RESULTS
Second Quarter 2020
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Past performance does not ensure future performance.
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REIG JOFRE invoiced € 115M in the first quarter of 2020, with a growth in sales of 25% and an EBITDA of € 13M.

- Notable growth in Pharmaceutical Technologies, +14%, impact of new acquisition in Specialty Pharmacare, +82% and good performance in Consumer Healthcare, + 4%

- The growth reflects the revenue from the new Osteoarticular business acquired in July 2019

- The second quarter has included the impact of the sales of essential drugs linked to the COVID 19 crisis, while certain ranges of prescription drugs have been affected by a slowdown in growth and the interruption of medical visits.

- Profitability on sales has evolved positively, thanks to the containment of operating expenses.

- EBITDA stands at 11% over sales, and registered a growth of 40% compared to the first half of the previous year.

- Investments continue at the expected level, with the main volume associated with the construction of the new Injectables Plant in Barcelona.

- The debt/EBITDA ratio has remained at the levels registered at the close of 2019 and currently stands at 2.7
Revenue per Business Unit

**PHARMACEUTICAL TECHNOLOGIES**

- Antibiotics
- Injectables / Lyophilized

48% | € 55.7 M
+14%

- Following the trend established in 1Q, with growth of essential drugs linked to ICU treatment of COVID-19 patients. Growth in hospital sales of sedative, analgesic and muscle relaxant products, in addition to antibiotics for the treatment of bacterial infections associated with the cases that lead to these pathologies.

- The industrial planning of the rest of the year has been adjusted to make up for the delays derived from prioritizing essential drugs, and it is expected that most of such manufacturing will be recovered during 3Q.

**SPECIALTY PHARMACARE**

- Dermatology
- Osteoarticular
- Women’s Health
- Others

29% | € 33.4 M
+82%

- The new Osteoarticular Product line contributes some 14 million Euros to the Specialty Pharmacare area, enabling the registration of an exceptional 82% growth.

- Without this effect, the aggregate growth of the other areas has been 6% over the first half of 2019. The restoration of medical visits is expected to consolidate these growth levels for the year.

**CONSUMER HEALTHCARE**

- OTC
- Weight control
- Energy
- Stress and sleep
- Beauty

23% | € 26.7 M
+4%

- 8% growth in the OTC range, especially in disinfectant products, such as Alcohols, despite their having a smaller contribution to the group’s profitability.

- The Food Supplements Line grew 3%, excellent performance of FORTE PHARMA’s natural energy and immune system, stress and sleep strengthening ranges that compensates for a logical drop in weight control, the main range.
The weight of CDMO (contract development and manufacturing) in sales decreased slightly compared to 18% the previous year, but we hope to recover this level once the orders that could not be met in this semester due to national market supply requirements are rescheduled.

• The Spanish market grew by 51% due to the effect of the new Osteoarticular business and the prioritization of essential drugs sales during the COVID-19 crisis

• The rest of the European markets grew by 3%, with special mention of the good performance registered in Sweden, which grew by 16% compared to the previous year

• Revenues in the Rest of the World grew by 34%, with special mention of growth in Africa

The Spanish market grew by 51% due to the effect of the new Osteoarticular business and the prioritization of essential drugs sales during the COVID-19 crisis
2Q 2020

INCOME STATEMENT

BALANCE SHEET
Income Statement
2Q 2020

Evolution

- A growth in sales of 25% was built on the revenue from the new Osteoarticular business, which contributed 14 of the 23 million euros of growth.
- The gross margin decreased to 60% from the 64% of the previous year due the product costs of the new business, the manufacturing of which is outsourced, and by the effect in the mix of the sale of essential drugs.
- Personnel Expenses grew 14%, in line with the previous quarter, mainly due to the cost of the newly-acquired business’ sales network.
- Operating expenses grew 8%, below the level of sales. This is due to the containment of sales and marketing expenses due to restrictions placed on certain promotional activities.
- EBITDA has grown by 40% thanks to sales growth and the control of operating expenses.
- EBITDA on sales stood at 11%, below the 13% of Q1, due to the lower profitability of essential drugs compared to the average.
- The Pre-tax Profit grew 26%, incorporating the effect of the amortization of intangible assets acquired in 2019 related to the Osteoarticular line.
### Balance

