

INCOME NOTES: SECOND QUARTER 2023

REIG JOFRE grew 19% in revenue and 25% in EBITDA up to the second quarter of 2023.

REIG JOFRE reached **157 million euros of sales**, 19% above the first half of 2022. This was made possible by an excellent semester in the Specialty Pharmacare Division and the progressive utilisation of the capacity of the new plant in Barcelona. Profitability was also improved, with EBITDA growth of 25% to reach 17.8 million euros compared to 14.2 million euros in the first half of the previous year.

REIG JOFRE has just signed an agreement with the EU to reserve capacity for the manufacture of vaccines in the event of a health emergency for 4 years from July 2023. The first half of the year has closed with revenues of 157 million euros, 19% above the first half of 2022.

The **Specialty Pharmacare division**, focused on the prescription medical product, could close with a remarkable growth in revenue by 31%. The division with the greatest weight in sales, **Pharmaceutical Technologies**, dedicated to injectable products and antibiotics, achieved a growth of 14%, the same as the **Consumer Healthcare division**, the consumer products division, under the FORTE PHARMA brand, in the French, Belgian and Spanish markets, as well as Reig Jofre's OTC products.



Pharma Tech

46% sales | 14% in Q2 2023

This division, focused on products for hospital use, makes 57% of its sales outside of Spain. In 2023 growth is driven by injectable products in the Spanish market and Asian countries especially.

The new plant in Barcelona gradually increases the use of capacity, which contributes to revenue growth, both for its own molecules and for other products with contract manufacturing agreements.

A four-year agreement has also been signed to reserve vaccine manufacturing capacity in case of emergency at the request of the European Union.

Specialty Pharmacare

31% sales | +31% in Q2 2023

The medical prescription product area achieved excellent growth, by 31%, after closing 2022 with an increase of 7%.

The Dermatology area grew 7%, driven by recent launches.

The Osteoarticular product area is growing at a rate of more than 40%, to which the new subsidiary in Poland especially contributes, which continues to expand its commercial network for medical visits.

The growth in manufacture volume of enteral gels for the Stada group, through a CMO agreement at the Swedish plant, is also a key factor for growth in this semester.

Consumer Healthcare

23% sales | 14% in Q2 2023

The food supplements and OTC division continued with solid sales growth, by 14%, after having grown 16% in 2022.

This progression occurs mainly in the respiratory and ear care ranges, which grew by 29% compared to 2022. The FORTE PHARMA brand also achieved a 12% increase in revenue, with Spain being the country with the highest growth.

Online sales also show notable progress and already constitute more than 12% of the sales of this division. Asian markets are the fastest growing area of the FORTE PHARMA online brand.



REIG JOFRE has obtained 54% of the income in the international markets during the first half of 2023. Of this sales volume outside of Spain, half of it (49%) is obtained from the countries in which Reig Jofre has a presence with its own subsidiaries, and the other half through distribution or licence agreements.

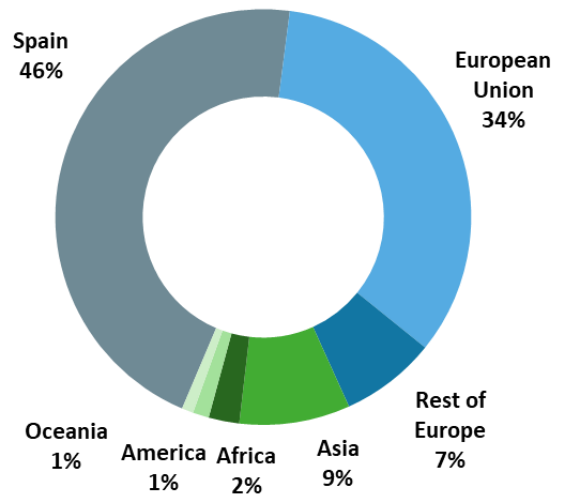
The divisions with the greatest foreign presence are Pharmaceutical Technologies, with 57% of international revenue, and Consumer Healthcare, which, due to the strong presence of the FORTE PHARMA brand in France and Benelux, accounts for 71% of sales outside of Spain.

