

## RESULTS NOTE: THIRD QUARTER 2020

**REIG JOFRE closed the third quarter of 2020 with an accumulated turnover of € 170M, a growth in sales of 16% and an EBITDA of € 19M, 55% above the 2019 figure**

In the third quarter, revenues reflected the impact of the Covid 19 preventive measures, which reduced the issuance of new prescriptions

After a first semester with a growth of 25% driven by the incorporation of the new Osteoarticular product portfolio, revenue reached € 54.6 million in the third quarter, 1% above 2019. International growth and the sale of essential medicines compensate for the loss of income resulting from the Covid 19 crisis.

**The three REIG JOFRE divisions show positive growth in terms of sales figures. Below we analyse the main impacts:**

### PHARMACEUTICAL TECHNOLOGIES

Antibiotics  
Injectables / Lyophilized

47 %

80.3 M€  
+11%

The Pharmaceutical Technologies division represents 47% of sales. The 11% growth has been achieved thanks to the manufacture and sale of essential medicines linked to the COVID 19 crisis, mainly sedatives, pain relievers and muscle relaxants, and the positive evolution of international sales. Sales of certain ranges of oral antibiotics have dropped, as fewer infections have occurred due to social distancing measures.

### SPECIALTY PHARMACARE

Dermatology  
Osteoarticular  
Women's Health and  
Others

29 %

49.4 M€  
+41%

The Specialty Products division registered growth of 41% thanks to the osteoarticular therapeutic area, which contributed sales of € 22 million up to September. The rest of the division, focused on dermatology and women's health, registered a drop of 6% in revenue, due to the reduction of medical visits to patients, which led to a reduction in the number of new prescriptions issued.

### CONSUMER HEALTHCARE

OTC  
Weight control  
Energy  
Stress and sleep  
Beauty

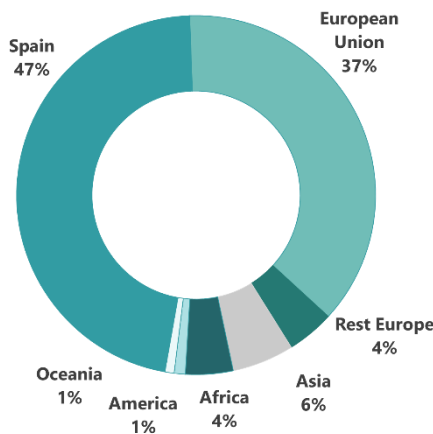
24 %

40.6 M€  
+3%

Sales in the Consumer Healthcare area grew by 3%. The health crisis continues to drive the growth of OTC disinfection ranges (alcohols, chlorhexidines, etc.), as well as certain ranges of FORTE PHARMA brand food supplements aimed at strengthening the immune system, vitamins and jellies. This has offset the behaviour of other ranges, such as weight control, which has receded in 2020.



## Evolution of Income by Geographical Area



The Spanish market represents 47% of turnover and has registered growth of the order of 24% during the first nine months of 2020, favoured by the demand for essential medicines and by the new osteoarticular business. However, the results reflect the negative impact in Spain of the lower sales of prescription products, especially in the Dermatology area, due to the reduction in the number of visits to doctors.

The European markets have experienced a growth of 5%, with special emphasis on injectable products and in the osteoarticular area. During the third quarter, most of the orders that were re-scheduled in order to prioritize local supply were supplied.

The rest of the countries, which together represent 12% of sales, have registered a growth of 32% compared to the previous year.

Spain registered a 24% growth in revenue as a result of the purchase of the osteoarticular portfolio, despite the drop in prescription products. The rest of Europe grew by 5%, whilst the other world markets grew by an outstanding 32%, consolidating REIG JOFRE's strategy of diversification and international expansion



## Evolution of Results

The 16% growth in Sales to € 170 million reflects the impact of the new osteoarticular business incorporated in the second half of 2019.

The gross margin remains at 60% and this, together with the reduction in expenses, enables an improvement in the EBITDA result of 55%, reaching € 19.2 million accumulated to September.

Personnel expenses grew by 18%, mainly reflecting the effect of the integration of the new osteoarticular sales network, while other operating expenses were reduced by 8%, due to lower sales and marketing expenses.

