilities held for trading as at fair value through profit or loss.

The Group classifies other financial liabilities as financial liabilities at amortised cost, except for financial guarantee contracts, commitments to provide a loan at a below-market interest rate or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

(ii) Offsetting principles

A financial asset and a financial liability are offset only when the Group currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. In order for the Group to currently have a legally enforceable right, it must not be contingent on a future event and must be legally enforceable in the normal course of business, or in the event of default, or in the event of insolvency or bankruptcy.

(iii) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

The fair value of a financial instrument at initial recognition is normally the transaction price, unless this price includes items other than the instrument, in which case the Group determines its fair value. If the Group determines that the fair value of an instrument differs from the transaction price, it recognises the difference through profit or loss, to the extent that the value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. In all other cases, the difference is recognised as a gain or a loss only to the extent that it arises from a change in a factor that market participants would take into account when pricing the asset or liability.

After initial recognition, they are recognised at fair value through profit or loss. Changes in the fair value include the component of interest and dividends. Fair value is not reduced by transaction costs incurred on sale or disposal.

Nevertheless, in the case of financial liabilities at fair value through profit or loss the Group recognises changes in fair value attributable to credit risk in other comprehensive income. The amounts deferred in other comprehensive income are not subsequently reclassified to the consolidated income statement.

(iv) Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs, and are subsequently measured at amortised cost using the effective interest method.

(v) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are initially recognised at fair value plus transaction costs directly attributable to the acquisition.

After initial recognition, financial assets classified in this category are measured at fair value and any gain or loss is accounted for in other comprehensive income, except for foreign exchange gains and losses and expected credit

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

losses. Amounts recognised in other comprehensive income are taken to profit or loss when the financial assets are derecognised. However, interest calculated using the effective interest method is recognised in profit or loss.

As indicated above, the Group has designated certain equity instruments as at fair value through other comprehensive income. After initial recognition, equity instruments are measured at fair value and any gain or loss is taken to other comprehensive income. The amounts recognised in other comprehensive income are not subject to reclassification to profit or loss, without prejudice to being reclassified to reserves upon disposal of the instruments.

(vi) Financial assets carried at cost

Investments in equity instruments for which there is insufficient information to measure them, or for which there is a wide range of valuations, and derivative instruments that are linked to them and must be settled by delivery of such investments, are measured at cost. Nonetheless, if the financial assets or contract can subsequently be reliably measured, they are accounted for at fair value and any gain or loss is recognised in profit or loss or in other comprehensive income if the instrument is designated at fair value through other comprehensive income.

(vii) Reclassifications of financial instruments

The Group reclassifies financial assets when it changes its business model for managing them. The Group does not reclassify financial liabilities.

If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through profit or loss measurement category, the difference between the fair value and the carrying amount is recognised in profit or loss. From the reclassification date, the Group does not recognise the interest separately from the financial asset.

If the Group reclassifies a financial asset out of the fair value through profit or loss category and into the amortised cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount, for the purpose of applying the effective interest method and for recognising credit losses.

If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, the difference between the fair value and the carrying amount is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification. However, the cumulative gain or loss on expected credit losses is recognised in other comprehensive income and disclosed in the notes.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income category and into the amortised cost category, it is reclassified at its fair value. The deferred amount in equity is adjusted by the carrying amount of the asset. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

If the Group reclassifies a financial asset out of the fair value through profit or loss category and into the fair value through other comprehensive income category, the effective interest rate and the expected credit losses are determined on the reclassification date by the fair value at that date.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income category and into the fair value through profit or loss category, the deferred amount in equity is reclassified to profit or loss. From the reclassification date, the Group does not recognise the interest separately from the financial asset.

(viii) Impairment

The Group recognises in profit or loss a loss allowance for expected credit losses on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, finance lease receivables, contract assets, loan commitments and financial guarantees.

For financial assets measured at fair value through other comprehensive income, the expected credit loss is recognised in other comprehensive income and does not reduce the fair value of the assets.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

At each reporting date the Group measures the loss allowance at an amount equal to 12-month expected credit losses if the credit risk on the financial assets has not increased significantly since initial recognition or when it is considered that the credit risk on a financial asset has not increased significantly.

At each reporting date the Group determines whether the credit risk on an instrument considered individually or a group of instruments considered collectively has increased significantly since initial recognition. The instruments have been grouped on the basis of shared risk characteristics for collective assessment.

When assessing whether credit risk for an instrument or a group of instruments has increased significantly, the Group uses the change in the risk of a default occurring over the expected life of the instrument instead of the change in the amount of expected credit losses. Consequently, the Group evaluates the change in the risk of default at each reporting date compared to that at initial recognition.

When assessing whether there has been a significant increase in credit risk, the Group considers all reasonable and supportable forward-looking information, specifically:

- Internal and external credit ratings;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- Macroeconomic information such as interest rates, growth, unemployment rates, GDP in the region, property prices or rental prices.

Nevertheless, the Group recognises expected credit losses over the life of the instrument for trade receivables, contract assets and finance lease receivables.

The Group has determined the impairment of cash and cash equivalents for the 12-month expected credit losses. The Group considers that cash and cash equivalents have low credit risk based on the credit risk ratings of financial institutions where the cash or deposits are deposited.

For trade receivables the Group determines the expected credit losses over the life of the financial assets collectively. Expected credit losses are determined using a provision matrix based on historical credit losses.

Default rates are calculated based on the probability that a receivable will progress to the subsequent default stages until definitive write-off. The default rates are based on actual experience of defaults and adjusted for differences between current and historical economic conditions, considering the projected information that is reasonably available.

The Group determines the expected credit losses of loans individually.

(ix) Derecognition, modification and cancellation of financial assets

The Group applies the criteria for derecognition of financial assets to part of a financial asset or part of a group of similar financial assets or to a financial asset or group of similar financial assets.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Where the Group retains the contractual rights to receive cash flows, it only derecognises financial assets when it has assumed a contractual obligation to pay the cash flows to one or more recipients and if the following requirements are met:

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

- Payment of the cash flows is conditional on their prior collection;
- The Group is unable to sell or pledge the financial asset; and
- The cash flows collected on behalf of the eventual recipients are remitted without material delay and the Group is not entitled to reinvest the cash flows. This criteria is not applicable to investments in cash or cash equivalents made by the Group during the settlement period from the collection date to the date of required remittance to the eventual recipients, provided that interest earned on such investments is passed on to the eventual recipients.

(x) Interest and dividends

The Group recognises interest using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of a financial instrument to the net carrying amount of that financial instrument based on the contractual terms of the instrument and not considering expected credit losses, except for purchased or originated financial assets with incurred credit losses.

Dividends from equity instruments classified at fair value through other comprehensive income are recognised in profit or loss, unless they represent a return on the investment, in which case they are recognised in other comprehensive income.

(xi) Derecognition and modifications of financial liabilities

The Group derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, providing the instruments have substantially different terms.

(xii) Fair value

To determine the fair value of financial assets or financial liabilities, the Group uses market data to the largest extent possible. Based on the measurement factors used, fair value is classified in the following hierarchy levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: factors other than quoted prices included within Level 1 originating directly from the assets or liabilities in question, such as those deriving directly from the price.
- Level 3: factors not based on data derived directly from the market.

If the factors used to determine the fair value of an asset or liability are included in different hierarchy levels, fair value is determined in its entirety based on the significant component classified under the lowest hierarchy level.

k) Inventories

Inventories are measured at the lower of cost of purchase or production and net realisable value.

The purchase price comprises the amount invoiced by the seller, after deduction of any discounts, rebates or other similar items, such as interest incorporated into the nominal amount, plus any additional costs incurred to bring the goods to a saleable condition and other costs directly attributable to the acquisition and indirect taxes not recoverable from the Spanish taxation authorities.

Estimated product returns relating to sales that customers are entitled to return, net of the effect of any reduction in value, are recognised as inventories on consignment when the products are sold.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

Trade discounts are recognised as a reduction in the cost of inventories when it is probable that the conditions for discounts to be received will be met. Unallocated discounts are recognised as a decrease in supplies on the consolidated statement of comprehensive income.

The production cost of inventories comprises the purchase price of raw materials and consumables, costs directly related to the units of production and systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed indirect overheads is based on the higher of normal production capacity or actual production.

The cost of raw materials and other supplies, the cost of merchandise and costs of conversion are allocated to each inventory unit on a weighted average cost basis.

The Group uses the same cost model for all inventories of the same nature and with a similar use.

When the cost of inventories exceeds net realisable value, materials are written down to net realisable value, which is understood to be:

- For raw materials and other supplies, replacement cost. Nevertheless, raw materials and other supplies are not written down below cost if the finished goods into which they will be incorporated are expected to be sold at or above cost of production.
- Merchandise and finished goods: estimated selling price less costs to sell;
- Work in progress, estimated selling price of the related finished goods, less the estimated costs of completion and the estimated costs necessary to make the sale.

The previously recognised write-down is reversed against profit and loss when the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances. The reversal of the write-down is limited to the lower of the cost and the revised net realisable value of the inventories.

l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

The Group classifies cash flows from interest and dividends received and paid as operating activities and financing and investing activities, respectively.

m) Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them, and that the grants will be received.

(i) Capital grants

Capital grants awarded as monetary assets are recognised under grants in the consolidated statement of financial position and allocated to other operating income in the consolidated income statement in line with the amortisation or depreciation of the assets for which the grants have been received.

(ii) Operating grants

Operating grants are recognised under other operating income in the consolidated income statement.

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

n) Short-term employee benefits

The Group recognises the expected cost of short-term employee benefits in the form of accumulating paid absences when the employees render service that increases their entitlement to future paid absences. In the case of non-accumulating compensated absences, the expense is recognised when the absences occur.

The Group recognises the expected cost of profit-sharing and bonus plans when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted.

The financial effect of provisions is recognised as a finance cost in the consolidated income statement.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed. The provision is reversed against the income statement item in which the related expense was recognised, and any surplus is accounted for as other operating income in the consolidated income statement.

p) Revenue recognition

In accordance with IFRS 15, revenue is recognised when the customer obtains control of the goods or services sold, i.e. when the customer has the ability to direct the use of and obtain benefits from the goods or services. Revenue represents the transfer of promised goods and services to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring these goods or services. Five steps are established for revenue recognition:

- Identify the contract(s) with a customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the different performance obligations
- Recognise revenue when (or as) the entity satisfies a performance obligation

(i) Sale of goods

The Group's revenue from the sale of goods primarily corresponds to the sale of pharmaceutical products, food supplements, dietetic products and cosmetics, where control is transferred to the customers and the service obligations are met when the assets are made available to the customers or upon delivery, without including a significant financial component (invoices generally expire within a maximum period of 90 days).

Likewise, in accordance with certain contracts, the Group transfers control of a product to a customer, as well as the right to return a product for various reasons (such as dissatisfaction with the product) and to receive any combination of a) full or partial reimbursement of the consideration paid; b) a credit that can be deducted from the amounts owed; and c) a replacement product. In order to account for the transfer of products with a right to return, revenue for the products transferred must be recognised for an amount equal to the related consideration (therefore, no revenue shall be recognised for products which are expected to be returned), together with a liability for the

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

reimbursement and an asset (and the corresponding adjustment to the cost of sales) for the right to recover the products from the customers when the liability for reimbursement is settled.

The Group recognises its net income from returns estimated at the sale date (taking into consideration the average return rate of recent years) at the same time as it recognises a liability for reimbursement. However, it does not recognise an asset for its right to recover products because, based on experience and the type of product sold, returned products cannot be reincorporated into the Group's inventories.

(ii) Services rendered

Revenues associated with the rendering of services are recognised by reference to the stage of completion of the service at the reporting date when the outcome of the transaction can be measured reliably. The outcome of a transaction can be estimated when the revenue, stage of completion and costs incurred or to be incurred can be measured reliably and it is probable that economic benefits from the rendering of the service will be obtained.

q) **Income tax**

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax is the amount of income taxes payable or recoverable in respect of the consolidated taxable profit or tax loss for the period. Current tax assets or liabilities are measured at the amount expected to be paid or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability and its tax base.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

(i) Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases except where:

- they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.
- they reflect differences associated with investments in subsidiaries, associates and joint ventures over which the Group is able to control the timing of the reversal of the difference and it is not probable that the difference will reverse in the foreseeable future.

(ii) Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

- it is probable that sufficient taxable income will be available against which they can be utilised or when tax legislation envisages the possibility of converting deferred tax assets into a receivable from public entities in the future. Nonetheless, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income, are not recognised.
- the temporary differences are associated with investments in subsidiaries, associates and joint ventures that will reverse in the foreseeable future and sufficient tax gains are expected to be generated against which the temporary differences can be offset.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

It is considered probable that the Group will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward. If the only future taxable profit is derived from taxable temporary differences, the recognition of deferred tax assets arising from tax loss carryforwards is limited to 70% of the deferred tax liabilities recognised.

In order to determine future taxable profit the Group takes into account tax planning opportunities, provided it intends or is likely to adopt them.

(iii) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

The Group reviews the carrying amount of deferred tax assets at the reporting date and reduces this amount to the extent that it is not probable that sufficient taxable profit will be available against which to recover them.

Deferred tax assets that do not comply with the above conditions are not recognised in the consolidated statement of financial position. At year end the Group reassesses whether conditions are met for recognising previously unrecognised deferred tax assets.

(iv) Offset and classification

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts, and they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

r) Distributions to shareholders

Dividends, whether in cash or in kind, are recognised as a reduction in equity when approved by the shareholders at their annual general meeting.

For dividends in kind, whether in the form of non-cash assets, businesses, investments in other entities or disposal groups, which are proportional to all the Company's shareholders, the liability is recognised at the approval date, and measured at the fair value of the assets to be distributed.

The fair value of the liability is reviewed and adjusted against equity at the end of each reporting period and at the date of settlement. On the settlement date, the difference between the carrying amount of the assets distributed and the liability is recognised in the consolidated income statement.

s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its

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

performance, and for which discrete financial information is available. The Group's CODM manages on the basis of two segments, as mentioned in note 4.

t) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated annual accounts as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within 12 months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least 12 months after the reporting date.
- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within 12 months after the reporting date or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.
- Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date, even if the original term was for a period longer than 12 months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the consolidated annual accounts are authorised for issue.

Derivative financial instruments that are not held for trading are classified as current or non-current based on their maturity or gradual settlement.

u) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

Non-current assets acquired by the Group to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities are recognised as assets, applying the measurement, presentation and disclosure criteria described in section (f) above.

4. Segment Reporting

The Group is divided internally into business units based on the countries in which it operates. Management is based on two business segments corresponding to "Sale of pharmaceutical products" and "Sale of nutritional supplements".

The "Sale of pharmaceutical products" segment includes the activities of manufacturing and selling products for third parties, research and development studies, etc. The "Sale of nutritional supplements" segment includes the activities of import, export, purchase, wholesale and retail and commercialisation of authorised food supplements, dietetic products and cosmetics.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

a) Geographical information

In the presentation of geographical information, revenue from the segment is determined on the basis of customer location. Segment assets are determined by geographical location.

Details of the main figures expressed by geographical area for the years ended 31 December 2020 and 2019 are as follows:

<i>In thousands of Euros</i>	Sale of pharmaceutical products		Sale of nutritional supplements		Total revenues	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Domestic	100,101	86,662	3,958	3,527	104,059	90,189
European Union	48,313	52,826	36,606	34,811	84,919	87,637
Rest of Europe	12,472	2,503	66	55	12,538	2,558
Africa	9,072	2,688	1,286	1,187	10,358	3,875
Americas	2,220	2,220	299	254	2,519	2,474
Asia	13,829	11,372	21	50	13,850	11,422
Oceania	1,821	2,050	15	2	1,836	2,052
	187,828	160,321	42,251	39,886	230,079	200,207

Details of non-current assets expressed by geographical areas are as follows:

<i>In thousands of Euros</i>	Sale of pharmaceutical products		Sale of nutritional supplements	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Non-current assets				
Domestic				
Property, plant and equipment	78,396	75,659	-	-
Intangible assets	85,027	87,590	-	-
Rest of European Union				
Property, plant and equipment	6,026	6,745	-	-
Intangible assets	8,830	9,132	-	-
Other European countries				
Property, plant and equipment	-	-	862	1,512
Intangible assets	-	-	18,946	18,887
	178,279	179,126	19,808	20,399

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

b) Information on corporate expenses

The consolidated income statements for the years ended 31 December 2020 and 2019 include expenses considered as corporate expenses. Details are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Personnel expenses	5,549	4,676
Other operating expenses	3,685	6,064
TOTAL	9,234	10,740

c) Customer or main product

No significant customers, products or services exist that require differentiation.

5. Business Combinations

On 1 July 2019 Laboratorio Reig Jofre, S.A. acquired Bioibérica, S.A.'s portfolio of pharmaceutical and nutraceutical products specialised in joint health for the treatment of arthrosis and other arthropathies. Likewise, it absorbed the personnel related to the sale and development of these products.

This acquisition of the product portfolio was carried out by acquiring all the assets and rights required to manufacture and exclusively sell these products.

This product portfolio was classified as an intangible asset under patents, licences, trademarks and similar rights.

Details of the cost of the business combination, the fair value of net assets acquired and goodwill are as follows:

<i>In thousands of Euros</i>	Euros
Cost of the business combination	
Cash paid	20,000
Liabilities for deferred payments issued (note 19)	26,000
Conditioned payment	2,000
	48,000
Total cost of the business combination	48,000
 Fair value of net assets acquired	 45,758
 Goodwill	 2,242

At the acquisition date, the Company recognised Euros 2,000 thousand related to the contingent consideration payable. The maximum amount payable by the Company for contingent payments could be equivalent to a maximum of Euros 10.5 million in a worst-case scenario. At 31 December 2020 the Company revalued the conditioned consideration associated with this business combination and has recognised an additional liability of Euros 2,000 thousand, reflecting the impact under changes in fair value of financial instruments.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

At the date of acquisition, the assets, liabilities and contingent liabilities recognised at fair value were as follows:

<i>In thousands of Euros</i>	Euros
	Fair value
Product portfolio	45,758
Total assets	45,758
Total net assets and liabilities acquired	45,758

Under the assumption that the business combination made during the year had been made at the beginning of the year, income for 2019 would have increased by approximately Euros 13 million, whilst net profit for the year, taking into consideration the impact of amortisation for the full year of intangible assets originating in the business combination, would not have changed significantly.

The fair value of the assets acquired was estimated by an independent expert, BDO Auditores, S.L.P. on 15 December 2019, with the Multi-Period Excess Earnings (MPEE) method being the methodology used to value the product portfolio.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

6. Intangible Assets

Details of intangible assets and movement during the years ended 31 December 2020 and 2019 are as follows:

<i>In thousands of Euros</i>	Goodwill	Customer portfolio	Other intangible assets	Development	Concessions	Computer software	Patents, trademarks and licences	Total
Cost								
Balance at 1 January 2019	27,598	7,299	0	13,231	1	2,843	42,989	93,961
Additions	-	-	-	5,700	-	37	110	5,847
Business combinations (note 5)	2,242	-	-	-	-	-	45,758	48,000
Transfers (note 7)	-	-	-	131	-	147	-	278
Disposals	-	-	-	(519)	-	(9)	-	(528)
Translation differences	(110)	-	-	(8)	-	(4)	246	124
Balance at 31 December 2019	29,730	7,299	0	18,535	1	3,014	89,103	147,682
Additions	-	-	95	3,932	-	96	27	4,123
Disposals	-	-	-	(774)	-	(449)	(7)	(1,230)
Transfers (note 7)	-	-	525	-	-	1,312	27	1,864
Translation differences	242	-	-	29	-	9	(268)	12
Balance at 31 December 2020	29,972	7,299	620	21,722	1	3,982	88,855	152,451
Amortisation								
Balance at 1 January 2019	-	(2,791)	-	(2,668)	(1)	(2,289)	(19,370)	(27,119)
Amortisation for the year	-	(734)	-	(842)	-	(362)	(3,050)	(4,988)
Translation differences	-	-	-	-	-	4	(107)	(103)
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	251	-	9	-	260
Balance at 31 December 2019	-	(3,525)	0	(3,259)	(1)	(2,638)	(22,527)	(31,950)
Amortisation for the year	-	(659)	(70)	(1,761)	-	(636)	(5,293)	(8,419)
Translation differences	-	-	-	-	-	(9)	138	129
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	267	-	449	-	716
Balance at 31 December 2020	-	(4,184)	(70)	(4,753)	(1)	(2,834)	(27,682)	(39,524)
Impairment								
Balance at 31 December 2019	-	-	-	-	-	-	(123)	(123)
Balance at 31 December 2020	-	-	-	-	-	-	(123)	(123)
Carrying amount								
Balance at 31 December 2019	29,730	3,774	-	15,276	-	376	66,453	115,609
Balance at 31 December 2020	29,972	3,115	550	16,969	-	1,148	61,050	112,804

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

Additions for 2020 and 2019 mainly correspond to the capitalisation of development expenses associated with the launch of new products, as well as the acquisition of the product portfolio from Bioibérica, S.A. in 2019 (see note 5).

Patents, trademarks and licences include amounts paid to obtain the right to manufacture and sell pharmaceutical products, as well as the patent registration costs and the payment for the rights on the co-development of a product with another pharmaceutical company. This item includes an amount of Euros 18,461 thousand corresponding to the “Forte Pharma” trademark acquired in the 2014 business combination, the useful life of which is indefinite, and an amount of Euros 45,758 thousand for the acquisition of the product portfolio from Bioibérica, S.A. in the 2019 business combination (see note 5).

Development expenses comprise the amounts earmarked by the Group for the main new product development projects, including both internal expenses for Group personnel working on these projects and those amounts paid to third parties during these projects, principally those corresponding to clinical and non-clinical trials. Costs relating to development activities are capitalised in accordance with the accounting policies described in section 3.g of these notes to the consolidated annual accounts.

The R&D expenditure recognised as an expense 2020 and 2019 is included in note 24.

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group tests goodwill and intangible assets with indefinite useful lives for impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

The Company tests goodwill for impairment on an annual basis. The calculation of the recoverable amount of a division to which goodwill has been allocated requires the use of estimates. The recoverable amount is the higher of fair value less costs to sell and value in use. The Company generally uses cash flow discounting methods to calculate these values.

Discounted cash flow calculations are based on five-year projections in the budgets prepared by the Company. The cash flows take into consideration past experience and represent the best estimate of future market performance. From the fifth year cash flows are extrapolated using individual growth rates. The key assumptions employed when determining value in use include growth rates, the weighted average cost of capital and tax rates. The estimates, including the methodology used, could have a significant impact on values and impairment. Cash flows beyond this five-year period are extrapolated using the estimated growth rates indicated below.

a) Goodwill and impairment testing by CGU

Details of goodwill and movement are as follows:

In thousands of Euros

Cash-generating unit	31/12/2019	Translation differences	31/12/2020
Bioglán A.B.	5,894	242	6,136
Forté	18,563	-	18,563
Reig Jofre Future Health, S.L.	3,031	-	3,031
Osteoarticular	2,242	-	2,242
	29,730	242	29,972
Cash-generating unit	31/12/2018	Translation differences	31/12/2019
Bioglán A.B.	6,004	(110)	5,894
Forté	18,563	-	18,563
Reig Jofre Future Health, S.L.	3,031	-	3,031
Osteoarticular	-	-	2,242
	27,598	(110)	29,730

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

Goodwill of Bioglán, A.B. and Reig Jofre Future Health, S.L.U. corresponds to the pharmaceutical products segment, whilst goodwill of Forté corresponds to the nutritional supplement segment. Goodwill of Osteoarticular has arisen from the business combination described in note 5, corresponding to the pharmaceutical segment.

The most significant goodwill of the pharmaceutical products segment comes from Bioglán, A.B. and includes the price difference paid by this company and the carrying amount of the dermatological product manufacturing and sale business that was acquired in 2009.

Goodwill of Forté corresponds to that arising in 2014 from the downstream merger described in note 1.

For impairment testing purposes, goodwill has been allocated to the Group's cash-generating units (CGUs) in accordance with their respective country of operation, which is the lowest level at which goodwill is assigned and controlled for internal management purposes on the part of Group management.

The recoverable amount of a CGU is determined based on its value in use. These calculations are based on cash flow projections from the financial budgets approved by management primarily over a period of five years. Cash flows beyond this five-year period are extrapolated using the estimated growth rates indicated below.

The key assumptions used in the calculations for the impairment testing of Bioglán, A.B., Forté, Reig Jofre Future Health, S.L. and Osteoarticular during the years ended 31 December 2020 and 2019 have been as follows:

	31/12/2020	31/12/2019
<i>Bioglán A.B.</i>		
Gross margin (*)	61.00%	58.00%
Average growth rate	1.70%	2.00%
Discount rate	7.90%	7.30%
	31/12/2020	31/12/2019
<i>Forté</i>		
Gross margin (*)	61.00%	61.00%
Average growth rate	1.60%	1.60%
Discount rate	8.00%	7.40%
	31/12/2020	31/12/2019
<i>Reig Jofre Future Health, S.L.</i>		
Gross margin (*)	25.00%	24.00%
Average growth rate	1.50%	2.00%
Discount rate	8.50%	8.30%
	31/12/2020	
<i>Osteoarticular</i>		
Gross margin (*)	51.00%	
Average growth rate	1.50%	
Discount rate	8.50%	

(*) The gross margin corresponds to the average gross margins for the projected years.

The Group determines budgeted gross margins based on past experience and forecast market performance. The weighted average growth rates are consistent with the forecasts included in industry reports. The discount rates used are pre-tax values and reflect specific risks related to the relevant segments.

No impairment has been recognised on goodwill in the years ended 31 December 2020 and 2019. As a result of the acquisition of the product portfolio from Bioibérica, S.A. in July (see note 5), no possible impairment of this portfolio was calculated in 2019. In 2020 the recoverable amount of the Osteoarticular CGU is significantly higher than the carrying amount of its net assets, with the sensitivity analysis on impairment testing allowing variations of up to 2.9 points in the discount rate.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

In relation to reasonably possible changes in the key assumptions used by management to determine the recoverable amount of the Bioglán A.B. CGU, which increased by up to 4.3 points in the discount rate used, the recoverable amount would continue to be higher than the carrying amount of this CGU.

In relation to reasonably possible changes in the key assumptions used by management to determine the recoverable amount of the Forté CGU, which increased by up to 0.7 points in the discount rate used, the recoverable amount would continue to be higher than the carrying amount of this CGU.

In relation to reasonably possible changes in the key assumptions used by management to determine the recoverable amount of the Reig Jofre Future Health, S.L.U. CGU, which increased by up to 3.35 points in the discount rate used, the recoverable amount would continue to be higher than the carrying amount of this CGU.

The interruption of visits by pharmaceutical sales representatives due to the restrictions imposed has had an impact on and has been taken into account in the estimated projections made by the Company, for some of the aforementioned impairment tests.

b) Fully amortised assets

The cost of fully amortised intangible assets in use at 31 December 2020 and 2019 is as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Patents, trademarks and licences	16,844	16,638
Computer software	2,514	2,990
Development	4,018	1,721
Administrative concessions	1	1
Other	347	9
	23,724	21,359

7. Property, Plant and Equipment

Details of property, plant and equipment and movement for the years ended 31 December 2020 and 2019 are detailed in Appendix II.

Additions for the years ended 31 December 2020 and 2019 basically correspond to the new capacity installed at the Barcelona and Toledo plants, as well as the ongoing improvement in technology regarding processes and quality.

The new freeze-drying plant in Barcelona, currently under construction, also entails that efforts are being made to internally boost the necessary technological capacity and the associated know-how in order to set up one of the most cutting-edge facilities in Europe for this kind of manufacturing process.

As mentioned in note 1, the Company has entered into an agreement with Janssen for a technological transfer process to enable the manufacture of the COVID-19 vaccine candidate. In this context, commitments to purchase fixed asset items exist that would not have a significant impact on the Group's debt and solvency levels.

There are no commitments for the sale of fixed assets, nor are there any special circumstances that affect the availability of the property, plant and equipment, such as litigation, embargoes, guarantees, etc.

a) Property, plant and equipment pledged as collateral

No property, plant and equipment has been pledged as collateral at 31 December 2020 or 2019.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

b) Fully depreciated assets

The cost of fully depreciated property, plant and equipment in use at 31 December 2020 and 2019 is as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Technical installations and machinery	25,041	24,424
Other installations, equipment and furniture	10,388	7,773
Other property, plant and equipment	1,022	1,796
	36,451	33,993

c) Insurance

The Group has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

d) Impairment

Impairment recognised under land and buildings refers to the impairment of two industrial buildings located in Sant Joan Despí used under lease. This impairment was calculated based on the difference between the carrying amount of these buildings and their fair value less costs to sell. The fair value was obtained through an appraisal of the building by an independent expert. During 2020 a new appraisal of the building was obtained from the same independent expert, Risc Valor, S.L., and no change in impairment arose.

Methodology used to estimate fair values of property, plant and equipment

The fair value of buildings, corresponding to the two industrial buildings in Sant Joan Despí (Barcelona), has been calculated using the value by comparison method, based on samples of similar buildings in the municipality near to the industrial buildings, corresponding to a level 2 in the hierarchy established by IFRS 13.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

e) Right-of-use assets

Details of right-of-use assets and movement by type in 2020 and 2019 are as follows:

<i>In thousands of Euros</i>	Land	Buildings	Technical installations and machinery	Other property, plant and equipment	Property, plant and equipment under construction	Total
Cost at 31 December 2018	6,472	5,128	12,603	-	-	24,203
First-time application of IFRS 16	-	10,479	-	1,882	-	12,361
Balance at 1 January 2019	6,472	15,607	12,603	1,882	-	36,564
Additions	-	1,019	-	2,075	19,405	22,499
Transfers	-	-	(5,562)	-	5,562	-
Business combinations	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at 31 December 2019	6,472	16,626	7,041	3,957	24,967	59,063
Additions	-	-	-	273	-	273
Transfers	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-
Translation differences	-	129	-	-	-	129
Disposals	(6,396)	(5,032)	-	(230)	(18,379)	(30,037)
Balance at 31 December 2020	76	11,723	7,041	4,000	6,588	29,428
Accumulated depreciation						
Accumulated depreciation at 31 December 2018	(486)	(2,159)	(175)	-	-	(2,820)
Depreciation for the year	-	(1,810)	(769)	(969)	-	(3,548)
Accumulated depreciation at 31 December 2019	(486)	(3,969)	(944)	(969)	-	(6,368)
Depreciation for the year	(6)	(1,903)	(901)	(1,022)	-	(3,832)
Translation differences	-	-	-	133	-	133
Disposals	486	2,259	-	-	-	2,745
Accumulated depreciation at 31 December 2020	(6)	(3,613)	(1,845)	(1,858)	-	(7,322)
Carrying amount at 31 December 2020	70	8,110	5,196	2,142	6,588	22,106

The Group's most relevant lease contracts are for offices, warehouses and premises where the Group carries out its activities, as well as mainly motor vehicles.

None of the lease contracts have been modified as a result of COVID-19.

