

Annual Report 2017



cantabria labs
celebrate life



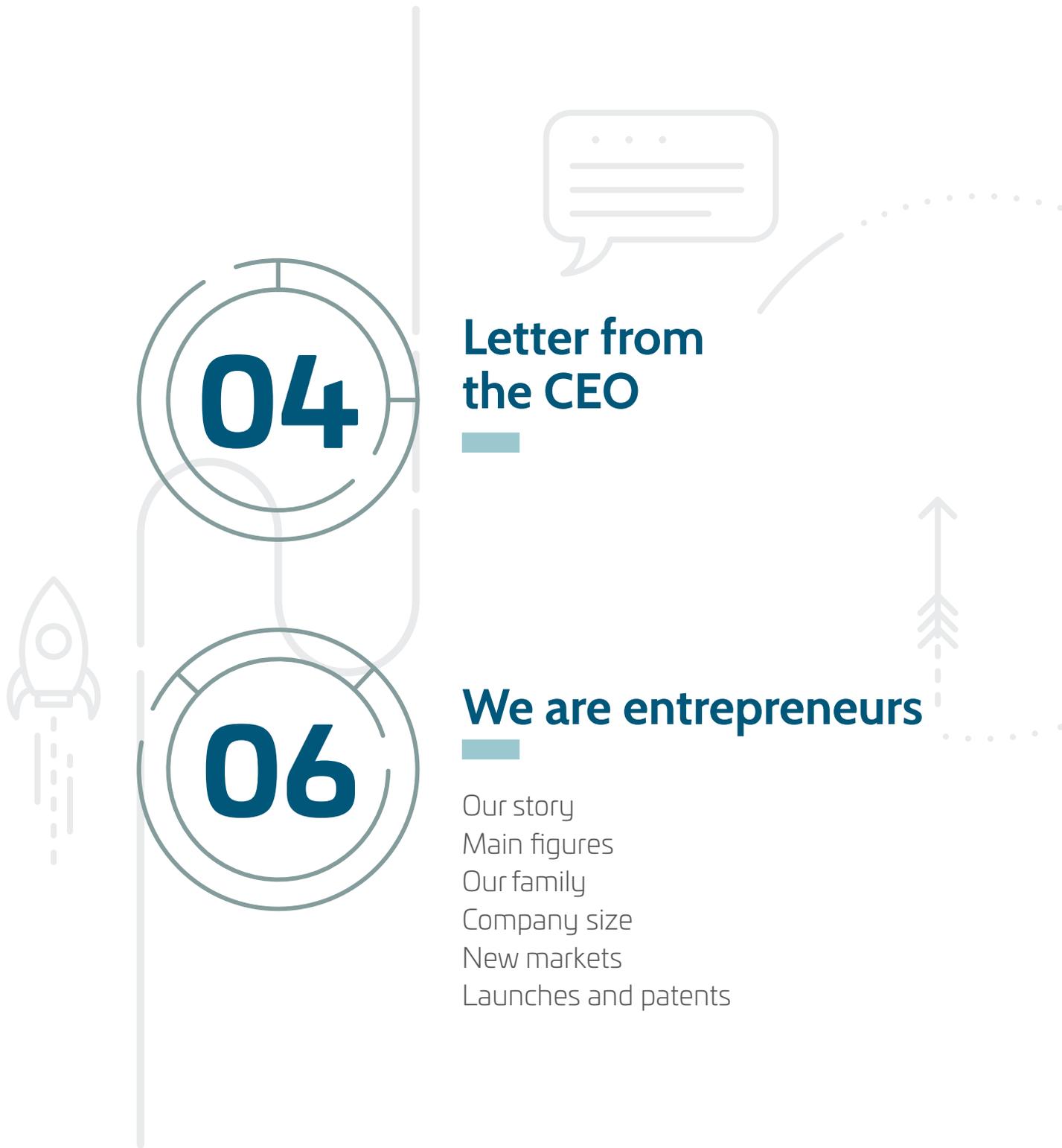
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www.cantabrialabs.com

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04

Letter from the CEO

06

We are entrepreneurs

- Our story
- Main figures
- Our family
- Company size
- New markets
- Launches and patents



We are innovative

Our technologies
New center in Cantabria
Top 5 in sales



We are caring

Responsible business practice
Social impact
Healthy lifestyle
Environment
Congresses and events
Communication and awards





Loyalty to entrepreneurship, innovation, and caring have helped us to maintain the momentum we created almost three decades ago”



JUAN MATJI
CEO

WELCOME TO CANTABRIA LABS. Again this year, we wanted to gather together everything that has happened in our company, our achievements and progress, the result of great teamwork. Always guided by our values, we ended 2017 with excellent results and even better future prospects.

The loyalty to entrepreneurship, innovation, and caring have helped us maintain the momentum we began with almost three decades ago, and which we hope to never lose. We firmly believe that beginning each day with an entrepreneurial approach helps us to stay young and active in spirit which, in turn, helps us to remain at the forefront of our sector.

Innovation is our guide and reference, that's why we never stop researching, learning, and developing initiatives and new products. An excellent example of this, as you will see in the report that you have in your hands, are the patent registrations and new product launches that were made in 2017, as well as our ongoing projects, never losing sight of our ultimate goal, improving people's health.

“We love innovating and being entrepreneurial, to build together a better and healthier world, for you, for us, for everyone. We celebrate life!”

Caring, for us, means wanting to be close to our people, customers and business partners and, although the company may reach a larger size and embrace greater ambitions, we will never move away from people, the most important thing for Cantabria Labs.

If there is a concept that I would like to highlight to summarize 2017, it is sustainability. In everything we do we strive to foster sustainability, especially with respect to three aspects: the



people we work with, society in general, and the Environment. It is our responsibility as a company.

Therefore, we develop projects that help us craft Cantabria Labs as a company with a low impact on the environment that surrounds us, but a high impact on health. We want to set an example through our actions so that all people who are part of this great family have a better life. We will do this by encouraging society to embrace health and a better quality of life, and taking care of the planet on which we live.

I am sure that the path we have set for ourselves, and the way we work, will ensure that we achieve our objectives. In Cantabria Labs we fiercely believe in what we do, and our strategy will always revolve around our three values: innovation, entrepreneurship, and caring, we celebrate life! With science, our commitment to sustainability, our closeness to the

ecosystem that surrounds us and our vocation to being better and healthier, we try to create a better world.

Thus we hope to continue the path undertaken in 1989, never straying from it, but adding positive aspects as we go along. We will improve, we will advance, and, above all, we will continue to be celebraters.

Best regards,
Juan Matji

A handwritten signature in black ink, appearing to be 'Juan Matji', written in a cursive style. The signature is positioned to the right of the typed name.

WE ARE entrepr



Leaders in
dermatological
prescription
over the last
four years in Spain



In 2017 we
entered the Asian
market with our
new subsidiary
in China



eneurs

OUR COMMITMENT TO SOCIETY AND SUSTAINABILITY MAKES ENTREPRENEURSHIP ONE OF OUR GREAT VALUES. TODAY WE ARE PRESENT IN MORE THAN 80 COUNTRIES THANKS TO A SUCCESSFUL INTERNATIONAL EXPANSION PLAN.

Our story

DREAMS
AND AMBITIONS

1989



1995



2000



2005



The modern history of Cantabria Labs began almost thirty years ago. José Antonio Matji was the first member of the family to get involved in the world of business and the pharmaceutical industry in the 60's. For many years, he held the position of president of Andrómaco Laboratories and, little by little, he instilled among his descendants a love for entrepreneurship in this sector that he knew so well.

That is how, at the beginning of the 90's, the Matji family happily began the path that would lead them to fulfill their dreams with the acquisition of Industrial Farmacéutica Cantabria. The company, which has not stopped growing since, is now a leader in Spain, Italy, and Portugal in dermatological prescription and it commercializes its drugs, cosmeceuticals and nutraceuticals in more than 80 countries.