Amortization increased 39%, due in part to new investments, but above all due to the impact of the amortization of intangible assets associated with the new business, which represents € 3.5 million, 28% of the total.

The third quarter continues to show an improvement in financial results, thanks to the positive impact of exchange rates.

In 2019, there was an extraordinary expense of € 2.3 million related to the corporate operation and the associated capital increase. This effect must be adjusted in order to obtain comparable evolution ratios.

### ADJUSTED RESULT

**The increase in sales and the control of operating expenses allow for an improvement of 30% in the adjusted EBITDA. The adjusted Consolidated Income also grew by 26%**

## Investments and Financing

Investments in Technology and Capacity Expansion totalled € 8.6 million. Of this figure, € 5.5 million correspond to the final investment tranche in the new Plant in Barcelona.

Similarly, € 3.8 million accumulated to September have been invested in R&D Projects.



Technology investment financing, together with the financing associated with the purchase of the new business, brings the financial debt to € 65 million. This data excludes the IFRS 16 effect.

The Debt/EBITDA ratio stood at 2.58, a level similar to that at the closure of the previous year, with the higher debt being offset by the improvement in EBITDA. The new debt is structured for a term of between 5 and 7 years and is mainly contracted at a fixed rate.

### NEW INJECTABLES PLANT

**In 1Q 2021, REIG JOFRE will complete the commissioning of the new Sterile Injectables, which has received a total investment of € 30M between 2018 and 2020.**

**This new, technologically-advanced and highly-automated facility will allow both the expansion of REIG JOFRE products and the growth of CDMO projects**

### Impacts and Opportunities Covid 19

The manufacture of essential medicines in 2Q, which we will also prioritize in 4Q, reallocates production capacity from other products with a greater contribution to revenue and profit. There has also been a drop in sales in some Specialty Pharmaceutics products, mostly prescription products, as well as in the consumption of certain oral antibiotics due to the lower incidence of other bacterial and viral infections.

The security and control measures and the promotion of home working have made it possible to maintain the levels of activity required in the Manufacturing Plants and Logistics Centers in Barcelona, Toledo, Malmö and Nice.

### COVID 19 EFFECT ON REVENUE

The reduction in demand for oral antibiotics and the drop in new drug prescriptions lead to a slow down in sales in the second half of 2020. The production of essential drugs related to Covid 19 may affect 2020 revenues and results due to the postponement of the manufacture and sale of other products.

### THE TECHNOLOGICAL AND INDUSTRIAL CAPACITY OF REIG JOFRE WOULD POTENTIALLY ALLOW TO MANUFACTURE THE COVID 19 VACCINE

The new injectable vials manufacturing plant has the capacity, whilst respecting other contracts and expansion plans, to produce up to 50 million vials per year. This capacity could ensure the manufacture and supply of the COVID 19 vaccine to countries that require it as of the second quarter of 2021.



REIG JOFRE already manufactures other vaccines at its facilities, and is participating in vaccine development projects for the treatment of other infections.

### STUDY TO EVALUATE THE POTENTIAL OF A NEW FOOD SUPPLEMENT



The new food supplement is indicated in infections that are associated with an abnormal anti-inflammatory response. After closing the recruitment phase with some delay due to the low incidence of the disease in June-July, the trial has already started.

The trial, which is expected to be completed in 1Q 2021, will aim to evaluate the product's capacity to reduce the risk of Covid 19 infection and, in cases of infection, to demonstrate its capacity to diminish the severity of the infection, whilst helping to control the anti-inflammatory response.



## Outlook 2020

REIG JOFRE closed the third quarter of 2020 with a positive progression in revenue (+16%) and EBITDA (+55%), driven by the inorganic growth effect derived from the acquisition of the osteoarticular business, which had an impact in the first semester.

The fourth quarter, as we have already seen in the third, will present lower growth rates and reflect the impacts of Covid 19 on the revenue of Specialty Pharmacare products,.

REIG JOFRE will face these circumstances from a solid financial position, a long-term planning of the financing appropriate to the return on investments, and the will to continue with investment in Technology and R&D that will allow us to undertake our future development in all our divisions.