An analysis of the contractual maturity of lease liabilities, including future interest payable, is as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Up to 1 year	5,021	2,972
1 to 2 years	4,462	2,495
3 to 5 years	8,474	4,407
More than 5 years	2,925	2,973
Total financial liabilities	20,885	12,847

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

8. Operating Leases

As of 1 January 2019 and due to the entry into force of the new IFRS 16, leased assets that met the criteria set out in this standard were classified as right-of-use assets in property, plant and equipment (see note 7).

The Group's main operating lease contracts in 2020 and 2019 correspond to contracts for computer software and premises.

Operating lease payments have been recognised as an expense for the year as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Lease expenses (note 24)	733	539

Future minimum payments under non-cancellable operating leases are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Up to 1 year	733	539
1 to 5 years	-	-
More than 5 years	-	-
	733	539

9. Joint Arrangements

The Group holds 50% of Syna Therapeutics, S.L., which is considered as an equity-accounted joint venture. This biotechnological company is engaged in the development of biosimilar products, a market with a large potential for growth worldwide.

Movement in investments in joint ventures accounted for using the equity method during 2020 and 2019 is as follows:

	In thousands of Euros	
	31/12/2020	31/12/2019
Balance at 1 January	1,220	307
Capital increase	-	800
Share of profits/(losses)	88	113
Balance at 31 December	1,308	1,220

Details of amounts relating to the Group's percentage share in current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of Syna Therapeutics, S.L. are as follows:

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

In thousands of Euros

	31/12/2020	31/12/2019
Balance sheet date	50%	50%
Investment	4,410	3,295
Non-current assets	575	380
Current assets	4,985	3,675
Total assets	500	500
Non-current liabilities	1,708	783
Current liabilities	2,208	1,283
Total liabilities		
Revenue		
Profit for the year	176	226
Share of the Group in profit/(loss) for the year	88	113

10. Financial Assets

The classification of financial assets by category and class is as follows:

Non-current financial assets

In thousands of Euros

	31/12/2020	31/12/2019
<u>Financial assets at amortised cost</u>		
Security and other deposits	111	96
Loans	748	478
Other financial assets	79	84
<u>Equity instruments at fair value through other comprehensive income:</u>		
Equity instruments	1,214	1,204
Total non-current financial assets	2,152	1,862

Current financial assets

In thousands of Euros

	31/12/2020	31/12/2019
<u>Financial assets at amortised cost</u>		
Loans	497	513
Security and other deposits	202	198
Other financial assets	20	46
Trade and other receivables	42,621	40,542
<u>Equity instruments at fair value through other comprehensive income:</u>		
Equity instruments	82	167
Total current financial assets	43,422	41,466

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

The carrying amount of financial assets measured at amortised cost does not differ significantly from their fair value.

a) Loans

Loans under non-current assets at 31 December 2020 mainly include two loans of Euros 375 thousand to companies in which the Group holds an interest and participating loans with Syna Therapeutics, S.L.

Loans under current assets at 31 December 2020 mainly comprise loans with Syna Therapeutics, S.L. amounting to Euros 300 thousand and loans of Euros 125 thousand to another Group investee.

Loans under current assets at 31 December 2019 primarily included participating loans with Syna Therapeutics, S.L. amounting to Euros 450 thousand and loans of Euros 63 thousand to another Group investee.

b) Security and other deposits

Security and other deposits include the amounts pledged to lessors to secure lease contracts.

c) Trade and other receivables

Details of trade and other receivables are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Trade receivables	45,425	43,277
Personnel	59	91
Less impairment due to uncollectibility	(2,863)	(2,826)
Total	42,621	40,542

Details of the ageing of the balance are included in note 27 (b). Movement in impairment due to uncollectibility is as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Opening balance	(2,826)	(2,576)
Charges	(37)	(264)
Exchange gains/(losses)	-	-
Reversals	-	-
Applications	-	14
Closing balance	(2,863)	(2,826)

In order to measure expected credit losses the Group has opted to apply one of the practical expedients permitted by IFRS 9, consisting of the use of a provisions matrix based on its historical credit losses.

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

11. Other Current Assets

Details of other current assets included in the consolidated statements of financial position are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Prepaid insurance costs	94	88
Prepaid lease expenses	91	132
Other	463	2,068
Total	648	2,288

Other mainly includes the amount receivable at the 2020 and 2019 reporting dates for the grants received by the Group in 2020 and 2019 (see note 17).

12. Inventories

Details of inventories are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Goods for resale	6,722	5,118
Raw and auxiliary materials	14,680	16,226
Semi-finished goods	3,963	4,794
Finished goods	17,573	13,843
Advances to suppliers	77	33
Impairment	(2,565)	(1,661)
	40,450	38,353

Details of impairment and reversals of finished goods and raw materials in the consolidated income statement are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Raw materials and other supplies	(255)	(106)
Finished and semi-finished goods	(649)	(205)
	(904)	(311)

Group companies have taken out insurance policies to cover the risk of damage to their inventories. The coverage of these policies is considered sufficient.

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

13. Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Banks and cash	11,591	10,171
Total	11,591	10,171

14. Equity

Details of consolidated equity and movement during the year are shown in the consolidated statement of changes in equity.

a) Capital

At 31 December 2020 and 2019 the Parent's registered capital is represented by 76,802,279 and 76,062,457 ordinary registered shares of Euros 0.5 par value each, subscribed and fully paid. All shares confer the same rights. There are no capital increases underway or authorised capital increases pending execution.

At the ordinary and extraordinary general meeting held on 23 July 2020 the shareholders approved the "Reig Jofre 2020 Scrip Dividend" plan, for which an increase in capital was agreed with a charge to reserves. Outstanding shares were given free allotment rights and the Company had a buy-back commitment on these rights. On 8 October 2020, once the negotiation period had elapsed, the board of directors established the Company's capital increase at a definitive amount of Euros 370 thousand through the issue of 739,822 new shares, with the same value and profit-sharing and voting rights as the outstanding ordinary shares. In order to comply with the buy-back commitment, the Company has disbursed an amount of Euros 88 thousand as consideration for the acquisition of free allotment rights from its shareholders. The Company bought back a total of Euros 2,247,545 free allotment rights at a unit value of Euros 0.039 each. Consequently, the Company's share capital stood at Euros 38,401 thousand represented by 76,802,279 shares with a par value of Euros 0.50 each.

On 30 May 2019 the board of directors agreed to increase the Company's share capital, excluding the pre-emptive right, through the issue of Euros 10,000,000 new shares with a par value of Euros 0.5 each and a share premium of Euros 1.9 per share. As a result of this capital increase, the Company's share capital stood at Euros 38,031 thousand represented by 76,062,457 shares with a par value of Euros 0.5 each.

At the ordinary and extraordinary general meeting held on 25 April 2019 the shareholders approved the "Reig Jofre 2019 Scrip Dividend" plan, for which an increase in capital was agreed with a charge to reserves. Outstanding shares were given free allotment rights and the Company had a buy-back commitment on these rights. On 30 May 2019, once the negotiation period had elapsed, the board of directors definitively established the Company's capital increase at an amount of Euros 506 thousand through the issue of 1,012,390 new shares, with the same value and profit-sharing and voting rights as the outstanding ordinary shares. In order to comply with the buy-back commitment, the Company has disbursed an amount of Euros 359 thousand as consideration for the acquisition of free allotment rights from its shareholders. The Company bought back a total of Euros 7,986,947 free allotment rights at a unit value of Euros 0.045 each. Consequently, the Company's share capital stood at Euros 33,031 thousand represented by 66,062,457 shares with a par value of Euros 0.50 each.

The Company is listed on the Spanish automated quotation system.

At 31 December 2021 the companies that hold a shareholding of more than 10% are Reig Jofre Investments, S.L., with 62.71% of the Company's shares and Kaizaharra Corporación Empresarial, S.L., with 10.05% of the Company's shares (62.72% Reig Jofre Investments, S.L. and 10.11% Kaizaharra Corporación Empresarial, S.L. at 31 December 2019).

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

The Group manages its capital to ensure that its investees can continue to operate as going concerns. The Group, in turn, is committed to maintaining levels of leverage that are in keeping with its growth, solvency and profitability objectives.

b) Share premium

This reserve is freely distributable.

As a result of the transaction described in the section above, at 31 December 2020 and 2019 the Company's share premium stood at Euros 19,000 thousand.

c) Reserves

Details of reserves are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Legal reserve	7,791	7,509
Revaluation reserve	437	437
Voluntary reserves	115,277	110,613
	123,505	118,559

Legal reserve

The Parent's legal reserve has been appropriated in compliance with article 274 of the revised Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

At 31 December 2020 this legal reserve has been appropriated in full.

At 31 December 2019, as a result of the capital increase, this reserve was not appropriated in full.

Other comprehensive income

Details of and movement in other comprehensive income in the years ended 31 December 2020 and 2019 are shown in the consolidated statement of changes in equity.

d) Own shares

At 31 December 2020, the Company has 548,061 own shares acquired at an average price of approximately Euros 3.12 per share, as follows:

	31/12/2020		
	In thousands of Euros		
	Number	Nominal	Cost
Laboratorio Reig Jofre, S.A.	548,061	274	1,708

In 2020 the Company purchased 182,236 own shares totalling Euros 694 thousand and sold 24,454 own shares amounting to Euros 76 thousand. An amount of Euros 9 thousand has been adjusted.

At 31 December 2019 the Company had 390,279 own shares acquired at an average price of approximately Euros 2.92 per share, as follows:

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

	31/12/2019		
	Number	In thousands of Euros	
		Nominal	Cost
Laboratorio Reig Jofre, S.A.	390,279	195	1,138

In 2019 the Company made purchases of 97,535 own shares for a total amount of Euros 238 thousand.

e) Other equity instruments

The balance at 31 December 2020 and 2019 corresponds to the accrued portion of the share options given to some of the Group's personnel.

f) Distribution of profit

The profits of the Parent and subsidiaries are distributed as agreed by shareholders at their respective general meetings.

The distribution of the Parent's profit for the year ended 31 December 2019, approved by the Company's shareholder on 23 July 2020 was as follows:

	31/12/2019
<u>Basis of allocation</u>	
Profit for the year	2,825,390.38
	<u>2,825,390.38</u>
<u>Distribution</u>	
Legal reserve	282,539.04
Voluntary reserves	2,542,851.34
	<u>2,825,390.38</u>

The proposed distribution of the Parent's profit for the year ended 31 December 2020 to be submitted to the shareholders for approval at their annual general meeting is as follows:

	31/12/2020
<u>Basis of allocation</u>	
Profit for the year	1,930,822.57
	<u>1,930,822.57</u>
<u>Distribution</u>	
Voluntary reserves	1,930,822.57
	<u>1,930,822.57</u>

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

15. Earnings Per Share

Basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year, excluding own shares.

Details of the calculation of basic earnings per share are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Profit for the year attributable to equity holders of the Parent (in Euros)	5,882	4,941
Weighted average number of ordinary shares outstanding	76,363,961	71,286,156
Basic earnings per share (in Euros per share)	0.08	0.07

Diluted earnings per share are calculated by dividing profit for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding, considering all dilutive effects inherent to potential ordinary shares. At 31 December 2020 and 2019 basic and diluted earnings per share are the same, as no significant potential dilutive effects exist.

The weighted average number of ordinary shares outstanding is determined as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Ordinary shares outstanding at the beginning of the year	76,412,000	65,769,713
Effect of own shares	(48,039)	5,516,443
Weighted average number of ordinary shares outstanding at year end	76,363,961	71,286,156

16. Non-Controlling Interests

Details of non-controlling interests and movement at 31 December 2020 are as follows:

<i>In thousands of Euros</i>	31/12/2019	Profit/(loss) for the year	Dividends	31/12/2020
Reig Jofre Europe PTE. LTD.	(62)	(6)	-	(68)
Total	(62)	(6)	-	(68)

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

Details of non-controlling interests and movement at 31 December 2019 are as follows:

<i>In thousands of Euros</i>	31/12/2018	Profit/(loss) for the year	Dividends	31/12/2019
Reig Jofre Europe PTE. LTD.	(59)	(3)	-	(62)
Total	(59)	(3)	-	(62)

17. Grants

Movement in non-refundable grants subject to conditions attaching to them, is as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Opening balance	1,729	105
Grants received during the year	732	1,647
Grants recognised in income	(23)	(23)
Closing balance	2,438	1,729

Details of grants received are as follows:

<i>In thousands of Euros</i>	Capital grants		
Grantor	31/12/2020	31/12/2019	Purpose
Accio- Creation of jobs and fixed assets	135	135	New, high efficiency freeze-dried manufacturing line
IDEA- Energy efficiency large company industrial sector II	1,512	1,512	Energy efficiency measures
Ministry of Economy, Industry and Competitiveness	8	8	PTQ LL.R. grants
Ministry of Economy, Industry and Competitiveness	26	26	PTQ N.L. grants
Ministry of Economy, Industry and Competitiveness	18	18	PTQ A.R. grants
Ministry of Economy, Industry and Competitiveness	10	10	PTQ S.D. grants
Ministry of Economy, Industry and Competitiveness	9	9	ORILAB grants
Ministry of Industry, Energy and Tourism	11	11	AVANZA grants
CDTI	500		New COVID-19 vaccine manufacturing line
CDTI	102		Development of isolating system
CDTI	72		Grants for development projects
Ministry	35		Grants for development projects
	2,438	1,729	

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

Details of subsidised loans at 31 December are as follows:

<i>In thousands of Euros</i>	
Grantor	31/12/2020
CDTI	2,650
Ministry	3,428
	6,078

18. Provisions

Details of provisions are as follows:

	Non-current	
	31/12/2020	31/12/2019
<i>In thousands of Euros</i>		
Post-employment benefit provision	287	897
Total non-current provisions	287	897

	Current	
	31/12/2020	31/12/2019
<i>In thousands of Euros</i>		
Provisions for other liabilities	25	82
Total current provisions	25	82

The post-employment benefit provision reflects the provision for defined benefit post-employment remuneration plans for employees of some of the Group subsidiaries in France and Monaco, calculated in accordance with the terms undertaken with their employees. The provision recognised corresponds to the present value of the defined benefit liability, which is calculated by an actuary outside the Group. The Group has not provided all the disclosures required by IAS 19 for these types of obligations, as it considers that the plan does not have a significant impact on the Group's consolidated annual accounts.

Movement in provisions is as follows:

<i>In thousands of Euros</i>	Post-employment benefit provision	Provisions for other liabilities	Total
Balance at 31 December 2018	803	45	848
Net charge	94	37	131
Balance at 31 December 2019	897	82	979
Net charge	49	-	49
Payments	(11)	-	(11)
Disposals	(648)	(57)	(705)
Translation differences	-	-	-
Balance at 31 December 2020	287	25	312

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

19. Financial Liabilities

The classification of financial liabilities by category and class and a comparison of the fair value with the carrying amount are as follows:

<i>In thousands of Euros</i>	31/12/2020			
	At amortised cost or cost			
	Carrying amount		Fair value	
	Non-current	Current	Non-current	Current
<i>Financial liabilities at amortised cost</i>				
Loans and borrowings	26,930	9,210	26,930	9,210
Finance leases	15,864	5,021	15,864	5,021
Other financial liabilities	6,025	3,685	6,025	3,685
Liabilities for contracts with customers (note 7)	-	1,429	-	1,429
Suppliers of fixed assets (note 5)	-	15,000	-	15,000
Trade and other payables	-	40,608	-	40,608
Total	48,819	74,953	48,819	74,953

<i>In thousands of Euros</i>	31/12/2019			
	At amortised cost or cost			
	Carrying amount		Fair value	
	Non-current	Current	Non-current	Current
<i>Financial liabilities at amortised cost</i>				
Loans and borrowings	8,893	6,518	8,893	6,518
Finance leases	33,603	7,582	33,603	7,582
Other financial liabilities	5,681	542	5,584	542
Suppliers of fixed assets (note 5)	13,000	15,000	13,000	15,000
Trade and other payables	-	36,241	-	36,241
Total	61,177	65,883	61,080	65,883

The carrying amount of financial liabilities measured at amortised cost does not differ significantly from their fair value.

The Group's main payables are as follows:

- The Group has various loans from financial institutions, the balance of which totals Euros 36,140 thousand at 31 December 2020. These loans fall due between November 2021 and November 2026 and they accrue interest at a market rate.
- The Group has bank discount lines with a credit limit of Euros 23,000 thousand (Euros 9,000 thousand at 31 December 2019) which had not been drawn down at 31 December 2020 (drawn down by an amount of Euros 1,933 at 31 December 2019). These discounting facilities accrue interest at market rates.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

- Factoring with recourse is destined to finance the operating activities of the nutritional supplement division. This factoring accrues interest at market rates. At 31 December 2020 and 2019 this factoring amounts to Euros 704 thousand and Euros 1,672 thousand, respectively.
- Lease liabilities include various facilities given by banks at market interest rate to finance buildings and machinery at the Group's production plants. Non-current and current lease liabilities include the payable corresponding to the impact of IFRS 16. The non-current payable recognised at 31 December 2020 for this item amounts to Euros 8,164 thousand (Euros 9,875 thousand in 2019) and the current payable totals Euros 2,333 thousand (Euros 2,972 thousand in 2019).
- Various loans have been received from the CDTI and Ministry of Industry, falling due between 2024 and 2031. These loans have accrued negligible interest of under 1%, whilst one loan has a 3.95% interest rate.
- At 31 December 2020 the Company has contracted exchange rate insurance for an amount of US Dollars 1 million, falling due in 2021.

Suppliers of fixed assets reflect deferred payments from the business combination described in note 5, as well as the additional variable contingent consideration recognised in 2020.

During 2015 the Company increased the capital of Reig Jofre UK Limited by Pounds Sterling 4,056 thousand. As a result, Compañía Española de Financiación del Desarrollo, Cofides, S.A. obtained a 49% interest. In accordance with the contract entered into by the parties, the transaction was accounted for as a financing transaction rather than an equity transaction. Therefore, the Group recognised the corresponding liability at the present value of the best estimate of the sum payable, for an amount of Euros 3,194 thousand (Euros 3,137 thousand at 31 December 2019). This balance is included under other current financial liabilities.

Details of trade and other payables are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Suppliers	22,739	22,132
Payables	10,242	9,012
Personnel	7,137	4,680
Sales returns	490	417
Total	40,608	36,241

The maturities of financial liabilities are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Up to 1 year	74,949	65,883
1 to 2 years	13,437	28,176
3 to 5 years	28,706	25,895
More than 5 years	6,680	7,106
Total financial liabilities	123,742	127,060

A reconciliation of the cash flows from financing operations with the corresponding liabilities in the consolidated financial statement of position in 2020 and 2019 is as follows:

<i>In thousands of Euros</i>	Balance at 01/01/2020	Cash flows	Lease liabilities IFRS 16	Interest paid	Interest accrued	Balance at 31/12/2020
Loans from credit institutions and leases	56,596	3,354	-2,925	(961)	961	57,025
Other financial liabilities	6,223	3,487	-	(29)	29	9,710
Total	62,819	6,841	-2,925	(990)	990	66,735

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

<i>In thousands of Euros</i>	Balance at 01/01/2019	Cash flows	Lease liabilities IFRS 16	Interest paid	Interest accrued	Balance at 31/12/2019
Loans from credit institutions and leases	26,241	17,508	12,847	(1,011)	1,011	56,596
Other financial liabilities	6,490	(267)	-	(37)	37	6,223
Total	32,731	17,241	12,847	(1,048)	1,048	62,819

20. Other Current Liabilities

Details of other current liabilities are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Business combination payables (note 5)	15,000	15,000
Advances from customers	120	98
Total	15,120	15,098

21. Contingencies

The Group has the following guarantees at 31 December 2020 and 2019:

Creditor	Guarantee	<i>In thousands of Euros</i>	
		31/12/2020	31/12/2019
Ministry of Science and Technology	Industrial research project	237	237
Social Security authorities	Other	-	8
Farmaindustria	Other	38	38
Hospitals	Other	210	152
Public Treasury	Alcohol inspection	114	55
Ministry of Science and Technology	Loan	196	196
Spanish taxation authorities	Other	7	56
Ministry of Energy, Tourism and Digital Agenda	Other	344	-
Other	Other	13,114	26,127
		14,260	26,869

The Group does not expect any significant liabilities to arise from the guarantees extended.

In relation to the acquisition of the product portfolio from Bioibérica (see note 5) guarantees totalling Euros 26,000 thousand were arranged for each of the payments. One of these guarantees has been executed in July 2020 and the other will be executed in July 2021.

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

22. Average Supplier Payment Period. "Reporting Requirement". Third Additional Provision of Law 15/2010 of 5 July 2010

Details of late payments to suppliers by Spanish consolidated companies are as follows:

	31/12/2020	31/12/2019
	Days	
Average supplier payment period	62	52
Transactions paid ratio	48	28
Transactions payable ratio	61	50
	Amount in thousands of Euros	
Total payments made	142,441	156,877
Total payments outstanding	15,109	13,820

23. Income Tax

At 31 December 2018 the Company filed consolidated tax returns with Reig Jofre Investments, S.L. which had been its parent since 1 October 2013. As a result of the capital increase carried out on 14 June 2019 by the subsidiary Laboratorio Reig Jofre, S.A., the parent Reig Jofre Investments, S.L.'s investment in this listed company was reduced to less than 70% of its capital. Consequently, in accordance with article 58.6 of the aforementioned Law 27/2014, the tax group was extinguished at the above date and therefore the requirement of article 58.2c) regarding a 70% interest in the parent having to be held throughout the whole year ceased to have effect.

The Company has agreed to file consolidated income tax returns for the tax period beginning on or after 1 January 2020. Accordingly, the Company has become the parent of the consolidation group and Reig Future Health, S.L.U. is the only subsidiary.

The maximum effective income tax rate applicable in Spain is 25%, whilst it is 22% in Sweden, 20% in the UK, 25% in Belgium, 26.5% in Monaco and 26.5% in France.

Income tax expense

Details of the income tax expense are as follows:

	31/12/2020	31/12/2019
<i>In thousands of Euros</i>		
Current tax		
Present year	1,067	1,259
Prior year adjustments	12	38
Deductions	(552)	(587)
	527	710
Deferred tax		
Source and reversal of temporary differences	(223)	(976)
Reversal of amortisation of goodwill	28	(10)
Deferred tax assets due to losses in consolidated companies	189	478
Other movements	239	162
	760	364

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

a) Reconciliation of accounting profit and taxable income

The relationship between the tax expense and accounting profit for the year from continuing operations is as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Profit for the year before tax	6,426	5,303
Tax at 25%	1,606	1,326
Effect of differences in tax rates	(59)	(78)
Permanent differences	647	148
Other movements	(520)	(458)
Deductions and credits for the year	(926)	(612)
Unrecognised tax credits	-	-
Adjustments for current taxes from prior years	12	38
Income tax expense/(income)	760	364

b) Years open to inspection

The Spanish companies in the Group have the following main applicable taxes open to inspection by the Spanish taxation authorities:

Tax	Years open to inspection
Income tax	2016-2020
Value added tax	2017-2020
Personal income tax	2017-2020
Customs duties	2017-2020
Capital gains tax	2017-2020
Tax on Economic Activities	2017-2020
Social Security	2017-2020
Tax on alcohol	2017-2020

Due to different possible interpretations of prevailing tax legislation, additional tax liabilities could arise in the event of inspection. In any case, the Parent's directors do not consider that any such liabilities that could arise would have a significant effect on the consolidated annual accounts.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

c) Deferred tax assets and liabilities recognised

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

<i>In thousands of Euros</i>	31/12/2020			31/12/2019		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Goodwill	51	(1,350)	(1,299)	27	(1,296)	(1,271)
Intangible assets	-	(2,535)	(2,535)	-	(2,289)	(2,289)
Accelerated amortisation	-	(1,765)	(1,765)		(794)	(794)
	-	57	57	-	36	36
Available-for-sale financial assets						
Assets under finance lease	-	(304)	(304)	-	(214)	(214)
Provisions	2,434	-	2,434	1,025	-	1,025
Sale of buildings Toledo	-	-	-	-	-	-
Balance sheet revaluation	43	-	43	38	-	38
Monetary adjustment	111	-	111	111	-	111
Non-deductible amortisation/depreciation	57	-	57	70	-	70
Inventories margin	72	-	72	72	-	72
Bad debt	-	228	228	-	17	17
Other	132	-	132	164	-	164
Tax loss carryforwards and deductions	14,326	-	14,326	14,515	-	14,515
Net assets and liabilities	17,227	(5,669)	11,558	16,022	(4,540)	11,482

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

Deferred tax assets and liabilities have been offset in the consolidated statement of financial position insofar as the Group has a legally enforceable right to offset the recognised amounts, and they relate to taxes levied by the same taxation authority. Details are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
<u>Assets</u>		
Goodwill	51	27
Available-for-sale financial assets	57	36
Provisions	2,434	1,025
Balance sheet revaluation	43	38
Monetary adjustment	111	111
Non-deductible amortisation/depreciation	57	70
Inventories margin	72	72
Other	56	164
Tax loss carryforwards and deductions	14,326	14,054
Subtotal assets	17,207	15,597
Intangible assets	(491)	(21)
Accelerated depreciation/amortisation	(1,764)	(794)
Available-for-sale financial assets	-	-
Assets under finance lease	(304)	(214)
Bad debt	228	17
Sale of buildings Toledo	-	-
Subtotal liabilities	(2,332)	(1,012)
Total assets	14,876	14,585
<u>Liabilities</u>		
Goodwill	(1,350)	(1,297)
Intangible assets	(2,044)	(2,268)
Subtotal liabilities	(3,394)	(3,565)
Tax loss carryforwards	76	462
Subtotal assets	76	462
Total liabilities	(3,318)	(3,103)
Total	11,488	11,482

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

d) Movement in deferred tax balances

Movement in deferred tax assets and liabilities during the years ended 31 December 2020 and 2019 is as follows:

Non-current tax assets and liabilities

<i>In thousands of Euros</i>	31/12/2020					31 December 2020
	31 December 2019	Recognised in profit or loss	Recognised in equity	Translation differences	Other movements	
Goodwill	(1,271)	(28)	-	-	-	(1,299)
Intangible assets	(2,289)	(246)	-	-	-	(2,535)
Accelerated amortisation R&D	-	-	-	-	-	-
Accelerated depreciation/amortisation	(793)	(972)	-	-	-	(1,765)
Available-for-sale financial assets	36	21	-	-	-	57
Assets under finance lease	(214)	(90)	-	-	-	(304)
Provisions	1,025	1,409	-	-	-	2,434
Sale of buildings Toledo	1	-	-	-	-	1
Balance sheet revaluation	38	5	-	-	-	43
Monetary adjustment	111	-	-	-	-	111
Non-deductible amortisation/depreciation	70	(13)	-	-	-	57
Inventories margin	72	-	-	-	-	72
Bad debt	17	221	-	-	-	228
Other	164	(32)	-	-	-	132
Tax loss carryforwards and deductions	14,515	(189)	-	-	-	14,326
Net assets and liabilities	11,482	76	-	-	-	11,558

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

	31/12/2019					
<i>In thousands of Euros</i>	31 December 2018	Recognised in profit or loss	Recognised in equity	Translation differences	Other movements	31 December 2019
Goodwill	(1,304)	10	-	23	-	(1,271)
Intangible assets	(2,537)	248	-	-	-	(2,289)
Accelerated amortisation R&D	-	-	-	-	-	-
Accelerated depreciation/amortisation	(444)	(349)	-	-	-	(793)
Available-for-sale financial assets	38	(2)	-	-	-	36
Assets under finance lease	(130)	(84)	-	-	-	(214)
Provisions	776	249	-	-	-	1,025
Sale of buildings Toledo	(728)	729	-	-	-	1
Balance sheet revaluation	54	(16)	-	-	-	38
Monetary adjustment	111	-	-	-	-	111
Non-deductible amortisation/depreciation	90	(20)	-	-	-	70
Inventories margin	76	(4)	-	-	-	72
Bad debt	(45)	62	-	-	-	17
Other	-	164	-	-	-	164
Tax loss carryforwards and deductions	15,270	(478)	-	-	(278)	14,515
Net assets and liabilities	11,227	509	-	-	23	11,482

Deferred tax assets arising from tax losses available for offset are recognised to the extent that it is probable that sufficient future taxable income will be available against which the tax assets can be offset.

At 31 December 2020 the balance of deferred tax assets in the consolidated statement of financial position includes tax loss carryforwards and deductions amounting to Euros 14,326 thousand (Euros 14,515 thousand at 31 December 2019), details of which by company are as follows:

	31/12/2020	31/12/2019
Laboratorio Reig Jofre, S.A.	14,151	14,130
Bioglan, A.B.	-	210
Orizon Genomics Diagnóstico, S.L.	175	175
	14,326	14,515

There is no deadline for offsetting tax loss carryforwards, while unused deductions expire between 2024 and 2038. The directors of the Parent estimate that they will probably be recovered in the coming years based on the projections in the business plans prepared by management of the companies forming part of the consolidated tax group in Spain. As a result of the investments made, it is expected that sales will increase and operating margins will remain at minimum levels similar to current levels. This will enable these recognised tax credits to be absorbed in the following 10 years.

At 31 December 2020 the Group has not recognised as deferred tax assets the corresponding tax loss carryforwards and deductions amounting to Euros 13,591 thousand coming from the Parent (Euros 12,208 thousand in 2019).

The Group has unused tax loss carryforwards of Euros 70,946 thousand (Euros 73,361 thousand in 2019), with an indefinite reversal period, and unused tax deductions amounting to Euros 10,126 thousand (Euros 8,130 thousand in 2019).

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months, are as follows:

In thousands of Euros

	31/12/2020	31/12/2019
Deferred tax assets relating to temporary differences	2,901	1,507
Tax loss carryforwards and deductions	14,326	14,515
Total assets	17,227	16,022
Deferred tax liabilities	(5,669)	(4,540)
Net	11,558	11,482

24. Income and Expense

a) Supplies

This item comprises purchases and changes in inventories, the cost of goods sold and other discounts associated with the purchases of these goods.