Our goal: to be a young and dynamic company with the same dreams and ambitions as our very first day

After the natural evolution of the corporate identity was implemented last year, IFC became Cantabria Labs, recognized as one of the most solid pharmaceutical companies in the field. But despite all the growth and progress, our goal remains the same as that of thirty years ago: to be a young, dynamic company with dreams and ambitions linked to its very first day while actively contributing to make the world a better place.

2008



2012



2017



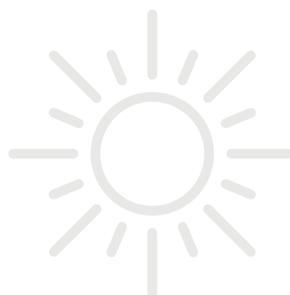
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1989

The drug Difur marked our first steps in the field of dermatology.

1995

We discovered and patented oral photoprotection in collaboration with Harvard University.



1997

We signed an agreement for the distribution of Neostrata in Spain, working with them to develop additional products specifically suited to individual markets.

1994

The Matji family purchased 100% of the shares of Industrial Farmaceutica Cantabria, now Cantabria Labs, from the company Andrómaco-Grünenthal

1996

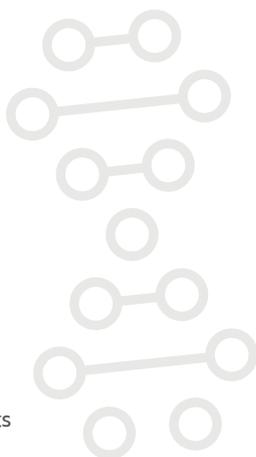
We created Isologen Europe thus becoming a pioneer in cell therapy in the field of dermatology. The company produces high-tech autologous cell cultures.

2001

The International division was created to meet the growing demand for our products and market them worldwide through a worldwide a global network of distribution partners.

2008

- The activities in the North American market accelerated through a commercial agreement with Ferndale Labs, thus consolidating Heliocare Oral.
- One of the star ingredients in the American market is introduced: Fernblock® (PLE).



2011

- We purchased from GSK the rights to a line of leading corticosteroids in the Spanish market: Clovate®, Emovate®, and Betnovate®, expanding the portfolio of specific dermatological products for inflammatory skin diseases.
- We purchased the rights to new technologies applied to alopecia, acne, hyperpigmentation, and photo-aging.



2013

With Nutrición Médica in the family, we introduced ourselves to specialization in clinical nutrition products: oncology, radiotherapy, and geriatrics. In addition, we diversified product portfolio and solutions, optimizing the use of Cantabria Labs ingredients in food for special medical use.

2009

- We launched the patent for a new molecule developed to contribute to the regeneration of stem cells.
- We consolidate ourselves in the Iberian Peninsula with the creation of Cantabria Labs Portugal.



2012

The RIO project of Operational Excellence was launched, based on the study and improvement of all work processes within the company: commercial, administrative, technological, and production.

2014

- Thanks to our growth potential, we were selected to participate in the Cre100do project, an initiative promoted by the Bankinter Innovation Foundation, ICEX and Círculo de Empresarios.
- After eight years out of our portfolio, Inmunoférón® returned to strengthen our healthcare product offer.
- We invested in Prokrea BCN, a biotech company specialized in the development of patented pharmaceutical products for the treatment of infertility in couples.

2002

We divested our generic products business (UR), freeing up more resources to focus on the field of dermatology.



2006

- We purchased the Brazilian dermatology company Melora do Brasil S.A., which was divested a decade later.
- We divested a number of drug businesses. We acquired new rights and patents specifically related to the field of dermatology such as RetinSphere® and RTF1.

2003

Difa Cooper, an Italian dermatology company, entered the family with the goal of expanding its product portfolio with ingredients, technologies, and innovative, cutting-edge products.



2007

- We acquired 95% of the shares of the Belgian company HDP, specialized in the distribution of dermocosmetic products. The action consolidated our presence in the Benelux market, advancing its position in Europe.
- We gambled on the market of functional ingredients and foods for human and veterinary consumption with the creation of Gourmetceuticals LLC, penetrating the US market with original ingredients for the development of functional gourmet products.

2015

- ZO Skin Health arrived in Spain through Cantabria Labs. The concept of medical cosmetics took root in the Spanish market.
- The branch in Morocco was created and the development and international expansion plan was expanded to reinforce our presence in the African market.

2016

- We obtained the approval for production of NSF nutraceutical supplements.
- We became part of the shareholders of HistoCell, a company specializing in regenerative medicine and cell therapy.
- We purchased 60% of Avance Cosmetics and opened a new commercial retail channel: telemarketing media and direct response.
- We expanded and diversified medical specialties to reach pediatrics with Immunoforon and otorhinolaryngology.
- We signed a 20-year licensing agreement with Krymi Laboratori.
- Start of the building of our new sustainable production center in La Concha (Cantabria).



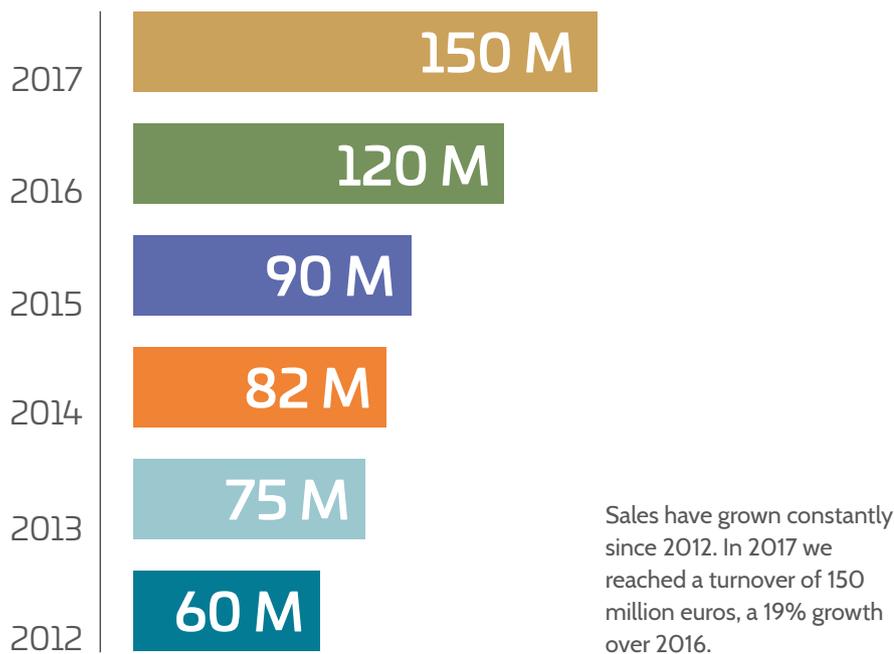
- Cantabria Labs Mexico was born, with the goal of expanding our products and solutions in the American market.
- As a result of an ambitious international expansion plan, Cantabria Labs China was created in a strategic and key market for growth in healthcare.
- We obtained new scientific endorsement for IFC®-CAF through a study led and published by Dr. Zoe Diana Draelos.

- We launched our new patented Edafence® technology, based on the *Deschampsia antarctica* plant.
- We signed an agreement with the Massachusetts Institute of Technology (MIT) through which we will sponsor and promote MIT's biomedical innovation programs and activities.
- Cantabria Labs Difa Cooper was recognized for its high quality as a place to work with the 'Great Place to Work' award.

- Our Endocare-C Proteoglycan Oil-Free ampoules received the "T de Telva" award for most innovative cosmetic.
- We received an innovation award in the "VI Premios a tu Salud" of La Razón for the scientific endorsement of our products, the support of professionals, and our reference work in R+D+i.
- We adopted a new corporate identity aligned with our values, our natural evolution: Cantabria Labs.