#### 2Q 2020

<table>
<thead>
<tr>
<th>Thousands of euros</th>
<th>30/06/2020</th>
<th>30/06/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>29,703</td>
<td>27,423</td>
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<tr>
<td>Other intangible assets</td>
<td>86,324</td>
<td>40,856</td>
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<tr>
<td>Tangible fixed-assets</td>
<td>85,444</td>
<td>70,098</td>
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<tr>
<td>Investments posted via equity method</td>
<td>1,218</td>
<td>725</td>
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<tr>
<td>Equity instruments fair value</td>
<td>1,204</td>
<td>1,167</td>
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<tr>
<td>Other non-current financial assets</td>
<td>637</td>
<td>682</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>14,629</td>
<td>15,386</td>
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<tr>
<td><strong>TOTAL NON-CURRENT ASSETS</strong></td>
<td><strong>219,159</strong></td>
<td><strong>156,336</strong></td>
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<tr>
<td>Inventory</td>
<td>43,778</td>
<td>34,975</td>
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<tr>
<td>Trade and other receivables</td>
<td>44,181</td>
<td>33,045</td>
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<tr>
<td>Current tax assets</td>
<td>5,390</td>
<td>5,375</td>
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<tr>
<td>Other current financial assets</td>
<td>1,784</td>
<td>2,503</td>
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<tr>
<td>Other current assets</td>
<td>2,272</td>
<td>1,029</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>8,907</td>
<td>31,484</td>
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<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>106,312</strong></td>
<td><strong>108,412</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>325,471</strong></td>
<td><strong>264,747</strong></td>
</tr>
</tbody>
</table>

- Non-current assets have seen an increase due to the incorporation of intangible fixed assets linked to the new Osetoarticular business, with a gross value of 48M euros, as well as investments in industrial capacity, mainly related to the construction of the new Barcelona Injectables Plant.

- Non-current assets registered an increase, reflecting the increase in sales, and the liquid assets reflected a lower balance due to the effect in June 2019 of the disbursement of the €24M capital increase, the purpose of which was to acquire the new osteoarticular business.
## Balance

**2Q 2020**

<table>
<thead>
<tr>
<th>Thousand euros</th>
<th>30/06/2020</th>
<th>30/06/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net equity and liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>38,031</td>
<td>38,031</td>
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<tr>
<td>Issue premium</td>
<td>19,000</td>
<td>19,000</td>
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<tr>
<td>Treasury stock</td>
<td>-1,202</td>
<td>-900</td>
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<tr>
<td>Reserves</td>
<td>123,482</td>
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<td>Other equity instruments</td>
<td>62</td>
<td>34</td>
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<tr>
<td>Profit for year attrib. Parent</td>
<td>3,858</td>
<td>3,058</td>
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<tr>
<td>Exchange differences</td>
<td>-1,550</td>
<td>-1,535</td>
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<tr>
<td>Other comp. inc. assets held for sale</td>
<td>-110</td>
<td>-115</td>
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<tr>
<td><strong>Equity attrib. to Parent</strong></td>
<td><strong>181,572</strong></td>
<td><strong>176,156</strong></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-64</td>
<td>-64</td>
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<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td><strong>181,509</strong></td>
<td><strong>176,092</strong></td>
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<tr>
<td>Subsidies</td>
<td>1,715</td>
<td>99</td>
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<tr>
<td>Provisions</td>
<td>897</td>
<td>803</td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>30,870</td>
<td>6,337</td>
</tr>
<tr>
<td>Leasing liabilities</td>
<td>17,139</td>
<td>24,306</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>5,357</td>
<td>6,499</td>
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<tr>
<td>Deferred tax liabilities</td>
<td>2,985</td>
<td>4,013</td>
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<tr>
<td>Other non-current liabilities</td>
<td>13,000</td>
<td>0</td>
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<tr>
<td><strong>TOTAL NON-CURRENT LIABILITIES</strong></td>
<td><strong>71,964</strong></td>
<td><strong>42,057</strong></td>
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<tr>
<td>Provisions</td>
<td>24</td>
<td>46</td>
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<tr>
<td>Bank borrowings</td>
<td>12,632</td>
<td>5,282</td>
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<tr>
<td>Leasing liabilities</td>
<td>5,580</td>
<td>4,074</td>
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<tr>
<td>Other financial liabilities</td>
<td>473</td>
<td>544</td>
</tr>
<tr>
<td>Trade and other accounts payables</td>
<td>49,148</td>
<td>30,257</td>
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<tr>
<td>Current tax liabilities</td>
<td>1,970</td>
<td>1,643</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>2,171</td>
<td>4,752</td>
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<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td><strong>71,999</strong></td>
<td><strong>46,598</strong></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>325,471</strong></td>
<td><strong>264,747</strong></td>
</tr>
</tbody>
</table>

### Net Financial Debt

- **2Q 2020** 63.1 million €
- **2Q 2019** 52.6 million €

Net financial debt grew by 10.5M compared to the closure of 2019, due to the financing of investments in technology and production plants, as well as the liabilities associated to the purchase of the osteoarticular business.

### Financial Debt

- **72.1M**

### Lease Liability

- **11.3M**

### Bank Borrowings

- **60.8M**

### Debt | EBITDA

- **2Q 2020** | 2.70
- **2Q 2019** | 2.67

The liability includes 13M euros of balances for deferred payment to the seller of the corporate acquisition operation, due in 2021.
2Q 2020

COVID 19
AND OUTLOOK FOR 2020
COVID 19 | IMPACTS and OPPORTUNITIES

RELEVANT IMPACTS AT CLOSURE OF 2Q 2020

Reig Jofre dedicates all its efforts to guaranteeing the safety of all its employees through the observance of the preventive and control measures. The company has managed to maintain activity levels both in production and logistic processes which are necessarily face-to-face, whilst in the remaining areas it has implemented the intensive use of collaborative tools and home working.