Details of supplies are as follows:

In thousands of Euros

	31/12/2020	31/12/2019
Merchandise used		
Domestic purchases	19,029	17,749
Purchases within the European Union	21,209	12,480
Import purchases	-	-
Change in inventories	(1,604)	(1,337)
	38,634	28,892
Raw materials and other supplies used		
Domestic purchases	19,953	19,879
Purchases within the European Union	12,127	15,891
Import purchases	19,388	11,749
Purchase discounts and returns	-	-
Change in inventories	1,546	(1,143)
	53,014	46,376
Impairment of merchandise, raw materials and other supplies	255	-
Subcontracted work	225	158
	92,128	75,426

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

b) Employee benefits expense

Details of the employee benefits expense are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Salaries and wages	53,197	44,513
Contribution to executives' pension plan	-	-
Social Security payable by the Company	11,869	11,295
Other employee benefits expenses	1,368	1,324
	66,434	57,132

c) Other operating expenses

Details of other operating expenses are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Independent professional services	7,360	9,141
Advertising, publicity and public relations	8,381	10,139
Leases (note 8)	733	539
Repairs and maintenance	5,169	4,283
Environmental expenses (note 26)	364	321
Transport	3,812	3,238
Insurance premiums and commissions	1,067	1,018
Utilities and other services	3,605	3,819
Research and development expenses (note 6)	3,797	4,017
Taxes	1,779	1,842
Losses, impairment and changes in provisions	269	216
Other operating expenses	15,676	16,619
	52,012	55,192

Net finance cost/income

Details of the net finance cost are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Finance income	32	71
Borrowing costs	(604)	(434)
Finance costs for finance leases	(76)	(236)
Finance costs for derivatives	-	-
Other finance costs	(310)	(378)
	-	-
Change in fair value of financial instruments (note 5)	(2,000)	-
Exchange gains/(losses)	68	(156)
	(2,890)	(1,133)

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

25. Other Information

a) Employee Information

The average headcount of the Group for the years ended 31 December 2020 and 2019, distributed by category, is as follows:

	Average headcount	
	31/12/2020	31/12/2019
Directors and managers	52	37
Professionals, technicians and similar	343	325
Administrative staff	96	78
Other employees on payroll	631	640
Total	1,122	1,080

At 31 December 2020 and 2019 the distribution by gender of Group personnel and the directors of the Company, by category, is as follows:

	31/12/2020		31/12/2019	
	Female	Male	Female	Male
Directors	2	7	2	6
Directors and managers	20	31	17	31
Professionals, technicians and similar	237	102	240	94
Administrative staff	68	27	58	30
Other employees on payroll	317	307	336	315
Total	644	474	653	476

The average number of Company employees with a disability rating of 33% or higher (or equivalent local rating) in 2020 and 2019, distributed by category, is as follows:

	Average headcount	
	31/12/2020	31/12/2019
Professionals, technicians and similar	4	4
Administrative staff	2	2
Other employees on payroll	12	12
Total	18	18

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

b) Audit Fees

The audit firm KPMG Auditores, S.L. accrued the following fees for professional services during the years ended 31 December 2020 and 2019:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Audit services	101	93
Total	101	93

The amounts detailed in the above table include the total fees for services rendered in the years ended 2020 and 2019, irrespective of the date of invoice.

Other affiliates of KPMG International invoiced the following fees for professional services during the years ended 31 December 2020 and 2019:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Audit services	54	52
Other services	-	-
Total	54	52

Other auditors have invoiced the following fees for professional services during the years ended 31 December 2020 and 2019:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Audit services	40	40
Other services	-	-
Total	40	40

c) Environmental Information

Expenses incurred by the Group for protection and improvement of the environment, corresponding to the cleaning of production waste, during the period ended 31 December 2020 totalled Euros 364 thousand (Euros 321 thousand at 31 December 2019) (see note 24).

26. Related Parties

a) Related party balances

At 31 December 2020 payables to senior management amount to Euros 315 thousand (Euros 259 thousand in 2019) and payables to directors amount to Euros 448 thousand (Euros 392 thousand in 2019).

Trade and other payables include a payable of Euros 29 thousand to Reig Jofre Investments, S.L. (Euros 0 thousand at 2019).

In 2019 trade and other receivables included a receivable of Euros 11 thousand from Reig Jofre Investments, S.L.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

Related party transactions

During the years ended 31 December 2020 and 2019 the Group performed the following transactions with related parties, all of which were with Reig Jofre Investments, S.L.:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Other operating income	10	11
Finance income	-	-
Total income	10	11
Lease expenses	990	900
Services received	299	274
Other operating expenses	-	-
Total expenses	1,289	1,174

(*) Lease expenses in 2020 and 2019 reflect payments made during the year for lease contracts with Reig Jofre Investments, S.L. and not recognised in the consolidated income statement due to application of IFRS 16.

All transactions with related parties are performed at market prices.

b) Information on the Company's directors and senior management personnel

In 2020 the Directors earned remuneration of Euros 561 thousand (Euros 483 thousand at 31 December 2019) in relation to wages and salaries and Euros 447 thousand (Euros 427 thousand at 31 December 2019) for remuneration as directors.

In 2020 the Parent's senior management personnel earned remuneration of Euros 751 thousand (Euros 745 thousand at 31 December 2019).

At 31 December 2020 and 2019 the members of the board of directors have not received any loans or advances. No guarantees have been extended by the Group to the members of its boards of directors; nor are there any pension obligations with these members.

Public liability insurance premiums of Euros 25 thousand were paid for damage or loss caused by acts or omissions in the performance of duties in 2020 (Euros 22 thousand at 31 December 2019).

c) Conflicts of interest concerning the Parent's directors

The directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

27. Risk Management Policy

The Group's activities are exposed to various financial risks: market risk (basically currency risk), credit risk, liquidity risk and interest rate risk in cash flows. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Group's profits.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

The Parent's financial department evaluates and mitigates financial risks in close collaboration with the Group's operational units. The board of directors approves global risk management policies, as well as policies for specific issues such as currency risk, interest rate risk, liquidity risk, the use of derivatives and non-derivative instruments, and investments of cash surpluses.

a) Market risk

The Group is exposed to foreign currency risk, especially with regard to the US Dollar, the Swedish Krona and the Pound Sterling. Currency risk arises when future commercial transactions and recognised assets and liabilities are presented in a foreign currency other than the functional currency of the companies.

During the years ended 31 December 2020 and 2019 the Group has carried out the following transactions denominated in foreign currencies:

<i>In thousands of Euros</i>	31/12/2020					
	US Dollar	Swedish Krona	Euros	Pounds Sterling	Other	Total
Sales	856	7	988	3,989	320	6,160
Total sales	856	7	988	3,989	320	6,160
Purchases	(12,781)	(69)	(440)	(432)	(234)	(13,956)
Total purchases	(12,781)	(69)	(440)	(432)	(234)	(13,956)
<i>In thousands of Euros</i>	31/12/2019					
	US Dollar	Swedish Krona	Euros	Pounds Sterling	Other	Total
Sales	238	3	99	366	296	1,002
Total sales	238	3	99	366	296	1,002
Purchases	(8,224)	(70)	(318)	(362)	(244)	(9,218)
Total purchases	(8,224)	(70)	(318)	(362)	(244)	(9,218)

At 31 December 2020 and 2019, had the Euro weakened/strengthened by 5% against the US Dollar, the Pound Sterling or the Swedish Krona, with the other variables remaining constant, consolidated post-tax losses would not have significantly changed.

The Group's exposure to currency risk at 31 December 2020 and 2019 is detailed below. The accompanying tables reflect the carrying amount of the Group's financial instruments or classes of financial instruments denominated in foreign currencies (currencies other than the functional currency):

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

<i>In thousands of Euros</i>	31/12/2020					
	US Dollar	Swedish Krona	Euros	Pounds Sterling	Other	Total
Trade receivables	451	7	158	804	80	1,500
Cash and cash equivalents	1,371	-	-	39	-	1,410
Total current assets	1,822	7	158	843	80	2,910
Current payables to suppliers	394	15	240	128	8	785
Total current liabilities	394	15	240	128	8	785

<i>In thousands of Euros</i>	31/12/2019					
	US Dollar	Swedish Krona	Euros	Pounds Sterling	Other	Total
Trade receivables	4	10	180	268	82	544
Cash and cash equivalents	24	47	-	93	-	164
Total current assets	28	57	180	361	82	708
Current payables to suppliers	1,315	1	617	21	11	1,965
Total current liabilities	1,315	1	617	21	11	1,965

b) Credit risk

The Group does not have significant concentrations of credit risk. The Group has policies to ensure that sales are only made to customers with adequate credit records.

The Group's exposure to credit risk at 31 December 2020 and 2019 is shown below. The accompanying tables reflect the analysis of financial assets by remaining contractual maturity dates:

<i>In thousands of Euros</i>	Maturity	31/12/2020	31/12/2019
Loans	2021	517	478
Other financial assets	2020 - 2027	190	180
Total non-current assets		707	658
Trade and other receivables	2020	42,621	40,542
Other financial assets	2020	801	924
Current tax assets	2020	4,616	4,144
Other assets	2020	648	2,288
Cash and cash equivalents	-	11,591	10,171
Total current assets		60,277	58,069

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

The distribution of trade and other receivables at the date of the consolidated statement of financial position, by geographical area, is as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Spain	16,883	20,597
Rest of Europe	17,387	16,144
Asia	3,670	2,612
Americas	639	303
Africa	3,945	776
Oceania	97	110
	42,621	40,542

Details of the ageing of unimpaired trade and other receivables at the date of the consolidated statement of financial position, are as follows:

<i>In thousands of Euros</i>	31/12/2020	31/12/2019
Enforceable	33,966	33,055
0-30 days	5,149	3,791
31-90 days	1,797	1,270
91-181 days	209	503
181-365 days	879	1,032
More than 365 days	621	891
	42,621	40,542

At 31 December 2020, the Group has recognised impairment due to the uncollectibility of trade and other receivables amounting to Euros 2,863 thousand (Euros 2,826 thousand at 31 December 2019).

The sovereign risk with Spanish public entities for balances receivable for sales at 31 December 2020 and 2019 amounts to Euros 1,684 thousand and Euros 3,113 thousand, respectively.

The balances of the top 10 customers total Euros 13,691 thousand at 31 December 2020 (Euros 13,524 thousand at 31 December 2019).

c) Liquidity risk

The Group applies a prudent policy to cover its liquidity risks based on having sufficient cash and marketable securities, as well as sufficient financing through credit facilities, to settle market positions. The goal of the Group's finance department is to keep financing flexible by making contracted lines of credit available.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

The Group's exposure to liquidity risk at 31 December 2020 and 2019 is shown below. The following tables show the analysis of estimated future payments for financial liabilities by remaining contractual maturity dates:

31/12/2020							
<i>In thousands of Euros</i>	Carrying amount	Contractual cash flows	Up to 1 year	1 to 2 years	2 to 3 years	3 to 5 years	More than 5 years
Loans and borrowings	36,140	36,140	9,210	8,184	6,716	11,506	524
Finance leases	20,885	20,885	5,021	4,462	3,590	4,884	2,928
Other financial liabilities	9,710	9,710	3,685	774	528	1,618	3,105
Trade and other payables	40,608	40,608	40,608	-	-	-	-
Liabilities for contracts with customers	1,429	1,429	1,429	-	-	-	-
Business combination suppliers	15,000	15,000	15,000	-	-	-	-
	123,772	123,772	74,953	13,420	10,834	18,008	6,557

31/12/2019							
<i>In thousands of Euros</i>	Carrying amount	Contractual cash flows	Up to 1 year	1 to 2 years	2 to 3 years	3 to 5 years	More than 5 years
Loans and borrowings	15,411	15,411	6,518	3,280	2,860	2,113	640
Finance leases	41,185	41,185	7,582	8,071	7,365	12,217	5,950
Other financial liabilities	6,223	6,223	542	3,826	559	781	515
Trade and other payables	36,241	36,241	36,241	-	-	-	-
Business combination suppliers	28,000	28,000	15,000	13,000	-	-	-
	127,060	127,060	65,883	28,177	10,784	15,111	7,105

d) Cash flow and fair value interest rate risks

As the Group does not have a considerable amount of remunerated assets for long periods of time, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

The Group's interest rate risks arise from non-current borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risks. Financing includes loans and finance leases at fixed and variable rates. Consequently, the Group is exposed to interest rate risks in operating cash flows.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

During the years ended 31 December 2020 and 2019, had interest rates been 50 base points higher or lower, with the other variables remaining constant, consolidated profit after income tax would not have significantly changed.

e) Fair value hierarchy

The table below shows financial instruments at fair value by valuation method. The hierarchy levels defined in current legislation are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: unobservable significant inputs for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.

A breakdown of financial assets and financial liabilities measured at fair value in accordance with IFRS 13 is as follows:

<i>In thousands of Euros</i>	31/12/2020			
	Fair value	Level 1	Level 2	Level 3
Equity instruments	1,214	5	1,208	-
Non-current assets	1,214	5	1,208	-
Equity instruments	82	45	37	-
Current assets	82	45	37	-
Derivative financial instruments	-	-	-	-
Current liabilities	-	-	-	-

<i>In thousands of Euros</i>	31/12/2019			
	Fair value	Level 1	Level 2	Level 3
Equity instruments	1,204	6	1,198	-
Non-current assets	1,204	6	1,198	-
Equity instruments	167	130	37	-
Current assets	167	130	37	-
Derivative financial instruments	-	-	-	-
Current liabilities	-	-	-	-

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

The fair value of unlisted instruments, bank loans, lease liabilities and other non-current financial assets and liabilities is estimated by discounting future cash flows, using the available rates for debts with similar terms, credit risk and maturities, and is very similar to their carrying amount.

28. Events after the Reporting Period

From 31 December 2020 to the date of authorisation for issue of these consolidated annual accounts, no significant subsequent events have taken place.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

APPENDIX I – Details of subsidiaries at 31 December 2020

Company name	Registered office	Activity	Auditor	% direct ownership	% indirect ownership
Bioglan, A.B.	Box 503 10, 20213, Malmo (Sweden)	Manufacturing, marketing and research of pharmaceutical specialities	KPMG AB	100.00%	-
Laboratoires Forte Pharma, SAM	Av. Hector Otto – 9800 Monaco	Marketing of pharmaceutical and para-pharmaceutical nutritional products	KPMG GLD & Associés	73.20%	26.80%
Forte Services, SAM	Av. Hector Otto – 9800 Monaco	Rendering of management and administration services	KPMG GLD & Associés	100.00%	-
S.A.,Laboratoires Forte Pharma Benelux	Font Saint Landry 6 - 1120 Brussels	Marketing of pharmaceutical and para-pharmaceutical nutritional products	Unaudited	-	100.00%
Laboratoires Forte Pharma UK Ltd.	10 The Barns Farm Road - Caddsdwn Industrial Park, Bideford, Devon - England, EX39 3BT	Marketing of pharmaceutical and para-pharmaceutical nutritional products	Unaudited	-	100.00%
Reig Jofre UK Limited	10 The Barns Farm Road - Caddsdwn Industrial Park, Bideford, Devon - England, EX39 3BT	Marketing of pharmaceutical specialities	Perrins	100.00%	-
Reig Jofre Europe PTE. LTD.	60 Robinson Road 11-01 – 068892 Singapore	Marketing of pharmaceutical specialities	Unaudited	60.00%	-
Reig Jofre Future Health, S.L.U. (formerly Oryzon Genomics Diagnóstico, S.L.)	C/Gran Capità 10, Sant Joan Despí (Barcelona)	Research, development and other healthcare activities	Unaudited	100.00%	-
Geadic Biotec AIE	C/Gran Capità 10, Sant Joan Despí (Barcelona)	Research, development and other healthcare activities	Unaudited	50.00%	50.00%
Syna Therapeutics, S.L.	Cornellà del Llobregat (Barcelona), calle de San Ferran 74	Research, development and other healthcare activities	Unaudited	50.00%	-

This appendix forms part of note 1 to the consolidated annual accounts.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

APPENDIX I – Details of subsidiaries at 31 December 2019

Company name	Registered office	Activity	Auditor	% direct ownership	% indirect ownership
Bioglan, A.B.	Box 503 10, 20213, Malmoe (Sweden)	Manufacturing, marketing and research of pharmaceutical specialities	KPMG AB	100.00%	-
Laboratoires Forte Pharma, SAM	Av. Hector Otto – 9800 Monaco	Marketing of pharmaceutical and para-pharmaceutical nutritional products	KPMG GLD & Associés	73.20%	26.80%
Forte Services, SAM	Av. Hector Otto – 9800 Monaco	Rendering of management and administration services	KPMG GLD & Associés	100.00%	-
S.A.,Laboratoires Forte Pharma Benelux	Font Saint Landry 6 - 1120 Brussels	Marketing of pharmaceutical and para-pharmaceutical nutritional products	Unaudited	-	100.00%
Laboratoires Forte Pharma UK Ltd.	10 The Barns Farm Road - Caddsdwn Ind. Park, Bideford, Devon - England, EX39 3BT	Marketing of pharmaceutical and para-pharmaceutical nutritional products	Unaudited	-	100.00%
Reig Jofre UK Limited	10 The Barns Farm Road - Caddsdwn Ind. Park, Bideford, Devon - England, EX39 3BT	Marketing of pharmaceutical specialities	Perrins	100.00%	-
Reig Jofre Europe PTE. LTD.	60 Robinson Road 11-01 – 068892 Singapore	Marketing of pharmaceutical specialities	Unaudited	60.00%	-
Reig Jofre Future Health, S.L.U. (formerly Oryzon Genomics Diagnóstico, S.L.)	C/Gran Capità 10, Sant Joan Despí (Barcelona)	Research, development and other healthcare activities	Unaudited	100.00%	-
Geadic Biotec AIE	C/Gran Capità 10, Sant Joan Despí (Barcelona)	Research, development and other healthcare activities	Unaudited	50.00%	50.00%
Syna Therapeutics, S.L.	Cornellà del Llobregat (Barcelona), calle de San Ferran 74	Research, development and other healthcare activities	Unaudited	50.00%	-

This appendix forms part of note 1 to the consolidated annual accounts.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

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

APPENDIX II – Movement in property, plant and equipment for the years ended 31 December 2020 and 2019

In thousands of Euros

	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Other property, plant and equipment	Property, plant and equipment under construction	Total
Balance at 31 December 2018	6,472	5,739	57,602	13,551	2,376	14,855	100,595
First-time application of IFRS 16	-	10,479	-	-	1,882	-	12,361
Balance at 1 January 2019	6,472	16,218	57,602	13,551	4,258	14,855	112,956
Additions	-	1,026	586	492	2,137	21,057	25,298
Transfers (note 6)	-	-	5,650	1,210	67	(7,205)	(278)
Business combinations	-	-	-	-	-	-	-
Translation differences	-	(3)	(7)	(33)	-	(2)	(45)
Disposals	-	-	-	-	-	-	-
Balance at 31 December 2019	6,472	17,241	63,831	15,220	6,462	28,705	137,931
Balance at 1 January 2020	6,472	17,241	63,831	15,220	6,462	28,705	137,931
Additions	-	11	697	557	204	10,276	11,745
Transfers (note 6)	-	365	663	567	109	(3,568)	(1,864)
Business combinations	-	-	-	-	-	-	-
Translation differences	-	135	13	83	-	36	267
Disposals	-	-	(276)	-	(973)	(267)	(1,516)
Balance at 31 December 2020	6,472	17,752	64,928	16,427	5,802	35,178	146,563
Depreciation							
Balance at 1 January 2019	-	(2,161)	(31,808)	(9,094)	(1,933)	-	(44,996)
Depreciation for the year	-	(1,991)	(3,968)	(1,043)	(1,158)	-	(8,160)
Transfers	-	-	-	-	-	-	-
Translation differences	-	3	4	6	-	-	13
Disposals	-	-	-	-	-	-	-
Balance at 31 December 2019	-	(4,149)	(35,772)	(10,131)	(3,091)	-	(53,143)
Depreciation for the year	-	(2,228)	(4,029)	(1,093)	(1,214)	-	(8,564)
Transfers	-	-	-	-	-	-	-
Translation differences	-	127	(10)	(55)	-	-	62
Disposals	-	-	276	-	961	-	1,237
Balance at 31 December 2020	-	(6,250)	(39,535)	(11,279)	(3,344)	-	(60,408)
Impairment							
Balance at 1 January 2019	(486)	(385)	-	-	-	-	(871)
Reversal for the year	-	-	-	-	-	-	-
Balance at 31 December 2019	(486)	(385)	-	-	-	-	(871)
Reversal for the year	-	-	-	-	-	-	-
Balance at 31 December 2020	(486)	(385)	-	-	-	-	(871)
Carrying amount							
Balance at 31 December 2019	5,986	12,707	28,059	5,089	3,371	28,705	83,917
Balance at 31 December 2020	5,986	11,118	25,393	5,148	2,458	35,180	85,284

This appendix forms part of note 7 to the consolidated annual accounts.



REIG  JOFRE

Laboratorio Reig Jofre, S.A.

and Subsidiaries

Consolidated Directors' Report

Year ended 31 December 2020

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

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

CONTENTS

1. Corporate Profile
2. Summary for the Year: Business Performance
3. Consolidated Income Statement
4. Consolidated Statement of Financial Position and Investments
5. Financial Position, Liquidity and Capital Resources
6. Risk Factors
7. Trends: Outlook for the Group
8. R&D Activities
9. Stock Market Information, Significant Investments and Own Shares
10. Other Relevant Information
11. Annual Corporate Governance Report (ACGR)
12. Non-Financial Information
13. Events after the Reporting Period

Appendix I: ACGR

Appendix II: Consolidated Non-Financial Information Statement

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

Corporate Profile

Founded in Barcelona in 1929, Reig Jofre is a pharmaceutical company engaged in the research, development, manufacture and marketing of pharmaceuticals and nutritional supplements.

Reig Jofre's activity involves the development of products in three business units:

Pharmaceutical Technologies

Specialised in the development and manufacture of sterile and freeze-dried injectable pharmaceuticals, as well as penicillin-based antibiotics.

Reig Jofre is at the international forefront in the development, formulation, stabilisation and production of sterile and freeze-dried injectables, and has become a high-quality European technological partner at global level.

Specialty Pharmacare

Focused on the research, development, manufacture and marketing of specialities, primarily in the osteoarticular, dermatology (skin, hair and nails) and gynaecology (women's health) areas.

The products offered by us in this division are marketed to prescribing healthcare professionals.

Consumer Healthcare

The range that involves the highest level of development in this area is the nutritional supplement line, which we sell under the Forté Pharma trademark, a leading brand with a direct presence in France, Benelux, Spain and Portugal, as well as other OTC products for distribution in pharmacies and parapharmacies.

Reig Jofre offers value-added products to pharmacies and consumers, with a focus on well-being and self-care.

Reig Jofre has more than 1,100 collaborators, four development and production centres in Europe (two in Toledo, one in Barcelona and one in Sweden), with direct sales in seven countries and over 130 sales partners in 72 countries worldwide.

Reig Jofre is listed on the continuous market of the Spanish Stock Exchange under code RJF and it is the fifth largest listed pharmaceutical laboratory in Spain in terms of turnover.

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

Our Group has an ongoing commitment towards product research and development: currently more than 80% of Group sales are of products developed in-house.

Reig Jofre applies its R&D to all of its product ranges, placing significant importance on the development of complex generics and innovative and biosimilar products, not only using its own R&D team but also in collaboration with start-ups and public and private research centres.

Our products are marketed under the following trademarks, that are used as the basis for defining our activity segments: “Reig Jofre” for pharmaceuticals and “Forté Pharma” for nutritional supplements.

Strategy

Reig Jofre's strategy is focused on profitable growth and generating value for all the stakeholders involved in our business. The core aspects of this strategy are:

- **Research and Development:** Reig Jofre is strongly committed to development, earmarking 5% of turnover to R&D. Development comprises both innovative products and high-complexity generic products.
- **Competitiveness and Specialisation:** our highly specialised and complex products enable us to be at the forefront of manufacturing technology, and we are subject to the most stringent standards by the major international agencies. Our commitment towards development in a competitive industry is reflected in the substantial investments in technology and production capacity that we have made at our production centres in recent years.
- **Global Presence:** the specialisation of processes and products enables us to globally boost most of our developments in the field of pharmaceutical technologies (antibiotics and injectables). An international development plan has been rolled out for the specialty pharmacare and consumer healthcare areas through, not only the creation of subsidiaries that have their own networks, but also global distribution agreements, based on a marketing-to-doctors approach that has been designed with a global perspective in mind for these products.

Our products are sold through different channels depending on their country of destination. Whilst Reig Jofre sells through its own sales network in Spain, Portugal, France, Benelux, United Kingdom and Sweden, sales to markets in other countries involve collaboration agreements whereby partners are responsible for registering and, in all cases, distributing our products, whilst leveraging their proximity to and knowledge of these markets.

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

2. Summary for the Year: Business Performance

Reig Jofre has closed 2020 with revenues of Euros 230 million, representing growth of 15% on the previous year. Results on operating activities have increased, standing at Euros 9.2 million compared to Euros 6.3 million in the previous year.

During 2020 the new osteoarticular business acquired in 2019 was integrated, both at national and international level, into the Group's Specialty Pharmacare division. This has contributed significantly to the growth of sales in 2020.

The array of impacts associated with the outbreak of COVID-19 has had a negative, albeit immaterial, effect on the sales figure. This has been offset by the effect of growth in the new osteoarticular product portfolio and international demand for pharmaceutical technology products. These impacts are addressed in further detail in section 10 of this report.

In 2020 Reig Jofre generated 45% of its income in Spain. As a whole, the income generated at European level accounts for 87% of total income, whilst income generated in other countries accounts for 13% of the total figure.

With a view to reinforcing its product portfolio, Reig Jofre has obtained approval for 25 commercial authorisations for antibiotics/injectables/own speciality molecules in 15 different markets.

In 2020 Reig Jofre completed the construction of a new injectables plant in Barcelona, entailing an investment of more than Euros 30 million. Following the approval and start-up of the new lines, the plant will commence industrial activity in the second quarter of 2021.

In December 2020 Reig Jofre reached an agreement with Pharmaceutical Companies of Johnson & Johnson (Janssen) for the technological transfer of production of its COVID-19 Ad26.COVS-2 vaccine candidate under research, once the requirements for approval by the pertinent health authorities had been met. This agreement has not had a significant impact on the 2020 income statement and has only led to the recognition of liabilities for contracts with customers, as well as investments in assets required for manufacturing purposes.

The new manufacturing capacity is able to meet the need for manufacturing this product and other Reig Jofre injectables, as well as new, higher complexity and value-added products, including new biosimilar development which is being carried out as part of R&D projects both individually and in collaboration with other companies.

R&D activity continues along the lines of prior years, although certain projects have been delayed, especially in the trial phases, which will not affect the mid-term development strategy.

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

3. Consolidated Income Statement¹

Reig Jofre has closed 2020 with revenues of Euros 230.1 million, representing growth of 15% on the prior year, to a large extent as a result of the inclusion of the new Osteoarticular product portfolio on 1 July 2019. Therefore, 2020 sales of these products are for a whole year, whereas in 2019 sales were for a single six-month period.

The income statement shows project capitalisation of Euros 3.7 million, basically corresponding to R&D projects. This represents approximately a third of total expenditure that Reig Jofre has made on product development. The remaining amount is recognised as a current expense for the year.

Employee benefits expense and other expenses, taken as a whole, are up 5% in 2020 with regard to the previous year, at a slightly lower percentage than revenues. This has contributed towards improving the Company's profitability.

From a standalone analysis of these items, employee benefit expenses have increased by 16%, principally as a result of the integration of the new sales network for osteoarticular products and the gradual hiring of technical personnel at the new plant in Barcelona.

On the other hand, operating expenses are down 6%, but we cannot forget that in 2019 this item included the impact of extraordinary and non-recurring expenses for the acquisition of the osteoarticular business and the capital increase carried out in June, for a total of Euros 2.3 million. In comparable figures, in 2020 this expense would have fallen, to a lesser extent, by 2%. This is due mainly to the reduction in marketing costs and costs associated with the sales activity.

As a result of having applied IFRS 16 to the accounting treatment of lease contracts since 2019, lease expenses are now amortised and included in this line item.

¹ ALTERNATIVE PERFORMANCE MEASURES

Management uses certain alternative performance measures when making financial, operational and planning decisions, and also when evaluating the Group's performance and that of its subsidiaries.

Management considers that these alternative performance measures provide additional financial information that is useful and adequate enough to be used as a basis for evaluating the Group's performance and that of its subsidiaries, as well as for decision-making by users of financial information.

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

Fixed asset depreciation amounts to Euros 17 million in 2020, representing growth of 29% compared to the figure of Euros 13.1 million in 2019. This increase is essentially as a result of:

- the progressive start up of the industrial investments made recently at the Group's plants. It should be highlighted that between 2015 and 2020 Reig Jofre has made an overall investment of approximately Euros 71 million to obtain facilities that house state-of-the-art technology, thus contributing automation, efficiency and quality to our manufacturing processes.
- amortisation of intangible assets (products and trademarks) associated with the purchase of the new osteoarticular product portfolio, which in 2020 represents Euros 4.6 million in the first year of full amortisation, compared to an expense of Euros 2.3 million in 2019 corresponding to the second half of the year.

As a result of the increase in amortisation, consolidated operating profit has amounted to Euros 9.2 million in 2020. If we were to adjust operating profit for 2019 due to extraordinary costs, the rise in operating profit would be 7%.

In 2020 a lower finance cost than the prior year was recorded, despite the higher level of borrowing associated with industrial investments and business acquisition. This is due to the improvement in financing terms and conditions and the favourable impact of exchange rates during the year.

The finance cost for the year reflects the impact of the revalued cost for the purchase of the osteoarticular business in 2019. This has led to a Euros 2 million rise in liabilities that Reig Jofre has to cover for this transaction.

The corporate income tax expense includes the application of incentives for R&D and technological innovation, as well as the capitalisation of tax credits due to the perspectives for their recovery, based on foreseeable growth in the Company's results.

Consolidated EBITDA² has reached Euros 26.5 million, a figure above the Euros 19.7 million of 2019. If we disregard the extraordinary effect in 2019 due to transaction costs, EBITDA would have risen by 21% compared to 2019.

² EBITDA is calculated as the sum of results from operating activities, plus the following captions of the consolidated income statement: amortisation and depreciation, impairment and losses on disposal of fixed assets, non-financial and other capital grants.

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

4. Consolidated Statement of Financial Position and Investments³

Non-Current Assets

Reig Jofre has taken on the new year with significant investments as a part of the 2017-2020 industrial plan that will come to an end this year. The new injectables plant in Barcelona, with a total planned investment of more than Euros 30 million between 2018 and 2020, has represented investment of approximately Euros 5.5 million in 2020.

Overall, in 2020 Reig Jofre has invested⁴ Euros 11.8 million to improve the industrial and technological capacity at all of its four production centres.

Furthermore, capitalisation of intangible assets associated with R&D amounts to Euros 3.9 million, and non-current financial assets⁵ total Euros 0.4 million, rounding off the Group's investments for this year.

As a result of the above, we have reached an investment of Euros 16.1 million.

After deducting depreciation, Reig Jofre's non-current assets stand at Euros 216 million, having fallen slightly for the first time in recent years, almost Euros 1 million below the figure at the 2019 reporting date.

Current Assets and Non-Financial Debt

Operating working capital⁶ stands at levels that are lower than those of the previous year and accounts for 19% of sales. Working capital includes DSO of 70 days at the 2020 reporting date, reaching an absolute value of Euros 44.3 million. The same ratio in the previous year represented 24% of sales.

³ ALTERNATIVE PERFORMANCE MEASURES

Management uses certain alternative performance measures when making financial, operational and planning decisions, and also when evaluating the Group's performance and that of its subsidiaries. Management considers that these alternative performance measures provide additional financial information that is useful and adequate enough to be used as a basis for evaluating the Group's performance and that of its subsidiaries, as well as for decision-making by users of financial information.

4 Investments in capacity and technology are obtained by aggregating the following items from the consolidated notes to the annual accounts: property, plant and equipment additions and computer software additions.

5 Non-current financial assets include the following items in the consolidated statement of financial position: equity-accounted investments and other non-current financial assets.