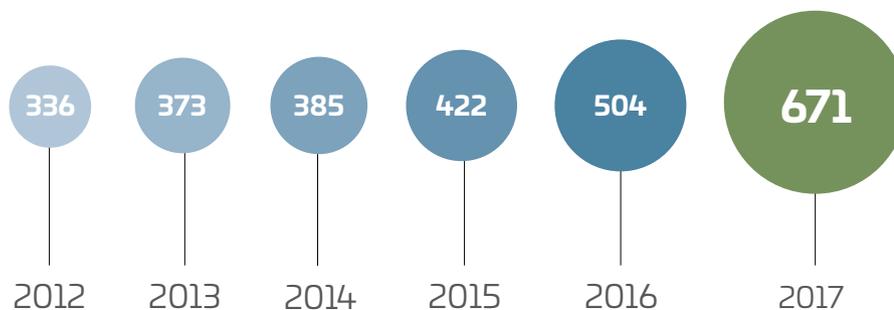
MAIN figures

EVOLUTION 2012 - 2017



TALENT AND PEOPLE

Evolution of number of employees in the Cantabria Labs group



INVESTMENT IN R&D

12%

We invested 12% of our turnover in research and development projects

PRODUCTION

30M

During 2017, we manufactured and distributed manufactured distributed over 30 million units of products

GROWTH

13%

In 2017 we maintained the average organic growth of the last 10 years, which was 13%

FOREIGN SALES

60%

Approximately 60% Cantabria Labs turnover in 2017 came from exports

OUR values

In Cantabria Labs we have values that distinguish us, and our intention is to always stand by them: entrepreneurship, innovation, and caring. These three concepts perfectly define how we are and how we behave, and thus we wanted to structure our Annual Report around them.

We are a global company dedicated to healthcare, and we celebrate life by adopting science to develop ideas to help people achieve a better version of themselves. And we do all of this with a cheerful and optimistic spirit.



OUR ROAD MAP

We go anywhere, as long as it's a place where we can make a difference. We explore the world, respecting and appreciating people, always looking ahead and working out what we can do better. Once we discover it, we put all our energy and efforts into achieving it. We never stop trying.



OUR WAY

To achieve our objectives we listen, we talk, we share our ideas, we discuss ways to develop our projects, and we try to reach consensus. We firmly believe that success is born out of balance, a balance between science and ethics, intuition and reason, courage and trust. For this reason, we trust our teams, our people. Whatever we do, we do it together.



OUR ASPIRATIONS

This declaration of identity marks our road map in the process of evolution towards internationalization and position as a global reference in healthcare. Looking ahead, we have defined our goals as follows:

Vision

By 2022, we want Cantabria Labs to be internationally recognized as one of the leading Spanish companies in healthcare. We want to be amongst the Top 10 dermocosmetic companies in Europe.

Mission

We have set ourselves the goal of doubling our business through greater international presence, working to achieve a turnover of 300 million euros in 2022 through internationalization and innovation.

OUR family

Currently, the Cantabria Labs family is formed by the parent company, subsidiaries, and partner companies that make it possible to reach more than 80 countries with drugs, cosmeceuticals, food products, and nutraceuticals.

80

This is the number of countries where our products are present.

671

The number of professional workers at Cantabria Labs headquarters and subsidiaries

CANTABRIA LABS PORTUGAL

Created in 2009, Cantabria Labs Portugal markets a wide range of well-known and respected products under its own and third-party licenses. www.cantabrialabs.pt



CANTABRIA LABS MEXICO

In 2017, Cantabria Labs México was created to market our products there, with a strong presence in pharmacy chains. www.cantabrialabs.mx



CANTABRIA LABS SPAIN

Cantabria Labs Spain is a leader in the dermatology market in the field of prescription drugs. Spain is the headquarters and the country where products are developed and manufactured for international distribution at its two production centers in Madrid and Santander.

www.cantabrialabs.es



CANTABRIA LABS NUTRICION MEDICA

In 2012, with our majority acquisition, Cantabria Labs Nutricion Medica was born, a company specialized in oncology, radiotherapy, and geriatric products and solutions.

www.nutricionmedica.com



CANTABRIA LABS DIFA COOPER

Difa Cooper joined the family in 2003. The mission of the Italian subsidiary is to expand the range of innovative products in the healthcare sector, both under its own licenses and from third parties.

www.cantabrialabsdifacooper.it



CANTABRIA LABS MOROCCO

Established in 2015 and with registered offices in Casablanca, Cantabria Labs created its first headquarters in the African continent, with excellent prospects and a high growth forecast.

www.cantabrialabs.ma



CANTABRIA LABS CHINA

Created at the end of 2017, the Cantabria Labs China business unit is consolidating an ambitious international expansion plan in a strategic market, the Asian one, a key market to for future growth in the healthcare sector.

www.cantabrialabs.cn





CANTABRIA LABS
in the world

We cannot stop. From the very beginning of Cantabria Labs, we have carried entrepreneurship in our blood. It is our commitment to the people where we live and work, society, health, and sustainability. Internationalization is our other great commitment which led us to create two new subsidiaries last year: Mexico and China. Without a doubt, it is a great boost for our presence in America and Asia, where we have gained increasing importance. And we hope to continue growing at the same pace in 2018.

INTERNATIONAL DIMENSION

Throughout 2017 we maintained our restless spirit, which led us to reach new strategic agreements and new markets. The size of our company is now much greater, with a presence in more than 80 countries around the world, where our products are recognized and appreciated due to their efficacy and compliance.

Internationalization is one of the great commitments of Cantabria Labs



AMERICA

- Canada
- United States
- Mexico
- Costa Rica
- Guatemala
- Honduras
- Nicaragua
- Panama
- Dominican Republic
- Argentina
- Bolivia
- Brazil
- Chile
- Colombia
- Ecuador
- Peru
- Uruguay

EUROPE

- | | | | |
|----------|-----------------|------------|----------------|
| Germany | Spain | Kosovo | United Kingdom |
| Austria | Estonia | Latvia | Czech Republic |
| Belgium | Greece | Lithuania | Romania |
| Belarus | The Netherlands | Luxembourg | Russia |
| Cyprus | Malta | Montenegro | Serbia |
| Croatia | Hungary | Norway | Sweden |
| Denmark | Ireland | Poland | Switzerland |
| Slovakia | Italy | Portugal | Turkey |
| Slovenia | Kazakhstan | | Ukraine |



ASIA

- | | |
|----------------------------|-----------|
| Saudi Arabia | Kuwait |
| Bahrain | Lebanon |
| China | Macau |
| South Korea | Malaysia |
| United Arab Emirates (UAE) | Pakistan |
| Philippines | Qatar |
| Hong Kong | Singapore |
| India | Taiwan |
| Japan | Vietnam |
| Jordan | Yemen |



