



BIOSEARCH
LIFE

Results
9M 2019

9M 2019

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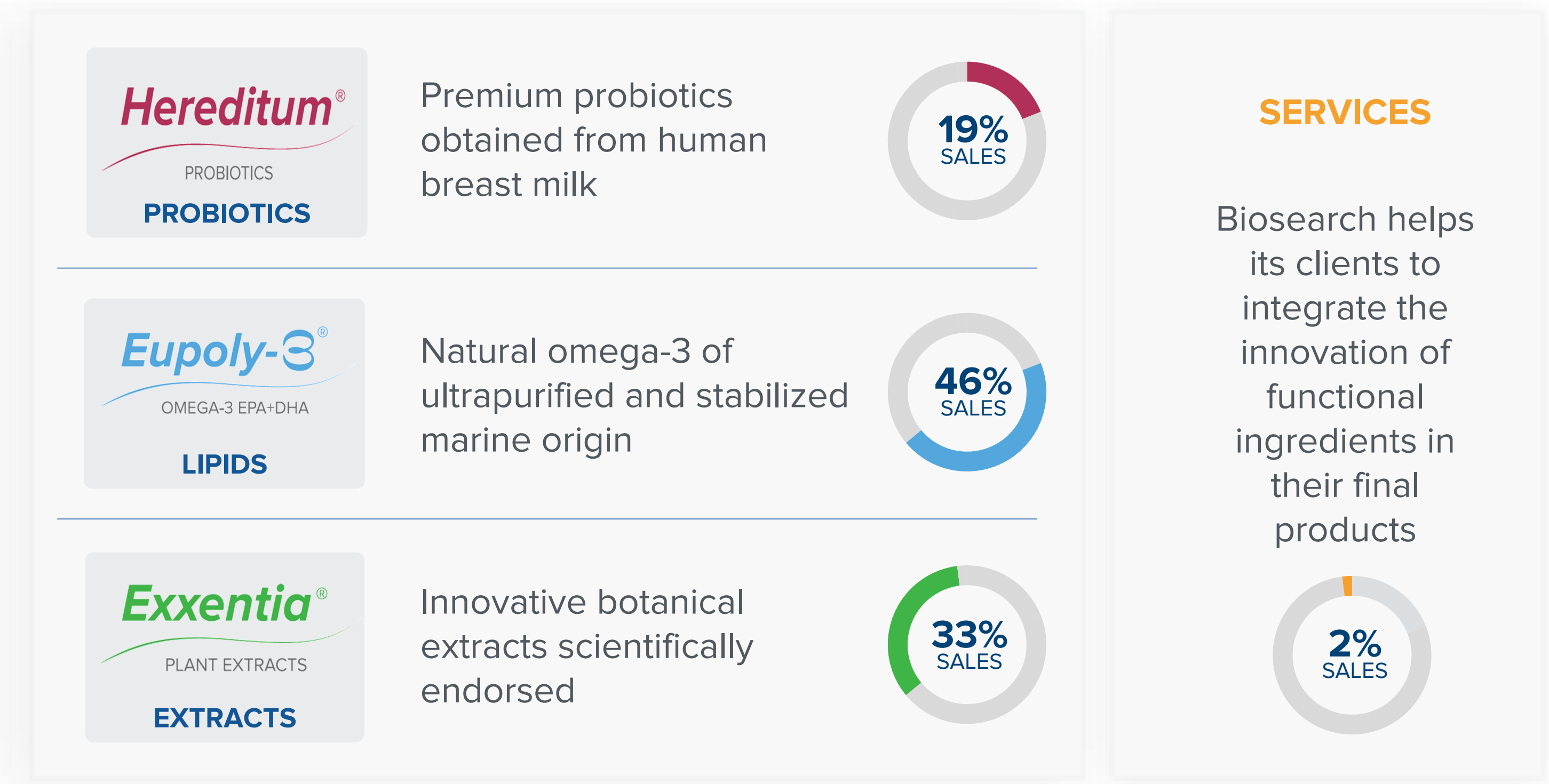
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FACTSHEET

Who we are

- Biotechnology company focused on providing innovative solutions based on healthy ingredients of natural origin, integrating unique and differentiated R&D skills, production techniques and extensive marketing capacity.
- Present in all the main international markets within the pharmaceutical, nutraceutical and functional food sectors, providing a wide range of high-quality products and services.
- Biosearch Life wants to transform its daily effort and scientific experience in health and well-being for people, providing healthy solutions specialized in the markets of Children, Functional Dairy, Women's Health and Seniors.

3 PRODUCT PLATFORMS





Decrease in sales and EBITDA in 9M 2019 mainly affected by probiotics

- ✓ Due mainly to a conjunctural adjustment in probiotics sales resulting from one of the main clients' overstock in 2018 that is being adjusted in 2019 and secondly to the decrease in sales of base products of the extracts business.
- ✓ Sustainable growth of lipids sales by 8.0%, mainly in the Senior and Children's segment.
- ✓ Significant decrease in EBITDA as a result of the decrease in sales of the products that contribute greater margin.
- ✓ Biosearch continues to diversify its product portfolio, it is working on a plan to reactivate sales and on a cost containment policy to reduce these exceptional impacts.



Visible product pipeline demonstrating Biosearch's commitment to R&D

Start of the new GERAS project

- ✓ To prevent and/or palliate the pathologies related to the loss of functionalities associated with age through the combination of extracts.
- ✓ Enhances the product differentiation from the extracts business.

GESTAHEALTH project

- ✓ Products designed to promote a healthier pregnancy and breastfeeding by modulating the microbiota in women.



Fully committed to sustainability

- ✓ Bio Certification as Ecological Producers and Traders in the Talayuela plant.
- ✓ Implementation of the identification of botanical species using molecular genetic techniques (DNA barcoding).





9M 2019

Financial Results



9M 2019

P&L

(€ thousands)	9M 2019	9M 2018	Var. % 19-18
REVENUES	16,888	20,113	(16.0%)
Sale of products	16,603	19,617	(15.4%)
<i>Probiotics</i>	3,274	5,936	(44.8%)
<i>Lipids</i>	7,748	7,172	8.0%
<i>Extracts</i>	5,582	6,509	(14.2%)
Services	285	496	(42.6%)
EXPENSES	9,443	10,043	(6.0%)
EBITDA	1,469	4,150	(64.6%)
PBT	283	2,850	(90.1%)