6 Operating working capital is calculated as the sum of the following items of the consolidated statement of financial position: inventories, trade and other receivables, current tax assets, other current financial assets and other current assets less the following items: trade and other payables, current tax liabilities, other current liabilities and liabilities for customer contracts, excluding the payable to fixed asset suppliers.

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

In absolute value terms, the rise in inventories and in the balance of trade receivables is brought about by the growth in sales, although improved management in terms of the sale percentage can be appreciated.

5. Financial Position, Liquidity and Capital Funds

As announced by Reig Jofre in relation to its production investment plan, financial debt has increased in 2020, amounting to Euros 66.7 million (including current and non-current, and the IFRS 16 effect), compared to Euros 62.8 million at the previous reporting date. We forecast that in 2021, as a result of the impact of the financing already arranged, we will sustain a similar level of debt, associated with the portion of the payment deferred to 2021 due to the purchase of the Osteoarticular business.

The industrial investment debt has been structured primarily in loan transactions with a time horizon of between 5 and 7 years. The interest rate on these loans has been mainly a fixed rate, in order to reduce exposure to this risk.

The debt associated with the Osteoarticular portfolio purchase transaction is incorporated gradually into the statement of financial position, at the same time as deferred payments are made. This will represent additional debt of Euros 10 million in 2021, repayable over a period of five years and at a fixed rate of interest.

At year end liquidity totals Euros 11.6 million, at a higher level than at the 2019 reporting date. A minimum amount of current financial instruments to cover working capital requirements has been drawn down.

At 31 December 2020 net financial debt⁷ stands at Euros 55.1 million compared to Euros 52.6 million at the 2019 reporting date, whilst the resulting net financial debt/EBITDA ratio for 2020 is 2.1 times compared to a notably higher figure of 2.7 times at the 2019 reporting date.

During 2020 and as has been normal practice in recent years, the Group has paid its shareholders a flexible dividend, as explained in section 9 of this report. This dividend amounted to Euros 88 thousand. As part of this transaction capital was also increased with a charge to reserves for a total amount of Euros 369,911.

⁷ Net financial debt is calculated as the sum of current and non-current financial liabilities, less cash and cash equivalents.

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

6. Risk Factors

Interest Rate Risk

The Group has borrowings at fixed and variable rates and monitors the sensitivity of its finance cost to fluctuations in the benchmark interest rate, generally at 12-month Euribor.

At 31 December 2020 30% of the financial debt is contracted at a fixed rate, and the remaining amount at a variable rate. It is estimated that a one percentage point rise in the benchmark rate would have an impact of around 0.14% on annual income in the consolidated income statement.

Currency Risk

The volume of foreign currency transactions is relatively small, as indicated in note 27 to the Group's notes to the consolidated annual accounts in relation to the total volume of revenues. Reig Jofre actively monitors exchange rate fluctuations and if it perceives a significant impact arising from this risk it hedges the position using exchange rate hedges based on flows from transactions planned in each currency.

At 31 December 2020 Reig Jofre has hedges to cover the Euro/US Dollar currency risk with a maximum time horizon of 12 months.

Liquidity Risk

Reig Jofre upholds prudent management and monitors both short-term and medium-term forecasts to ensure that the Company's needs are duly covered and that the forecast flows are aligned with the instruments that will eventually be needed to finance possible requirements.

Although the Group has credit facilities and other current financing instruments, it has drawn down a minimum amount at 31 December 2020 due to its surplus liquidity position at the reporting date.

Other Risks

An analysis of the Group's risk map was carried out in 2019 in order to identify those aspects that should be subject to special monitoring, with the aim of minimising the possible impacts. This has been ongoing during 2020.

The risks identified principally correspond to the issues common to our sector of activity and management of these risks forms an intrinsic part of the Group's management activities.

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

Certain business issues that are sensitive, not only due to their impact as a residual risk because we consider them to be low, but due to their repercussion on our stakeholders, have been subject to in-depth analysis in the Non-Financial Information Report attached as Appendix II to this report.

7. Trends: Outlook for the Group

Reig Jofre expects that 2021 will be a positive year of performance both in terms of revenues and results. After 2020, a year of multiple uncertainties due to COVID-19 and with the expectation that some of these effects will linger into the first half of 2021, we consider that the expansion of our production capacity and the reactivation of the economy should have a positive impact on the Group's revenues in 2021.

In the Pharmaceutical Technologies division, the agreement with Janssen for the potential manufacture of its COVID-19 Ad26.COVS vaccine candidate will enable a large part of the manufacturing capacity at the new injectables plant in Barcelona to be occupied as of the second quarter. Other Group development projects, especially in the international field, could take advantage of the availability of the new industrial capacity to contribute towards the growth of sales.

We expect that the international development projects in the Specialty Pharmacare division will offset the foreseeably lower number of new prescriptions being issued due to the drop in doctor's appointments made by patients. Both the Osteoarticular and Dermatology areas require new strategies to get closer to patients and the healthcare system, so that our sales network can impart information about our products.

The Consumer Healthcare division expects to continue with growth in the vitamin, gel and probiotic ranges, which have a strong foothold in France, Benelux and Spain. It is likely that other ranges, such as weight control, will continue with a level of demand that is similar to that of 2020.

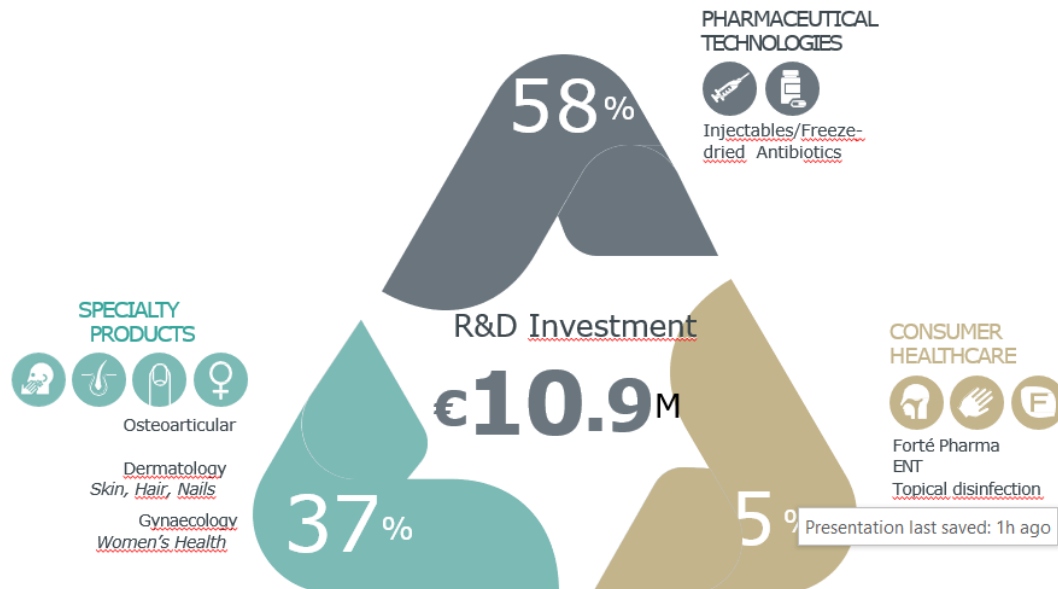
Efforts will continue to be made in 2021 to build up new international markets, therefore boosting the efforts that our Group has been making in recent years with regard to technology and R&D investment.

8. R&D Activity

Our Group focuses its R&D resources on creating specialised equipment for each product division, in three large areas of development. Pharmaceutical Technology, Specialty Products and Consumer Healthcare.

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

Distribution of R&D expenditure in 2020 by division:



For each of these three areas of development Reig Jofre has defined a pipeline of product launches for the forthcoming years that will contribute towards our growth and global expansion strategy.

Further efforts will be made to invest in this area over the next few years, both in projects developed in-house and collaboration projects with other public or private companies and research centres, complementing its knowledge for sharing the development of new products.

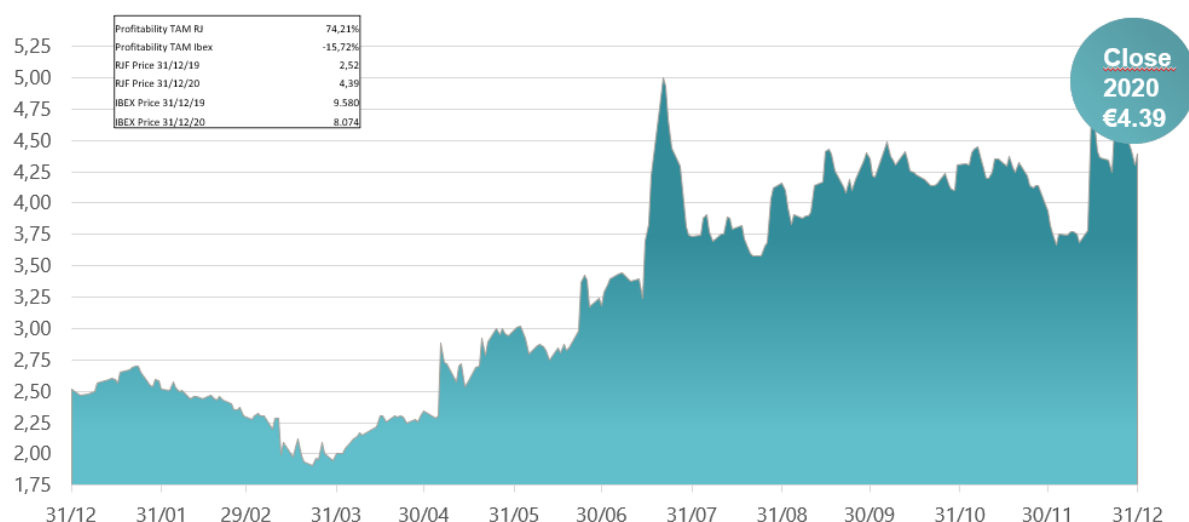
Especially relevant are the alliances with biotech start-ups, entailing investments in developing biosimilar products. This is expected to significantly contribute to the growth of our Group, both in terms of development and manufacture.

Our products have obtained regulatory approvals in key markets, other than the European market. The most significant approvals in recent years, due to their impact on our global presence, have been in Japan, Indonesia, Myanmar and South Korea.

9. Stock Market Information, Significant Investments and Own Shares

I. STOCK MARKET INFORMATION

The graph below shows the growth in the share value during 2020. This year the share closed at Euros 4.39/share, representing a revaluation of 74% above IBEX 35 performance in the same period.



At the ordinary and extraordinary general meeting held on 23 July 2020 the shareholders approved the “Reig Jofre 2020 Scrip Dividend” plan, agreeing an increase in capital with a charge to reserves. Outstanding shares were given free allotment rights and the Company had a buy-back commitment on these rights. On 8 October 2020, once the negotiation period had elapsed, the board of directors established the Company’s capital increase at a definitive amount of Euros 369,911 through the issue of 739,822 new shares, with the same value and profit-sharing and voting rights as the outstanding ordinary shares.

In order to comply with the buy-back commitment, the Company has disbursed an amount of Euros 88 thousand as consideration for the acquisition of free allotment rights from its shareholders. The Company bought back a total of Euros 2,247,545 free allotment rights at a unit value of Euros 0.039 each. Consequently, the Company’s share capital stood at Euros 38,401 thousand represented by 76,802,279 shares with a par value of Euros 0.50 each.

Laboratorio Reig Jofre, S.A.’s shares have been listed on the stock market under the RJF code since 13 January 2015. Previously, the merger by absorption of Laboratorio Reig Jofre, S.A. by Natraceutical, S.A. was entered in the Valencia Mercantile Registry on 31 December 2014. As a result of this merger and, as agreed by the shareholders at the extraordinary general meeting of Natraceutical, S.A. held on 24 October 2014, Natraceutical, S.A. changed its company name to Laboratorio Reig Jofre, S.A. For the merger by absorption of Laboratorio Reig Jofre, S.A., Natraceutical, S.A. issued 935,570,462 new shares, and therefore the number of shares outstanding after the merger of both companies stood at 1,264,284,408.

The new Laboratorio Reig Jofre, S.A. kept the same share identification number (ISIN) that had previously been held by Natraceutical, S.A. until that date (ES0165359011).

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

II. SIGNIFICANT SHARES

At 31 December 2020 subscribed capital is represented by 76,802,279 registered shares of Euros 0.50 par value each, subscribed and fully paid. All shares confer the same rights. There are no capital increases underway or authorised capital increases pending execution.

Shareholders with a significant direct and indirect interest in the share capital of Laboratorio Reig Jofre, S.A. exceeding 3% of the share capital, of which the Company has knowledge, based on the information contained in the official CNMV registers at 31 December 2020 are as follows:

Reig Jofre Investments, S.L.	62.71%
Kaizaharra Corporación Empresarial, S.L.	10.05%
Onchena, S.L.	5.83%

III. OWN SHARES

At 31 December 2020 the Company has a total of 548,061 own shares, having purchased a total of 371,283 own shares, linked to the directors' loyalty plan and to the liquidity contract prevailing in the first half of the year, during 2020, and sales of 213,501 shares. Own shares represent 0.71% of total shares outstanding at 31 December 2020.

10. Other Relevant Information Impacts of COVID-19

Reig Jofre focuses its entire efforts on guaranteeing the safety of all of its employees, by implementing preventive and control measures. It has been successful in sustaining levels of activity not only in manufacturing and logistical processes that normally require on-site personnel, but also in other areas, through the intensive use of collaborative tools and remote working.

The business has been affected by the impact of COVID-19 as of the second half of 2020. In addition to the rise in sales of essential medicines and other COVID-19 related-products we can add the offsetting effect of the reduced consumption of antibiotics and speciality products associated with viral, bacterial and fungal infections, given the lower incidence of these pathologies due to social distancing measures.

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

Likewise, a reduction in the number of doctors' appointments made by patients has led to the inclusion of new products made in this business area into the field of osteoarticular.

The combination of impacts linked to the pandemic has been slightly negative, albeit immaterial, with regard to the sales figure as a whole. Delays have also occurred in the development of certain new products due to the difficulties encountered in driving forward clinical trials for certain medicines. Also, in some cases, this has affected the planning of sales launches, both at domestic and international level.

In 2020 these effects have been offset at results level by other factors, mainly due to the inclusion of new products in the speciality pharmacare medicine portfolio and to the growth in demand in the OTC product lines relating to products for strengthening the immune system, vitamins, tonics, as well as disinfectants such as alcohol and chlorhexidine.

The delay triggered by construction work having to be temporarily halted at the new plant in Barcelona in the second quarter has meant that no income associated with the new manufacturing capacity can be recognised for the time being in 2020.

Due to the high level of current uncertainty with regard to controlling the pandemic, scheduling the mass vaccination of the population and reactivating the economy, it is difficult to anticipate or quantify the impact that COVID-19 will have in 2021. The following aspects that may have an impact on activity in 2021 should be closely observed:

- Demand for essential medicines could peak again and therefore it could be necessary to re-programme the scheduled manufacturing activity, especially in the first half of the year, on the basis of the priorities set out by the health authorities.
- The Specialty Pharmacare division could continue to suffer a certain deceleration in revenues due to patients making a lower number of doctors' appointments, thus impacting on the number of new prescriptions issued, and the uncertainty regarding whether visits made by pharmaceutical sales representatives will resume.
- The natural energy, vitamin and probiotic product ranges in the Consumer Healthcare division are expected to continue growing in 2021, especially in France, Benelux and Spain. The forecast for favourable growth is sustained in the disinfectant ranges (alcohols, hydrogen peroxide and chlorhexidine) within OTC products.

In July Reig Jofre began a study to evaluate the capacity of a food supplement to reduce the risk of COVID-19 infection in healthcare workers and, in the case of infection, to prove that this supplement can reduce the severity of the illness by helping to control the anti-inflammatory response. It is expected that the results of the trial will be available for evaluation in the first half of 2021.

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

In January 2021 Laboratorio Reig Jofre, S.A. incorporated REIG JOFRE Sp. z.o.o. in Poland. The corporate purpose of this company will be to distribute medicines and food supplements in Poland and it will focus on speciality pharmacare products in the preliminary phase.

11. Annual Corporate Governance Report (ACGR)

The Annual Corporate Governance Report for 2020 is attached as Appendix I to this Consolidated Directors' Report.

Reig Jofre is currently in the process of analysing the recommendations introduced by the Code of Good Corporate Governance of listed companies prepared by the CNMV in June 2020. This will lead to certain changes being made in order to implement as many of these recommendations as possible. These changes will be included in the update of the Regulations from the different Committees and the Board of Directors of Reig Jofre during 2021.

12. Non-Financial Information

In relation to Law 11/2018 of 28 December 2018, amending the Spanish Code of Commerce, the Revised Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010, and Audit Law 22/2015 of 20 July 2015, as regards non-financial information and diversity, Reig Jofre is under the obligation to prepare a Non-Financial Information Statement in relation to the following areas:

- Information regarding environmental issues
- Information on social and employee-related issues
- Information about respect for human rights
- Information about the fight against corruption and bribery
- Information regarding society

This report has been verified by an independent expert as stipulated by legislation and is attached as Appendix II to this Consolidated Directors' Report.

13. Events after the Reporting Period

Subsequent to the reporting date of these consolidated annual accounts of Laboratorio Reig Jofre, S.A. and subsidiaries, no other relevant events have arisen that could have an impact thereon.

ANNEXED I

ANNUAL CORPORATE GOVERNANCE REPORT

PARTICULARS OF THE ISSUER

Year-end date:

[31/12/2020]

Taxp
ayer
ID:

[A-96184882]

Company name:

[**LABORATORIO REIG JOFRE, S.A.**]

Registered office:

[C/GRAN CAPITÀ 10 (SANT JOAN DESPÍ) BARCELONA]

A. OWNERSHIP STRUCTURE

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

Date of last change	Share capital (euros)	Number of shares	Number of voting rights
16/10/2020	38,401,139.50	76,802,279	76,802,279

Indicate whether there are different classes of shares with different associated rights:

[] Yes
[v] No

A.2. List the company's significant direct and indirect shareholders at year end, excluding directors:

Name or company name of shareholder	% voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
JUAN IGNACIO LÓPEZ GANDASEGUI	0.00	10.05	0.00	0.00	10.05
CARMEN YBARRA CAREAGA	0.00	5.83	0.00	0.00	5.83

Breakdown of the indirect holding:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights
JUAN IGNACIO LÓPEZ GANDASEGUI	KAIZAHARRA CORPORACIÓN EMPRESARIAL SLU	10.05	0.00	10.05
CARMEN YBARRA CAREAGA	ONCHENA, S.L.	5.83	0.00	5.83

Indicate the most significant changes in the shareholder structure during the year:

A.3. Complete the following tables on members of the company's Board of Directors holding voting rights on the company's shares:

Name or company name of director	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights	% voting rights that <u>can be transmitted</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MS. MARIA LUISA FRANCOLÍ PLAZA	0.01	0.00	0.00	0.00	0.01	0.00	0.00
REIG JOFRE INVESTMENTS, S.L.	62.71	0.00	0.00	0.00	0.00	0.00	0.00
MR. ALVARO YBARRA ZUBIRIA	0.03	0.00	0.00	0.00	0.00	0.00	0.00
Total percentage of voting rights held by the Board of Directors							62.75

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct shareholder	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights	% voting rights that <u>can be</u> <u>transmitted</u> through financial instruments
No data					

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

Name or company name of related party	Nature of relationship	Brief description
No data		

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

Name or company name of related party	Nature of relationship	Brief description
REIG JOFRE INVESTMENTS, S.L.	Contractual	In 2020, Reig Jofre Investments, S.L. received €990,076 in total from the lease of two manufacturing facilities and a logistics warehouse.
REIG JOFRE INVESTMENTS, S.L.	Contractual	In 2020, Reig Jofre Investments, S.L. received €64,000 as remuneration as a director of Laboratorio Reig Jofre, S.A. and a member of its Appointments and Remuneration Committee.
REIG JOFRE INVESTMENTS, S.L.	Commercial	Reig Jofre Investments, S.L. received a total of €234,000 from Laboratorio Reig Jofre, S.A. in respect of professional services

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

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship / post
MR. IGNASI BIOSCA REIG	REIG JOFRE INVESTMENTS, S.L.	REIG JOFRE INVESTMENTS, S.L.	The CEO of Laboratorio Reig Jofre, S.A. is Ignasi Biosca Reig, who, in turn, sits on the Board of Directors of the company Reig Jofre Investments, S.L. (majority shareholder).

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship / post
MS. ISABEL REIG LÓPEZ	REIG JOFRE INVESTMENTS, S.L.	REIG JOFRE INVESTMENTS, S.L.	The Board Chairman is Reig Jofre Investments, S.L., the majority shareholder, which is represented by Ms. Isabel López Reig. In turn, Ms. Isabel López Reig forms part of the Board of Directors of Reig Jofre Investments, S.L.
MR. ALEJANDRO GARCIA REIG	REIG JOFRE INVESTMENTS, S.L.	REIG JOFRE INVESTMENTS, S.L.	The Deputy Chairman of Laboratorio Reig Jofre, S.A. is Alejandro Garcia Reig, who, in turn, forms part of the Board of Directors of Reig Jofre Investments, S.L. (majority shareholder).

A.7. Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

☐ Yes
☒ No

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

☐ Yes
☒ No

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

The Company is not aware of any concerted action among shareholders

A.8. Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

[☒] Yes
[☐] No

Name or company name
REIG JOFRE INVESTMENTS, S.L.

Reig Jofre Investments, S.L. holds a 62.71% stake in the share capital of Laboratorio Reig Jofre, S.A.

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

At the close of the year:

Number of direct shares	Number of indirect shares(*)	% of total share capital
548,061		0.71

(*) Through:

Name or company name of the direct shareholder	Number of direct shares
No data	

Explain any significant changes during the year:

Explain significant changes

On 17 July 2019, the Board of Directors of the Company approved a temporary Share Buyback Programme to acquire up to 160,000 shares over the second half of 2020, in order to cover the second tranche of the Second Long-Term Executive Loyalty Plan. 156,048 shares were purchased up until 31 December 2020, with the remaining 3,952 shares being bought in the first days of January 2021.

A.10. Give details of the applicable conditions and term of any resolutions approved by the shareholders at the General Meeting, authorizing the Board of Directors to issue, purchase or transfer treasury shares.

The Shareholders' Meeting of Laboratorio Reig Jofre, S.A., held on 25 April 2019, resolved to grant the Company's Board of Directors the power to acquire treasury stock in order, as and when required and where the Board of Directors sees so fit, to make the company's listed shares more liquid. Treasury stock must at all times be acquired subject to the limits established for such purpose, with the following minimum and maximum acquisition prices:

- (a) Minimum purchase price: the par value of a share
- (b) Maximum purchase price: €6 per share

Nonetheless, purchases delegated to the Board of Directors by the Shareholders' Meeting under this resolution will be subject to the following exceptions:

- (i) Acquisitions may not be made at a price in excess of the listing price on the date of acquisition or falling below the par value of the share.
- (ii) As an exception to the foregoing, the Board of Directors may approve acquisitions at a price higher than the maximum acquisition price envisaged as a result of variations in a share's par or market value. In such cases, the Board of Directors may adjust the acquisition price in line with the relevant effective market value based on the variations in the par value of the Company's shares. Term of mandate: three years as from the date on which this resolution is adopted.

A.11. Estimated floating capital:

	%
Estimated floating capital	21.41

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

☐ Yes
☒ No

A.13. Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.

☐ Yes
☒ No

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

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

☐ Yes
☒ No

If so, indicate each share class and the rights and obligations conferred:

B. GENERAL SHAREHOLDERS' MEETING

B.1. Indicate whether there are any differences between the minimum quorum regime established by the Spanish Companies Act for General Shareholders' Meetings and the quorum set by the company, and if so give details.

☒ Yes
☐ No

	% quorum different from that established in article 193 of the Spanish Companies Act general cases	% quorum other than that established in article 194 of the Spanish Companies Act for special cases
Quorum required at 1st call	50.00	0.00
Quorum required at 2nd call	0.00	0.00

Description of differences

In general cases, a reinforced quorum distinct from that provided for in article 193 of the Spanish Companies Act (25%, as opposed to the 50% envisaged in the Bylaws) is required on first call.

B.2. Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Companies Act and, if so, give details:

☐ Yes
☒ No

B.3. Indicate the rules for amending the company's articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders' rights in the event of amendments to the articles of incorporation.

Article 13 of the Bylaws notes that the Shareholders' Meeting is the Company's supreme body, and is therefore empowered to adopt all such resolutions as may be within its competence per the provisions of the law and the Bylaws. Article 1 of the Shareholders' Meeting Regulations provides along the same lines.

Moreover, article 24 of the Bylaws and article 3 of the Shareholders' Meeting Regulations state that the Shareholders' Meeting has full powers to hear and resolve on all such issues within its competence as may be attributed to it by the law, the Bylaws or the Shareholders' Meeting Regulations, listing all of its powers and attributions, including the amendment of the Bylaws.

Per the provisions of article 19 of the Bylaws, an absolute majority will suffice to adopt any resolutions concerning the issue of debentures, promissory notes, bonds or other like financial instruments, a capital increase or reduction, the reregistration, merger or spin-off of the company, and, in general, any amendment to the Bylaws, where the share capital present in person or by proxy exceeds fifty percent. However, a favourable vote of a two-thirds majority of the share capital present or represented at the meeting is required where, at second call, at least twenty-five percent but less than fifty percent of the subscribed capital with voting rights is in attendance.

The Shareholders' Meeting may delegate its powers to the Board of Directors where so provided for in the Bylaws.

B.4. Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

Date of general meeting	Attendance data				
	% physically present	% present by proxy	% distance voting		Total
			Electronic voting	Other voting	
03/05/2018	73.50	12.38	0.00	0.00	85.88
Of which floating capital	0.11	0.39	0.00	0.00	0.50
25/04/2019	72.56	0.16	1.04	0.00	73.76
Of which floating capital	0.06	0.16	1.04	0.00	1.26
23/07/2020	63.30	18.79	0.00	0.00	82.09
Of which floating capital	0.01	2.85	0.00	0.00	2.86

B.5. Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.

[] Yes
[v] No

B.6. Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

[] Yes
[v] No

B.7. Indicate whether it has been established that certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.

[] Yes
[v] No

B.8. Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

URL of the online corporate governance information:
<http://www.reigjofre.com/es/inversores/gobierno-corporativo>
URL of the online GSM information:
<http://www.reigjofre.com/es/inversores/junta-general-accionistas>

C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1. Board of Directors

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

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the general meeting	9

C.1.2 Complete the following table on Board members:

Name or company name of director	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure
MR. EMILIO MORALEDA MARTÍNEZ		Independent	DIRECTOR	31/12/2014	25/04/2019	SHAREHOLDER S' MEETING RESOLUTION
MR. RAMIRO MARTINEZ-PARDO DEL VALLE		Independent	DIRECTOR	31/12/2014	25/04/2019	SHAREHOLDER S' MEETING RESOLUTION
MR. IGNASI BIOSCA REIG		Executive	CEO	31/12/2014	25/04/2019	SHAREHOLDER S' MEETING RESOLUTION
MR. ANTÓN COSTAS COMESAÑA		Independent	DIRECTOR	31/12/2014	25/04/2019	SHAREHOLDER S' MEETING RESOLUTION
MR. RAMON GOMIS I DE BARBARÀ		Independent	DIRECTOR	31/12/2014	25/04/2019	SHAREHOLDER S' MEETING RESOLUTION
MR. ALEJANDRO GARCIA REIG		Proprietary	VICE-CHAIRMAN	31/12/2014	25/04/2019	SHAREHOLDER S' MEETING RESOLUTION
MS. MARIA LUISA		Independent	DIRECTOR	31/12/2014	25/04/2019	SHAREHOLDER S' MEETING RESOLUTION

Name or company name of director	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure
FRANCOLÍ PLAZA						
REIG JOFRE INVESTMENTS, S.L.	MS. ISABEL REIG LÓPEZ	Proprietary	CHAIRMAN	31/12/2014	25/04/2019	SHAREHOLDER S' MEETING RESOLUTION
MR. ALVARO YBARRA ZUBIRIA		Proprietary	DIRECTOR	23/07/2020	23/07/2020	SHAREHOLDER S' MEETING RESOLUTION

Total number of directors	9
---------------------------	---

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
No data					

Reason for cessation when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general meeting

No departures from the Board of Directors have taken place this year.