Sales by Geographical Site

Spain concentrates 46% of the group's sales, growing by 25% in revenue. The progression in the three business units stands out; all of them could increase revenues at rates of more than 20%.

The rest of the European markets (41% of sales) have grown more moderately (7%) with Poland being the country that contributes the most to this progression.

The rest of the countries, which together represent 13% of sales, achieved an increase of 45%, thanks to the drive of the Pharmaceutical Technologies division, especially in Asian markets. Asia represents 9% of the group's income in this first semester.



2023 Highlights

REIG JOFRE SIGNS A CONTRACT WITH THE EU TO RESERVE MANUFACTURING CAPACITY IN CASE OF HEALTH EMERGENCY



The objective of the European Agency for Health and Digitalisation (HaDEA) is to guarantee manufacturing capacity and rapid supply of vaccines in Europe in the event of a health emergency.

*The duration of the agreement is **4 years**, extendable up to 8 years. The agreement has been reached in consortium with the Zendal group, which would manufacture the active ingredient. **REIG JOFRE** would be responsible for the formulation and manufacture of the vaccine doses required in case of activation of the reserve.*

*REIG JOFRE undertakes to dedicate up to a **30% of maximum capacity** of the new Injectables plant at full use in case an emergency situation emerges. Given the full capacity of the facility, the plant will be able to continue with all of its customer CMO projects. The rest of the capacity will be dedicated to the manufacture of its products and this will be temporarily adjusted if the manufacture of vaccines is activated.*



Earning Trends

The sales figure is 19% above the first half of the previous year, thanks to: the growth of prescription products, both at a national and European level; the use of the new manufacturing capacity of the new plant in Barcelona; and the advancement of CMO manufacturing at the Malmö plant in Sweden.

The gross margin stands at 59%, one point above the 58% at the close of 2022. The increase in material costs is offset by a product mix in which the weight of antibiotics and other lower-margin products is reduced.

Employee compensation expenses grew by 11%, due to the increase in technical personnel linked to increased industrial activity and the growth of commercial networks in Europe.

Other operating expenses increased by 21%, mainly due to increased industrial activity, and the increase in energy costs and materials necessary for production. Commercial and marketing actions are also growing.

Investments and Financing

The accumulated investment as of June was 4.9 million euros, of which 4 million euros correspond to industrial assets.

The Net Financial Debt was reduced to 61.4 million euros from 62.3 million euros at the end of the previous year. Please remember that in 2021 closed at 69 million.

EBITDA reaches 17.8 million euros in the first half of 2023, growing by 25% compared to 2022, and represents a ratio of 11.3% over sales.

Depreciation of fixed assets amounts to 11.6 million euros, a 24% increase compared to 2022. The main cause is the beginning of depreciation of the facilities of the new plant in Barcelona, with a total investment of more than 40 million euros, and which is amortised as of July 2022.

In 2023, an accumulated financial expense by June of 0.4 million euros is recorded, -40% below the previous year. This is due to lower indebtedness (mainly contracted at a fixed rate) and the positive effect of exchange differences.

The income statement also includes an income of €1.1 million from the integration of 50% of the profit obtained by Syna Therapeutics, a company owned by Reig Jofre, for the co-development and licence agreement reached for a biosimilar product under development.

The Earnings before taxes reaches 6.7 million euros, 57% above the first half of 2022.

The Debt/EBITDA ratio continues to fall and stands at 1.8 compared to 2.0 at the end of 2022. This trend will continue until new non-recurring investment projects are undertaken.

Since most of the bank debt is contracted at a fixed rate, the result is not very sensitive to increases in interest rates.



2023 PERSPECTIVES

The closing of the first half of 2023 shows a relevant growth, both in Sales (19%) and in EBITDA (25%) and Net Earnings (57%). The greater weight of products with higher profitability and cost control managed to offset the impact of the rise in the cost of materials and manufacturing costs and ensured the profitability of this growth.

In the second semester, the effect of the progressive use of new manufacturing capacity, and international development strategies will continue to add to the income from the capacity reserve agreement with the European Union. All of this should allow to reach 300 million euros in sales and exceed 35 million euros in EBITDA.