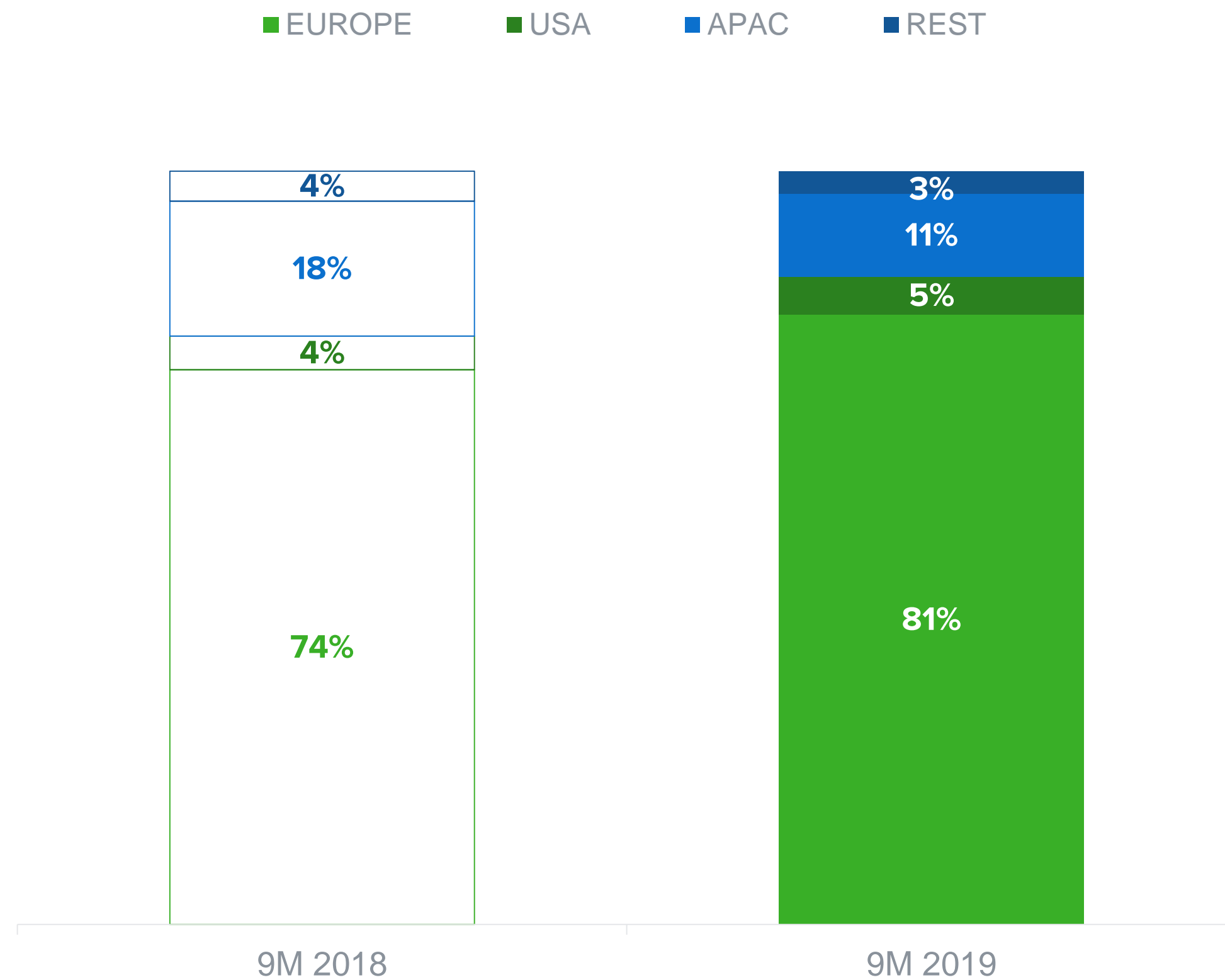
REVENUES

- 16.0% decrease from 9M 2018 mainly due to:
 - PROBIOTICS:** A conjunctural adjustment in probiotics sales derived from the overstock of one of the main customers in 2018 that is being adjusted in 2019 and a change in the Company's distribution model in the Chinese market.
 - EXTRACTS:** The extracts business has been affected in 9M 2019 by the decrease in sales of base products.
 - LIPID:** International growth in lipids sales by 8.0%, mainly in the Senior and Children's segments, which partially compensates the effect of the decrease in sales in the other lines.
 - SERVICES:** In line with the Company's strategy to reduce this line of activity.

EBITDA

- €1,469 thousands EBITDA in 9M 2019, which represents a reduction of €2,681 thousands compared to previous year due to the decrease in probiotics sales and an unfavorable sales mix.
- The Company is working on a plan to reactivate sales and continues with the cost containment policy, which will be reflected in a greater impact on EBITDA in 4Q 2019.
 - The greatest impact of cost containment will be seen in Q4 2019. Operating expenses are expected to be reduced by c.10% in H2 2019 compared to H1 2019 without making any adjustments that could compromise future growth.

GEOGRAPHICAL BREAKDOWN (% OF SALES)



EUROPE

- Europe remains the main destination of the products, with 80% of total revenues.
- Europe is the main destination for lipids sales, mainly aimed at the Child and Senior segment.
- Probiotics sales aimed at Women's Health rose 28.3%.