The business has been impacted in terms of the mix of manufacturing and product sales. To the increase in the sale of products associated with COVID 19, we must counterpose the effect of the reduction in the consumption of antibiotics and specialty products associated with viral, bacterial and fungal infections, given the lower incidence of these pathologies due to the distancing measures taken in the last months.

The impacts as a whole have resulted in the company achieving the levels of growth expected for the first half, albeit with lower profitability, due to the lower contribution of essential drugs.

The delay derived by the temporary stoppage of works at the new Barcelona plant (since resumed), implies that 2020 will not now incorporate revenue associated to the new manufacturing capacity, as originally planned.

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04 COVID 19 AND OUTLOOK FOR 2020

- Increased demand for essential drugs
  - Positive impact on invoicing, forces rescheduling of manufacturing of other products during the second half

- De-seasonalization and change in habits in Consumer Healthcare
  - Strong increase in the vitality, energy and sleep ranges.
  - Consumption displaced in weight control ranges

- Delay until 2021 of the entry into production of new Injectable Plant
  - This will displace expected revenues to 2021, although still in time to take advantage of opportunities arising from the need to manufacture COVID 19 vaccine.
COVID 19 | IMPACTS and OPPORTUNITIES

TECHNOLOGICAL + INDUSTRIAL CAPACITY, POTENTIAL MANUFACTURE OF COVID 19 VACCINE

The new Barcelona injectables plant will come into operation in 1Q 2021, coinciding with the planned schedule for the approval of certain of the COVID 19 vaccine candidates.

The new facility has supposed an investment of 30 million euros. It was planned to be used at maximum capacity within 3-4 years. Both the manufacturing for third parties projects and the manufacturing of proprietary product projects designed to accompany an ambitious international expansion plan have advanced in parallel to the construction of this industrial capacity.

Following conversations with various developers of vaccine candidates to identify the relevant needs, it has been possible to design a production plan that allows us to have capacity in 2021 to manufacture more than 50 million vials, which can represent the supply of hundreds of millions of doses of the COVID 19 vaccine depending on the format (number of doses per vial) finally chosen.

This extraordinary effort, which we consider necessary in view of the current health requirements, would be compatible with the commitment to manufacturing projects for other products in progress.

This figures are an estimate that we have disclosed to these developers. There is no formalized agreement at the time of issuing this Results Note.

STUDY TO EVALUATE THE EFFECTIVENESS OF MANREMYC against COVID 19

In July, Reig Jofre started a study to evaluate the efficacy of the Manremyc® food supplement among health professionals in order to assess its effectiveness in reducing the risk of Covid 19 infection and, in cases of infection, to demonstrate its capacity to the infection’s severity, whilst helping to control the anti-inflammatory response.

The results of the study are expected to be obtained some 5-6 months after the start of the administered treatment.
Following the closure of the second quarter, Reig Jofre expects to close 2020 with growth in sales and profit, despite market uncertainties.

In the PHARMACEUTICAL TECHNOLOGIES Division (48% of revenues), the new line installed at the Toledo Plant, which has registered high occupancy levels, will contribute to the development of the business in the second half of the year. Depending on the demand for essential drugs in the rest of the year, the product sales that were originally planned, and which must be rescheduled in accordance with the priorities established by the relevant health authorities, may be recovered.

We expect that the new Sterile Injectables Plant in Barcelona will be able to generate income in 2Q 2021, somewhat later than anticipated in the initial planning due to the interruption of the installation and commissioning work on the new lines, which requires the presence of engineering teams from other European countries.

The SPECIALTY PHARMACARE Division (29% of revenue) may reflect the impact of a slowdown on its revenue due to reduced visits by patients to doctors, which in turn impacted the number of new prescriptions written, and uncertainty on the sales network’s return to activity.

In the second half of 2020, the growth levels of this sales and results unit will be reduced, as the income associated with the Osteoarticular product business will already have been reflected in the organic growth of the business, which joined Reig Jofre in July 2019.

CONSUMER HEALTHCARE (23% of revenues) has registered significant growths in the sale of natural energy products, vitamins and probiotics, especially in France, Benelux, and Spain, a trend that we think will continue the rest of the year. There is also a seasonally-adjusted demand for ranges such as weight control, the revenue of which has shifted towards 2Q and 3Q of the year. The positive forecasts for the disinfection ranges (alcohols, hydrogen peroxide and chlorhexidines), within the OTC products, are also maintained.
L I N K S  A N D  S U P P L E M E N T A R Y  I N F O R M A T I O N

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