OCEANIA

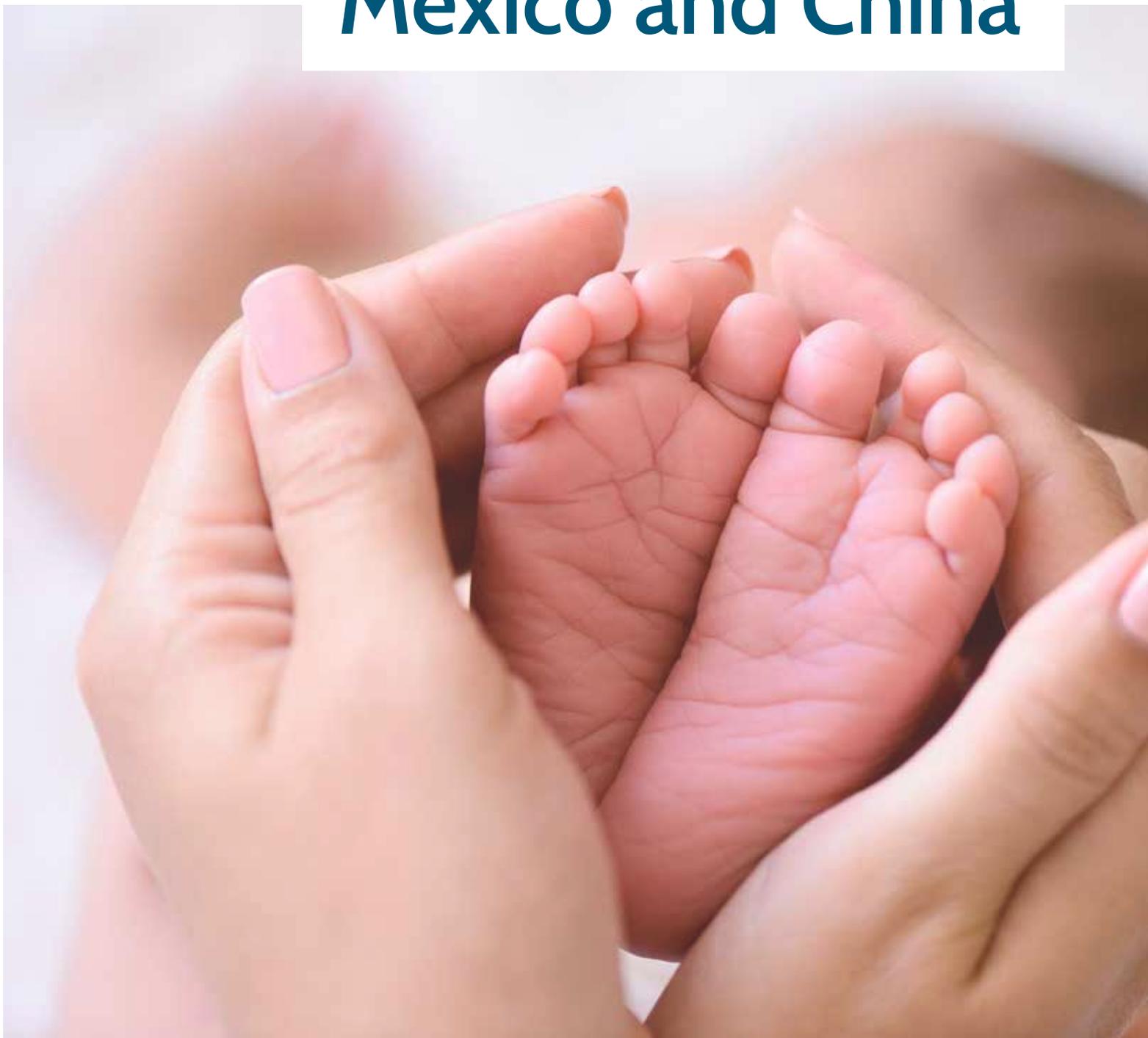
- Australia

AFRICA

- Cameroon
- Egypt
- Libya
- Morocco
- South Africa
- Tunisia

NEW MARKETS AND SPECIALTIES:

Mexico and China





In 2017 Cantabria Labs opened two new subsidiaries: one in the American continent and the other in Asia, two markets of importance to our business. The new business units provide us with endless new opportunities, but also an important boost to our global reputation and position.

In addition, during the last five years we have entered a total of twenty new markets with our products, including Russia, Japan, and Qatar, as part of our commitment to become a prestigious international healthcare laboratory.

¡Ándale!

In Cantabria Labs we undertook a new challenge at the beginning of 2017 with the opening of the subsidiary in Mexico as part of our strategy to intensify and strengthen our presence in the Americas. At the end of the first year, Cantabria Labs Mexico was already ranked fourth in the national dermocosmetics market, with a 60% growth. It occupies number one position in anti-aging with Endocare. With a team of more than 160 people, we also market Heliocare, Neoretin, Dermacare, BiRetix, and Iraltone.

Alibaba

A few months later, we arrived in China after signing a strategic commercial agreement with our local partners within the framework of a sustained and entrepreneurial process of

internationalization. Through this joint venture, we consolidated our international expansion plan in a strategic market and, as Juan Matji attested, “we are moving ahead quickly with our projected growth plan. Internationalization is currently one of the central axes of the company’s business strategy and our arrival in China, a key and growing market in the healthcare sector, is a welcome challenge for a company like ours, with entrepreneurship in its genes”.



MORE SPECIALTIES

Thanks to the consolidation of research and development in our dermatology products, we have been able to deepen our presence in treatment and improvement of health in other specialties, such as pediatrics, otorhinolaryngology, and oncology, amongst others. We have set new challenges in this area for this year, as well as plans to enter other new specialties in the short term.

Launches

AND PATENTS

Over the years, we have registered a large number of brands, active ingredients and patents. This time-line shows our almost 30 years of activities in the field of research and development of new products:



Nº1

Since 2014, Cantabria Labs leads the ranking of laboratories in dermatological prescription in Spain, Italy, and Portugal thanks to these developments

MARKET SHARE *



* (Prescription share. Spanish market. Source: Close-up 2017)



664

It is the number of registered trademarks in our product portfolio

1989	DIFUR <i>Polypodium leucotomos</i>
1995	INMUNOFERON AM3® NEOSTRATA AHA
1996	EMEPROTON 28 Omeprazole Fernblock®
1997	ENDOCARE SCA® <i>Cryptomphalus aspersa</i>
1998	VARIDASE Streptodornase Streptokinase
1999	PRODERMA Doxycycline Hiclate
2001	HELIOCARE Fernblock® LICOSTRATA Hydroquinone 2%
2002	ROSACURE
2003	DERCUTANE Isotretinoin
2005	LICOFORTE Hydroquinone 4% ZINDACLIN Clindamycin phosphate
2009	ALOCARE Finasteride

2010	CLOVATE Clobetasol Propionate EMOVATE Clobetasone Butyrate BETNOVATE Betametason 17-Valerate FLUTICREAM Fluticasone Propionate
2011	ACITRETINA IFC Acitretin
2012	NEORETIN DISCROM RetinSphere®
2013	IFC® – CAF Wharton Gel Complex® ENDOCARE CELLAGE
2014	IMUNOCARE Imiquimod
2015	MASK ZO SKIN HEALTH
2016	BIRETIX
2017	NEORETIN REJUVEMAX Edafence® <i>Deschampsia antarctica</i>

- Brand
- Active ingredient
- Patented technology

2017 New Products

In 2017 Cantabria Labs launched a large number of new products, the most important being:



SPAIN

- Endocare Cellage Day SPF 30
- Heliocare 360° Color Cushion Compact
- Heliocare 360° Mineral Tolerance Fluid
- Imunoferon
- Dermacare
- BiRetix Cleanser
- Neostrata Skin Active Dermal Replenishment

NUTRICION MEDICA

- Clear thickener
- Phosphate NM 3.5 gr.
- Urea NM 15 gr.



ITALY

- Dermolipid acqua
- Velos
- Veregen
- Heliocare Pediatric
- Carediesse
- Carexidil 2%
- Carexidil 5%



MEXICO

- Endocare C
- Iraltone
- Dermacare



PORTUGAL

- Actixicam
- Linha Mask
- BiRetix Ultra Spray
- Linha Dermacare
- Folcare 4 x 60ml
- Heliocare 360 Pediatric Lotion
- Piltone Forte
- Fluticrem



MOROCCO

- Neoretin Peel
- Endocare Aquafoam
- Endocare Gel Light Touch
- BiRetix Duo
- BiRetix Cleanser

■ WE ARE innov



The discovery of oral anti-oxidation and photoprotection provided Cantabria Labs with its first international patented technology



The new Center for Sustainable Development and Production in Cantabria is the result of our sincere commitment to high quality standards and the Environment

Cantabria Labs has set up a *Deschampsia antarctica* plantation using hydroponics in Uruguay and has developed a procedure for extracting the active substances which ensures preservation of its biological activity.