USA

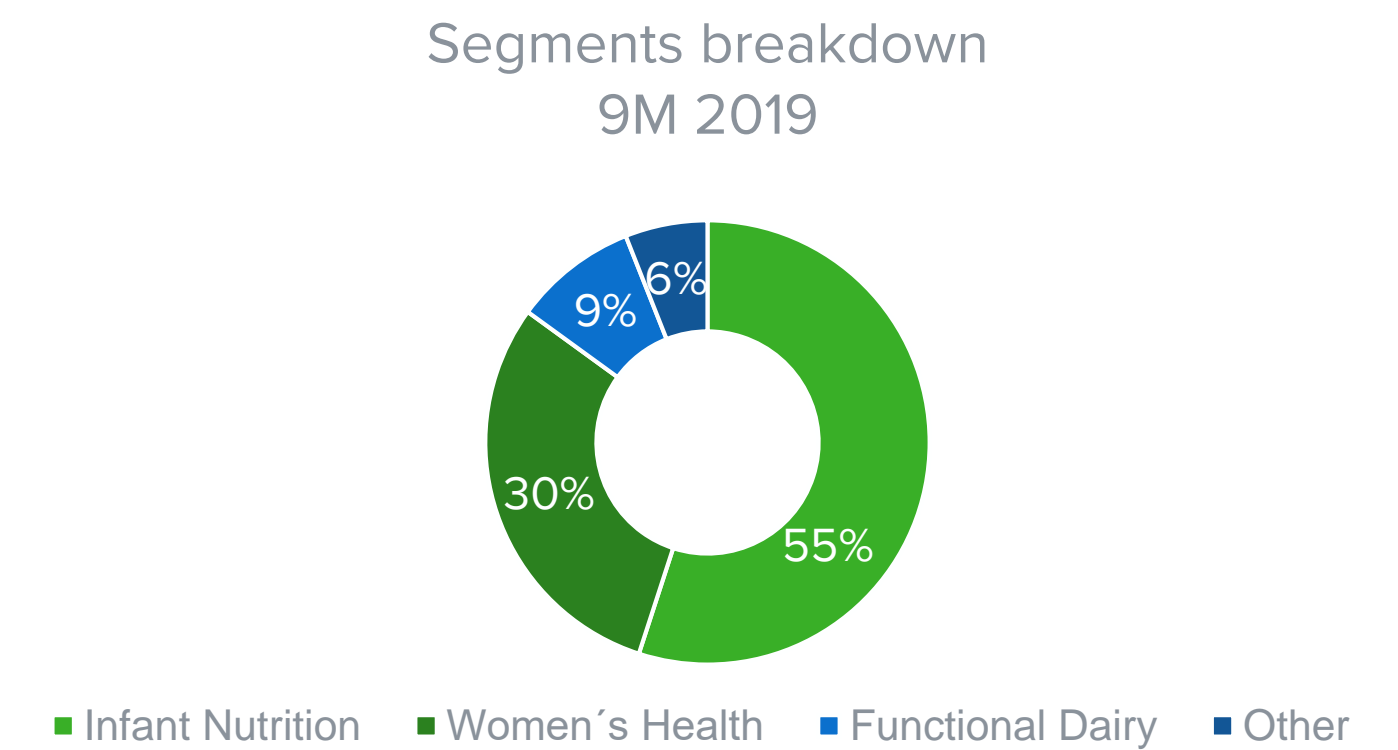
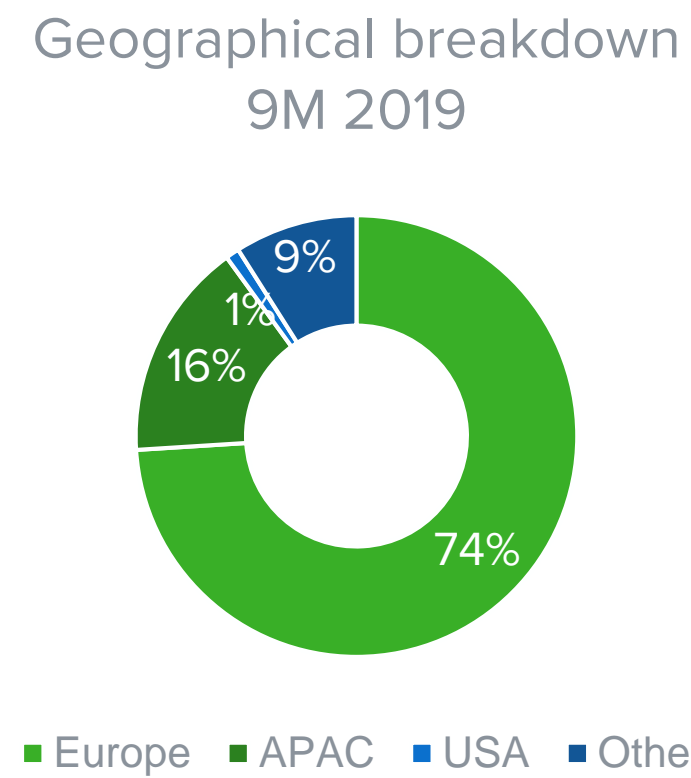
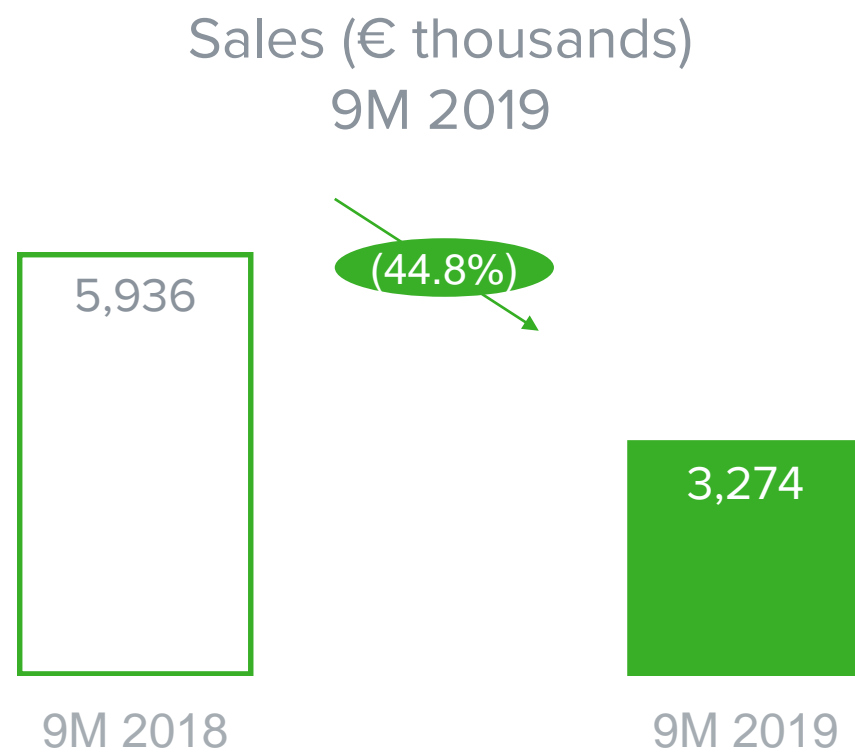
- The extracts business continues as the main driver of sales growth in the United States, increasing 11.4%, reducing the effect of the decrease in sales of probiotics in this market.
- It is a very relevant market for Biosearch and with growth capacity in probiotics and lipids products, in the segments of health, nutrition and infant formulas.

APAC

- It accounts for 11.5% of revenues and is one of Biosearch's main sources of growth, especially in China, India and Southeast Asia.
- Market with great growth potential in the inclusion of probiotics in the field of child's health and nutrition mainly in China.
- The growth of Eupoly-3 in Asia is mainly concentrated in the Functional Dairy segment.
- In the extracts business, continuation of the growing trend of Caronositol® sales for Women's Health.
- In probiotics, the temporary adjustment in the stock levels of certain partners is maintained, causing a slowdown in sales.