C.1.3 Complete the following tables on the members of the Board and their categories:

EXECUTIVE DIRECTORS		
Name or company name of director	Position at the company	Profile
MR. IGNASI BIOSCA REIG	CEO	Academic background -Telecommunications Engineering from Universidad Politécnica de Cataluña -Master's Degree in Programming and Networks from Telecom Paris Tech, (France) -MBA from IESE Business School and the University of California, Berkeley (US) Professional experience -2014 to 2018, Chairman of Catalonia Bio -Since 2006, CEO of Reig Jofre -2000 to 2006, CEO of Media Contacts, digital advertising division of Havas Media Group

Total number of executive directors	1
Percentage of Board	11.11

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name or company name of director	Name or company name of significant shareholder represented or that proposed his/her appointment	Profile
REIG JOFRE INVESTMENTS, S.L.	REIG JOFRE INVESTMENTS, S.L.	Academic background -Degree in Pharmacy from Universidad de Barcelona Professional experience -Since 2009, representative of Reig Jofre Investments, S.L. Board Chairman of Reig Jofre -1971 to 2010, Technical Director at Laboratorios Reig Jofre, S.A. until retirement -In 1964 she joined Laboratorio Farmacéutico Reig Jofre, founded by his father
MR. ALVARO YBARRA ZUBIRIA	ONCHENA, S.L.	Degree in Economics and Business Studies from Universidad del País Vasco. Moreover, his professional experience is as follows: -Assistant to the Director General of Planning at Sener Ingeniería y Sistemas (Bilbao), between 1978 and 1983. -Consulting Partner at ASFIN Asesores Financieros (Madrid), between 1983 and 1989. -Founding Partner and CEO of COFIBER, S.A. a financing entity, between 1989 and 1995. -Executive chairman at COFIBER, S.A. a financing entity, between 1995 and 2007. -Director General of Finance at GRUPO BERGE, between at 1995 and 2007. -Chairman of Bodegas Castillo de Cuzcurrita, S.L., between 1999 and 2007. -Chairman of ISOFOTON, S.A., between 2005 and 2006. And, at present: -Board member and member of the Strategy and the Remuneration and Appointments Committees at VOCENTO, S.A. - Chairman of ONCHENA, S.L. -Chairman and founding partner of ALWAYS Sports Management, S.L.
MR. ALEJANDRO GARCIA REIG	REIG JOFRE INVESTMENTS, S.L.	Academic background Diploma in Business Studies from Universidad de Barcelona Professional experience -Since 1995, Finance Director at Reig Jofre -In 1992 he joined the Department of Administration, Accounting and Finance at Reig Jofre

Total number of proprietary directors	3
Percentage of Board	33.33

INDEPENDENT NON-EXECUTIVE DIRECTORS	
Name or company name of director	Profile
MR. EMILIO MORALEDA MARTÍNEZ	Law Degree from Universidad Complutense de Madrid. Labour relations from Escuela Social de Madrid. Diplomas in Business Management from the Universities of Columbia and Harvard (US). Currently sits on the Board of Directors at the following companies: -Reig Jofré -Clínica Baviera -Talento Farmacéutico y Sanitario Currently Chairman of Talento Farmacéutico y Sanitario. Previously held senior roles at such companies as Compañía Roca Radiadores; Pechiney Ugine Kuhlmann; Artes Gráficas Toledo; Laboratorios Beecham (GSK); and Pfizer. At Pfizer he held various positions: HR Director; Director of Sales; Executive Director of the pharmaceutical division; Chairman and CEO of Spain; and Regional Chairman of Europe for high-growth countries. He has also been the Chairman of Pharma Industry and the LAWG (Local American Working Group).
MR. RAMIRO MARTINEZ-PARDO DEL VALLE	Degree in Economic and Business Studies and Degree in Law from Universidad Complutense de Madrid Certified Public Accountant, member of the Spanish Accounting Institute, lecturer on various master's and postgraduate courses on securities markets, financial law, ethics and codes of conduct and anti-money laundering. Currently a director at the following listed companies: -Audax Renovables, S.A. - Desarrollos Especiales de Sistemas de Anclaje, S.A. Moreover, he is a director at Solventis SGIIC and Sociedad Gestora del Fondo de Garantía de Inversiones. He has previously formed part of the board of directors at such companies as: - Eurodeal, S.V. - Banco Madrid Gestión de Activos, SGIIC. - Nordkapp Gestión, SGIIC. Director General of Development and the Market Operators Division at the Spanish National Securities Market Commission from May 1989 to September 2000
MR. ANTÓN COSTAS COMESAÑA	Industrial engineer, Degree in Economic and Business Studies, Doctorate in Economics, Professor of Economic Policy at Universidad de Barcelona, founder of the Master's Degree in "Economics and the Regulation of Public Telecommunications, Energy, Water and Transport Services", Chairman of Fundación del Círculo de Economía since 2018, Chairman of Círculo de Economía in Barcelona 2013-2016, Board member at: - Grupo Terras Gauda, S.A. -Banco Mediolanum, S.A. -Laboratorio Reig Jofre, S.A. -member of the Strategy Committee at HOTUSA -member of the Advisory Committee at Roca Junyent Abogados, S.A. He has previously formed part of the board of directors at: -Trea Capital Partners, S.A. -Mediolanum Gestión SGIIC, S.A. -Grup Marítim TCB S.A., -He was the Customer Ombudsman at ENDESA S.A. from 2006 to 2012 -Chairman of the Advisory Board of ENDESA in Catalonia
MR. RAMON GOMIS I DE BARBARÀ	Doctorate in Medicine from Universidad de Barcelona, specialising in Endocrinology. Universidad de Barcelona. Postgraduate researcher in endocrinology at Universidad Libre de Bruselas and Emeritus Professor of Obesity at Universidad de Barcelona Director of Health Studies (Dean) at Universidad UOC de Barcelona Chairman of the Health Research and Innovation Board. Catalan Regional Government. Member of Hub-Barcelona Academia Europea. London Doctor Honoris Causa Universidad URV Emeritus Professor Universidad de Barcelona Emeritus Director of Institut d'Investigacions Biomèdiques August Pi i Sunyer, (IDIBAPS) Formerly member of the International Advisory Board for diabetes products at Merck and of the National Advisory Board for diabetes products at Boehringer. He was also Director of Centro de Investigaciones Biomédicas en RED en Diabetes (CIBERDEM) Instituto de Salud Carlos III. Ministry of Health, Madrid

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
MS. MARIA LUISA FRANCOLÍ PLAZA	Degree in Economics from Universidad de Barcelona MBA in Finance from St. John's University, New York Board Member at Mapfre Internacional Member of the advisory committees at various start-ups in Spain and the US, 2013-2014 Patron of the Foundation of Oak House School Barcelona Member of the Board of Trustees of Ship2b CEO at Havas Media Norteamérica and at MPG Global, 2004-2013 Founder and CEO of Media Contacts, 1997-2004 Director of Corporate Development at Media Planning, 1993-1996

Total number of independent directors	5
Percentage of Board	55.56

List any independent directors who receive from the Company or the Group any amount or payment other than director remuneration or who maintain or have maintained during the period in question a business relationship with the Company or any Group company, either in their own name or as a significant shareholder, director or senior officer of an entity which maintains or has maintained such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
No data		

OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
No data			

Total number of other external directors	N.A.
Percentage of Board	N.A.

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category
No data			

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

	Number of female directors				% of total directors for each category			
	2020	2019	2018	2017	2020	2019	2018	2017
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	33.00	50.00	50.00	50.00
Independent		1	1	1	20.00	20.00	20.00	20.00
Other External	1				0.00	0.00	0.00	0.00
Total	2	2	2	2	22.22	25.00	25.00	25.00

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

- ☐ Yes
☐ No
☒ Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

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

The Company seeks to ensure compliance with all of the corporate governance recommendations, e.g., the Appointments and Remuneration Committee annually checks that the relevant terms and conditions for appointing directors have been maintained and reviews the nature and classification allocated to such directors, reporting to the Board in this regard and seeking to ensure that, when new vacancies are filled, there are no implicit biases that might prevent the recruitment of female directors and that potential female candidates who meet the profile sought are included in the process. The first board meetings in 2021 are expected to formalise and approve the policy on the composition of the Board of Directors and on diversity.

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

Explanation of measures

Given that the Company has given an undertaking to the CNMV to include the good corporate governance recommendations within its internal rules and regulations, the Board of Directors will seek to ensure, within the scope of its powers, that candidates are chosen from persons with the recognised standing, skills and experience and who are in a position to devote a substantial part of their time to the Company. Article 4 of the Appointments and Remuneration Committee Regulations regulates all of the Committee's competences and functions, and, specifically, seeks to ensure that selection procedures are not subject to any hidden biases that might entail any form of discrimination whatsoever and that, in particular, might impede the selection of members by reason of gender.

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

Explanation of reasons

The Board of Directors of Reig Jofre was re-elected on 25 April 2019 for a 4-year period. The Company has a particular interest in meeting the goal proposed in the Good Governance Code of Listed Companies of the Spanish National Securities Market Commission, which recommends that 40% of board members be female by 2022. A process to select a director took place in 2020, in which the key criteria were that the new director meet the requirements of good standing, suitability, solvency, competence, experience, qualifications, training, availability and commitment to the role and that he/she not be subject, directly or indirectly, to any grounds for incompatibility, prohibition, conflict with or opposition to the corporate interests provided for in the Law, the Bylaws or the Board Regulations, seeking to ensure that the selection of candidates strikes the appropriate balance on the Board of Directors as a whole, enhancing the decision-making process and providing plural perspectives to the debate on any items transacted.

- C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

At the 2020-year end, 2 of the 9 board members were women, i.e., 22.22%.
The Company considers that it is in line with the recommendation established for 2022, and will take such circumstance into account when opening the process to select new directors.
The first board meetings in 2021 are expected to formalise and approve the policy on the composition of the Board of Directors and on diversity.

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

Name or company name of shareholder	Explanation
No data	

Provide details of any formal requests for Board representation from shareholders whose shareholding is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why the requests were not granted:

[] Yes
[x] No

C.1.9 Indicate the powers, if any, delegated by the Board of Directors to directors or Board committees:

Name or company name of director or committee	Brief description
IGNASI BIOSCA REIG	<p>At the Company, Mr. Ignasi Biosca performs all of the executive duties specific to the CEO, exercising all such powers as may directly or indirectly be related to the discharge of such office, on the terms envisaged in the applicable legislation, as agreed on by the Company's Board of Directors, which, in its resolution appointing the CEO, expressly and as broadly as may be legally possible, delegated each and every one of the powers of the Company's Board of Directors that may be delegated, ratifying the powers to act on behalf of the Company.</p> <p>The CEO may exercise, inter alia, the delegable powers in line with the provisions of the Company's Bylaws, unless otherwise provided for in the law or the Bylaws, and notwithstanding the competences of the other corporate bodies, which may limit such powers in whole or in part.</p>

C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

Name or company name of director	Company name of the group entity	Position	Does the director have executive powers?
MR. IGNASI BIOSCA REIG	REIG JOFRE EUROPE PTE, LTD.	JOINT DIRECTOR	NO
MR. IGNASI BIOSCA REIG	Forte Services, SAM	Director	NO
MR. IGNASI BIOSCA REIG	Laboratoires Forte Pharma, SAM	Director on behalf of Laboratorio Reig Jofre, S.A.	NO
MR. IGNASI BIOSCA REIG	REIG JOFRE UK, LTD	JOINT DIRECTOR	NO
MR. IGNASI BIOSCA REIG	BIOGLAN AB	JOINT DIRECTOR	NO
MR. ALEJANDRO GARCIA REIG	REIG JOFRE FUTURE HEALTH, S.L.U.	REPRESENTATIVE OF THE SOLE DIRECTOR LABORATORIO REIG JOFRE, S.A.	NO

C.1.11 List any directors or representatives of legal-person directors of your company who are members of the Board of Directors or representatives of legal-person directors of other companies listed on regulated markets other than group companies of which the company has been informed:

Name or company name of director	Company name of the listed entity	Position
MR. EMILIO MORALEDA MARTÍNEZ	CLINICA BAVIERA, S.A.	DIRECTOR
MR. RAMIRO MARTINEZ-PARDO DEL VALLE	DESARROLLOS ESPECIALES DE SISTEMAS DE ANCLAJES, S.A.	DIRECTOR
MR. RAMIRO MARTINEZ-PARDO DEL VALLE	AUDAX RENOVABLES, S.A.	DIRECTOR
MR. ALVARO YBARRA ZUBIRIA	VOCENTO, S.A.	DIRECTOR

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

[☒] Yes
[☐] No

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

It was resolved in the Minutes of the Nominations Committee meeting of 30 October 2018 to limit the number of boards at other companies on which the Board members may sit to four. At the Shareholders' Meeting of 23 July 2020, it was resolved to amend the Board Regulations in order to limit the number of boards at other companies on which the Board members may sit to four.

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	1,009
Amount of pension rights accumulated by directors currently in office (thousands of euros)	
Amount of pension rights accumulated by former directors (thousands of euros)	

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position (s)
MR. IGNACIO VILA ROCAFORT	Global Business Unit Director of Pharmaceutical Technologies
MR. GABRIEL ROIG ZAPATERO	Director General of Operations
MS. ROSER GOMILA ZABALA	Director General of Finance

Number of women in senior management	1
Percentage of total senior management	33.00

Total remuneration of senior management (thousands of euros)	751
--------------------------------------------------------------	-----

C.1.15 Indicate whether the Board regulations were amended during the year:

[☒] Yes
[☐] No

Description of amendments

At the Shareholders' Meeting of 23 July 2020, it was resolved to amend the Board Regulations in order to limit the number of boards at other companies on which the Board members may sit to four.

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies and the processes and criteria to be followed for each procedure.

Selection and appointment: Pursuant to article 529 decies, directors must be appointed by the Shareholders' Meeting or by co-optation by the Board of Directors, and article 8 of the Board Regulations provides for the need for a prior proposal from the Appointments and Remuneration Committee in the case of independent directors, as well as a prior report from the same Committee in the case of the other categories of director. Moreover, article 14 of the Board Regulations provides that, notwithstanding the competences of the Shareholders' Meeting and, where applicable, the Board of Directors, any proposals concerning the appointment of directors will lie with the Chairman, in the event of co-optation, the Board, with respect to the Shareholders' Meeting, and the Appointments and Remuneration Committee in the case of independent directors.

Article 9 of the Board Regulations provides that the Board will seek to ensure, within the scope of its powers, that candidates in the category of independent director are chosen from persons with the recognised standing, skills and experience and who are in a position to devote a substantial part of their time to the Company.

The Board of Directors may not propose or appoint any persons with any type of relationship with the management of the Company or its group, or who have any family, professional or business ties with the Company's executive directors, other executives or its significant shareholders to fill the position of independent director. Specifically, the Board may not propose any persons in any of the scenarios included in section 4 of article 529 twelve.

Re-election: As provided for in article 10 of the Board Regulations, any proposals for the re-election of directors that the Board of Directors may decide to submit to the Shareholders' Meeting must undergo a formal process, evaluating the quality of the work and the dedication to their office of the directors proposed in the preceding term.

Evaluation: The Board Regulations do not formally provide for the mechanism for evaluating Directors, even where such evaluation has been conducted by the Company on an informal basis. On 19 January 2017, the Company approved regulations for the Appointments and Remuneration Committee, tasking it with preparing and supervising an annual evaluation programme for board members and their executive committees, leading to the approval in November of a document concerning the evaluation of board members.

Removal: Article 12 of the Board Regulations provides that directors must stand down once the period for which they were appointed has elapsed and where so decided by the Shareholders' Meeting or the Board of Directors, in exercise of the powers granted by law or the Bylaws. Moreover, it sets out the grounds on which Directors must tender their resignation to the Board.

Article 13 of the Board Regulations provides for the common criteria to be observed for the appointment, re-election or removal of directors, noting that the directors affected by the relevant proposals for appointment, re-election or removal must abstain from the debates and votes in such connection, and that all votes will be secret where so requested by any of its members, notwithstanding the right of any director to have their vote recorded in the Minutes.

C.1.17 Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organisation and in the procedures applicable to its activities:

Description of amendments

There have been no significant changes to the internal organisation of the Board or the procedures applicable to its activities.

Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and areas evaluated

Following the approval of the Appointments and Remuneration Committee Regulations at the Board Meeting of 19 January 2017, the above committee conducted a review of the Board of Directors, with a view to adopting, where necessary, an action plan remedying any defects detected with respect to: i) the quality and efficiency of the Board's operating procedures; ii) the operating procedures and composition of the Board committees; iii) the diversity in the composition and competences of the Board of Directors; iv) the performance of the company's board chairman and senior executive; and v) the performance and contribution of each director, with particular regard to the persons in charge of the respective board committees.

C.1.18 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

An evaluation of the Board of Directors is currently being conducted, with the advice of an external consultant and the company's lawyers. The forms, questions and procedures have been evaluated by an external consultant, incorporating personal interviews and adapting their content to the recommendations of the independent experts. Moreover, this evaluation has been broadened to include the Appointments and Audit Committees, and the Company's Chairman and CEO have also been evaluated.

C.1.19 Indicate the cases in which directors are obliged to resign.

As per article 12 of the Board of Directors Regulations, directors must place their directorships at the disposal of the Board of Directors and formally tender their resignations, if the Board deems it to be desirable, in the following circumstances:

- a) Where they cease to hold the executive positions with which their appointment as directors was associated.
- b) Where they are affected by any of the statutory scenarios of incompatibility or prohibition.
- c) Where they are seriously admonished by the Audit and Compliance Committee for violating their duties as directors.
- d) Where their continuity on the Board may place the Company's interests at risk or where the reasons for which they were appointed cease to apply.
- e) Where they are prosecuted for a purportedly criminal act or are subject to disciplinary proceedings instituted by the oversight authorities for a serious or very serious infringement.

The proprietary directors must resign where the shareholder they represent sells its entire stake, or, the relevant number must step down where such shareholder reduces its percentage stake to a level that calls for a reduction to the number of proprietary directors.

The Board of Directors will not propose the removal of any independent director before the completion of the director's term provided for in the Bylaws unless the Board of Directors finds just cause and a prior report has been prepared by the Appointments and Remuneration Committee.

Where, due to resignation or otherwise, a director leaves before the completion of his or her term of office, the director must explain the reasons for this decision in a letter addressed to all members of the Board of Directors, recording the reason for their departure in the Annual Corporate Governance Report.

C.1.20 Are qualified majorities other than those established by law required for any particular kind of decision?

☐ Yes

☒ No

Give a brief description of any differences.

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

☐ Yes

☒ No

C.1.22 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:

☐ Yes

☒ No

C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

☐ Yes

☒ No

C.1.24 Indicate whether the articles of incorporation or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, give brief details of these rules.

Pursuant to article 27 of the Board Regulations, any director may grant representative authority to another Board member, in line with article 30 of the Bylaws (in writing and on a special basis for each meeting call), with specific instructions on how to vote on each of the items on the agenda, with no obligation to delegate to a director of the same category, save in the case of non-executive directors, who may only grant representative authority to another non-executive director on the terms envisaged in the law.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of board meetings	8
Number of board meetings held without the chairman's presence	0

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0
--------------------	---

Indicate the number of meetings held by each Board committee during the year:

Number of meetings held by the audit committee	8
Number of meetings held by the nomination and remuneration committee	6

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:

Number of meetings in which at least 80% of directors were present in person	7
------------------------------------------------------------------------------	---

Attendance in person as a % of total votes during the year	100.00
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	1
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100.00

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

☐ Yes
☒ No

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

Pursuant to article 35 of the Board Regulations, the above body will establish an objective, professional and ongoing relationship with the external auditor of the Company appointed by the Shareholders' Meeting, ensuring its independence and providing it with all of the information required to discharge its duties.

The Board of Directors will seek to prepare the Annual Accounts to ensure that they contain no auditor qualifications, and, where such qualifications exist, both the Chairman of the Audit, Compliance and Conflicts of Interest Committee and the auditors will clearly explain the content and scope of such reservations or qualifications to the shareholders.

Pursuant to article 31 of the Board Regulations, the Audit, Compliance and Conflicts of Interest Committee will have such dealings with the external auditors as may be required to gather information concerning any matters that may pose a threat to their independence, and any other matters concerning the conduct of the audit process, as well as any other notifications provided for in the audit legislation and the technical audit regulations. It will also serve as a channel of communication between the Board of Directors and the auditors, evaluating the results of each audit and any replies from the management team to its recommendations, while mediating in the event of any discrepancies between the two with respect to the principles and criteria applicable to the preparation of the financial statements.

C.1.29 Is the secretary of the Board also a director?

☐ Yes
☒ No

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
MR. ADOLF ROUSAUD VIÑAS	

- C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

Pursuant to the provisions of article 31 of the Board Regulations, the Board must set up a mandatory, permanent Audit, Compliance and Conflicts of Interest Committee.

Set up in line with the provisions of article 529 quaterdecies of the Spanish Companies Act, the above Committee must ensure the independence of the external auditor and, to this end, the company must notify the Spanish National Securities Market Commission, on a confidential basis, of any change of auditor, accompanied by a statement concerning any potential disagreements with the outgoing auditor and, where applicable, the content of such disagreements. The auditor must comply with the applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules set in place to ensure auditor independence. In any event, the Committee must receive an annual declaration of independence from the entity or any entities related directly or indirectly thereto from the external auditors, together with a breakdown of any additional services of any nature provided and the relevant fees received from such entities by the external auditor or any related persons or entities per the provisions of the audit legislation. In the event that the external auditor resigns, the Committee must analyse the relevant circumstances.

Moreover, prior to the issue of the audit report, the above article notes that the Committee must issue an annual report setting out an opinion on the independence of the auditors. This report must at all times contain an assessment of any of the above additional services provided, considered individually and in the aggregate, other than the statutory audit and in relation to the regime governing independence and the audit legislation.

- C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

☐ Yes
☒ No

If there were any disagreements with the outgoing auditor, explain their content:

☐ Yes
☒ No

- C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

☐ Yes
☒ No

- C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

☐ Yes
☒ No

C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	7	7

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	38.89	38.89

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

[☒] Yes
[☐] No

Details of the procedure

Prior to each Board Meeting and at all times sufficiently in advance, the Company must provide the Directors with all such documentation and/or information as may prove relevant with respect to the items on the agenda. Moreover, the Directors will have the information and documentation furnished during the meetings.

In this regard, the Directors may obtain from the Company all such information as they may deem necessary or advisable at any time for the due discharge of their office, per the terms set forth in article 15 of the Board Regulations.

C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

[☒] Yes
[☐] No

Explain the rules

Pursuant to article 12 of the Board of Directors Regulations, directors must place their directorships at the disposal of the Board of Directors and formally tender their resignations, if the Board deems it to be desirable, in the following circumstances:

- Where they are affected by any of the statutory scenarios of incompatibility or prohibition.
- Where they are seriously admonished by the Audit, Compliance and Conflicts of Interest Committee for failing to meet their obligations as directors.
- Where their continuity on the Board may place the Company's interests at risk.
- Where they are prosecuted for a purportedly criminal act or are subject to disciplinary proceedings instituted by the oversight authorities for a serious or very serious infringement.

C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

[] Yes
[x] No

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

No such circumstances have arisen

C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Number of beneficiaries	1
Type of beneficiary	Description of the agreement
CEO	Indemnification: in the event of contractual termination, regard will be had to the following criteria with respect to the calculation of the next amount payable to the CEO: - Where the contract is terminated at the instance of the Company, with 3 months' advance notice, the CEO will be entitled to an amount equal to 39 days' total remuneration (fixed + variable remuneration) per year of service to the Company, calculating any incomplete years on a pro rata basis. An exception is made for scenarios in which the contract is terminated due to retirement, death or absolute or total permanent disability, as well as where the contract is terminated on grounds of a breach of its clauses by the CEO, or where he fails to observe his duties of loyalty and due diligence on the terms provided for in the relevant legislation. Where the Company fails to serve advance notice, the CEO will also be entitled to an amount equal to the remuneration in respect of the notice period not observed. - Where the contract is terminated at the discretion of the CEO, he will be entitled to the same indemnification referred to above where any of the following circumstances have arisen: 1. Material modifications to the terms and conditions on which the CEO discharges his office. 2. A failure to pay or ongoing delay in the payment of the remuneration provided for. 3. A business succession or a significant change to ownership (including, without limitation, a change of control at the Company), provided the contract is terminated within the 3 months following such changes. 4. Any other serious

Type of beneficiary	Description of the agreement
	breach of its obligations on the part of the Company, save in the event of force majeure, in which case the above amount need not be paid.

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General shareholders' meeting
Body authorising the clauses	√	
	Yes	No
Are these clauses notified to the General Shareholders' Meeting?	√	

C.2. Board Committees

C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

Audit Committee		
Name	Position	Current
MR. RAMIRO MARTINEZ-PARDO DEL VALLE	CHAIRMAN	Independent
MR. ANTÓN COSTAS COMESAÑA	COMMITTEE MEMBER	Independent
MR. RAMON GOMIS I DE BARBARÀ	SECRETARY	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	100.00
% of other external directors	0.00

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The main functions of the Audit, Compliance and Conflicts of Interest Committee set out in the Committee Regulations are:

- Verification and supervision of the process for preparing and filing regulated financial information.
- Functions relating to the internal audit
- Functions relating to dealings with the external auditor
- Functions relating to the Shareholders' Meeting
- Functions relating to the Board of Directors
- Functions relating to the efficiency of the Company's internal control and risk management systems
- Functions relating to compliance with the internal codes of conduct and corporate governance rules

The committee will be made up a minimum of three and a maximum of five directors designated by the Board of Directors, at the proposal of the Committee, from among its non-executive directors, the majority of whom must be classed as independent and at least one of whom must be appointed with regard to their expertise and experience in audit and/or accounting-related matters.

Such matters, as well as the organisation of the Committee, the adoption of decisions, the duties of members and dealings with other governance bodies at the Company, are provided for in depth in the Committee Regulations published on the Company's website: www.reigjofre.com

The Company's Audit, Compliance and Conflicts of Interest Committee met eight times in 2020. The items transacted at such meetings are set out in the Annual Committee Report, to be made available to the shareholders when the 2020 General Shareholders' Meeting is called.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Names of directors with experience	MR. RAMIRO MARTINEZ- PARDO DEL VALLE / MR. ANTÓN COSTAS COMESAÑA / MR. RAMON GOMIS I DE BARBARÀ
Date of appointment of the chairperson	26/04/2019

Nomination and Remuneration Committee		
Name	Position	Current
MR. EMILIO MORALEDA MARTÍNEZ	CHAIRMAN	Independent
MS. MARIA LUISA FRANCOLÍ PLAZA	SECRETARY	Independent
REIG JOFRE INVESTMENTS, S.L.	COMMITTEE MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The main functions of the Appointments and Remuneration Committee set out in the Committee Regulations are:

- Competences relating to the composition of the Board of Directors and its committees.
- Competences relating to the selection of potential directors.
- Competences relating to the process for appointing internal positions on the Board of Directors and senior executives.
- Competences relating to the evaluation and re-election of directors.
- Competences relating to the removal of directors.
- Competences relating to remuneration.

The committee will be made up a minimum of three and a maximum of five directors designated by the Board of Directors, at the proposal of the Committee, from among its non-executive directors, the majority of whom must be classed as independent.

Such matters, as well as the organisation of the Committee, the adoption of decisions and the duties of members are provided for in depth in the Committee Regulations published on the Company's website: www.reigjofre.com

The Appointments and Remuneration Committee met seven times in 2020. The items transacted at such meetings are set out in the Annual Committee Report, to be made available to the shareholders when the 2020 General Shareholders' Meeting is called.

The representative of Reig Jofre Investements, S.L. is Isabel Reig López.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	2020		2019		2018		2017	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	0	0.00	0	0.00	0	0.00	0	0.00
Nomination and Remuneration Committee	2	66.00	2	66.00	1	33.00	1	33.00

C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

Both committees have their own regulations, approved at the Board Meeting of 19 January 2017 in the case of the Appointments and Remuneration Committee Regulations, and the meeting of 27 February 2017 in the case of the Audit, Compliance and Conflicts of Interest Committee Regulations. Moreover, the Audit, Compliance and Conflicts of Interest Committee is regulated in article 36 bis of the Bylaws and article 31 of the Board Regulations. The Appointments and Remuneration Committee is regulated in article 36 of the Bylaws and article 32 of the Board Regulations. Both the Committee Regulations and the Bylaws and the Board Regulations are available on the Company website, www.reigjofre.com. The relevant activity reports for 2020 were approved at the respective Committee meetings on 25 February 2021.

D. RELATED PARTY AND INTRAGROUP TRANSACTIONS

D.1. Describe, if applicable, the procedure and competent bodies for the approval of related party and intragroup transactions.

The Audit Committee is responsible for overseeing and reporting on resolutions or decisions authorising the execution of any contracts between the Company and the companies of its group, its directors and shareholders, or the directors and shareholders of the companies of its group, with a particular focus on resolutions or decisions which:

- a) Are related to the commercialisation of the Company's products.
- b) Affect the Company's own or third-party financing.
- c) Entail payment or product delivery obligations on the Company for an individual or aggregate amount, in the same year, exceeding Euros 1,000,000.

D.2. Describe any transactions that are significant, either because of the amount involved or the subject matter, entered into between the company or entities within its group and the company's significant shareholders:

Name or company name of significant shareholder	Name or company name of the company or entity within its group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
No data				N.A.

Significant transactions between the Company and the significant shareholder are detailed in the following section, as the significant shareholder is also a director.

D.3. Describe any transactions that are significant, either because of their amount or the subject matter, entered into between the company or entities within its group and directors or managers of the company:

Name or company name of director(s) or manager(s)	Name or company name of the company or entity within its group	Relationship	Nature of the transaction	Amount (thousands of euros)
REIG JOFRE INVESTMENTS, S.L.	REIG JOFRE INVESTMENTS, S.L.	DIRECTOR	Provision of services	298
REIG JOFRE INVESTMENTS, S.L.	REIG JOFRE INVESTMENTS, S.L.	DIRECTOR	Operating lease agreements	990

- D.4.** Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the consolidation process and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered tax havens:

Company name of the entity within the group	Brief description of the transaction	Amount (thousands of euros)
No data		N.A.

- D.5.** Report any material transactions carried out by the company or entities belonging to its group with other related parties that have not been reported in the previous sections.

Company name of the related party	Brief description of the transaction	Amount (thousands of euros)
No data		N.A.

- D.6.** List the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

Article 19 of the Board Regulations regulates conflicts of interest as follows:
Directors must refrain from intervening in deliberations affecting matters in which they have a direct or indirect interest. Directors will be deemed to have a personal interest where the matter affects a member of their family or a company in which they hold an executive position or a significant stake in the capital. Directors may not perform commercial transactions with the Company or any of the companies of its group without a prior resolution of the Board of Directors.
Moreover, all directors are required to sign the letter referred to in article 229 of the Spanish Companies Act, declaring that they have no conflicts of interest with the Company.

- D.7.** Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.

[☒] Yes
[☐] No

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

[☒] Yes
[☐] No

Report the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported

The Company engages in commercial transactions related to its activities with its subsidiaries. These are performed at market value. These transactions are reviewed by the controlling department, by internal audit and, lastly, by the Audit Committee. The Company has commercial contracts and dealings with its parent on the terms defined in sections D.3 and A.5

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest

As detailed in point D.1, the Audit Committee oversees any agreements, decisions and transactions between the Company and companies of its group, with a particular focus on its parent, as evidenced in the related-party transactions report posted on the Company website each year.

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including tax risk.

Risk control and management at Laboratorio Reig Jofre, S.A. covers all relevant areas and processes within each of the organisational units of the Company with risks divided into strategic risks, operational risks, financial risks and compliance risks.

The Reig Jofre Audit Committee approved the Company's Risk Map on 29 October 2018 and it was presented to the Board of Directors on 30 October 2018.

E.2. Identify the bodies within the company responsible for preparing and executing the Risk Management and Control System, including tax risk.

Design and implementation of the Risk Management System falls to the Company's internal audit function, supervised by the Audit, Compliance and Conflicts of Interest Committee, as explained in the Committee's Regulations. The Company's Board of Directors approved the creation of the internal audit function and the resulting appointment of the internal auditor on 27 February 2017.

The Internal Auditor's work is based on the Company's Risk Map, which was approved by the Audit Committee on 29 October 2018.

E.3. Indicate the main risks, including tax risks and, to the extent that they are significant, those deriving from corruption (with the scope of these risks set out in Royal Decree Law 18/2017), which may affect the achievement of business objectives.

Strategic risks regarding failure to secure the expected return on R&D investments, increased competition and failure to obtain or loss of production permits.

Operational risks relating to the obtaining of raw materials, management of the license portfolio and loss of opportunity due to delays in the development of new products.

E.4. Indicate whether the entity has risk tolerance levels, including for tax risk.

The Company has a suitable procedure in view of its activity and associated risk profile based on the Risk Map, which establishes certain scales of impact and likelihood of occurrence. The risks affecting each process and organisational unit are also monitored on an ongoing basis.

E.5. Indicate which risks, including tax risks, have materialised during the year.

Difficulties obtaining the total amount of raw materials requested and, consequently, loss of production and invoicing to end customers. Another risk - the Covid-19 pandemic - has caused a drop in sales of products subject to medical prescription due to the restriction on visiting specialists. There has also been a decrease in antibiotics sales as, protected by the circumstances of the pandemic, people have suffered fewer bacterial infections.

E.6. Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.

The Finance Department establishes the risk mitigation mechanisms for each type of risk identified.

It is also responsible for ensuring appropriate coverage of these risks via insurance policies that permit the economic impact to be mitigated in the event that any of the risk events occur.

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

F.1. The entity's control environment

Report on at least the following, describing their principal features:

F.1.1 The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

In line with the Board Regulations and the Regulations of the Audit, Compliance and Conflicts of Interest Committee, the Audit, Compliance and Conflicts of Interest Committee is the body responsible for reviewing internal control and risk management systems, with the internal audit function created on 27 February 2017 responsible, as from that year, for the design, implementation and update thereof.