A photograph of a lush green field of grass, likely a golf course or park, with a tree trunk visible in the background. The grass is vibrant green and appears to be a specific variety, possibly a type of bentgrass. The lighting is bright, suggesting a sunny day.

ative

INNOVATION IS OUR REASON TO BE, WHAT GUIDES US EVERY DAY, BUT ALSO, WHAT HAS ENABLED US TO BE AT THE FOREFRONT OF OUR MARKET. IN 2017, AMONGST OTHER THINGS, WE WORKED ON THE LAUNCH OF OUR PATENTED EDAFENCE® TECHNOLOGY, STARTED THE CONSTRUCTION OF A NEW R&D AND PRODUCTION FACILITY, AND SIGNED ALLIANCES FOR THE DEVELOPMENT OF NEW PROJECTS.

Innovation

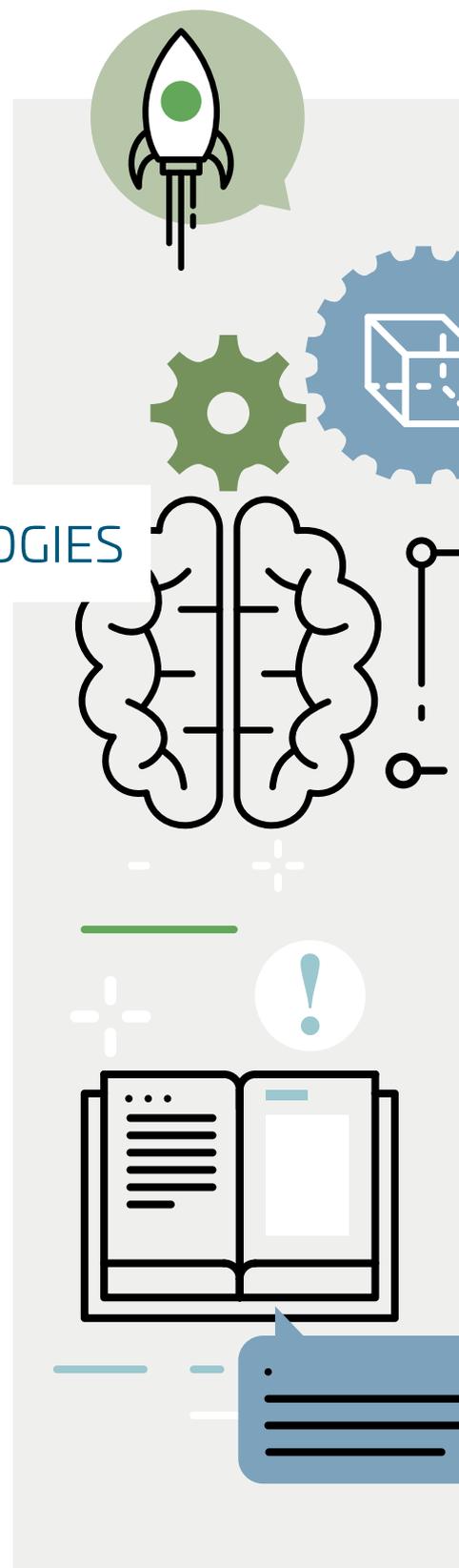
THROUGH OUR TECHNOLOGIES

Over the last three decades, we have strived to undertake the most ambitious projects in the field of skin health. The discovery of oral anti-oxidation and photoprotection provided Cantabria Labs with its first international patented technology and specialization in the development of cosmeceutical and nutraceutical products, achieving a very significant leadership position in the sector.

Our patented ingredients have wide scientific backing and their development is a faithful reflection of the innovative spirit that drives our raison d'être. We research and design products engineered to meet the needs of both healthcare professionals and their patients. Thanks to this work, we are currently ranked among the top 20 European dermatology laboratories and have now set our sights on becoming an international reference.

To achieve this goal, we have focused on two aspects that keep us at the forefront: designing our factories to meet the highest quality and energy and environmental efficiency standards, and constantly updating and renewing our agreements with leading international research centers, such as the partnership signed with the Massachusetts Institute of Technology (MIT) in 2017.

Below, we show our most outstanding technologies.



FERNBLOCK®

It is a patented active of natural origin, extracted from the fern '*Polypodium leucotomos*', which protects skin from the damaging effects of sun exposure. Cantabria Labs patented the technology over 20 years ago, after researching it along with dermatologists from Harvard University, and became the world pioneer in oral photoimmunoprotection thanks to this standardized extract.

Wharton Gel Complex®

It is an innovative cosmetic ingredient with skin-regenerating properties. It induces proliferation of fibroblasts and keratinocytes and stimulates cells to increase the synthesis of a wide range of extracellular matrix proteins. It is obtained exclusively from Wharton's gelatin, which is found in umbilical cords of animal origin.

EDAFENCE®

It is a compound obtained from the extract of the plant '*Deschampsia antarctica*', with powerful anti-pollution and anti-aging properties effective against both extrinsic and intrinsic factors typical of each individual.

RetinSphere®

It is a combination of two retinoids that stimulates epidermal renewal and enhances the penetration of active ingredients, smoothing skin and promoting uniform tone. It stands out for its high tolerability and absence of adverse effects typical of retinoids, such as irritation and inflammation.

AM3®

It is a patented technology based on the association of a glucomannan and a soy protein that acts as an immunomodulator to boost and strengthen natural defense mechanisms, reducing symptomatology.

SCA®

It is an exclusive patented technology based on the secretion of the snail '*Cryptomphalus aspersa*' designed for skin care and regeneration. Its scientific endorsement supports its regenerative, repairing and antioxidant activity and thus its effectiveness in counteracting skin damage and aging.