9M 2019

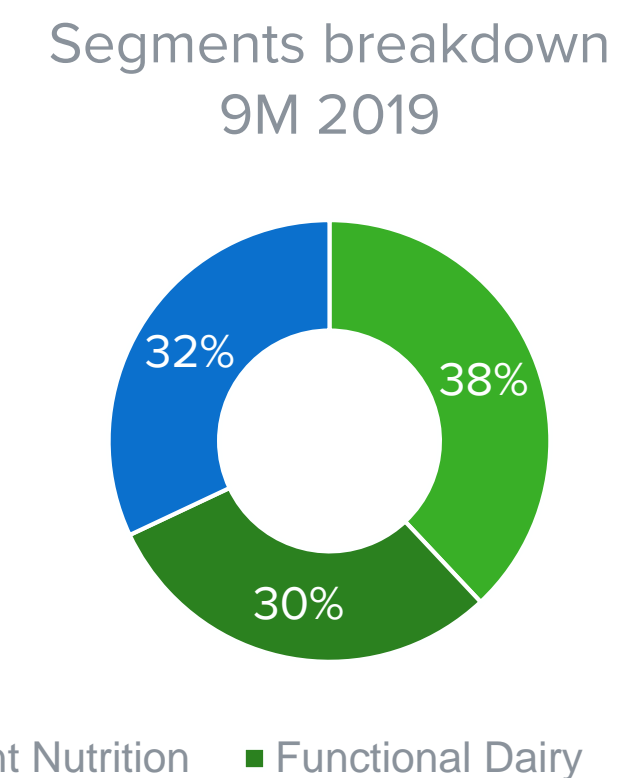
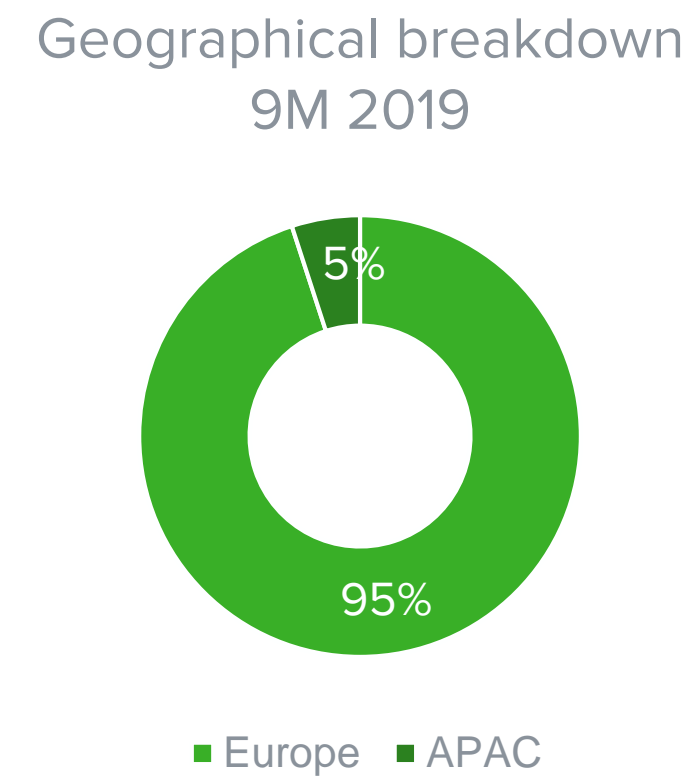
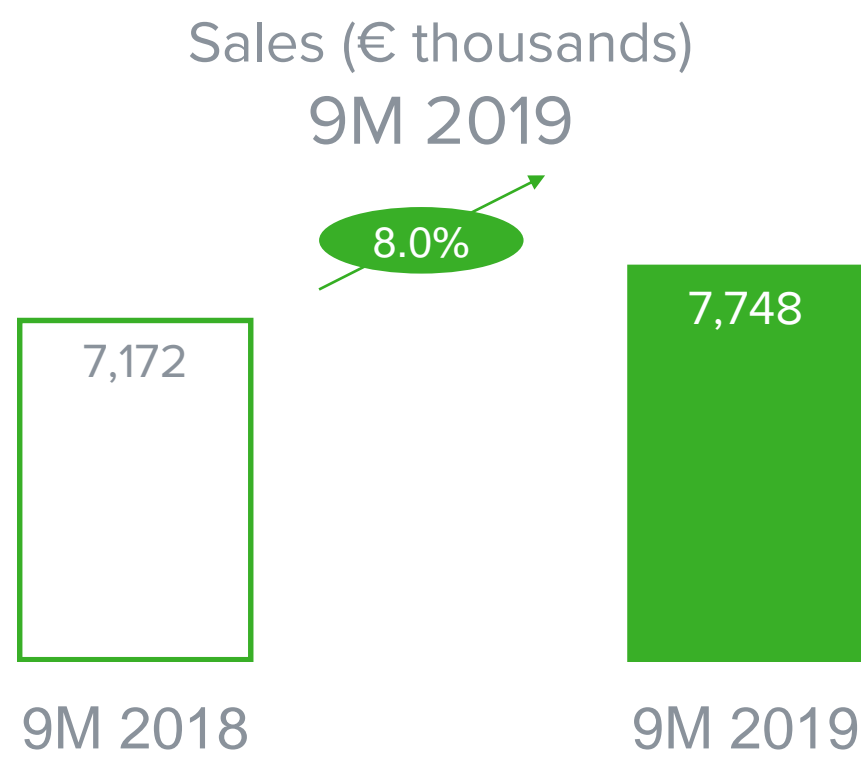
Probiotics



- ✓ Biosearch has a collection of isolated strains of breast milk, unique in the market with this origin, patented and endorsed by more than 30 scientific publications. This allows it to position itself uniquely in the maternal-infant environment.
- ✓ The slowdown in sales in 9M 2019 has been caused by:
 - A conjunctural adjustment in sales derived from the overstock of one of the main clients in 2018 that is being adjusted in 2019.
 - A change in the Company's distribution model in the Chinese market. This year of transition is having an impact on probiotics sales.
- ✓ Probiotics sales are expected to pick up again in 2020 thanks to the strength of our Hereditum[®] brand, backed up by numerous clinical studies that have aroused the interest of new customers and the positive trend in the probiotics market.
- ✓ Agreement with Nestlé for the commercialization of the Hereditum[®] Lactobacillus Fermentum LC40[®] strain for the prevention and treatment of mastitis.