F.1.2 Indicate whether the following exist, especially in relation to the drawing up of financial information:

- Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.

The Company has a General Human Resources Department with delegates at all national and international headquarters.

- Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.

The Laboratorio Reig Jofre S.A. Internal Rules of Conduct in relation to Securities Markets are designed to establish guidelines for conduct, integrity and ethical behaviour in line with the image and reputation of the Company with respect to the communities in which it operates. They were approved by the Company's Board of Directors on 29 April 2015 and were subsequently amended by it on 21 January 2021. They were submitted to the Spanish National Securities Market Commission and are published on the Company's website www.reigjofre.com

The Code of Conduct has been in force since it was approved and applies to the members of the Company's managing and governing bodies.

The purpose of the above Code is to regulate the activity of members of the managing body and certain Company employees, by establishing rules for the management and control of inside information, transparent communication of relevant information, the performance of transactions with treasury shares and the detection and treatment of conflicts of interests, and to impose certain obligations, limits and prohibitions on affected parties, insiders and treasury share managers, all with a view to protecting the interests of investors in Company and Group securities and preventing and avoiding any situations of abuse, notwithstanding efforts to encourage and facilitate the participation of directors and employees in the Company capital, always strictly in line with the legislation in force.

The Board of Directors of Laboratorio Reig Jofre, S.A. shall ensure that the Rules are up to date at all times and that all of the persons falling within its scope of application are aware of, understand and accept their content.

- Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential.

The Corporate Defence implementation project approved by the Board of Directors in 2020 includes the creation of a whistle-blower channel on the Company website. The whistle-blower channel will permit Reig Jofre to implement appropriate procedures to facilitate communication channels that permit both members of the organisation and third parties to report, in good faith and on the basis of reasonable evidence, any circumstances that could lead to the materialisation of a financial, contractual, legal or ethical risk for the organisation or breaches or weaknesses in the criminal compliance management system.

The whistle-blower channel is regulated by the whistle-blower channel establishment procedure and the Code of Ethics. The body responsible for managing and receiving complaints is the Ethics Committee and no complaints have been received this year.

- Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.

Training imparted to Company personnel is planned. Each year the budget includes a training item and each department identifies the individual training needs of each of its members. One of the objectives of the Finance Department is to remain up to date with applicable internal control and accounting developments.

The Company has external advisors that inform it of necessary updates in relation to internal control, accounting, IFRS, risk management, consolidation and other subjects of relevance to the area. Personnel involved in the preparation and review of financial information receive regular training on these subjects.

F.2. Assessment of risks in financial reporting

Report on at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- Whether the process exists and is documented.

In 2018, the Company's risk map was analysed and documented with the help of external advisors, permitting the documentation of the risks identified, the internal measures for controlling such risks and the resulting risk for the Company. On 15 January 2019, the Internal Audit function presented to the Audit Committee the Internal Audit Plan setting out the proposed areas for verification, monitoring and documentation in 2019 and 2020, based on the Company's Risk Map.

- Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.

The process implemented in 2015 following the merger of Natraceutical S.A. with Laboratorio Reig Jofre, S.A. was reviewed in 2018 following the creation of the Company's Internal Audit function in 2017, in line with the recommendations received from the Company's external auditors and advisors, with the following objectives:

Identification and assessment of key risks: Identification of the risks to be assumed and those to be avoided for the conduct of business.

Preparation of the actions plans necessary to mitigate the main risks. Inter alia:

- Existence and occurrence: The transactions, acts and other events included in the financial information effectively exist and have been recognised at the appropriate time.
- Integrity: The information reflects all transactions, acts and other events in which the Company is an affected party.
- Measurement and accuracy: The transactions, acts and other events are recognised and measured in line with the applicable legislation.
- Rights and obligations: The financial information reflects rights and obligations, at the relevant date, via the relevant assets and liabilities in line with the applicable legislation.
- Presentation and disclosure: Transactions, acts and other events are classified, presented and disclosed in the financial information in accordance with the applicable legislation.

The Criminal Compliance Internal Control System was implemented in 2020 and an inventory of risks drawn up based on the existing risk map and the conclusions drawn from interviews with the Company's main executives.

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

The corporate structure of the Company and all of its subsidiaries is appropriately identified and any variations in the consolidation group are identified using the established control mechanisms.
Elsewhere, on 18 January 2018, the Finance Department presented the Audit Committee Meeting with the list of companies forming part of the consolidation group and undertook to report on any updates.

- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

The Company has classified its risk into four groups:

Strategic risks: this refers to risks considered key to the Company and must be managed on a proactive and priority basis (e.g. decision on investments, entry to new segments, generational change, etc.).

Operational risks: Risks that affect the operational management and which could significantly disrupt the Company's operations (e.g. system failures, occupational and environmental accidents, process failures, etc.).

Reporting/financial risks: Those directly affecting aspects of information reported to the Company and/or third parties (e.g. incorrect information provided to investors and shareholders, etc.) This category also includes financial risks (e.g. credit risk, market risk, liquidity risk etc.).

Compliance risks: Risks affecting internal or external regulatory compliance with respect to third parties (e.g. compliance with safety and environmental rules, filing and payment of taxes, compliance with the personal data protection law, etc.).

The Company thus evaluates:

Inherent risks (risk that exists for Laboratorio Reig Jofre, S.A. if no action is taken by Management to alter the likelihood of the risk occurring or its impact).

Residual risks (risk that remains once Management has implemented mitigating measures).

- The governing body within the company that supervises the process.

As set out in the Audit, Compliance and Conflicts of Interest Committee Regulations, this body is responsible for overseeing the internal audit function in order to monitor risks, establishing pertinent measures to ensure its appropriate control and management.

F.3. Control activities

Report on whether the company has at least the following, describing their main characteristics:

- F.3.1** Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

The Company has in place financial information review and authorisation procedures established and controlled by the Finance Department, which is responsible for coordinating all of the areas involved in keeping an up-to-date ICFR. The processes deemed relevant to the Company's financial information are:

- Fixed assets
- Accounts payable
- Accounts receivable
- H.R.
- Consolidation
- Accounting close
- Financial reporting

For each process and sub-process, the areas involved and the risks that have an impact on financial information have been defined.

- F.3.2 Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.

Laboratorio Reig Jofre, S.A. has in place policies and procedures governing access to and operation of systems and applications, which permit it to:

- i. Manage access to systems and applications in such a way as to ensure the appropriate segregation of functions within applications, adding the access permissions granted to system users to user profiles. Have mechanisms in place that permit the various systems used in the business to continue operating in the event of failure. Have mechanisms in place that permit data to be recovered in the event of loss (backups, fireproof chambers where back-up copies are stored, external servers, etc.)
- ii. Ensure that the development of new applications or maintenance of existing ones facilitates a definition, development and testing process that permits the appropriate processing of information to be ensured.
- iii. Manage the correct operation of Systems. With this in mind, the IT area is responsible for ensuring the correct and effective operation of systems and communication networks.

- F.3.3 Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

Of the processes comprising the Company's value chain, the activities subcontracted to third parties in relation to the preparation of financial information are always entrusted to reputable companies with proven competence, qualifications and independence, with a view to avoiding relevant risks in relation to financial information. In any event, each area involved in activities subcontracted to third parties supervises and monitors the subcontracted activity.

F.4. Information and communication

Report on whether the company has at least the following, describing their main characteristics:

- F.4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The Finance Department is responsible for keeping accounting policies up-to-date and resolving any doubts and conflicts that may arise as regards their interpretation, as well as communicating them to all persons with a significant involvement in preparing financial information. Moreover, the Company is assisted by its auditors and by reputable external advisors who inform it of potential developments in accounting legislation.

- F.4.2 Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

The Company gathers, consolidates and prepares financial information on a centralised basis and has IT tools that permit it to standardise budgeting, monitoring and consolidation processes. With a view to covering all relevant risks relating to financial information, it has in place a number of controls for the accounting close and consolidation process.

F.5. Supervision of the functioning of the system

Report on at least the following, describing their principal features:

- F.5.1** The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

Among other things, the Audit, Compliance and Conflicts of Interest Committee Regulations approved on 27 February 2017 detail the oversight activities of such Committee as regards verification and oversight of the process to prepare and present regulated financial information, and the effectiveness of internal control and risk management systems at the Company. Since it was created in 2017, the Internal Audit function has been responsible for supporting the Audit, Compliance and Conflicts of Interest Committee with the oversight of ICFR.

- F.5.2** Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

The Audit, Compliance and Conflicts of Interest Committee, via the Finance Department, maintains an open line of communication with the external auditor with a view to preventing qualifications arising in the annual account review process. The Finance Department and, as of 2017, the Internal Audit function report regularly to the Audit, Compliance and Conflicts of Interest Committee on any incidents identified in the pursuit of their work. At least twice a year, the external auditors also hold informative meetings with the Audit, Compliance and Conflicts of Interest Committee. The first of these meetings takes place before the audit begins to inform the Committee of the planning for how the work is to be performed. The second meeting is to explain the work carried out and potential incidents and adjustments made.

F.6. Other relevant information.

N/A

F.7. External auditor's report.

Report:

- F.7.1** Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.

Laboratorio Reig Jofre, S.A. has not submitted the ICFR information sent to the markets to review by the external auditor.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Complies ☒ Explain ☐

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

- a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.
- b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies ☐ Complies partially ☒ Explain ☐ Not applicable ☐

As noted in sections D.7, A.5 and D.1, the Company has different business relationships with its subsidiaries and its parent. The Audit Committee is responsible for overseeing these transactions and for ensuring compliance and resolution of potential conflicts of interest. The first meetings of 2021 are expected to see approval of the amendments to the Regulations formalising the activities carried out by the each of the Committees and by the Board of Directors.

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

- a) Changes that have occurred since the last General Shareholders' Meeting.
- b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies ☒ Complies partially ☐ Explain ☐

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies [] Complies partially [X] Explain []

Although the Company complies with and implements the requirements established in this regard in the Code of Good Corporate Governance, the first Board Meetings of 2021 are expected to formally approve the new policy for communication and contacts with shareholders and institutional investors.

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies [X] Complies partially [] Explain []

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

- a) Report on the auditor's independence.
- b) Reports on the workings of the audit and nomination and remuneration committees.
- c) Report by the audit committee on related party transactions.

Complies [X] Complies partially [] Explain []

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies ☒ Complies partially ☐ Explain ☐

The Shareholders' Meeting held on 23 July 2020 was held exclusively by telematic means via the Company's website. Telematic delegation of votes and voting were therefore possible.

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies ☐ Complies partially ☒ Explain ☐

The audit committee ensures that the financial statements submitted to the General Shareholders' Meeting by the Board are prepared in accordance with accounting regulations. The first meetings of 2021 are expected to see approval of the amendments to the Regulations formalising the activities carried out by the each of the Committees and by the Board of Directors.

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies ☒ Complies partially ☐ Explain ☐

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

- a) Should immediately distribute such complementary points and new proposals for resolutions.
- b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.
- c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

12. That the Board of Directors should perform its functions with unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies ☒ Complies partially ☐ Explain ☐

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies ☒ Explain ☐

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

- a) Is concrete and verifiable;
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies [] Complies partially [X] Explain []

To the extent that the Company has undertaken before the CNMV to include the good corporate governance recommendations in its internal regulations, the Board of Directors will seek, within the scope of its competences, to ensure that elected candidates are persons of recognised standing, competence and experience, who are willing to dedicate sufficient time to the Company.
The Company understands that it meets the recommendation established for 2022 and will bear this in mind when any new director appointment process begins.
The first meetings of 2021 are expected to see approval of the amendments to the Regulations formalising the activities carried out by the each of the Committees and by the Board of Directors.

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies [] Complies partially [X] Explain []

Of the 9 members of the Board of Directors, 5 are independent directors, 4 are proprietary directors and only one an executive director.
The Company understands that it meets the recommendation established for 2022 and will bear this in mind when any new director appointment process begins.

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors with respect to the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies where very few shareholdings are legally considered significant.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies ☒ Explain ☐

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies ☒ Explain ☐

18. That companies should publish the following information on their directors on their website, and keep it up to date:

- a) Professional profile and biography.
- b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of individuals who represent proprietary shareholders, the shareholder that they represent or to which they are connected.
- d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.
- e) Company shares and share options that they own.

Complies ☒ Complies partially ☐ Explain ☐

19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies ☒ Explain ☐

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies ☒ Complies partially ☐ Explain ☐

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies ☒ Complies partially ☐ Explain ☐

The Minutes of the Appointments Committee Meeting of 30 October 2018 recorded a resolution limiting the number of boards of directors of other listed companies on which Board Members may sit to four. The Shareholders' Meeting of 23 July 2020 approved the Board of Directors Regulations containing this update.

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies ☒ Complies partially ☐ Explain ☐

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies ☒ Complies partially ☐ Explain ☐

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☐

29. That the company should establish adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies ☒ Complies partially ☐ Explain ☐

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies ☒ Explain ☐ Not applicable ☐

31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies ☒ Complies partially ☐ Explain ☐

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies ☒ Complies partially ☐ Explain ☐

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies ☒ Complies partially ☐ Explain ☐

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies ☐ Complies partially ☒ Explain ☐ Not applicable ☐

The Deputy Chairman currently discharges these duties although this is not formalised in any specific regulations.

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies ☒ Explain ☐

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its committees.
- c) Diversity in the composition and skills of the Board of Directors.
- d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.
- e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies ☒ Complies partially ☐ Explain ☐

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies ☒ Complies partially ☐ Explain ☐

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies ☒ Complies partially ☐ Explain ☐

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies ☐ Complies partially ☒ Explain ☐ Not applicable ☐

In 2019, the head of Internal Audit presented his proposal for monitoring the Risk Map, which was closely linked to the Annual Audit Plan. Its conclusions and results will be presented and/or updated during this year.

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:
 - a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
 - b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
 - c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group.
This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
 - d) Generally ensuring that internal control policies and systems are effectively applied in practice.
2. With regard to the external auditor:
 - a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.
 - b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
 - c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
 - d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
 - e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies [☐] Complies partially [☒] Explain [☐]

The Audit Committee oversees the information and internal control systems, and complies with all of the above points in relation to the auditor. The Audit Committee meets with the external auditor each year and reports to the Board of Directors, meeting in plenary session, on the accounting position and risks of the Company. The first meetings of 2021 are expected to see approval of the amendments to the Regulations formalising the activities carried out by the each of the Committees and by the Board of Directors.

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies ☒ Complies partially ☐ Explain ☐

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☐

45. That the risk management and control policy identify or determine, as a minimum:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialise.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies ☐ Complies partially ☒ Explain ☐

The Company has an informal policy regarding the new points included in the latest recommendations of the Good Governance Code for Listed Companies in relation to risk control and management, which is in line with the points set out above. The first meetings of 2021 are expected to see approval of the amendments to the Regulations formalising the activities carried out by the each of the Committees and by the Board of Directors.

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies ☒ Complies partially ☐ Explain ☐

While the Company's Finance Department has established risk management and control procedures which are supervised by the Audit, Compliance and Conflicts of Interest Committee, in 2016, this Committee analysed the advisability of formalising the internal control and risk management function via the creation of a unit to assume these functions, with the development of a protocol for the purpose. As a result of this work and as a preliminary step, on 27 February 2017, the creation of the internal audit function was approved. On 29 October 2018 the Audit Committee approved the Company's Risk Map.

47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies ☒ Complies partially ☐ Explain ☐

48. That large-cap companies have separate nomination and remuneration committees.

Complies ☐ Explain ☐ Not applicable ☒

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies ☒ Complies partially ☐ Explain ☐

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:
- a) Proposing the basic conditions of employment for senior management to the Board of Directors.
 - b) Verifying compliance with the company's remuneration policy.
 - c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportionate to that received by the company's other directors and senior managers.
 - d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.
 - e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.
- Complies ☒ Complies partially ☐ Explain ☐
51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.
- Complies ☒ Complies partially ☐ Explain ☐
52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:
- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.
 - b) That their chairpersons be independent directors.
 - c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.
 - d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
 - e) That their meetings be recorded and their minutes be made available to all directors.
- Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create.

And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies [☐] Complies partially [☒] Explain [☐]

The first meetings of 2021 are expected to see approval of the amendments to the Regulations formalising the activities carried out by the each of the Committees and by the Board of Directors.

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
- d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies [☒] Complies partially [☐] Explain [☐]

In the context of the corporate social responsibility activities entrusted to the Company's different departments, on 19 January 2017, the Board of Directors approved a Corporate Social Responsibility Declaration to promote transparent and periodic dissemination of the initiatives being carried out by the Company in this area, and to define and adapt both current initiatives and any new ones developed as part of the Company's strategic plan. As an indispensable prior step, the Board of Directors approved the launch of a 2017 work plan in relation to the CSR policy, the first stage in which was the gathering of information relating to all of the policies and initiatives currently being carried out at the Company's different headquarters in relation to the three priority areas of action, the definition of the key points of the Company's CSR policy and the assignment of the people responsible for and resources required to ensure the achievement of any qualitative and quantitative objectives set.

On 6 June 2018, the Board of Directors approved a series of resolutions relating to Corporate Social Responsibility. It resolved upon a series of measures and objectives to be implemented in 2018. June 2018 saw the creation of the Corporate Social Responsibility Committee, a multidisciplinary, inter-centre committee. The objectives of this Committee are aligned with the SDG (Sustainable Development Goals) proposed by the UN and are as follows:

- Health and wellbeing
- Quality training and education.
- Decent work and economic growth.
- Reduction of inequalities and gender equality.
- Climate action.

Since 2018, the Company's Corporate Social Responsibility commitments and policies have been set out in the Non-financial Information Statement, which forms part of the Directors' Report within the Consolidated Annual accounts. Also, a contextual materiality analysis has been conducted via an external consultant.

55. That environmental and social sustainability policies identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies [] Complies partially [X] Explain []

In its day-to-day activities, the Company complies with the above points. However, it plans to formalise the relevant policies in the first meetings of 2021.

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies [X] Explain []

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies [X] Complies partially [] Explain []

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies ☐ Complies partially ☐ Explain ☒ Not applicable ☐

On 22 June 2016, the Shareholders' Meeting approved the first Long-term Loyalty Plan for Directors and Executives, consisting of a scheme for maximum of 240,000 share options for all years and all Plan beneficiaries, to be delivered with value date at 1 January 2017, 2018 and 2019.

However, Company directors have been excluded from the plan.

On 25 January 2019, the Company's Shareholders' Meeting approved the second Long-term Loyalty Plan for Executives, consisting of a scheme for up to 480,000 share options for all years and all Plan beneficiaries, to be delivered with value date at 1 January 2020, 2021, and 2022.

However, Company directors have been excluded from the plan.

The CEO has not participated in any tranches of the Loyalty Plan to date, although he is a significant shareholder (Reig Jofre Investments, S.L.) in the Company's main shareholder.

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

H. FURTHER INFORMATION OF INTEREST

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.
2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010.

N/A

This Annual Corporate Governance Report was approved by the Board of Directors of the company in its meeting held on:

[25/02/2021]

Indicate whether any director voted against or abstained from approving this report.

[] Yes
[v] No

ANNEXED II

CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT



LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

**INDEPENDENT VERIFICATION REPORT OF CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT
OF LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES FOR FINANCIAL YEAR 2020**

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

Independent Verification Report of consolidated Non-Financial Information Statement of Laboratorio Reig Jofre, S.A. and Subsidiaries for financial year 2020

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

To the Shareholders of Laboratorio Reig Jofre, S.A.:

In accordance with Article 49 of the Commercial Code, we have carried out the verification, with the limited security scope, of the Consolidated Non-Financial Information Statement (hereinafter NFIS) for the annual financial year ended December 31, 2020, of Laboratorio Reig Jofre, S.A. and Subsidiaries (hereinafter Reig Jofre Group) which is part of the Reig Jofre Group Management Report as Annex II.

The NFIS content includes additional information to that required by current commercial regulations on non-financial information that has not been the subject of our verification work. In this regard, our work has been limited exclusively to the verification of the information identified in the attached Annex NFIS -GRI Table.

Responsibility of the Directors

The formulation of the NFIS included in the Reig Jofre Group Management Report, as well as the content thereof, is the responsibility of the Directors of Laboratorio Reig Jofre, S.A. The NFIS has been prepared in accordance with the contents of the current commercial regulations and following the criteria of the *Sustainability Reporting Standards* of the *Global Reporting Initiative* (GRI standards) selected as described in accordance with the above for each subject in Annex NFIS - GRI Table of the mentioned Statement.

This responsibility also includes the design, implementation and maintenance of the internal control deemed necessary to allow the NFIS to be free of material misstatement, due to fraud or error.

The Directors of Laboratorio Reig Jofre, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the necessary information is obtained for the preparation of the NFIS.

Our independence and quality control

We have met the requirements of independence and other ethical requirements of the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA) which is based on the fundamental principles of integrity, objectivity, professional competence, diligence, confidentiality and professional behavior.

Our Firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore maintains a global quality control system that includes documented policies and procedures relating to compliance with ethics requirements, professional standards and applicable legal and regulatory provisions.

The team has been made up of professionals who are experts in reviews of Non-Financial Information and, specifically, in economic, social and environmental performance information.

Our responsibility

Our responsibility is to express our conclusions in an independent verification report of limited security based on the work performed. We have conducted our work in accordance with the requirements set out in the Revised International Assurance and Auditing Standards 3000 in force, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (Revised IAAS 3000) issued by the International Assurance and Auditing Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Action Guide on Non-Financial Information verification engagements issued by the Instituto de Censores Jurados de Cuentas of Spain.

In a limited safety engagement, the procedures carried out vary in their nature and time of completion and have a shorter extent than those performed in a reasonable safety engagement and, therefore, the security obtained is substantially less.

Our work has consisted in the formulation of questions to the Management, as well as the various units of Laboratorio Reig Jofre, S.A. that have participated in the development of the NFIS, in the review of the processes to collect and validate the information presented in the NFIS and in the application of certain analytical procedures and sampling review tests described below :

- Meetings with Reig Jofre Group personnel to learn about the business model, policies and management approaches applied, the main risks associated with these issues and obtaining of the necessary information for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFIS for the 2020 financial year based on the materiality analysis carried out by Reig Jofre Group and described in section 3, considering content required in the commercial legislation in force.
- Analysis of the processes for collecting and validating the data presented in the NFIS for the 2020 financial year.
- Review of the information on risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for the 2020 financial year.
- Verification, by means of tests, based on the selection of a sample, of the information relating to the contents included in the NFIS for the 2020 financial year and its proper compilation from the data provided by the sources of information.
- Obtaining of a representation letter from the Directors and the Management.



III

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

Conclusion

Based on the procedures carried out in our verification and the evidence we have obtained, there has been no evidence to suggest that the NFIS of Reig Jofre Group for the annual financial year ended December 31, 2020 has not been prepared, in all its significant aspects, in accordance with the contents of the commercial regulations in force and following the criteria of the selected GRI standards described in accordance with the aforementioned for each subject in Annex NFIS - GRI Table of the mentioned Statement.

Use and distribution

This report has been prepared in response to the requirement established in the commercial regulations in force in Spain, so it may not be suitable for other purposes and jurisdictions.

BDO Auditores, S.L.P.

(Signed on original in Spanish)

Enric Doménech Rey
Partner

February 26, 2021

Consolidated Non-Financial Information Statement at 31 December 2020

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

REIG  JOFRE





Contents

Contents	2
About Reig Jofre	4
About this report	5
Materiality analysis	6
Environmental commitment	7
Pollution/CO ₂ emissions	8
Circular economy and waste prevention and management.....	9
Water consumption	11
Raw materials used	12
Energy consumption	12
Climate change	15
Commitment to society	16
Fight against COVID-19	16
Quality and safety of our products.....	17
Local population and territory	19
Professional careers.....	22
Promotion of equality.....	26
Organisation of work	29
Occupational health and safety	31
Labour relations	35
Training	36
Respect for human rights	37
Grievance mechanisms	37
Freedom of association and collective bargaining	38
Responsible economy.....	38
Contribution to local economic development	39



Supply chain management41

R&D&I42

Risk management44

Codes of ethics and anti-corruption45

Regulatory compliance49



About Reig Jofre

[GRI: 101, 102-1, 102-3, 102-5]

Key aspects such as the business model, geographical presence, objectives and the main strategic lines of action are expounded upon in the Director's Report, which, inter alia, forms the basis for focusing on the non-financial information topics that should be disclosed in this report.

As detailed in Appendix I to the consolidated annual accounts, the consolidated information related to this report encompasses the following companies:

- Laboratorio Reig Jofre, S.A.
- Bioglan, A.B.
- Laboratoires Forte Pharma, SAM
- Forte Services, SAM
- S.A. Laboratoires Forte Pharma Benelux
- Laboratoires Forte Pharma UK Ltd.
- Reig Jofre UK Limited
- Reig Jofre Europe PTE. LTD.
- Reig Jofre Future Health, S.L.U.
- Geadic Biotec AIE
- Syna Therapeutics, S.L.

Laboratorio Reig Jofre, S.A. is a pharmaceutical company listed on the continuous market of the Spanish stock exchange under code RJF. It was founded in 1929 in Barcelona and engages in the research, development, manufacture and marketing of pharmaceuticals and food supplements.

Reig Jofre has more than 1,100 collaborators, 4 development and production centres in Europe (2 in Toledo, 1 in Barcelona and 1 in Sweden), with direct sales in 7 countries and over 130 sales partners in 70 countries worldwide. The Group's headquarters are currently located at Gran Capità 10, Sant Joan Despí, Barcelona.



About this report

[GRI: 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53]

Through this report, Laboratorio Reig Jofre wishes to disclose relevant information about its Corporate Social Responsibility (CSR) activities: social initiatives, environmental action and sustainable governance, as well as the challenges and commitments that keep us on track towards a business model and company values aligned with the UN Sustainable Development Goals (SDGs).



The data included in this report covers the 2020 calendar year and refers to the Laboratorio Reig Jofre Group as a whole, unless specified otherwise. Data is included for both 2020 and 2019 for comparison purposes. The 2019 data was subject to independent assurance in the issue of the non-financial information statement for the year ended 31 December 2019.

This report has been prepared in accordance with the core option of the Global Reporting Initiative (GRI) standards for the preparation of sustainability reports. A mapping between each of the sections reported and the GRI indicator codes is included at the end of the report.

For additional information regarding the CSR of Laboratorio Reig Jofre, please email: accionsocial@reigjofre.com



Materiality analysis

In 2019 the Company collaborated with the consultancy firm ADN Sostenible to carry out a contextual materiality study in order to determine stakeholder expectations and information needs regarding social, environmental and ethical aspects of Reig Jofre, with the aim of identifying the most relevant topics and indicators to the Company and its stakeholders, and providing answers in this report.

This contextual materiality analysis consisted of an internal study, through meetings with various members of Company management, and an external benchmarking exercise based on four companies, three from the pharmaceutical sector, and sector-specific studies.

As a result of the analysis, the following 17 topics were defined as material and will be addressed in this report, together with information required by Law 11/2018:

- Environmental commitment
 - Efficient use of material resources
 - Energy
 - Water
 - Prevention of climate change and air pollution
 - Proper management of waste and wastewater, and circular economy
- Social engagement
 - Professional careers
 - Labour relations
 - Occupational health and safety
 - Promotion of equality
 - Product quality and safety
- Responsible economy
 - Responsible financial management
 - Supply chain management
 - Direct and indirect contribution to local economic development
 - R&D&I
 - Risk management
 - Regulatory compliance
 - Anti-corruption



Environmental commitment

Laboratorio Reig Jofre is committed to making its business and scientific activity more sustainable each and every day, applying suitable environmental management and a corporate policy of respect for and awareness of the environment, and promoting such values among the people around us. This environmental policy is based on ensuring a responsible use of resources, by adapting products, packaging and processes; reducing and properly managing waste; and investing in improvements to our facilities geared towards minimising the environmental impact and making the planet more sustainable.

The benefits of being environmentally-friendly, reducing consumption, reusing materials and recycling waste are two-fold: on the one hand, we help care for the environment where Reig Jofre operates without compromising future generations, and on the other, we increase our profitability by doing more with less.

In this respect, reducing the environmental impact of the development, manufacture and distribution of pharmaceuticals and making them available to society is not only compatible with business growth, but also favours it.

Reig Jofre has a global corporate policy on occupational health and the environment, which is prevention-based to reduce or eliminate, if possible, occupational health and safety risks and environmental impacts. This action should not only be carried out in the product research, development and manufacturing phases, but also in the use and end-of-life phases of products. These environmental and safety practices are applicable to all personnel working for or on behalf of the organisation. To this end, Reig Jofre commits to:

- Strictly complying with legal and other requirements related to the environment.
- Promoting the efficient use of water, energy, fuel and raw materials.
- Fostering the gradual replacement of “controversial” raw materials with others that are less polluting and hazardous.



- Encouraging the participation of all employees in environmental and safety initiatives.
- Minimising the generation of waste and emissions.
- Providing adequate training and information to people in the Company's employ or working on its behalf.
- Developing the use of the best available techniques, where financially viable.
- Applying safe practices in the use of equipment and carrying out of work procedures.
- The foregoing is applied through the implementation of an integrated management system for occupational health and safety and the environment, such that the Company achieves continuous improvement in all its activities by setting objectives and targets, planning preventative action and implementing good management practices.

Laboratorio Reig Jofre has a department exclusively in charge of environmental management, as well as occupational health and safety for the whole Group. This department is responsible for the pertinent legal compliance and development of in-house initiatives for a more efficient use of materials linked to the Company's day-to-day activity.

Details of the most important data on the environmental impact of the Group's four production plants in Spain and Sweden are provided below.

Pollution/CO₂ emissions [GRI: 305-1]

Reig Jofre has set an objective of carrying out environmentally-friendly projects focused on reducing energy consumption. Current CO₂ emissions come directly from the use of fossil fuels (petrol and diesel) in the existing fleet of vehicles and indirectly from electricity and gas consumption.



In 2020, demonstrating its commitment to the environment and combatting climate change, Reig Jofre signed an agreement so that 100% of electricity for its plants in Spain comes from renewable sources, obtaining guarantees of origin in accordance with the UN 2030 Agenda.

One of the measures implemented since 2018 to reduce the carbon footprint was to include environmental commitment as one of the selection criteria for hauliers. Currently, our main haulage company is the only company in the sector able to offer an auditable service to calculate the carbon footprint of each shipment. Our primary distribution partners measure the carbon footprint of our shipments in order to calculate and thus reduce the overall emissions of our activity.

As regards sustainable mobility, the Company provides on-site parking spaces and charging stations for people who opt to use electric vehicles or bikes.

Reig Jofre has rolled out a project to gradually replace conventional light bulbs with LEDs to reduce light consumption in its factories and offices. Over the last two years, 4,820 light bulbs have been replaced with LED technology, guaranteeing savings of 60%.