IFC® - CAF

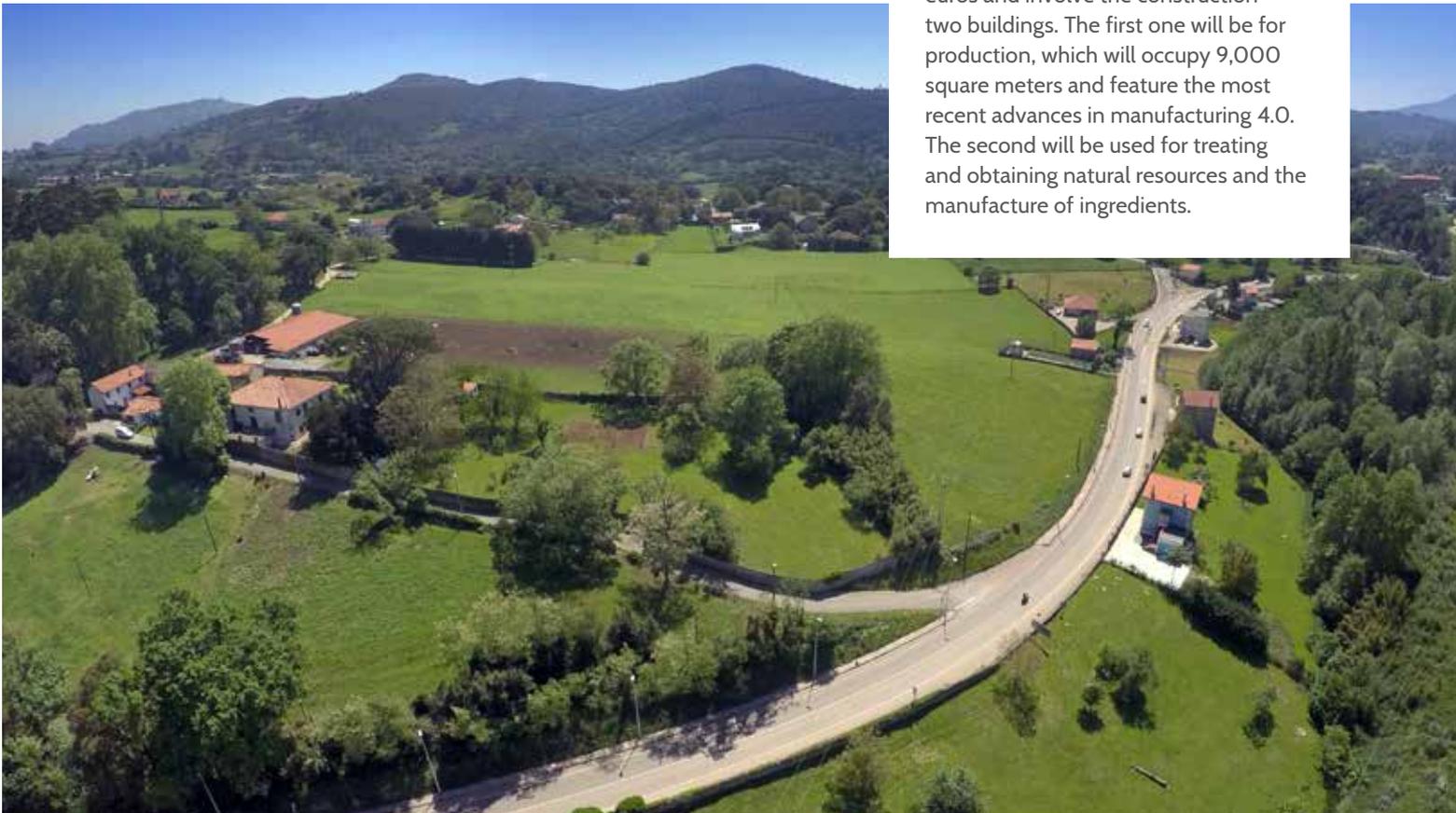
It is an active ingredient obtained from the eggs of the snail '*Cryptomphalus aspersa*', in the form of stem cells and growth factors. Its main effect is to active stem-cell migration and differentiation, creating new skin cells.

NEW CANTABRIA LABS SUSTAINABLE R&D AND PRODUCTION FACILITIES

center 4.0

Although the adventure began in 2016, the real start of this project took place in 2017. To fulfill the commitment to achieve the highest quality of commercialization, development, innovation and manufacturing, Cantabria Labs began the construction of a new sustainable center in Santander.

The demand for our Company's products has doubled in the last four years and the product portfolio has continued to grow, forcing us to act decisively with the construction of 'La Concha'. These R&D and production facilities will entail an investment of about 20 million euros and involve the construction two buildings. The first one will be for production, which will occupy 9,000 square meters and feature the most recent advances in manufacturing 4.0. The second will be used for treating and obtaining natural resources and the manufacture of ingredients.



THE NEW CENTER, IN DETAIL



Start of the project in 2016

Opening scheduled in 2019

Located in La Concha, in the municipality of Villaescusa (Cantabria, Spain)

- Northern Orientation
- 62,000 m² plot
- 40,000 m² of green areas
- 12,000 building m²
- 250 parking spaces
- Main building of 7,250 m²: 5,500 for production and 1,750 for R&D and offices
- Extracts plant: 2,000 m²

Natural resources

PL, EDA experimental plantation

Energy and mineral resources

Water flow at 37.5 degrees (water temperature with which we normally shower) and 35 liters per second (35 million liters per day which could fill an Olympic pool daily), mineral-medicinal and thermal water with anti-inflammatory properties

Animal Resources

- 1.000 m²
- 900,000 snails
- 1,500 kg of SCA® protein
- 16 million snail eggs per year



MINERAL AND GEOTHERMAL RESOURCES

The plot where the new center will be built has a water source of high mineral-medicinal interest that springs from the subsoil at 37.5 degrees, originating from the Karstic environment of the Cabárceno Natural Park. These properties represent a new research avenue for the development of innovative products and optimization of current resources, constituting a fundamental basis for cosmeceutical products. The spring itself, in addition, allows for better use of geothermal energy through the outcrop of water, which will help to heat the center and its reactors.



ANIMAL RESOURCES

Some of our ingredients – such as the patented IFC®-CAF or SCA® – rich in growth factors and stem cells activators, are obtained from snail secretion and eggs. At the facilities they will be biotechnologically processed to maximize their cell regeneration efficacy, a property already widely clinically demonstrated. The new center will provide, in turn, the ideal natural environment to raise these animals and obtain resources for the production of IFC®-CAF and SCA®.



NATURAL RESOURCES

Cantabria Labs' first steps in dermatology were made thanks to the discovery and research of the Fernblock® patent, based on the standardized extract of the *Polypodium leucotomos* fern. This plant of marine origin had to adapt to terrestrial life and developed properties to defend itself from the sun in its new environment. Today, Fernblock® is the main ingredient in the Heliocare photoprotection line. The new center will enable experimental planting of these ferns and other plants being investigated by Cantabria Labs in a favorable habitat, recreating their natural growing environments in Central America and the Antarctic.

Top 5:

THE FIVE BEST-SELLING BRANDS

We have over 680 products in the market. Climate, tastes, preferences and needs require different formulations according to location. This is the ranking of the best-selling product lines in 2017.



Percentage
total sales



SPAIN

1. HELIOCARE • 25,14%
2. ENDOCARE • 13,94%
3. NEOSTRATA • 10,19%
4. DERCUTANE • 7,11%
5. INMUNOCARE • 5,07%



PORTUGAL

1. CISTITONE • 20,02%
2. HELIOCARE • 18,56%
3. NEOSTRATA • 17,02%
4. ENDOCARE • 10,25%
5. KPL • 7,78%



NUTRICION MEDICA

1. REIMBURSED FOOD • 65,48%
2. FOOD SUPPLEMENTS
+ AGUAGEL NM • 16,71%
3. DRUGS • 7,97%
4. SPECIAL COSMETICS • 6,13%
5. EXPORT • 3,23%



MOROCCO

1. HELIOCARE • 35,15%
2. NEORETIN • 21,59%
3. BIRETIX • 20,51%
4. ENDOCARE • 19,58%
5. CICAMEL • 0,62%



TRANS-VER-SAL®

ITALY

1. TRANS-VER-SAL • 9,28%
2. HELIOCARE • 9,11%
3. COSMETICI MAGISTRALI • 9,08%
4. CAREDIXIL • 5,76%
5. POL • 5,47%



MEXICO

1. ENDOCARE • 50,66%
2. HELIOCARE • 32,61%
3. NEORETIN • 4,07%
4. BIRETIX • 3%
5. IRLATONE • 2,4%

WE ARE **car**ing





IN CANTABRIA LABS WE HAVE DEFINED FOUR STRATEGIC AXES THAT DISTINGUISH OUR ACTIONS IN THE CORPORATE RESPONSIBILITY FIELD: RESPONSIBLE BUSINESS PRACTICE, SOCIAL IMPACT, HEALTHY LIVING AND THE ENVIRONMENT. THROUGH EACH OF THEM WE CREATE PROJECTS FOR THE DIFFERENT TARGET AREAS: OUR PEOPLE, THOSE WE WORK WITH, SOCIETY AND THE HEALTHCARE SECTOR.



Responsible

BUSINESS PRACTICE

As a company we have a series of responsibilities towards our people, clients, the public and the healthcare sector. Throughout 2017 we carried out actions and projects characterized by long-term commitment.



OUR PEOPLE

Training

- **Aulacare:** our training and information platform. Its goal is to help our professionals learn and up-date their knowledge without having to leave their workplace.
- **Coaching:** at Cantabria Labs we encourage coaching sessions to help improve professional and training skills
- **External courses and Master's Degrees:** we help our employees to complete their training through specialized courses.