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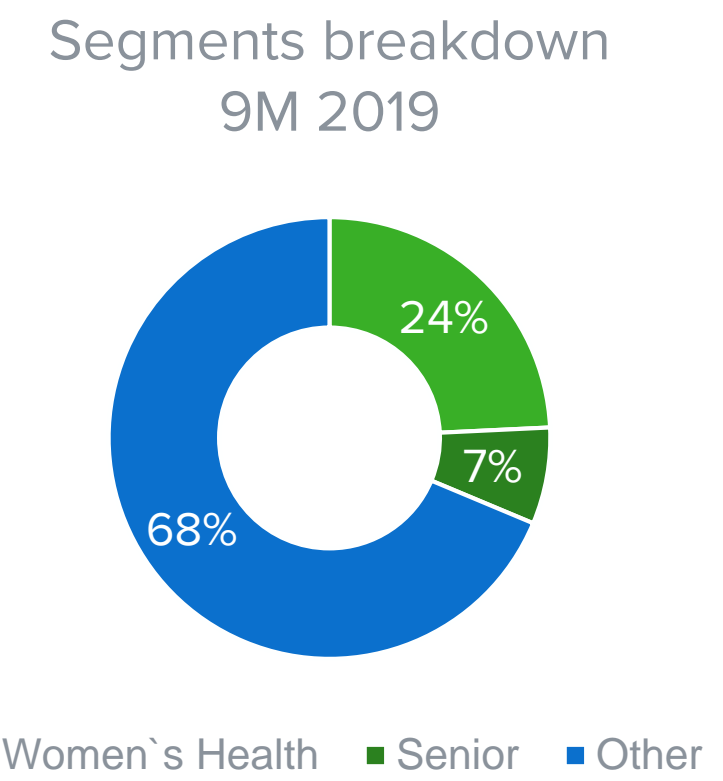
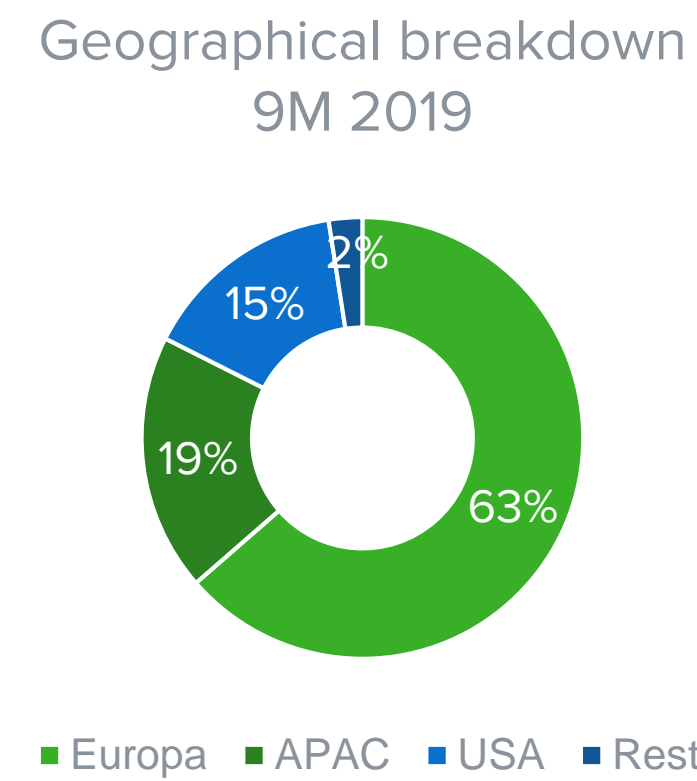
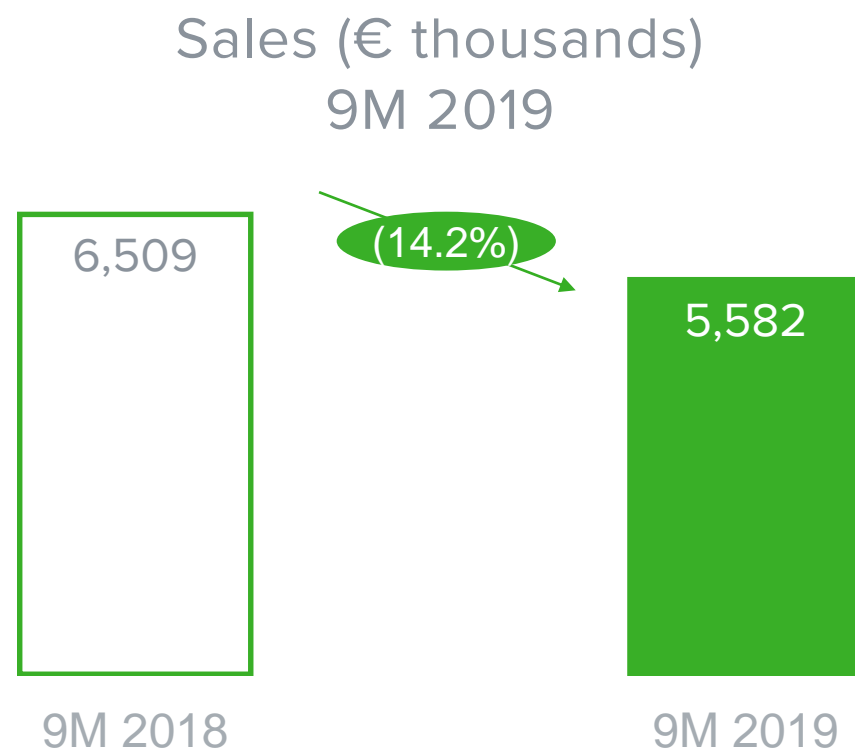
Lipids



- ✓ The Eupoly-3[®] product range consists of oils, emulsions and microencapsulated powders with different concentrations and ratios of EPA and DHA.
- ✓ The positive trend in the lipids business continues with an 8.0% increase in sales.
- ✓ The growth in sales is maintained in the European market, aimed mainly at the segment of Children and Senior.
- ✓ The market trend towards greater attention to personal health and its increased interest in natural foods drives Biosearch to continue expanding its lipids product portfolio.
- ✓ The addition into the Company's product portfolio of the new range of DHA-rich oils from marine microalgae has a positive impact on sales as it allows access to other modes such as vegan.

9M 2019

Extracts



- ✓ The botanical extracts line is focused on the continuous innovation of clinically proven premium products oriented to specific health applications.
- ✓ Sales decreased by 14.2% due to the competitive environment and an adaptation to regulatory changes, mainly in France, which largely affected base products.
- ✓ Sales of new products for the Women's Health segment continue to materialize, mainly in Europe.
- ✓ The growing trend in sales of Caronositol®, a product of great value for women's health, is maintained, mainly in the Asian market.
- ✓ Launch of a new range of glycerinated products aimed at the Children's segment.
- ✓ Strategy to expand the product portfolio with a differentiated character due to its quality and application.
- ✓ Start of the new R+D GERAS project for pathologies typical of the elderly.

9M 2019

Balance Sheet

	SEPT'19	SEPT'18		SEPT'19	SEPT'18
ASSETS	32,613	30,801	EQUITY & LIABILITIES	32,613	30,801
Non-current assets	16,563	14,278	Shareholders' equity	23,412	22,240
Intangible assets	1,182	835	Equity	23,277	22,132
Fixed assets	8,536	8,137	Share capital	13,848	13,848
Property investments	565	607	Share premium	18,977	18,977
LT financial investments	1,866	117	Reserves	4,374	3,767
Deferred tax assets	4,414	4,582	Retained earnings	(13,330)	(16,109)
			Profit for the year	247	2,135
			Treasury stock	(839)	(486)
			Subsidies, donations	135	108
Current assets	16,050	16,523	Non-current liabilities	3,548	2,274
Inventory	8,733	7,538	LT debt	3,486	2,238
Customer receivables for sales	4,656	5,520	Deferred tax liabilities	62	36
Receivables affiliated companies	704	919			
Accounts receivable	1,573	1,682	Current liabilities	5,653	6,287
Advance payments and dist. exp.	36	34	Short-term debt	916	1,785
Cash	348	830	Debts to Group companies	114	180
			Trade and other payables	4,623	4,322