Circular economy and waste prevention and management [GRI: 301-2, 306-2]

Reig Jofre's commitment to reducing, preventing and managing waste is a cornerstone of its anti-pollution efforts. Because waste generation is inherent to Reig Jofre's activity, an efficient and effective treatment in the Company's production cycle is essential.

In 2020 a project was undertaken to reduce the amount and costs of waste drums. The Company previously used 225 litre drums, which were managed as waste. These drums are made of recycled plastic. This project consisted of replacing these plastic drums with 1,200 litre bags, generating savings in consumption of these drums (base material) and transport, since the weight and number of trips is reduced.



This also means the drums can be reused once emptied and cleaned.

The results are as follows:

- Drums reused: 933
- Bags used: 193
- Average drums per bag: 4.83
- Plastic savings: 11,196 kg

These actions are driven by a desire to increase efficiency and protect the environment. The cost-savings are secondary. Even so, the Company has achieved savings in the purchase of drums and a reduction in the number of trips.



For 2021 the Company is studying a measure to improve the management of vats for liquids. These vats currently have a 25 litre capacity and the Company will study whether to transfer their contents to a 600/1000 litre IBC using an ATEX pneumatic pump. This would enable the number of trips to be reduced, improving the ergonomics for operators as they would not have to move the vats when palletising them. It would also have a knock-on effect on the final management cost, since the handling of vats requires considerable human involvement. By contrast, less involvement is required for IBCs.



Reig Jofre's different plants and offices have various waste disposal points, separating paper, plastic, glass, bulbs, fluorescents lamps, batteries, toner and metal in order to manage the waste and recycle it wherever possible.

Collection points are available for hazardous substances, medicines and expired raw materials in the different areas where they are generated. These are managed by specialised, duly authorised companies to ensure they are disposed of correctly.

Details of the volume of waste produced in this year and the prior year are as follows:

	2019 kg	2020 kg	Var.
Non-hazardous	833,921	776,867	-6.84%
Hazardous	304,986	279,109	-8.48%
Total	1,138,907	1,055,976	-7.28%

The ongoing efforts to maximise efficiency in waste management were reflected in a more than 7% reduction in waste produced this year. This decline was seen not only in non-hazardous waste but also in hazardous waste, with biological waste in particular dropping from 51,767 kg to 42,362 kg. This was very important in a year like 2020 when industrial production increased.

Water consumption

[GRI: 303-1, 303-3]

Water consumption largely derives from its considerable importance in the production cycle since it is a raw material used as process water and to clean equipment (reactors, product storage tanks, etc.). The increase in water consumption is proportional to the rise in production at the four Reig Jofre factories which, due to the health emergency, have been in full swing to ensure the supply of essential medicines to the entire population.



Reig Jofre captures water from the public system so as to minimise the impact on the environment. Details of industrial water consumption in the last two years are as follows:

	2019	2020	Var.
Water consumption (m ³)	86,602	108,603	25.4%

Raw materials used

Given the importance of the cost of raw materials to the final price of the end products and the Company's social and environmental awareness, Reig Jofre exhaustively plans its purchases of raw materials. On many occasions it purchases on request of the end customer in order to generate efficiencies in processes and costs, and to reduce shrinkage and possible under-utilisation.

Details of raw materials used in the last two years are as follows:

	2019	2020	Var.
Raw materials	2,944,746	3,562,804	21%
Lots	4,136	4,912	19%
KPI (Kg/Lot)	712	725	1.87%

Energy consumption

[GRI: 302-1, 302-4]

Details of electricity and gas consumption in this year and the prior year are as follows:



	2019	2020	Var.
Electricity (kWh)	22,989,860	24,787,915	7.8%
Gas (kWh)	12,374,153	13,378,564	8.1%

Details of the equivalent CO₂ emissions of this consumption are as follows:

	2019	2020	Var.
Electricity (tCO₂eq)	5,423	5,155	-4.9%
Gas (tCO₂eq)	2,252	2,435	8.1%

While energy efficiency has improved in the different plants, on the back of enhancements to boilers and more efficient production processes, the increase in production in 2020 entailed an inherent rise in energy consumption in absolute terms. The data on raw materials used shows that, comparatively speaking, energy expenses have risen to a lesser degree than the lots produced.

The reduction in gas consumption, in terms of production, stems from the installation of a condensate return system at the plant, which allows residual heat to be recovered.

As regards new commitments for the coming years geared towards reducing the environmental impact of its activity, Reig Jofre plans to continue with its policy of investments focused on energy enhancements using the most efficient technology and process improvements that enable the Company to cut costs and waste.

The most effective way to achieve the most sustainable energy model is through self-supply. Therefore, one of the initiatives rolled out in 2020 was the installation of photovoltaic panels at the Toledo factory. Facilities with these photovoltaic panels are estimated to generate annual kWh savings of 25%. The environmental impact of this pilot test is equivalent to not emitting 68 tonnes of CO₂ per year into the atmosphere. 136 trees would need to be planted per year to offset this carbon footprint.



Investment in this installation will help the Company meet its energy sustainability targets in keeping with the Sustainable Development Goals (SDG) of the UN 2030 Agenda. This first installation started operating in 2020 and is designed as a pilot test to replicate the experience at the Company's other sites.



Reig Jofre has also decided that the energy it uses must come from 100% renewable sources. To this end, Reig Jofre signed an agreement to obtain all energy for its plants in Spain from sources with guarantees of origin certified by the Spanish National Markets and Competition Commission (CNMC).

In 2021 the Company will start up its new production plant with highly energy efficient production equipment, thereby improving electricity consumption performance. In recognition of the commitment to highly energy efficient investments, two grants have been received for the roll out of such technology at the Sant Joan Despí site. The Company also plans on installing a new boiler, which will reduce gas consumption because the new machinery is much more energy efficient than that currently used.

In the context of the foregoing actions, Reig Jofre is performing studies and proposing improvements to strike a balance in the type of energy used by all the Group's factories, increasing the use of renewable energy.



An energy audit was performed in Sant Joan Despí in 2020 and another is expected to start soon in Toledo. These audits provide relevant data which, once analysed, gives us the necessary information to make pertinent changes.

The Company plans to implement and monitor the actions laid out in the policy on health, safety and the environment, which include, apart from strict legal compliance, promoting the efficient use of resources and encouraging employee engagement in environmental and safety initiatives. These actions are aimed at achieving continuous improvement in all activities and, as a result, eliminating risks in the approved policy on health, safety and the environment.

Reig Jofre's principal activity is the manufacture of pharmaceuticals, some of which require special attention regarding health, safety and the environment due to related regulation. Reig Jofre establishes internal requirements and policies based on mandatory standards in order to ensure that the chain of custody is adequate and properly reviewed.

Climate change

[GRI: 305-1]

This year a total of 5,155 tCO₂eq was generated, compared to 5,423 tCO₂eq in the prior year. This decline stems from the signing of a power purchase agreement for energy from renewable sources only, which do not emit any CO₂eq into the atmosphere. This reduction bears even more importance in a context where the factories have been running at full capacity to meet the huge demand for essential medicines during the COVID-19 pandemic.

As mentioned previously, Reig Jofre works with its logistics partners to reduce the environmental impact of diesel-powered distribution lorries and commercial vehicles. As part of this policy to reduce the environmental impact in the commercial area, the Company is planning on renewing the commercial fleet and expects to incorporate hybrid technology into some of these vehicles.



Meanwhile, changes have been made to the vials at the freeze-drying plant. These new vials are lighter and thinner, which directly impacts the weight to be transported and saves time in the freeze-drying process. This reduces the carbon footprint from transport, electricity consumption and gas consumption.

Greenhouse gas emissions from the Company's activities are mainly generated by the factories: powering equipment to produce medicinal products and HVAC at the facilities.

Commitment to society

Social commitment is built into the DNA of Reig Jofre, a company made up of people committed to health, using their knowledge and teamwork to offer society innovative solutions to improve the health and well-being of humankind, whether through medicines, health products or food supplements, all with safety and quality guarantees.

Fight against COVID-19

[GRI: 416-1]

Since the onset of the COVID-19 pandemic, Reig Jofre has focused all its efforts on protecting the health of its employees and offering healthcare authorities, governments, regulators and society at large its experience in the manufacture of essential medicines. Our responsibility as part of the pharmaceutical industry is to help the healthcare system in the supply of essential medicines and collaborate wherever possible in preventing the transmission of COVID-19.

Reig Jofre devotes all its resources to ensuring the safety of its entire workforce through the implementation of preventative and control measures. It has managed to maintain activity levels in production and logistics processes, which must be carried out on-site, and in other areas through the use of collaborative tools and remote working.

The measures rolled out include greater work flexibility, increased remote working and the implementation of internal risk prevention protocols specifically designed to minimise the spread of COVID-19. At the production facilities, PCR, antigen or antibody tests can be performed on any employee who shows compatible symptoms or has been in close contact with someone testing positive. Capacity limits have been placed on common areas, meeting rooms and departments. There is constant communication via signs and TV screens regarding hygiene measures, social distancing and the use of facemasks. The Company has also stepped up the cleaning and disinfection of all common areas at the facilities.

FOR A SAFE WORKPLACE

CONTROLLED EASING OF LOCKDOWN

PLANT AND SERVICE STAFF who have continued to work on site since the start of lockdown will continue applying the same rules, protocols and procedures as at present.

PERSONNEL WORKING REMOTELY will return gradually, initially for a maximum two days a week. Rotas will be organised (max. 40% of dept.) and alternate workstations will be used (min. distance: 1.5m).

SALES TEAMS: will gradually stop working remotely depending on the prerogatives of clients (hospitals, doctors, pharmacies and parapharmacies) in line with the regulations defined for each sector (Farmindustria and other associations).

ACCESS TO FACILITIES

Anyone with symptoms of COVID-19 or who is living with someone who has tested positive for COVID-19 will not be allowed to access the facilities (you must wait 15 days from the first sign of symptoms).

Your temperature will be taken. If >37°C you should return home and call a doctor.

Once you have entered, wash your hands and wear a mask until you reach your workstation.

Access for people other than RJ personnel (except couriers) is not allowed. Meetings will be held by videoconference or telephone.

LOOK AFTER YOUR EMOTIONAL AND MENTAL HEALTH

We offer a 24 hour psychological and emotional support service, which is free and anonymous and provided by highly-experienced psychologists.

LIFE AT THE FACILITIES

Keep a minimum distance of 1.5m between people.

Meetings of 2+ people will be held via Teams. Meetings of 2 people can be held in meeting rooms, maintaining a distance of 1.5m. The capacity of communal areas (open space, cafeteria) is reduced to 50%.

In-person training and courses are postponed during this phase.

Avoid using the lift unless you have mobility problems. If you use the lift, travel alone.

Avoid touching shared elements (buttons, doors and other surfaces). Avoid sharing devices, but if you do, disinfect them after use.

Do not travel unless absolutely necessary and the trip has been validated by the manager in this phase. Post reminders for you to wash your hands regularly.

Capacity has been reduced and social distancing increased in the canteens. Methacrylate screens have been installed in some of the canteens to separate the seats and, as a result, reduce the risk of transmission. A host of hydroalcoholic gel dispensers have been installed in the common areas and all people wishing to enter the facilities have their temperature checked. 24/7 psychological and emotional support is available to all employees free of charge and anonymously, provided by highly-experienced psychologists.

Quality and safety of our products

[GRI: 416-1]

The Company has the Good Manufacturing Practice (GMP) certification required for pharmaceuticals issued by the pertinent authorities, with GMP 1840/001 CAT applicable in the case of Sant Joan Despí.

Moreover, in the last two years Reig Jofre has made significant investments in machinery and employee training to adapt to application in February 2019 of European Directive 2011/62/EU to prevent falsified medicinal products.



Given the huge importance to public health, the Company has a pharmacovigilance department tasked with identifying, quantifying, assessing and preventing potential risks derived from the use of our products (medicines, health products, cosmetics and food supplements), as well as keeping the safety profile up to date. Consumers, patients, healthcare workers and other professionals contact Reig Jofre via telephone, the Company's website or our sales representatives to report cases of suspected adverse reaction, quality claims and medical information enquiries.

The pharmacovigilance department can be reached by all consumers to report any issues that might be related to our products, enabling it to constantly evaluate the benefit-risk ratio of each product.

All the information received is managed internally in accordance with prevailing legislation and Reig Jofre's internal procedures. Cases of suspected adverse reaction to our products are reported to the health authorities within the time frames required by law. Should any signs be detected that could entail a risk in a product, all available information would be reviewed (cases in our database, the European Agency's database, articles published, official journals of health authorities, etc.) and, together with the medical and records department, the action to be taken would be decided. Such action could include a change in the product reference information (technical sheet, prospectus and labelling), restrictions on the conditions of use, the sending of letters to healthcare professionals, supply of educational material to healthcare workers and/or patients, or, in the most severe case, withdrawal of the product from the market.

This year the pharmacovigilance department dealt with cases of suspected adverse reaction related to the active ingredients of Reig Jofre's products, details of which can be found at:

<http://www.adrreports.eu/es/index.html>.

For quality claims associated with the products, the quality assurance department would open an investigation to determine the cause of the defect and inform the notifying party of the outcome.



Medical consultations are answered by the medical information area. The Company also interacts with external stakeholders such as healthcare professionals and end consumers via the different digital portals, with the aim of updating knowledge in key therapeutic areas and contributing to ongoing training:

- *Reig Jofre Classroom*
<http://www.auladeformacionreigJofre.com/index.html>
- *ORL, Health and Well-being*
<http://orlsaludybienestar.com/>

Content aimed at healthcare professionals who prescribe or dispense medicines. It has the scientific backing of AMiQ, Agrupació Mèdica i Quirúrgica of Hospital Universitari Quirón-Dexeus (Barcelona).

- *I choose to look after myself* <http://yoelijocuidarme.es/>

Tips to develop healthy habits through a balanced diet and sport, with the support of coaches.

Local population and territory

Reig Jofre and its collaborators strive to care for people, keep them healthy and improve their well-being through innovation in products, but innovation is also possible beyond products and services, contributing to the health and well-being of those around us as well. At Reig Jofre we do this by opening up the Company to the community and creating engagement with our people.



To this end, Reig Jofre establishes collaborations with entities, foundations, hospitals and training centres, prioritising local ones, with a view to building synergies in the area that foster the development and quality of life of our local populations (patients, students, professionals, volunteers, etc.), while also helping to create a motivating environment for our collaborators.

These collaborations are aligned with the Sustainable Development Goals (SDGs) of Health, Innovation, Ending poverty, Quality education, Gender equality and Partnerships. They have the common trait of relying on Company employee engagement, since social action in Reig Jofre does not come from the Company, but from all the people working therein (no matter what their site, department or position is in the organisation).

Collaborations in 2020 included:



- “*Cosir i cantar*” (Stitch and sing): this project aims to give a living wage to the largest number of people possible. The project comprises 25 self-employed people and micro-companies in Catalonia that have been hit financially by the Coronavirus. We also work with the employment workshops of Càritas and the Portolà Foundation, which give work to people who have difficulty in accessing the job market. We commissioned reusable face masks as an alternative to surgical masks to protect the environment.
- Project INSPIRE STEAM (Universidad de Deusto). This project focuses on developing scientific vocation and bolstering the role of women in STEAM areas, among young people (12 year olds). It is founded on awareness-raising and guidance, led by women professionals from the world of research, science and technology, as well as Reig Jofre collaborators who have trained as mentors and participated in various schools.



- Collaboration through internal dissemination and involvement of the development and sales teams with the crowdfunding project “PodoELA”. The aim of this project led by Universidad de Barcelona is to help people suffering from ALS (ELA per the Spanish acronym) and, thanks to the money raised in the campaign, fund the hiring of the necessary workers to make home visits to the affected patients, using an innovative method to treat their feet so as to improve their quality of life.

In 2020 these collaborations, which usually take the form of public social acts, had to be reduced because of the mandatory legislative measures implemented to combat the COVID-19 pandemic. Once mobility and social gatherings return to normal, Reig Jofre intends to continue the pace of collaborations in prior years. By way of example, detailed below are the collaborations carried out in 2019:

- Pasqual Maragall Foundation. Dr Nina Gramunt was invited to give a talk to the Company’s collaborators about Alzheimer’s disease, providing insight into the disease and the impact it has on society. This speech is included in the TalkForums and CineForums circle, which take place periodically to raise funds for research projects, where employee engagement is sought and the Company supports and multiplies the donations.
- Hospital Sant Joan de Déu. Two teams were trained to participate in the “Magic Line” charity walk organised by Hospital Sant Joan de Déu, which gives the donations made by Company personnel to projects for people in vulnerable situations.
- Children & Future. Like every year, the employees took part in the “No Finish Line” charity walk, which swaps kilometres walked for donations to the foundation’s projects in support of vulnerable children.
- International Association of Healthcare Workers in Spain (AISE). Antibiotics and essential health products were donated for AISE’s socio-healthcare campaign in various rural areas of Ecuador.
- Colegio Salesianas de Sarrià. Donation of corporate products and Forté Pharma food supplements for the Barcelona school’s charity raffle, with all profits going to two farming projects in Honduras.



- Instituto Virolai. Collaboration in the INNOBAT project, consisting of giving first-year baccalaureate students week-long work experience to provide an insight into the day-to-day within a company and, in the specific case of Reig Jofre, the different career prospects in the pharmaceutical industry.

Reig Jofre is also firmly committed to strengthening innovation in our country and providing solutions to the future challenges facing society. This not only requires quality employment models and infrastructure; the students of today (and professionals of tomorrow) need access to our expert workforce and technological capacity.

With this conviction, Reig Jofre does its part in training our society and establishes different collaborative models and agreements with educational centres in the region, such as universities (UB, UAB and UPF) and vocational training centres, to provide students doing work experience or a PhD with equipment and facilities, as well as knowledge and mentoring from Reig Jofre personnel acting as tutors.

Professional careers

[GRI: 103-1, 401-1]

Since its creation, Reig Jofre has been very conscious of the fact that the Company's key asset is its human resources. Accordingly, one of the Group's main objectives is to provide a motivating and quality work environment through policies that guarantee the reduction of inequality and discrimination, permit a work-life balance, ensure occupational health and safety, and deliver personal growth and training.

At the reporting date, Reig Jofre has a well-balanced workforce of 1,109 employees (1,121 at the prior reporting date) in terms of gender, with a predominance of women (58%) and workers from the 40-50 age bracket. Details by country and gender are as follows:



		2019			2020		
		Men	Women	Total	Men	Women	Total
Spain	Management	26	11	37	22	11	33
	Professionals, technicians and similar	73	197	270	75	198	273
	Administrative personnel	20	42	62	21	43	64
	Sales staff	64	94	158	58	83	141
	Other personnel	206	176	382	209	176	385
	Total Spain	389	520	909	385	511	896
Sweden	Management	3	5	8	5	4	9
	Professionals, technicians and similar	17	32	49	21	31	52
	Administrative personnel	6	5	11	4	11	15
	Sales staff	0	1	1	0	0	0
	Other personnel	10	15	25	4	8	12
	Total Sweden	36	58	94	34	54	88
France	Management	1	0	1	3	4	7
	Professionals, technicians and similar	4	10	14	6	7	13
	Administrative personnel	4	9	13	2	12	14
	Sales staff	18	38	56	22	38	60
	Other personnel	12	5	17	8	6	14
	Total France	39	62	101	41	67	108
Benelux	Management	0	0	0	1	0	1
	Professionals, technicians and similar	0	0	0	0	0	0
	Administrative personnel	0	1	1	0	1	1
	Sales staff	3	5	8	3	4	7
	Other personnel	0	0	0	1	0	1
	Total Benelux	3	6	9	5	5	10
Portugal	Management	1	1	2	0	1	1
	Professionals, technicians and similar	0	1	1	0	1	1
	Administrative personnel	0	1	1	0	1	1
	Sales staff	2	2	4	2	2	4
	Other personnel	0	0	0	0	0	0
	Total Portugal	3	5	8	2	5	7
TOTAL		470	651	1,121	467	642	1,109

Details by age bracket and country are as follows:



		2019			2020		
		Men	Women	Total	Men	Women	Total
Spain	Under 30	29	50	79	28	43	71
	30 - 40	101	122	223	92	111	203
	40 - 50	126	180	306	135	185	320
	50 - 60	90	115	205	83	111	194
	Over 60	43	53	96	47	61	108
	Total Spain	389	520	909	385	511	896
Sweden	Under 30	6	8	14	3	6	9
	30 - 40	9	14	23	14	9	23
	40 - 50	11	20	31	10	22	32
	50 - 60	8	13	21	5	15	20
	Over 60	2	3	5	2	2	4
	Total Sweden	36	58	94	34	54	88
France	Under 30	4	14	18	4	16	20
	30 - 40	10	18	28	12	14	26
	40 - 50	15	15	30	12	21	33
	50 - 60	8	13	21	11	15	26
	Over 60	2	2	4	2	1	3
	Total France	39	62	101	41	67	108
Benelux	Under 30	0	0	0	0	0	0
	30 - 40	0	2	2	1	2	3
	40 - 50	3	3	6	1	3	4
	50 - 60	0	1	1	2	0	2
	Over 60	0	0	0	1	0	1
	Total Benelux	3	6	9	5	5	10
Portugal	Under 30	0	0	0	0	0	0
	30 - 40	0	3	3	0	3	3
	40 - 50	3	2	5	3	1	4
	50 - 60	0	0	0	0	0	0
	Over 60	0	0	0	0	0	0
	Total Portugal	3	5	8	3	4	7
OVERALL TOTAL		470	651	1,121	468	641	1,109

Reig Jofre fosters quality employment, characterised by stability, where 93% of the employment contracts at year end are permanent and just 7% are fixed-term.

Details by type of contract are as follows:



		2019			2020		
		Men	Women	Total	Men	Women	Total
Spain	Permanent	350	456	806	362	470	832
	Temporary	39	64	103	23	41	64
Sweden	Permanent	32	56	88	31	47	78
	Temporary	4	2	6	3	7	10
France	Permanent	37	57	94	40	63	103
	Temporary	2	5	7	1	4	5
Benelux	Permanent	3	6	9	5	5	10
	Temporary	0	0	0	0	0	0
Portugal	Permanent	1	3	4	2	4	6
	Temporary	2	2	4	0	1	1
TOTAL	Permanent	423	578	1,001	440	589	1,029
	Temporary	47	73	120	27	53	80

The organisation's growth in recent years has created an abundance of jobs. This year has seen a net decrease of 12 employees but last year saw a net increase of 65. As part of its commitment to society and industry, Reig Jofre will open a new production plant in 2021 and expects to hire over 120 qualified professionals to fill positions.

As regards redundancies during the year, a total of 57 job contracts were rescinded (36 in the prior year), 20 of which pertained to men: 4 members of management, 3 technicians, 7 administrative staff, 4 sales staff and 2 others. In the case of women, the Company dismissed 12 technicians, 8 administrative staff, 16 sales staff and 1 other.



Promotion of equality

[GRI: 405-1, 405-2, 406-1]

Only by having richly diverse teams in terms of gender, age, nationality and functionality will we be able to develop global health solutions that encompass the different needs of society.

To this end, Reig Jofre ensures that its teams represent this diversity in a setting where full participation and equal opportunities of leadership are guaranteed at all levels. To achieve this, the Company has a standing committee for equality which has developed anti-mobbing, anti-harassment and other protocols.

Gender equality

To ensure equal rights, responsibilities and opportunities between men and women collaborating in Reig Jofre, the Company has designed and implemented a strategic framework with a protocol for action in relation to equal opportunities and work-life balance.

On this front, the plan for equality and work-life balance has been in place since 2009, as well as the monitoring committee, which formalises a series of internal measures in accordance with Law 3/2007 on equal opportunities. These are already rolled out in the Company and are aimed at preventing gender discrimination in the workplace and facilitating a work-life balance. The plan for equality and work-life balance has been designed to transmit these values of the Company and equality between men and women in the performance of their work. This plan is at the disposal of all Company staff in a shared folder on the intranet.

Reig Jofre states its commitment to providing safe work spaces with labour relations based on freedom and respect between people, preventing any situations of sexual or gender-based harassment. It also applies a zero-tolerance policy regarding harassment and offensive, discriminatory or abusive behaviour. In this respect, the Company has a protocol for the prevention and resolution of sexual and gender-based harassment. This is approved by the standing committee for equality and was reviewed and modified last year.



This protocol covers the two key areas: prevention of and action in response to harassment.

The pharmaceutical industry has one of the highest ratios of women in management roles and among the lowest pay gaps in the whole Spanish economy, and Reig Jofre helps make this happen.

Gender equality in terms of the proportion of men and women in all the Company's departments is a fact, even in the professionals and technicians category, one of the most critical in the industry, as well as R&D&I. The Company ensures that the base salary is the same for everyone, based on their professional group, and that the same training and career opportunities are offered to all.

Details of average salaries by category are as follows:

	2019				2020			
	Men	Women	Average	% pay gap	Men	Women	Average	% pay gap
Management	108,248	82,524	99,137	23.76	112,418	88,106	102,884	21.63
Professionals, technicians and similar	34,392	34,729	34,634	(0.98)	35,027	36,987	36,397	(5.59)
Administrative personnel	35,649	35,884	35,804	(0.66)	43,278	39,046	40,249	9.78
Sales staff	46,026	46,151	46,103	(0.27)	49,186	44,702	46,500	9.12
Other personnel	29,006	26,426	27,814	8.89	30,574	27,432	29,125	10.28

These figures take into account the impact of people with reduced working hours, who are mostly women. Salary gaps between employees are solely attributable to professional experience and responsibility in each position. Reig Jofre applies hiring policies that ensure there is no discrimination whatsoever on grounds of gender, age, race or any personal circumstance.

As regards Reig Jofre's management bodies, 40% of the strategy committee and 22% of the board of directors are women. The Company is particularly focused on achieving the target proposed by the Good Governance Code for Listed Companies of the Spanish National Securities Market Commission, which recommended that by 2022 40% of the members of the board of directors be women.



The total remuneration of each member of the board of directors, regardless of gender, was a fixed amount of Euros 404,000 this year and Euros 379,300 in the prior year, which comprises the remuneration for sitting on the board and the various committees, plus variable remuneration of Euros 43,500 in 2020 and Euros 48,000 in 2019 for attending board meetings. The members of the board of directors have not received any amounts of allowances or indemnities.

Reig Jofre has not paid any amounts into long-term savings schemes or similar remuneration to employees or board members. All the remuneration paid by Reig Jofre this year comprised salary payments.

In addition to ensuring gender equality in the workplace, Reig Jofre also makes sure its advertising is free of sexual discrimination. In this regard, the Company has not received any complaints about advertising for which it is responsible, as certified by AUTOCONTROL. Reig Jofre is a fully-fledged member of this association and undertakes to uphold its advertising code of conduct.

Cultural diversity

With respect to cultural diversity, Reig Jofre's workforce is made up of 16 different nationalities, predominantly Spanish, French and Swedish.

Functional diversity

Reig Jofre is firmly committed to inclusion in the workplace of people with functional diversity, having formed part of the Company's DNA for decades.

At the reporting date there are 17 employees in Spain with functional diversity who are perfectly integrated within the workforce, representing 1.90% of the headcount in Spain at year end. Alternative measures are also in place, collaborating with local specialised work centres, including:

- DAU Foundation
- Doctor Josep Trueta Humanitarian Association



The Company outsources certain activities to them such as enveloping, packaging, non-hazardous waste management and cleaning. Details of personnel with functional diversity are as follows:

	2019			2020		
	Men	Women	Total	Men	Women	Total
Under 30	0	0	0	0	0	0
30 - 40	2	3	5	2	3	5
40 - 50	4	2	6	4	0	4
50 - 60	2	3	5	3	2	5
Over 60	1	1	2	1	3	4
TOTAL	9	9	18	10	8	18

Reig Jofre also collaborates with the local Finestrelles Foundation, which puts on workshops and offers therapy to promote cognitive stimulation and the well-being of people with intellectual disabilities. Finestrelles is Reig Jofre's supplier of corporate material such as fabric bags and Christmas cards made by hand at the foundation's workshops.



Organisation of work

[GRI: 103-1]

The organisation of work at Reig Jofre's different sites and offices complies strictly with the labour regulation of each country, endeavouring to combine flexibility with the production and administrative requirements in the best manner possible.



Overtime is voluntary according to the independent SMETA report carried out by Bureau Veritas. Some people in various positions have done overtime but always under the legal limit. No overtime exemptions have been requested from the labour authorities.

The total absenteeism hours of all Group companies stood at 5.27%, compared to 7.22% in the prior year.

Reig Jofre's plan for equality and work-life balance has already established and applied measures such as internal working conditions and practices, which are geared towards fostering a balance between the professional, family and personal lives of the Company's employees.

With regard to work-life balance measures that impact production, the general timetable is intensive and split over various shifts, which facilitates a balance between work, personal life and family.

Technicians and administrative staff can have flexible working hours by means of an individual agreement between the employee and HR.

Flexible timetables are also available for the care of family dependants via individual agreements between the employee and HR, allowing personnel to adapt their working hours for special family circumstances or adopt part-time contracts. This practice is monitored and reviewed by the different workers' committees.

The personnel in Sant Joan Despí stated in the SMETA report that the Company is flexible with regard to start and finish times. Moreover, according to an audit by Bureau Veritas in September 2017, the heads of this site are accessible and take into account the concerns of their team members.

The length of paternity, maternity and breastfeeding leave is that dictated by law in the country in question (Spain, Sweden, Portugal, UK, Monaco or France). As provided for by law, new parents can reduce their working hours after going back to work, if they so desire.



In 2013 an agreement was signed with the workers' committee and the Social Security authorities, which expired on 31 December 2018, to offer early retirement to employees over the age of 61 who had worked for more than 6 years at Reig Jofre and had made social security contributions for at least 30 years. From 1 January 2019 onwards, employees who meet the legal requirements can still take early retirement, but under similar conditions to those set out by the law. To date, more than 100 people have benefitted from this option. While permitted by law, this policy will be maintained in the coming years.

Occupational health and safety

[GRI: 403-1.403-2.403-3.403-5.403-6.403-7.403-9.403-10]

Reig Jofre has a policy for safety, hygiene and the environment whereby the organisation commits to respecting prevailing legislation and seeking excellence in such aspects in its different processes.

As part of the process to improve current and future working conditions, specifically in potential R&D&I projects and those involving active ingredients, the Company continues to study the banding of active ingredients. This banding, based on the Naumann classification, enables the Company to determine what protective equipment is necessary for the studies and weigh up the possibility of bringing it into Reig Jofre's production process. Thanks to these studies, in recent years the Company has acquired 3M Jupiter and 3M Versaflo PPE, which provides increased safety in the handling of products and is comfortable to wear.

The different types of PPE (personal protective equipment) are also being re-evaluated. Within this process of change, latex gloves have been eliminated as they can cause skin allergies and now nitrile is used for everything, offering better performance and comfort.



3M Versaflo equipment



3M Jupiter equipment

The Company is sensitive to certain situations of personnel, for instance those who are pregnant, breastfeeding or have a disability, and applies specific protocols to each position.

The Company relies on initial and regular health and safety training as an essential tool for achieving a safe and quality environment.