Get the latest news from the listed REIG JOFRE by registering on your **subscription centre**:
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About REIG JOFRE

Founded in 1929 in Barcelona, REIG JOFRE is a family-controlled pharmaceutical company, listed on the continuous market of the Spanish Stock Exchange, dedicated to the research, development, manufacturing and marketing of pharmaceutical products and food supplements at its four plants in Toledo (2), Barcelona and Malmö (Sweden). REIG JOFRE structures its product development activity in three business areas: (1) *Pharmaceutical Technologies* specialised in sterile and lyophilised injectables, and antibiotics derived from penicillin; (2) *Specialty Pharmaceutics* in Dermatology and Osteoarticular, mainly and (3) *Consumer Healthcare* with consumer products under the Forté Pharma brand mainly in France, Belgium, Spain and Portugal, and other OTCs. REIG JOFRE has 1,200 employees, direct sales in 8 countries (Spain, France, Portugal, Belgium, Sweden, the United Kingdom, Poland and Singapore), and an extensive network of business partners in more than 70 countries. The company closed 2022 with a turnover of 271 million euros. REIG JOFRE trades under the code RJF. Share capital: 79,635,945 shares.

For more information

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CONSOLIDATED INCOME STATEMENT

thousand euros	30/06/2023	30/06/2022
Turnover	157.191	132.556
Procurements	-71.710	-59.830
Changes in inventories	7.656	5.767
Gross margin	93.136	78.492
Work carried out for fixed assets	941	1.733
Other operating income	178	65
Personnel expenses	-38.781	-35.017
Other operating expenses	-37.684	-31.088
EBITDA	17.791	14.186
Depreciation and amortization	-11.627	-9.384
Govern. grants for non-financial assets and others	116	11
Impairment and results on disposals	-326	4
Operating income	5.954	4.817
Financial result	-410	-682
Results from entities accounted by the equity method	1.134	119
Profit before taxes	6.678	4.254
Income tax	-1.002	-638
NET RESULT	5.676	3.616

CONSOLIDATED BALANCE SHEET

thousand euros	30/06/2023	30/06/2022
ASSETS		
Goodwill	28.651	29.574
Other intangible assets	66.906	74.780
Property, plant and equipment	89.944	91.235
Investments in equity-accounted investees	4.675	1.978
Non-current financial assets measured at fair value	1.220	1.202
Other non-current financial assets	387	417
Deferred tax assets	10.680	12.618
TOTAL NON-CURRENT ASSETS	202.463	211.804
Inventories	61.105	50.117
Trade and other receivables	61.567	51.316
Current tax assets	3.448	6.048
Other current financial assets	295	952
Other current assets	2.336	5.019
Cash and cash equivalents	6.261	3.541
TOTAL CURRENT ASSETS	135.012	116.993
TOTAL ASSETS	337.475	328.797
EQUITY AND LIABILITIES		
Share capital	39.818	38.716
Share Premium	19.000	19.000
Treasury shares	-2.828	-2.514
Reserves	140.821	133.827
Own equity instruments	177	295
Profit attributable to the parent company	5.680	3.616
Exchange differences	-2.856	-1.636
Other comprehensive income	-127	-154
Equity attributable to parent company	199.685	191.150
Non-controlling interests	-90	-88
TOTAL EQUITY	199.595	191.062
Capital grants	3.525	3.040
Provisions	183	201
Financial liabilities with credit institutions	20.156	31.685
Lease liabilities	10.487	13.453
Other financial liabilities	6.750	6.093
Deferred tax liabilities	2.651	2.916
TOTAL NON-CURRENT LIABILITIES	43.752	57.388
Provisions	0	15
Financial liabilities with credit institutions	24.887	16.952
Lease liabilities	4.462	4.670
Other financial liabilities	934	545
Liabilities from contracts with customers	4.538	8.971
Trade and other payables	55.629	43.609
Current tax liabilities	3.517	3.502
Other current liabilities	161	2.083
TOTAL CURRENT LIABILITIES	94.128	80.347
TOTAL EQUITY AND LIABILITIES	337.475	328.797