ROE
6.2%

ROCE¹
5.0%

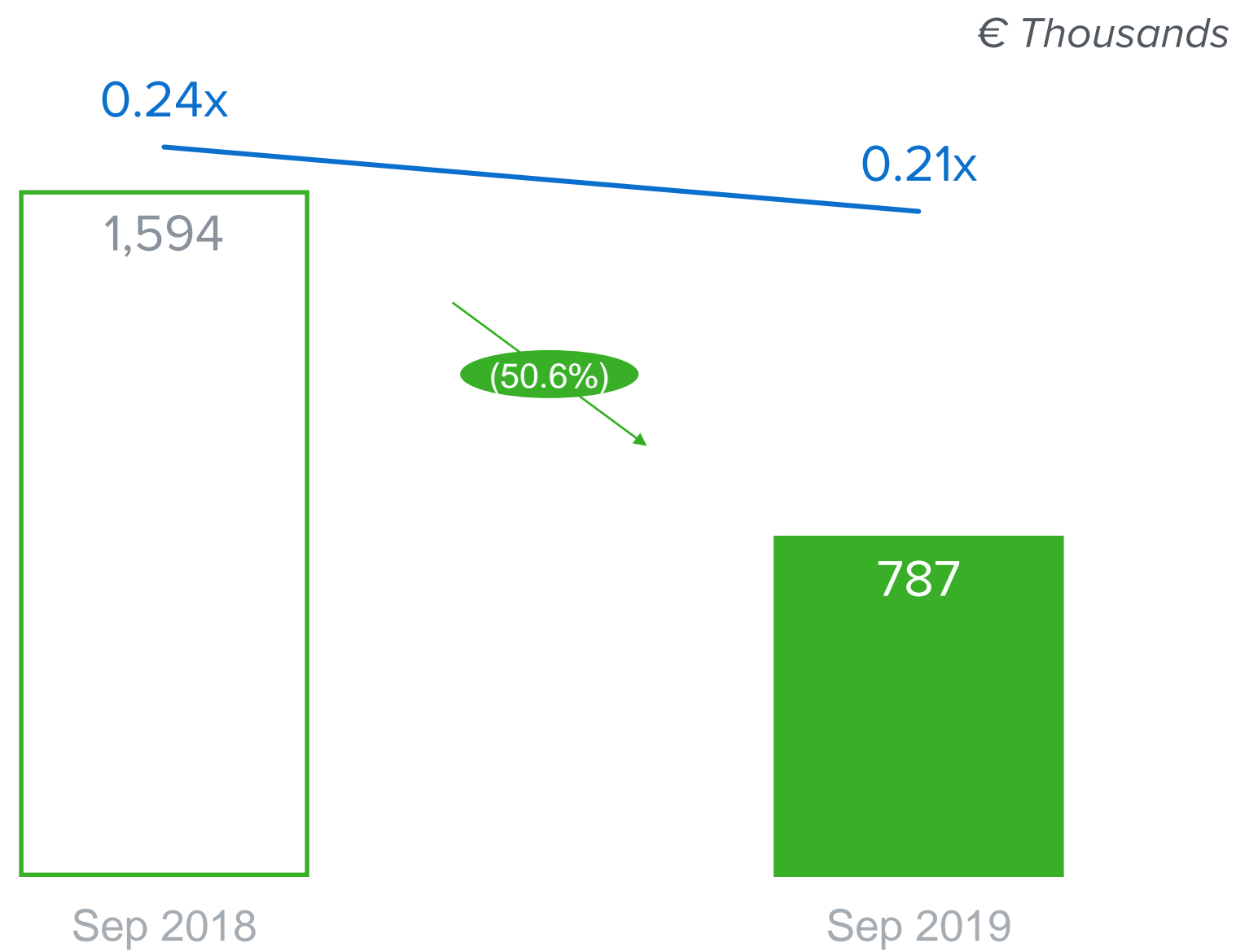
SOLVENCY RATIO
3.5

9M 2019

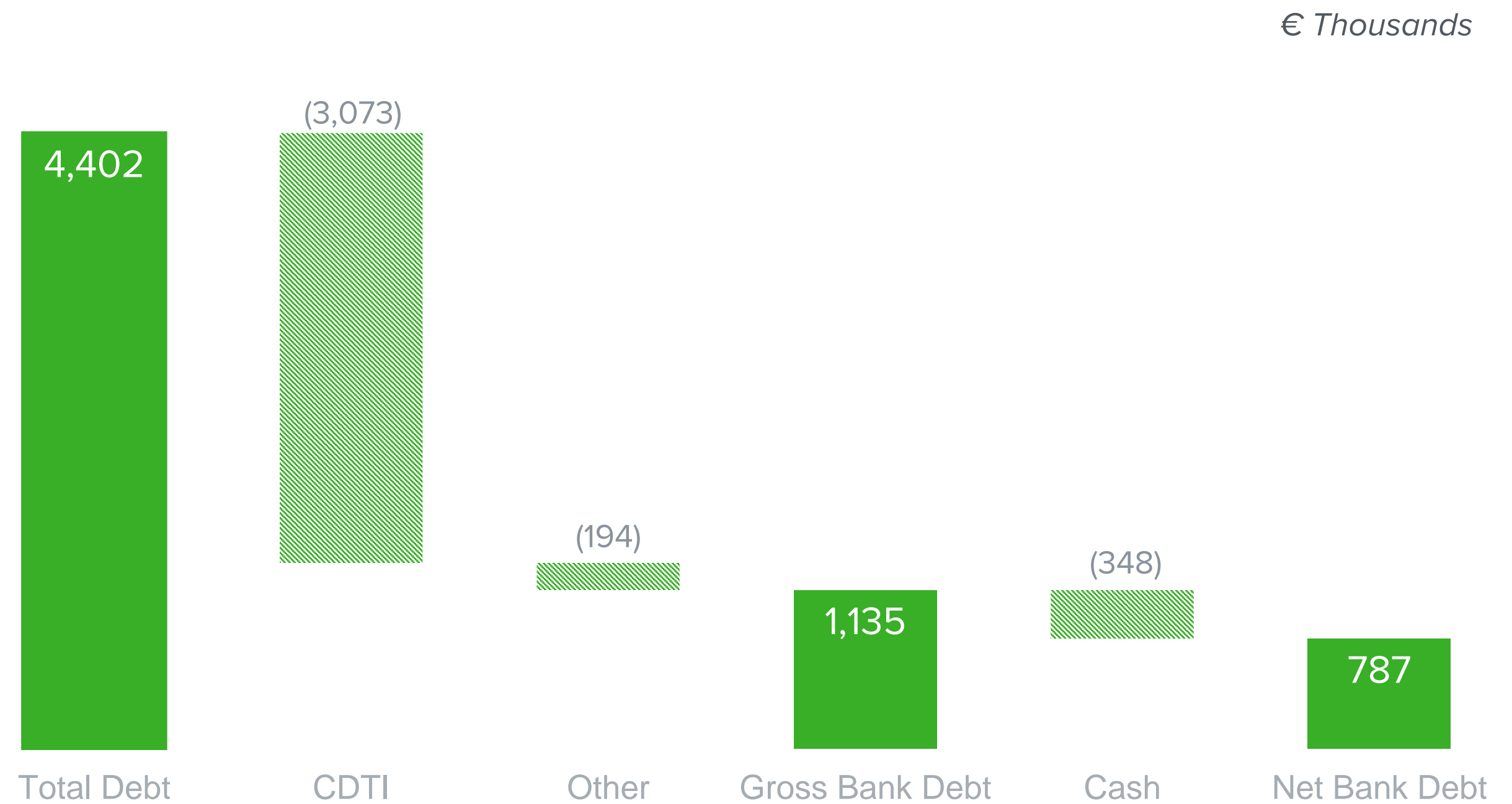
Financial Debt

Avg. cost of debt
2.4%

NET BANK DEBT & NET BANK DEBT/EBITDA¹ RATIO
September 2019



FINANCIAL DEBT
September 2019



1. Last 12 months EBITDA



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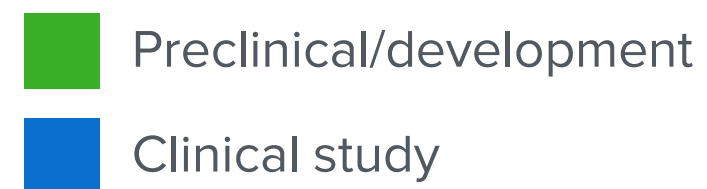
9M 2019

Pipeline of projects



MAIN ONGOING PROJECTS

Pipeline of projects



GESTAHEALTH

Products aimed at favouring a healthier pregnancy and lactation through the modulation of microbiota in women



GERAS

Nature as a source of health for the elderly



"Nature as a source of health for the elderly"

GERAS project

GOAL