Receive updated news about Reig Jofre by registering with the company's **subscription centre** via our corporate website: [www.reigjofre.com](http://www.reigjofre.com)

### About REIG JOFRE

Founded in 1929 in Barcelona, Reig Jofre is a family-controlled pharmaceutical company listed on the Spanish Stock Exchange's continuous market and dedicated to the research, development, manufacture and marketing of pharmaceutical products and nutritional supplements from its four plants in Toledo (2), Barcelona and Malmö (Sweden). REIG JOFRE structures its product development activity in three business areas: (1) *Pharmaceutical technologies* specialized in sterile and lyophilized injectables, and antibiotics derived from penicillin; (2) *Specialty Pharmacare* in dermatology; Women's Health and Joint Pain, and (3) *Consumer Healthcare*, with products aimed at the consumer under the Forté Pharma brand, mainly in France, Belgium, Spain and Portugal, and other OTCs. Reig Jofre has more than 1,100 employees, direct sales in 7 countries and more than 130 business partners in 72 countries around the world. The company closed 2019 with a turnover of 200 million Euros. REIG JOFRE is listed the ticker RJF. Share capital: 76,802,279 shares

### Further information

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## INCOME STATEMENT

thousand euros	30/09/2020	30/09/2019
<b>Turnover</b>	<b>170.406</b>	<b>147.102</b>
Procurements	-66.724	-55.694
Changes in inventories	-1.741	-502
<b>Gross margin</b>	<b>101.940</b>	<b>90.906</b>
Work carried out for fixed assets	3.563	3.951
Other operating income	138	0
Personnel expenses	-48.756	-41.447
Other operating expenses	-37.640	-40.987
<b>EBITDA</b>	<b>19.246</b>	<b>12.423</b>
Depreciation and amortization	-12.555	-9.051
Government grants for non-financial assets and others	17	13
Impairment and results on disposals	3	26
<b>Operating income</b>	<b>6.711</b>	<b>3.411</b>
Financial result	-433	-756
Results from entities accounted by the equity method	9	21
<b>Profit before taxes</b>	<b>6.287</b>	<b>2.676</b>
Income tax	-943	-401
<b>Net result</b>	<b>5.344</b>	<b>2.274</b>
Adjusted EBITDA (Transaction Costs)	19.246	14.752

## BALANCE

thousand euros	30/09/2020	30/09/2019
<b>ASSETS</b>		
Goodwill	29.660	28.988
Other intangible assets	84.722	90.972
Property, plant and equipment	84.451	72.278
Investments in equity-accounted investees	1.229	728
Non-current financial assets measured at fair value	1.218	1.182
Other non-current financial assets	673	673
Deferred tax assets	14.574	15.198
<b>TOTAL NON-CURRENT ASSETS</b>	<b>216.528</b>	<b>210.018</b>
Inventories	40.854	33.174
Trade and other receivables	44.779	44.070
Current tax assets	5.145	4.458
Other current financial assets	1.277	2.849
Other current assets	1.986	236
Cash and cash equivalents	7.481	6.691
<b>TOTAL CURRENT ASSETS</b>	<b>101.522</b>	<b>91.478</b>
<b>TOTAL ASSETS</b>	<b>318.050</b>	<b>301.495</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	38.031	38.031
Share Premium	19.000	19.000
Treasury shares	-1.447	-950
Reserves	123.510	118.553
Own equity instruments	62	34
Profit attributable to the parent company	5.346	2.285
Exchange differences	-1.594	-1.598
Other comprehensive income	-110	-115
<b>Equity attributable to parent company</b>	<b>182.798</b>	<b>175.241</b>
Non-controlling interests	-66	-73
<b>TOTAL EQUITY</b>	<b>182.733</b>	<b>175.168</b>
Capital grants	1.710	99
Provisions	897	803
Financial liabilities with credit institutions	28.742	6.091
Lease liabilities	15.900	25.406
Other financial liabilities	8.785	5.664
Deferred tax liabilities	2.922	3.863
Other non current liabilities	0	17.000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>58.956</b>	<b>58.927</b>
Provisions	24	46
Financial liabilities with credit institutions	16.358	9.306
Lease liabilities	5.625	5.985
Other financial liabilities	480	645
Trade and other payables	37.786	31.120
Current tax liabilities	2.934	1.612
Other current liabilities	13.154	18.686
<b>TOTAL CURRENT LIABILITIES</b>	<b>76.362</b>	<b>67.400</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>318.050</b>	<b>301.495</b>