Periodic medical check-ups (annual and voluntary) are performed and healthcare workers are on hand at all factories: medical staff are available at the facilities in Sant Joan Despí one day a week and in Toledo daily, in addition to a nursing assistant, while in Bioglan there are nursing staff.

In Sant Joan Despí two AEDs (automated external defibrillators) are installed at the entrance to the first aid room. The various teams have been trained in how to use them. Such training will be ongoing in the coming years.

In accordance with Spanish Health and Safety Law 31/1995 (art. 30.1), health and safety management is outsourced to a specialised company (external prevention service). In Sant Joan Despí it is outsourced to QUIRÓN PREVENCIÓN and the technical consultant visits the facilities once a week. In Toledo it is outsourced to MEDYCSA, which is currently being merged into the QUIRÓN group, and under the in-house prevention (Sant Joan Despí) and external prevention service. The following services are offered:



- Medical staff two hours a day.
- Technical services on demand in the factory depending on internal needs, such as:
 - Attendance at meetings of the occupational health and safety committee (at least four times a year)
 - Assessment and re-assessment of occupational risks:
 - General area
 - Workstations
 - Safety reports
 - Industrial hygiene reports
 - Periodic, scheduled noise measurements
 - Periodic, scheduled antibiotic dust measurements
 - Chemical contaminants
 - Temperature and humidity conditions
 - Lighting
 - Ergonomic reports
 - Psychosocial reports
 - Annual audits of internal OHS management
 - Assistance in investigating significant occupational accidents
 - Legal advice and support in relations with public authorities

The Toledo plant specialises in the manufacture of antibiotics, which could generate sensitivity and allergies, therefore all employees are included under a group policy for accidents and life insurance that also covers disability caused by sensitivity, as well as tests for allergies to the products before the employee joins the Company.

2020 was a year of change. The outbreak of COVID-19 led to widespread remote working being offered. Although all personnel who can work remotely have done so, production staff continued to work their usual shifts to guarantee the supply of medicines to the entire population.

The most common types of accidents are: contusions, wounds and minor burns.

No cases of work-related illnesses were reported to management at any of the sites this year, compared to one such case last year. In Toledo there is a high risk of sensitivity to the antibiotics handled.

Details of occupational accidents in the current and prior year are as follows:



	Prior year			Current year		
	Men	Women	Total	Men	Women	Total
Accidents with leave	3	7	10	2	8	10
Accidents without leave	8	8	16	7	5	12
Accidents while commuting	1	7	8	1	5	6
Fatal accidents	0	0	0	0	0	0
Work-related ill health	1	0	1	0	0	0
Incidents	6	1	7	10	7	17

Details of the main indicators are as follows:

	Prior year			Current year		
	Men	Women	Total	Men	Women	Total
Workers	320	479	799	441	523	964
Hours	793,443	1,190,165	1,983,608	720,043	839,165	1,559,208
Frequency rate	3.78	5.88	5.04	2.78	9.53	6.41
Incident rate	938.67	1,460.16	1,251.56	453.93	1,528.47	1,037.34
Severity rate	0.0580	0.0387	0.0232	0.0889	0.1466	0.1199

In the second half of 2017, a whole host of vacuum lifting pneumatic manipulators were installed in Sant Joan Despí. This resulted in a considerable decrease in the number of people taking medical leave for muscle strains, which was accentuated in 2018 reaching values lower than the sector average (2.05). This downward trend has continued over the last two years.

The Company also promotes healthy behaviour among its employees. Some examples of this are the daily supply of free fruit, information and advice on food and good posture provided on internal communication screens, the promotion of sports activities through the organisation of an annual padel tournament in Sant Joan Despí, and participation in various charity races, such as *Nocturna de Sonseca* (Toledo), *No Finish Line* (Monaco), *Blodomloppet* (Sweden) and *MagicLine* (Barcelona).



In 2020 due to the special circumstances in light of the COVID-19 pandemic, these activities were interrupted, but the Company plans to continue them when normality resumes.

Labour relations

In Sant Joan Despí the Company has a joint committee for health, safety and the environment. This committee is made up of:

- 4 members of the workforce (1 environmental specialist)
- 4 company representatives

This joint committee therefore has equal representation, with the number of employees required by law: 4 company representatives when the headcount is between 300 and 500 (by site).

They meet regularly and review all training, accidents, pending items and the results of studies, recording all resolutions and planned actions.

In Toledo there is a committee for occupational health and safety (OHS), made up of:

- 3 occupational health and safety representatives
- 2 union representatives
- 3 company representatives
- 1 designated worker
- 1 company doctor
- 1 OHS technician from the external prevention service
- Individuals who can contribute their experience in certain one-off matters

The OHS committee operates in accordance with internal procedure SH001 with the aim of engaging people in regular, periodic consultations regarding the Company's health and safety activities.



Training

[GRI: 404-1]

Reig Jofre's GMP specifically lay down the global policy on training and job descriptions, since this is considered essential within the global quality system. This policy is applicable to all sites and business units, and all permanent, temporary or external personnel working for Reig Jofre. When hired, each new member receives appropriate training for the duties assigned, which is documented in compliance with quality regulations.

Human resources and the heads of each area evaluate the ongoing training needs of each department or person, which are documented as well. Moreover, all workers may request personal training plans, which will be evaluated by their manager and HR.

	2019			2020		
	Men	Women	Total	Men	Women	Total
Management	270	275	545	377	423	800
Professionals, technicians and similar	2,631	5,640	8,270	3,742	5,387	9,130
Administrative personnel	3,404	5,840	9,243	443	1,000	1,443
Sales staff	2,764	4,214	6,978	10,872	19,553	30,425
Other personnel	2,879	5,477	8,356	1,779	2,298	4,077
Total	11,947	21,445	33,393	17,214	28,661	45,875

Reig Jofre constantly prompts, encourages and supports all personnel and managers to take on training plans as this is considered key to achieving the maximum standards of quality, safety efficiency and respect for the environment.

Internal and external training of Reig Jofre's employees is a priority and an asset. This year the average amount of training per worker stood at 41.36 hours (30.92 hours in the prior year), based on a total of 45,875 hours devoted to training by a workforce of 1,109 people at year end.



Respect for human rights

As part of its ongoing efforts to improve the life of people, and not only through its products, Reig Jofre seeks to ensure that all members of its supply chain comply with the most stringent requirements with respect to social rights and worker equality, business ethics, and sustainable and environmental responsibility.

The Company endeavours to comply with national laws related to the protection of human rights in the different countries where it has sites (Spain, Sweden, France United Kingdom, Portugal, Singapore and Belgium). In its entire history the Company has not received a single sanction in relation to human rights.

In the near future, the Company plans to apply a clause in new contracts with all the documentation required to guarantee the above point, as well as the methodology for monitoring over time.

Grievance mechanisms

Reig Jofre has a transparent system for confidentially reporting and addressing human rights issues, without fear of retaliation against the whistleblower. In 2020, within the context of implementing a corporate defence system, the Company activated a whistleblowing channel on its website for any Reig Jofre stakeholder to report any behaviour or conduct of a collaborator that contravenes the principles established in the code of ethics, the anti-bribery policy or the law. There are also suggestion boxes for the general reporting system and the workers' committee.

These suggestion boxes are available to all members of the organisation at all times and it is standard practice for workers to be able to address matters they deem necessary directly with their managers or HR management. There is a willingness to apply and regularly update the collective bargaining agreement and any doubts as regards its interpretation are addressed in the pertinent forum or body between the organisation and committees in order to reach an agreement.



Freedom of association and collective bargaining

[GRI: 102-41, 402-1, 407-1]

The right to unionisation and collective bargaining is protected by national law where the sites are located and it is Reig Jofre's desire to be a facilitator of resources and the necessary environment to duly and satisfactorily exercise the objectives of freedom of association and collective bargaining. All Reig Jofre personnel at all its work centres are fully covered by a collective bargaining agreement.

Reig Jofre maintains ongoing dialogue to monitor any incidents or requests with workers' representatives. This ongoing dialogue through any channel of communication and regular meetings is used to review prior agreements adopted and propose future improvements. Thanks to this fluidity, no incidents of note arose in 2020 and there has been full collaboration in the organisation during the COVID-19 pandemic.

Child labour

National laws where the sites are located prohibit all kinds of child or forced labour. Reig Jofre also pays visits to the facilities of its main suppliers and performs GMP audits.

Responsible economy

[GRI: 201-1, 201-4]

Details of Reig Jofre's profits on a country-by-country basis where it has sites are as follows:

	Prior year	Current year
Spain	3,645,846	1,360,663
Portugal	-240,780	-235,896
UK	80,670	1,587,309
Sweden	1,061,829	2,961,843
Singapore	-6,665	61,275
France	339,338	-420,897
Belgium	58,429	350,111
TOTAL	4,938,667	5,664,406



Details of income tax paid on account in the current and prior year, on a country-by-country basis where Reig Jofre has sites, are as follows:

	Prior year	Current year
Spain	1,325,266	1,524,222
Portugal	5,238	0
UK	14,247	13,718
Sweden	64,615	174,627
Singapore	0	0
France	0	0
Belgium	2,012	0
TOTAL	1,411,378	1,712,567

Details of grants awarded during the year are as follows:

Entity	Amount	Description
CDTI	499,995	New sterile injectables manufacturing line
CDTI	101,950	Toledo production line
TOTAL	601,945	

Contribution to local economic development

[GRI: 203-1]

Reig Jofre commits as a company to positively impacting on the communities with which it interacts, but its employees also form part of this commitment. Consequently, the Company always tries to hire people from the local community in senior positions. In 2021, with the entry into service of the new plant in Sant Joan Despí, more than 120 qualified jobs are expected to be filled.



Industry

Reig Jofre has a long-standing, deep commitment to industrial activity and the creation of industrial value in its surroundings. Over the past decade the Company's workforce has grown from 649 to 1,109 people and it has invested over Euros 100 million in its two production plants in Toledo and Sant Joan de Despí, thus demonstrating its interest in fostering development at local level.

As part of its desire for growth, expansion, internationalisation and job creation, Reig Jofre has expanded the new facilities of a production line at the Toledo plant, entailing an investment of some Euros 10 million. This expansion saw the installation of a new production line with cutting-edge technology, designed to produce sterile injectable medicines for hospital use, which was inaugurated by the President of the Government of Spain. Through this investment, the Company will satisfy the current needs of the national and international market, and undertake the entry into the US market in the coming years, with the possibility of employing a further 40 people.

Progress continues at the Sant Joan Despí site on the creation of a new production plant for injectable and freeze-dried medicines, which will entail an investment of over Euros 30 million and the creation of more than 120 new jobs.

In 2020 66% of the total expenditure in Spain was made using local suppliers. The current pandemic triggered by COVID-19 has highlighted the importance of having a local industrial network of suppliers that can guarantee uninterrupted supplies and quality. Reig Jofre has believed in and will continue to trust in this model, which also generates huge value for the national economy.

Health ecosystem

Reig Jofre actively participates in the health ecosystem to drive innovation, foster the transfer of technology, and support the creation and development of national startups. By way of example, for years Reig Jofre has collaborated with the IQS TechFactory hub for entrepreneurship, as well as various vocational training centres.



The Company currently offers mentoring to newly-created companies and is a member of the board of business associations such as CataloniaBio & HealthTech and FarmaIndustria. It also sits on the business council of Vall d'Hebron Institut de Recerca (VHIR) as well as the board of trustees of Institut d'Investigació i Innovació Parc Taulí (I3PT) and the Eurecat technology centre.

Open innovation is unquestionably a cornerstone of our innovation: we work in synergy with the academy, hospitals, startups and the pharmaceutical industry in a complementary manner to provide successful health solutions to all of society.

On 27 December 2017 Reig Jofre and LeanBio created the Syna Therapeutics joint venture to develop biotechnology and biosimilars, a type of high added value pharmaceutical based on complex molecules, such as proteins or antibodies, used to treat serious and chronic illnesses. Biosimilars will generate cost savings in health systems and, in a nutshell, allow patients to access and benefit from this type of innovative treatment.

Supply chain management

[GRI: 308-1, 414-1, 204-1]

Due to the health emergency caused by the COVID-19 pandemic, in 2020 almost 40% of the suppliers performed quality assurance audits. The Company is assessing the possibility of joining an alliance of pharmaceutical companies to include more areas in the audits, such as social and environmental responsibility.

Reig Jofre intends to take into consideration as a relevant factor in its commercial relations with third parties their policies related to personnel with functional diversity, as well as other measures that could generate improvements in this area on their own.

In order to ensure the health and safety of end consumers, Reig Jofre takes it upon itself to audit its customers (distributors, pharmacies, sales partners, etc.).



Moreover, all suppliers are subject to quality audits to ensure they meet all the requirements to provide products of the utmost quality, which must comply with the strictest standards and be deliverable as such to all markets.

Vice versa, Reig Jofre is also periodically audited by its customers in relation to quality, health and safety, environmental management and working conditions.

R&D&I

[GRI: 102-1, 102-5]

R&D is one of the Company's strategic pillars, which is why in recent years it has devoted an average of approximately 5% of revenues to various R&D units and innovation hubs, mainly in Spain, Sweden and France. As a result of this R&D intensive activity, 83.5% of sales come from products developed in-house.

As proof of the strategic importance of the R&D department, in 2020 Reig Jofre was rated once more as GROUP A - VERY GOOD in the PROFARMA programme. PROFARMA is a joint programme between the Ministry of Economy, Industry and Competitiveness and the Ministry of Health, Social Services and Equality. Its overriding objective is to increase the competitiveness of the Spanish pharmaceutical industry by modernising the industry and strengthening activities that generate higher added value. This programme assesses and rates pharmaceutical companies on an annual basis, classifying them into four groups: A, B, C and NOT RATED, with group A being the highest rating. Within group A, companies are rated as Acceptable, Good, Very Good or Excellent.

In tandem with production innovation, the Company also innovates in its packaging to reduce its environmental impact, as discussed in the section on "Circular economy and waste prevention".

Reig Jofre's product development is currently organised into three business units:



Pharmaceutical Technologies

This business unit develops, produces and markets beta-lactam antibiotics and freeze-dried injectables.

It is a business unit that seeks to protect the basic health of people (essential pharmaceuticals that could be life-changing for people) and produce more accessible products with increased availability around the world (since they largely comprise high quality generics), while fostering an economic model based on quality jobs with highly qualified, specialised staff (requiring very specific knowledge and facilities and highly qualified personnel to complete the development).

As a result of the Company's steadfast commitment to supplying the world with these basic, essential health products and to saving lives in over 130 countries, Reig Jofre is currently expanding the facilities in Toledo and Sant Joan Despí.

Specialty Pharmacare

This unit develops innovative products for unmet needs in the areas of skin, hair and nail health, women's health, paediatrics, and joint health and pain.

Given the high level of innovation, Reig Jofre focuses on open innovation and collaborates with startups and research centres, combining our development teams with the best experts in the world to create synergies and offer innovative solutions, backed by a wealth of scientific evidence and clear value propositions in our therapeutic and technology areas.

Consumer Healthcare

This business unit's overriding aim is to protect people's health through prevention, by developing, manufacturing and marketing products to remain healthy.



Risk management

The risk management policy is applicable to the Company and its subsidiaries and all the organisation's personnel are responsible for its correct application. Information on Reig Jofre's risks is supplemented in section E of the 2020 Annual Corporate Governance Report, attached as Appendix I to the Directors' Report.

Risk control and management at Laboratorio Reig Jofre, S.A. covers all relevant areas and processes within each of the organisational units of the Company with risks divided into strategic risks, operational risks, financial risks and compliance risks. The Reig Jofre Audit Committee approved the Company's Risk Map on 29 October 2018 and it was presented to the Board of Directors on 30 October 2018.

When applying the corporate risk management model, the Company has considered all its activities at the various levels of the organisation, from corporate level to business units and processes. Reig Jofre has a risk management system based on international standards and best practice. Specifically, Reig Jofre's risk map was created based on the methodologies of COSO ERM, ISO 31000 and the Davos Global Risks Report.

The Company has a suitable procedure in view of its activity and associated risk profile based on the risk map, which establishes certain scales of impact and likelihood of occurrence. The Company has classified its risk into four groups:

- Strategic risks
- Operational risks
- Reporting/financial risks
- Compliance risks

Among such risks, the Company has considered risks related to the following areas, which are subject to further disclosure and attention regarding the main aspects that could be impacted most by Reig Jofre's business model and activity, and which are expounded upon in this non-financial information statement:



- Information regarding environmental issues
- Information on labour and employee-related issues
- Information about respect for human rights
- Information about the fight against corruption and bribery
- Information about society and sustainable development

Codes of ethics and anti-corruption

[GRI: 205-2]

Measures adopted to prevent corruption and bribery

In 2020 the internal control model for the prevention of criminal risks was finalised and approved by the board of directors. The implementation of this corporate defence system applies to all Group companies.

The internal control model for criminal risk prevention has been devised as a relational system mapping the criminal risks that could affect Reig Jofre in the course of its activities, with the internal and operational controls in place in the organisational structure.

The ethics committee was created to implement the internal control model and ensure compliance therewith. It is made up of representatives from the Company's different strategic areas.

The internal control model for criminal risk prevention is founded on various policies and procedures, such as the criminal risk prevention policy, the corporate defence manual, the inventory of criminal risks, and the risk and control matrix. The Company has also created:

- Code of ethics: document outlining the principles that define Reig Jofre's specific behavioural standards with respect to its values, relations with stakeholders (employees, shareholders, customers, public authorities, etc.), corporate social responsibility and norms of behaviour.
- Anti-bribery policy: document that instils a zero-tolerance culture with regard to attitudes related to bribery, providing a behavioural framework in relation to gifts, donations, hospitality, financial aid, sponsorship and liaisons with public officials.



- Whistleblowing channel: this can be accessed on the Company's website and allows any Reig Jofre stakeholder to confidentially report misconduct or action that goes against the principles of Reig Jofre's code of ethics or anti-bribery policy.

In addition, Reig Jofre is a member of the following pharmaceutical industry associations and complies with their codes of ethics:

- ANEFP: Spanish Association for Self-Care Health. Various Company employees are involved in its work groups and comply with the code of ethics published recently.
- AUTOCONTROL: independent self-regulating bodies from the Spanish advertising sector. We are members with the aim of producing responsible advertising for medicines, health products and food supplements. Reig Jofre's compliance with the requirements of the Spanish Unfair Competition Law for self-regulation systems has been certified.
- AESEG: GENERAL ASSOCIATION OF GENERIC MEDICINES. Given the importance of the sale of generics in our business areas, Reig Jofre is also a member and adheres to the code of ethics.
- FARMAINDUSTRIA: the national association of companies in the pharmaceutical industry in Spain, which brings together the vast majority of innovative pharmaceutical laboratories and accounts for virtually all sales of prescription medicines in Spain. Farmaindustria is the association in which we are most involved, collaborating in various work groups and actively participating at board level. Farmaindustria is one of the entities spearheading the fight against corruption and bribery. For years it has applied controls to ensure that pharmaceutical laboratories do not make fraudulent payments to healthcare professionals in an attempt to get them to prescribe their products. To guarantee that laboratories act in an ethical, professional and responsible manner, respecting the legitimate right of laboratories to promote their products, a balance must be struck between the needs of the patients, healthcare professionals and the public at large.



As proof of its commitment, in 1991 FARMAINDUSTRIA adopted as a Spanish Code the Code of Good Practice for the Promotion of Medicine approved by the European Federation of Pharmaceutical Industries and Associations (EFPIA). On the basis of this first version, the code has been revised at regular intervals to adapt to and pre-empt new requirements, regulatory changes and new initiatives regarding self-regulation, given the need to cover all activities carried out by pharmaceutical companies with stakeholders, as well as the desire to strengthen compliance and implement a code with greater credibility and transparency.

In addition to subscribing to the norms set out in the code, Reig Jofre maintains a proactive, vigilant attitude to prevent any such practices aimed at obtaining a favourable decision through illicit means.

Reig Jofre personnel are prohibited from offering third parties any kind of incentive or special treatment for the purpose of obtaining a favourable decision or action, thus compromising their objectivity. Conversely, Reig Jofre personnel may not accept any type of incentive or special treatment that would influence their decisions in favour of a third party.

As part of our compliance with the code, we are particularly sensitive to the following groups: public and private customers, and their employees; suppliers and their employees; healthcare professionals; media outlets; research centres; associations of patients and consumers; etc.

The Sales Compliance Officer is responsible for preventing any of the sales networks from breaching the code and ensuring that documentation must be sent for all payments made to healthcare professionals related to: sign-up fees for conferences, donations, scientific advice, seminars to train other professionals, etc. These payments are designated as VALUE TRANSFERS and are published annually on the Company's website in the TRANSPARENCY section.

One of the main duties of the Sales Compliance Officer is to ensure regulatory compliance of the code of good practices.



At their first meeting in January 2021, the board of directors approved the amendment to the internal rules of conduct. The previous version was from 2015 and the pertinent legislative changes were implemented. These rules govern relationships of the board of directors, employees and other individuals subject to the norms of behaviour related to capital markets.

Anti-money laundering measures

Although the Company is not bound by Law 10/2010 on the Prevention of Money Laundering and Financing of Terrorism, Reig Jofre has an internal control system to monitor cash inflows and outflows, ensuring that they all reflect actual financial transactions and the recipients or senders are duly identified through the corresponding tax information.

As mentioned in previous sections, in 2020 the board of directors approved the criminal compliance system, where one of the backbones is the anti-bribery policy which imbues a zero-tolerance culture and attitude towards bribery, providing a behavioural framework in relation to gifts, donations, hospitality, financial aid, sponsorship and liaisons with public officials.

The Spanish State Tax Agency's ISI (Immediate Supply of Information) system ensures the counterparties of our transactions are duly controlled, thus we consider that the risk of being connected to illicit conduct by a third party is also covered by this control.

The ISI constitutes a new system for managing VAT records via the State Tax Agency's website through the quasi-immediate supply of invoicing records. As such, the ISI narrows the gap between when the invoices are accounted for and when the underlying financial transaction actually occurs.

Any transactions performed with third parties resident in tax havens must be declared to the tax authorities via informative tax return form 232 on related-party transactions and transactions and scenarios relating to countries or territories classified as tax havens.



Monitoring of contributions to foundations and non-profit entities

Reig Jofre made total contributions to foundations and non-profit entities of Euros 38,580 this year (Euros 11,700 in the prior year).

Regulatory compliance

[GRI: 307-1, 416-2, 417-2, 419-1]

Reig Jofre has not received, in the current or prior year, any fines whatsoever for breaches of environmental regulation, product information and/or labelling legislation, product safety codes, or any labour laws or regulations.

NFIS APPENDIX GRI TABLE

INFORMATION REQUIRED BY LAW 11/2028 ON NON-FINANCIAL AND DIVERSITY INFORMATION	REPORTING FRAMEWORK	CONTENT OF NON-FINANCIAL INFORMATION STATEMENT	PAGE
INTRODUCTION			
Reporting principles <ul style="list-style-type: none">Using the GRI sustainability reporting standards 17Making claims related to the use of GRI Standards	GRI 101	About this report	5
Organisational profile	GRI 102-1, 102-3, 102-5 and 102-45	Headquarters, name and legal form of the organisation	4
Reporting framework	Based on the Global Reporting Initiative sustainability reporting standards (GRI standards) GRI 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53 and 102-54	Reporting practice: <ul style="list-style-type: none">Defining report contentReporting periodReporting cycleContact point for questions regarding the report	5
List of material topics	GRI 102-47	Materiality analysis	6
BUSINESS-RELATED MATTERS			
Description of the business model	GRI 102-1 and 102-5	Description of the business model	4 and 42
LABOUR AND PERSONNEL-RELATED MATTERS			
EMPLOYMENT			
Total number and distribution of employees by gender, age, country and professional classification	GRI 102-8, 401-1, 405-1	Professional careers	22
Total number and distribution of types of employment contract, average annual number of permanent, temporary and part-time contracts by gender, age and professional classification			
New employee hires and employee turnover			
Average remuneration and trends, disaggregated by gender, age and professional classification or similar value			
Salary gap, remuneration of like positions or average remuneration in the company	GRI 405-2	Promotion of equality	22
Average remuneration of board members and management, including variable remuneration, allowances, indemnities, payments into long-term savings schemes and any other amounts received, disaggregated by gender			
Number of dismissals by gender, age and professional classification	GRI 103-1	Voluntary departures	25
Employees with disabilities		Promotion of equality	28
ORGANISATION OF WORK			
Organisation of working time		Organisation of work	29
Number of hours of absenteeism	GRI 103-1		
Measures aimed at facilitating a work-life balance and encouraging sharing of responsibilities between both parents	GRI 405-1	Promotion of equality	26
HEALTH AND SAFETY			
Occupational health and safety conditions	GRI 403-1, 403-2, 403-3, 403-5, 403-6, 403-7, 403-9 and 403-10	Occupational health and safety	31
Accidents in the workplace, in particular their frequency and severity, as well as occupational illnesses, disaggregated by gender			
LABOUR RELATIONS			
Organisation of social dialogue, including procedures for notifying, consulting and negotiating with staff	GRI 102-41, 402-1 and 407-1	Freedom of association and collective bargaining	38
Percentage of employees covered by collective bargaining agreements, by country			
TRAINING			
Total hours of training by professional category	GRI 404-1	Training	35

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

INFORMATION REQUIRED BY LAW 11/2028 ON NON-FINANCIAL AND DIVERSITY INFORMATION	REPORTING FRAMEWORK	CONTENT OF NON-FINANCIAL INFORMATION STATEMENT	PAGE
Universal accessibility for people with disabilities		Promotion of equality	28
EQUALITY			
Measures adopted to promote equal treatment and opportunities for men and women	GRI 405-1 and GRI 405-2	Promotion of equality	26
Equality plans (Chapter III of Organic Law 3/2007 of 22 March 2007, for effective gender equality)			
Measures adopted to promote employment			
Protocols to combat sexual and gender-based harassment	GRI 406-1	Promotion of equality	28
Integration and universal accessibility for people with disabilities	GRI 406-1		
Policies against all forms of discrimination and, as the case may be, diversity management	GRI 406-1		
FIGHT AGAINST CORRUPTION AND BRIBERY			
Measures adopted to prevent corruption and bribery	GRI 205-2	Codes of ethics and anti-corruption	45
Measures to combat money laundering			48
Monitoring of contributions to foundations and non-profit entities			49
SOCIETY AND SUSTAINABLE DEVELOPMENT			
COMPANY COMMITMENTS TO SUSTAINABLE DEVELOPMENT			
Impact of the company's activity on local employment, development, populations and the area	GRI 203-1	Local population and territory / Contribution to local development	19 and 39
Association or sponsorship initiatives			
SUB-CONTRACTORS AND SUPPLIERS			
Inclusion of social, gender equality and environmental criteria in the purchasing policy	GRI 204-1, 414-1 and 308-1	Supply chain management	41
Consideration of social and environmental responsibility criteria in relations with suppliers and sub-contractors			
Oversight and audit systems and results thereof			
CONSUMERS			
Consumer health and safety measures	GRI 416-1	Product quality and safety	17
Claim systems, complaints received and resolution thereof			
TAX INFORMATION			
Country-by-country earnings	GRI 201-1	Responsible economy	38
Income tax paid			
Public subsidies received	GRI 201-4		
ENVIRONMENT			
POLLUTION			
Measures to prevent, mitigate and remediate carbon emissions	GRI 305-1	Pollution / CO ₂ emissions	8
Environmental compliance	GRI 307-1	Regulatory compliance	49
CIRCULAR ECONOMY AND WASTE PREVENTION AND MANAGEMENT:			
Prevention, recycling and reuse measures, other methods of recovering and eliminating waste	GRI 301-2	Circular economy and waste prevention and management	9
	GRI 306-2		
SUSTAINABLE USE OF RESOURCES			
Consumption of water and water supply in accordance with local limitations	GRI 303-1 and 303-3	Water consumption	11
Consumption of raw materials and measures set in place for more efficient use thereof		Raw materials used	12
Direct and indirect energy consumption	GRI 302-1		

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

INFORMATION REQUIRED BY LAW 11/2028 ON NON-FINANCIAL AND DIVERSITY INFORMATION	REPORTING FRAMEWORK	CONTENT OF NON-FINANCIAL INFORMATION STATEMENT	PAGE
Measures taken to improve energy efficiency	GRI 302-4	Energy consumption	10
Use of renewable energies	GRI 302-1		
CLIMATE CHANGE			
Key elements of the greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	GRI 305-1	Climate change	15
HUMAN RIGHTS			
Measures to mitigate, manage and redress any potential abuses committed		Respect for human rights	36
Reported human rights violations			
Elimination of forced or compulsory labour		Child labour	38
Effective abolition of child labour			
REGULATORY COMPLIANCE			
REGULATORY COMPLIANCE	GRI 307-1, 416-2, 417-2, 419-1	Regulatory compliance	49
GRI CONTENT INDEX			
GRI content index	GRI 102-55	GRI content index	50

GRIIs not included

GRIIs not included:	REPORTING FRAMEWORK	REASON FOR EXCLUSION
Market presence	GRI 202	Reig Jofre presents no material risk in relation to market presence as a result of its business activity.
Anti-competitive behaviour	GRI 206	Reig Jofre presents no material risk since it undertakes no activities related to anti-competitive behaviour.
Taxation	GRI 207	Reig Jofre presents no material risk in relation to taxation.
Biodiversity	GRI 304	Reig Jofre presents no material risk since it undertakes no activities related to biodiversity.
Child labour	GRI 408	Reig Jofre presents no material risk since it undertakes no activities in high-risk countries related to child labour.
Forced or compulsory labour	GRI 409	Reig Jofre presents no material risk since it undertakes no activities in high-risk countries related to forced or compulsory labour.
Security practices	GRI 410	Reig Jofre presents no material risk in relation to security practices in the market as a result of its business activity.
Rights of indigenous peoples	GRI 411	Reig Jofre presents no material risk since it undertakes no activities in high-risk countries related to rights of indigenous peoples.
Human rights assessment	GRI 412	Reig Jofre presents no material risk since it undertakes no activities in high-risk countries related to human rights assessment.
Local communities	GRI 413	Reig Jofre presents no material risk since it undertakes no activities related to local communities.
Public policy	GRI 415	Reig Jofre presents no material risk since it undertakes no activities related to public policy.
Customer privacy	GRI 418	Reig Jofre presents no material risk in relation to customer privacy as a result of its business activity.

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

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

On 25 February 2021, pursuant to the requirements of article 253 of the Revised Spanish Companies Act and article 37 of the Spanish Code of Commerce, the directors of Laboratorio Reig Jofre, S.A. authorised for issue the consolidated annual accounts and consolidated directors' report for the period from 1 January 2020 to 31 December 2020. The consolidated annual accounts and consolidated directors' report comprise the documents that precede this certification.

Signed:

Reig Jofre Investments, S.L. (represented
by Isabel Reig López)

Ignasi Biosca Reig

Alejandro García Reig

Antón Costas Comesaña

Maria Luisa Francolí Plaza

Ramon Gomis i de Barbarà

Ramiro Martinez-Pardo del Valle

Emilio Moraleda Martínez

Alvaro Ybarra Zubiria

Adolf Rousaud Viñas
(Non-executive secretary)