- ✓ Search for natural strategies based on plant extracts, exhaustively characterized and of high quality, that help the elderly to prevent and/or palliate the pathologies of the loss of functionalities associated with age.
- ✓ Positively evaluated by the CDTI in its R+D+i aid programme for projects developed by companies.

Cardiovascular Health	Osteoarticular Health
Immune Health	Cognitive health

700k €
 TOTAL INVESTMENT

3 years
 DURATION

- ✓ Demonstrates Biosearch's commitment to R&D
- ✓ Power differentiation of extracts products





9M 2019

Strategic projects



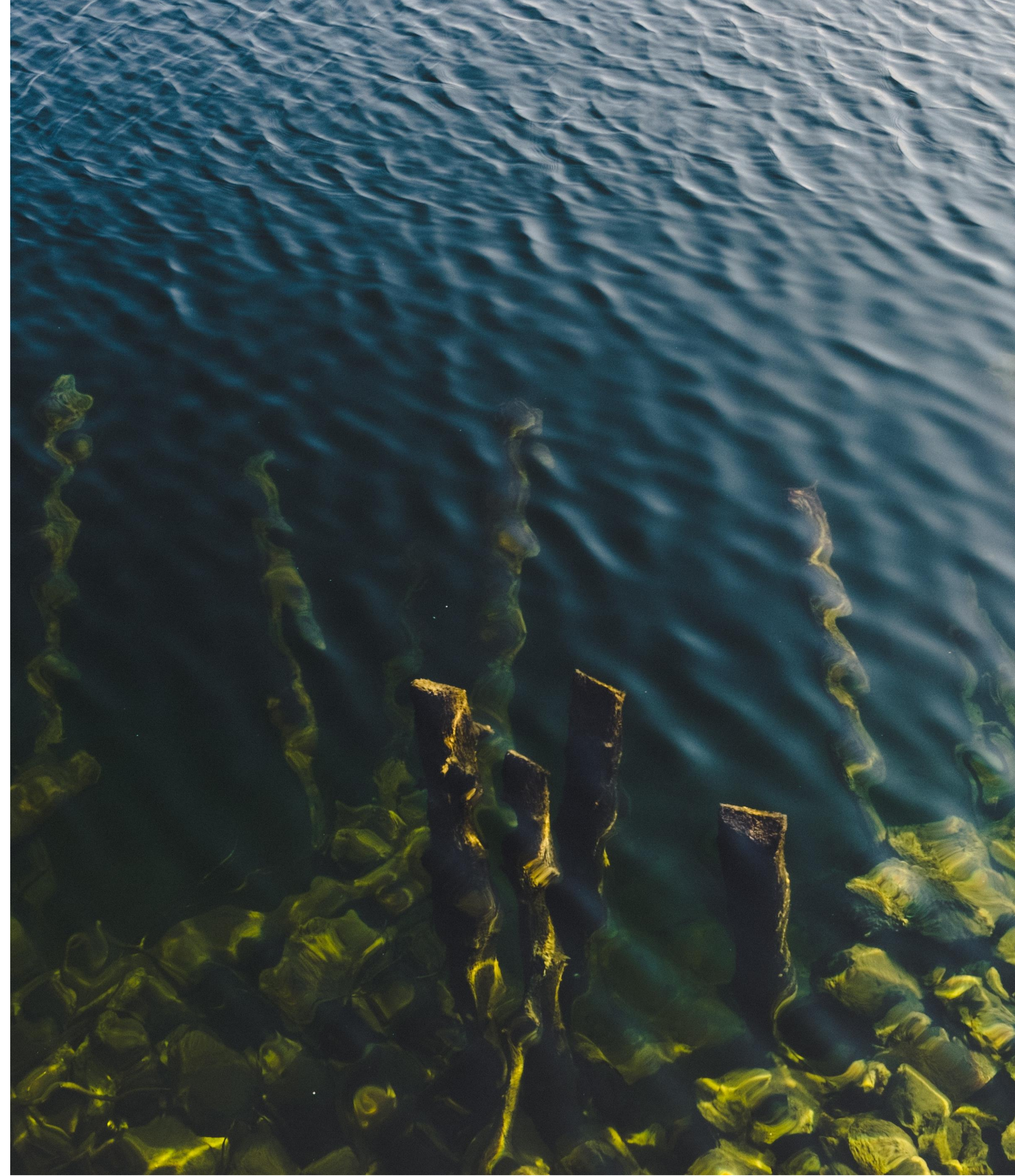
Lipids

Microalgae

First sales of Eupoly-3® DHA Algae continue to materialize, the first non-animal product of the lipids' range. It is a microalgae oil that constitutes a natural source of omega-3 with a high content of DHA aimed at infant feeding due to its effects on the development of brain function and vision.