Assistance

We provide eligible employees with assistance for their children's education.

Positive work environment

To promote and improve communication, relations and a positive work environment, in Cantabria Labs we set aside time for talks, discussions and conferences that foster teamwork and caring.



We are involved in the training of professionals in the sector

PEOPLE WE WORK WITH

During 2017 we adopted two important policies with regards to suppliers and collaborators:

- **Hiring of local companies,** to boost business locally.
- **Social commitment,** we encourage our partners to join us in activities benefitting NGOs and Foundations.



TRANSPARENCY AND COMPLIANCE

We have implemented the Cantabria Labs corporate compliance program as a shared commitment involving all employees under the leadership of Compliance. We make the necessary efforts to guarantee good governance and compliance in the development of our activities.

THE HEALTH SECTOR

Given our activity, we are very involved in the health sector, demonstrating our responsibility with different actions:

Training

- **Sponsorship of the 'Health and Skin' Chair of the University of Alcalá**
- **Participation in different training projects:**
 - II Course on Dermatological Surgery for Residents, GECIDERM
 - Course on Skin Ultrasound for Dermatology Residents, RESIDECO
 - Communication Courses and Master Classes
 - Atopy Club
 - Activities with pharmacies

Prevention

As photoprotection experts we play a role in the development of awareness campaigns and skin cancer prevention through the adoption of good sun habits. Each year we reach over 10,000 young people with our **#noseasanimal initiative**.



We grow hand in hand with our professionals

SOCIAL Impact

All organizations have an impact on the society in which we live. Every person who buys a Cantabria Labs brand is indirectly helping the people who need it most and promoting projects that seek to provide resources and improve the quality of life of others.

During 2017 we supported different associations and foundations, trying to improve society and the lives of the most disadvantaged. We have been collaborating with the Emalaikat Foundation for over 20 years, supporting their work to improve the quality of life of people through different cooperation areas in Africa. Among other actions, we have helped to improve quality and accessibility to education for many children in Turkana. We are very proud to be part of this initiative, and direct witnesses to the progress of this African community, to which we are linked by bonds of friendship, affection and admiration.

EMALAIKAT FOUNDATION

Emalaikat means 'angel' in the language of the Turkana. It is a private non-profit organization created to respond to specific situations of need. Emalaikat promotes people's overall development and the sustainable progress of communities. It has focused its activity on long-term programs with projects in Kenya, Malawi and Ethiopia.

MORE PARTNER ORGANIZATIONS

LQDVI: we are especially committed to Fundación Lo Que De Verdad Importa (What Really Matters Foundation), whose purpose is to promote the development and dissemination of universal human, ethical and moral values to the general public.

AMPROS / Astor-Inlade / Arco Iris: Cantabria Labs collaborates with these three non-profit entities whose main objective is to contribute to the improvement of the quality of life of people with intellectual disabilities and their families. Through work, occupational workshops and training initiatives, we facilitate the access of these people to stable and dignified jobs that help them integrate into society.

Cáritas Empleo: we support this entity in its work to help find employment for people at risk of social exclusion, defining a work objective and a way forward to achieve it and making the necessary resources available. Together with this association, we share the vision that employment is a fundamental part of personal development and inclusion in society.





We believe that we must always be close to reach far



We work in and for a society with universal human values

HEALTH FOR ALL

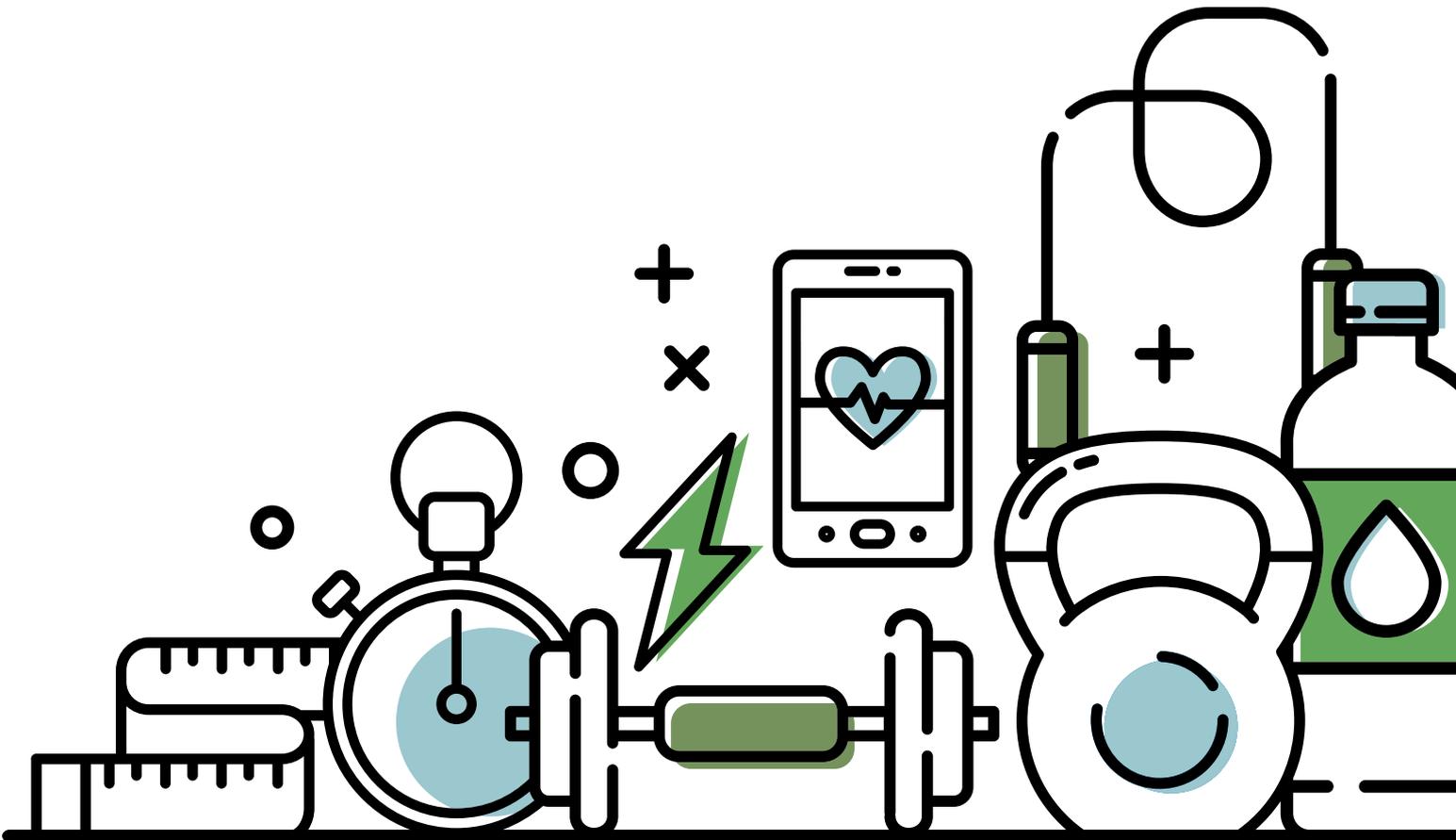
Cantabria Labs supports, sponsors and promotes different dermatological projects in Congo, Tanzania and Malawi (among other places) with the aim of improving health in these regions.

Cantabria Labs is firmly committed to improving people's health. To this end, we make great efforts in research and development, but also actively participate in additional projects that help us achieve this goal:

FOR A healthy life

COLLABORATION WITH MIT

Our young and entrepreneurial spirit has led us to become involved in the work of the Massachusetts Institute of Technology, investing in biomedicine as a means of future research for different medical specialties. For Cantabria Labs, MIT is a hotbed of projects that, tomorrow, can change the future and improve people's quality of life.