ADVANTAGES

- ✓ Sustainable product without contact with the marine environment (sustainable cultivation in microalgae fermentation factories)
- ✓ New customers – it is suitable for vegans
- ✓ With the same quality standards as Eupoly-3



Extracts

Women's Health

Caronositol Fertility™
D-CHIRO-INOSITOL & MYO-INOSITOL

Polycystic Ovary Syndrome (PCOS)

Damilib
Improving Sexual Desire

Sexual dysfunction

 **LUPRENOL**
NATURAL INGREDIENT FOR MENOPAUSAL DISCOMFORT

Menopause

 **Voluntas®**
Supporting breastfeeding

Natural galactagogues



Extracts

Children's Health

Exxentia[®] Kids BREATH

Exxentia Kids breath

Focused on improving children's health at a respiratory level, with its demulcent and expectorant properties

Exxentia[®] Kids DIGESTIVE

Exxentia Kids Digestive

Focused on improving the children's health at the digestive level, in situations of constipation and colic

Exxentia[®] Kids SLEEP

Exxentia Kids Sleep

It helps reduce nervous agitation and favors a restful rest

Predictably its first sales will materialize next year

Exxentia[®] Kids

THE NEW LINE of
Biosearch Life extracts
focused on

children from
0 months
to 6 years ☺



Glycerinated preparations

Product novelties from our customers in 9M 2019

Market's presence

EXTRACTS

Luprinn®

The pharmaceutical company INNventa Pharm has launched the Luprinn® product that contains the Luprenol™ extract with its active ingredient 8-PN developed by Biosearch and whose application is to relieve the symptoms of menopause, due to its potent natural and safe phytoestrogen

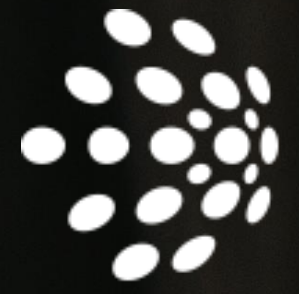
PROBIOTICS

MATERNA® Opti-Lac®

Agreement signed between Biosearch and Nestlé for the commercialization of the Hereditum® Lactobacillus fermentum LC40® strain for the prevention and treatment of mastitis. The first commercial launch of the MATERNA® Opti-Lac® product has been materialized and the rest of the markets will be progressively incorporated.

Lactanza®

Angelini Pharma launched in Russia the Lactanza® product that contains one of Biosearch's strains of the Hereditum® unit, Lactobacillus fermentum CECT5716 LC40®, for the prevention and treatment of human mastitis



**BIOSEARCH
LIFE**

9M 2019

ESG





Good Corporate Governance

- ✓ Corporate social responsibility policy
- ✓ Control and risk management policy
- ✓ Corporate fiscal policy
- ✓ Communications policy with shareholders, investors and proxy advisors
- ✓ Selection Procedure for Board Members candidates
- ✓ Meeting regulations for the correct functioning of the General Shareholders Meeting and the Board of Directors
- ✓ Internal rules of conduct in matters relating to the securities markets



Transparency

- ✓ Annual Corporate Governance Report (IAGC)
- ✓ Remuneration policy for Directors implemented
- ✓ Member of CUMPLEN, Association of Regulatory Compliance Professionals
- ✓ Anti-corruption policy
- ✓ Internal Code of Conduct
- ✓ Internal complaints channel





Fiscal Policy

- ✓ Biosearch is adhered to the **Code of Good Tax Practices** with the goal of increasing the effectiveness of the Tax Administration's controls, to carry out those practices that lead to the reduction of significant fiscal risks
- ✓ The **fiscal internal policy** includes the fiscal strategy and the commitment of compliance, development and implementation of good tax practices to maintain a fluid relationship with the Administration based on mutual trust, transparency and collaboration.

Quality and security as a priority

certifications and registers

 <p>ISO 22000 CERTIFICATE</p>	 <p>FSSC 22000 CERTIFICATE</p>	 <p>FOS CERTIFICATE</p>	 <p>K8 & LC40 STRAINS REGISTERED IN CANADA</p>	 <p>LC40 STRAIN REGISTERED IN CHINA</p>
 <p>ISO 17025 ACCREDITATION</p>	 <p>INSP US-FDA GMP-DIETARY FOOD Part 110&111</p>	 <p>SAE CERTIFICATE</p>	 <p>IFFO-RS CERTIFICATE</p>	 <p>INSP AEMPS GMP-API (ICH Q7)</p>
 <p>GMP FOOD CERTIFICATE Internat. Codex Alimentarius</p>	 <p>BIO CERTIFICATE</p>	 <p>HALAL CERTIFICATE</p>	 <p>KOSHER CERTIFICATE</p>	

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News in Certifications

FEB

EXTRACTS

BIO CERTIFICATION

Talayuela Extracts Plant

BIO certification as Organic Producers and Marketers obtained. Opens the door to manufacture ingredients labeled Organic / Ecological

MAR

LIPIDS

IFFO CERTIFICATION

It promotes the fish meal and fish oil industry and other marine ingredients worldwide. With this certification, Biosearch guarantees that the majority of its supplies in the oil range come from sustainable fishing.

ABR

EXTRACTS

FOOD SECURITY FSSC22000

Peñafiel Extracts Plant
 For product safety risk management

EXTRACTS

GMP CERTIFICATION (FOOD FIELD)

Peñafiel Extracts Plant
 It guarantees the manufacture of products following good manufacturing practices and general principles of food hygiene.

JUN

LIPIDS

SAE RECERTIFICATION

Certificate of Conformity Specific Self-Control System for Export. Certifies the products of the lipid range with animal origin.

JUL

ALL

HALAL CERTIFICATION

Quality assurance process applied to food, products and services according to Halal Regulations and other pre-established documents.

ALL

KOSHER CERTIFICATION

Kosher certification verifies that the ingredients, production process and food service process comply with kashrut laws (Jewish food laws).

New extracts' certification

BIO Certification



Talayuela plant has obtained the Certificate as Organic Producers and Marketers, a first step in the manufacture of ingredients labeled Organic / Ecological.



- ✓ From organically grown plants from selected suppliers, no pesticides or GMOs (Genetically Modified Organisms)
- ✓ Using validated organic raw materials
- ✓ Extraction process complying with EUROPEAN REGULATION (EC) No 889/2008
- ✓ 44 BIO/ECO certified plants

DNA

IMPLEMENTATION OF GENETIC IDENTIFICATION OF PLANTS BY DNA

Biosearch Life implements the identification of botanical species through molecular genetic techniques (DNA barcoding).

With this anti-fraud measure, the identity of the raw material of our botanical products is guaranteed.

By the end of September, a total of 124 plants batches from 22 different botanical species have been tested for DNA, including plants for API and BIO manufacturing. In all cases, botanical identity has been confirmed.





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Closing Remarks



9M 2019

Conclusions



Decrease in sales and EBITDA in 9M 2019 mainly affected by probiotics

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BIOSEARCH LIFE

Contact Us

<http://www.biosearchlife.es/>



Investor Relations Contact

Tel: (+34) 958 240 200

oficinaatencionaccionista@biosearchlife.com

Biosearch Life

Camino de Purchil, 66

18004 Granada (Spain)