INVOLVED IN HEALTH

Patients

- We collaborate with the Spanish Association of Porphyrin and the Spanish Association of Ichthyosis.
- In 2017, we helped improve the life of Shalini, a young Indian suffering from 'ichthyosis lamina', a genetic skin disease that made her dermis shed every 45 days.
- We promote the improvement of quality of life of patients through associations such as ACDM, Fundación Aladina and Fundación Stanpa.

Research

- Fight against cancer: Cantabria Labs has participated in research projects with the Spanish Academy of Dermatology and Venerology (AEDV in Spanish) and Fundación Piel Sana (Healthy Skin Foundation), Intheos, Fundación Clínica Menorca and the Spanish Association Against Cancer.
- Agreement with the MIT, Institute of Technology: we have signed a three-year collaboration agreement with this renowned institution through which we will promote and sponsor initiatives in the field of biomedical research.

Collaboration

In addition to the aforementioned institutions, with which we collaborate for social improvement, we also participate in the activities of other organizations to promote health.

CANTABRIA LABS FAMILY

In Cantabria Labs we encourage participation, both of our professionals and of collaborators and suppliers, in the activities of **Fundación Deporte Joven**. The mission of this organization is to improve the lives of young people through sports, and in particular: promote physical activity and healthy habits in children and youth; use sport as a stimulus in the face of adversity; and educate in values based on sport practice and culture.

We bet on biomedical research with the Massachusetts Institute of Technology





COMMITMENT TO

the environment

Caring for our environment is a responsibility shared by people, companies and institutions of all kinds. In Cantabria Labs we work for environmental protection and care for the planet.



Hand in hand with Ecoembes and SIGRE in our commitment to reducing environmental impact



We have saved 2,236 kg of paper, equivalent to 479 trees



LED lamps are less polluting and reduce the emissions of carbon dioxide (CO₂) by 80%, one of the main gases involved in climate change

We adopt measures and commit to practices that take care of the environment. Materials used, waste generated, energy consumed, and emissions made are all carefully monitored to help minimize environmental impact.

Materials

We design our products in accordance with Ecoembes guidelines. This year we reduced the weight of our packaging through modifications and improvements in bottles, boxes and caps.

Waste

We think about and look for the materials that can be recycled. We give a second life to a multitude of our containers. In addition to our obligatory commitment to SIGRE with respect to the collection of expired medicines, we join Ecoembes for the recycling of cosmetics. We work for improvement in recyclability of the containers taking inks and adhesives into account so that these are soluble in water at 85°C.

Emissions and Energy

We develop measures and programs to minimize emissions into the atmosphere, water and soil. Through the implementation of electronic invoices, as well as the digitalization of the purchasing processes and National Transparency Platform, we have saved 2,236 kg of paper, with a total CO₂ reduction of 2,891 kg, equivalent to 479 trees. The implementation of led lights has reduced, in turn, energy impact. Our commitment to a 'Green IT' model was reflected in 2017 with the start of server virtualization, the implementation of digital boards, and continuous elimination of paper. With our focus on sustainability, we reduced our vehicle emissions with the elimination of diesel cars from our fleets.

Congresses AND EVENTS

During 2017 we attended different venues: exhibitions, congresses, and events in our field. We were present to showcase our developments, always with the active participation of our professionals, with excellent results. This is a small sample of Cantabria Labs activities.



I Cantabria Labs Mexico Convention



Morocco National Congress



Annual Meeting of Latin American Dermatologists



European Academy of Dermatology and Venereology Congress



National Congress of the Spanish Academy of Dermatology and Venereology



National Congress of the Spanish Society of Otolaryngology



Aesthetic Surgery & Cosmetic Dermatology World Congress



American Academy of Dermatology Congress



National Congress of the Spanish Society of Parenteral and Enteral Nutrition



New Technologies Congress



Congress of the Spanish Group of Aesthetic and Therapeutic Dermatology



Cosmofarma 2017



Expofarma 2017

Communication AND AWARDS

We want to ensure awareness of the important scientific endorsement supporting our products and technologies, and keep our ecosystem informed about our studies and demonstrated effectiveness, as well as our latest launches. To this end, different areas of the company work tirelessly to publish our research in scientific journals and maintain close contact with media.

Publications

For us, it is important to communicate our scientific activity and findings and thus we seek the active collaboration of scientific journals and forums where we can present our work.

11 ARTICLES

- 3 EPL
- 4 IFC®-CAF
- 1 EDA
- 2 OTROS
- 1 RETINSPHERE®



11 POSTERS

- 2 EPL
- 1 EPL+RETINSPHERE®
- 1 DERMACARE
- 3 EDA
- 2 SCA®
- 2 RETINSPHERE®



Activity with media

In accordance with our general corporate guidelines, communication activity has sought to transmit our entrepreneurial, innovative and caring spirit through press conferences, outreach campaigns and awareness initiatives with health professionals as our focus and point of reference. The impact on the global audience has been, according to Kantar Media, 167 million contacts in print media and web pages.



In social media

CANTABRIA LABS SOCIAL MEDIA CHANNELS

The Cantabria Labs' digital ecosystem ranked third in the Virati "2017 Study on the Online Reputation of the Pharmaceutical Sector". Discussion amongst users regarding Cantabria Labs focused on the awareness campaign to prevent skin cancer, the report on sun protection habits and new dermatological products. The main channel where these discussions took place was on Twitter, representing 94% of total discussion. The study conducted by Virati also offered a complete analysis of the discussion in the digital sphere of companies that received over 100 mentions. Cantabria Labs was among the companies in the pharmaceutical sector whose awareness campaigns and CSR led much of the conversation in social media.



25.449
followers



3.980
followers



3.133
followers

*

Global
Company
Followers



12.442
followers



889
subscribers

SOCIAL MEDIA CHANNELS FOR BRANDS

Number of followers

HELIOCARE



40.863



5.596



5.605

ENDOCARE



29.154



1.747

Awards

This year we obtained a series of awards for our work and the quality of our products:

iDermo, the specialized dermocosmetic website, gives awards every year to the best products from pharmaceutical laboratories. In 2017 it gave Cantabria Labs:

- Gold for the best nutricosmetic product: Heliocare 360 capsules
- Bronze for the best haircare product: Iraltone AGA
- Bronze for the best children's product: Heliocare 360 pediatrics
- Silver for the best sun product: Heliocare 360 Gel Oil Free Dry Touch SPF 50
- Silver for the best eye contour product: Neostrata skin active intense eye contour
- Silver for the best anti-aging product: Endocare Tensage Ampoules

Telva magazine has been selecting the best beauty products for over 30 years and awarded one of our products the "T de Telva" Award for the most innovative cosmetic: Endocare-C Proteoglycan Oil-Free ampoules.

The Spanish daily newspaper La Razón, together with the Spanish Minister of Health, Social Services and Equality, Ms. Dolors Montserrat, gave Cantabria Labs the award for Innovation in the "VI Awards for Your Health". We were recognized for the scientific endorsement of our products, the support of professionals and our reference work in R+D+i.

Harper's BAZAAR Singapore awarded the prize for the best oral supplement for sun protection to Heliocare, within the framework of its 'Beauty Awards 2017'.

GREAT
PLACE
TO
WORK®



CANTABRIA LABS DIFA COOPER was recognized as a "Great Place to Work" thanks to its philosophy: respect, passion and values, but also hard work and strong team spirit.



NeoStrata

difa cooper

Dr. Abad

80 países

ENDOCARE

HELIOCARE

700 personas

el emprendimiento... las personas... la innovación...
Marta Juan

cantabria

Ferroblock Patente

Dr. Thomas Fitzpatrick

Dr. Madhukar Anant Patil

HARVARD

Dr. Salvador González

COSTA RICA HONDURAS

Polypodium leucotomos

Control
Cantidad
Calidad