

Annual Report — 2018



cantabria labs
celebrate life



cantabria labs
celebrate life



www.cantabrialabs.com

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LETTER FROM THE CEO

SUSANA RODRÍGUEZ
Cantabria Labs CEO

WELCOME TO CANTABRIA LABS. You have in your hand a review of an important year in our history. In 2018 we realized major internal and external achievements and launched a new corporate identity. The road travelled as Industrial Farmacéutica Cantabria is our legacy, our new starting point and the foundation propelling us forwards.

Our track record has defined what we are today: an entrepreneurial and innovative company that reaches out to its stakeholders. We are driven by curiosity, a desire to excel and pleasure in a job well done. Our values will remain unchanged as they define us and help us continue to make the best decisions.

We knew we were 'natural born entrepreneurs' 30 years ago and this paradigm is what has brought us to where we are today. For our enterprising spirit, but also for the natural origin of our science. We have developed technologies that are more than revolutionary. It's not just us



who says so. The proven efficacy of our products and the fact that we are leaders in dermatological prescription speak volumes. Nature is wise and we have harnessed it to obtain Fernblock®, SCA® and Edafence®, among other

Our environment offers us so much that we are duty-bound to care for it, respect it and conserve it as best we can

technologies, extracted from the *Polypodium leucotomos* fern, the secretion of the *Cryptomphalus aspersa* snail, and *Deschampsia antarctica*, respectively. Thanks to their properties we have improved the skin health of innumerable people, delivering on our goal of providing society with the best products in order to live a meaningful life, to celebrate life.

Our environment offers us so much that we are duty-bound to care for it, respect it and conserve it as best we can. That is why, when we decided to build our new 'La Concha' production centre in Cantabria, we were determined to make it environmentally sustainable and responsible. The Villaescusa location is ideal for its thermal spring providing mineral-rich, medicinal water, where we have created a 'water lab' to fully leverage this resource and its geothermal properties.

Every step we take and each decision we make are consistent with our values and objectives. We will

We knew we were 'natural born entrepreneurs' 30 years ago and this paradigm is what has brought us to where we are today. Our entrepreneurial spirit has made this possible, but also the natural origin of our science

continue to forge ahead with our passion for science and commitment to building a better world for all. And we will continue to celebrate life together.



WE ARE 1 ENTREPRENEURS

ENTREPRENEURSHIP IS ONE OF OUR CORE VALUES, ALWAYS SUPPORTED BY THE FIRM COMMITMENT WE HAVE HAD FROM THE VERY START TO SOCIETY AND SUSTAINABILITY. THIS IS WHAT HAS DRIVEN OUR IMPORTANT INTERNATIONAL PRESENCE WITH OUR PARENT COMPANY IN SPAIN AND FIVE SUBSIDIARIES AROUND THE WORLD.

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Our history



STILL
FULFILLING
DREAMS



1970s. Laboratory in the city of Santander



1990s. Expansion of the Santander laboratory



2018. New production centre in Villaescusa, Santander

To tell the story of Cantabria Labs we must start with the story of the Matji family. It has been sixty years since Don José Antonio Matji started on the path of what this company is today, being the first to become involved in business and the pharmaceutical industry in the 50s. For many years he was President and shareholder of Andrómaco Laboratories, transmitting the passion that he

*We have been
the leaders –for five
years in a row–
in dermatological
prescription in Spain,
Italy and Portugal*



himself felt (and feels) for our sector, to the rest of his family.

We thus arrived to the 90s, the moment when his son Juan Matji led the acquisition project of Industrial Farmacéutica Cantabria (IFC), the origin of what we are and the seed that currently helps us to continue fulfilling dreams. Since then we have grown exponentially and become the leaders -for five years in a row- in dermatological prescription in Spain, Italy and Portugal, and in the sales of our products: drugs, cosmeceuticals and nutraceuticals in over eighty countries. 2018 saw us take an important qualitative leap from IFC to

Cantabria Labs, with industry-wide recognition as one of the most solid pharma firms in our segment. In 2018 we took other important steps forward, moving towards even greater diversification with developments in special nutritional needs through Cantabria Labs Nutricion Medica, and the integration of Stangest, opening the door to pet health care.

But if there is one thing we are proud of after all these years of changes and progress, it is having remained faithful to the same spirit over all this time: reinventing ourselves every day to be a dynamic young company that follows its dreams and contributes

2018 saw us take an important qualitative leap from IFC to Cantabria Labs

to the construction of a better and healthier world for all.

We have written numerous chapters in the history of Cantabria Labs and have no doubts that there will be many more to look forward to!

We hope you will continue the journey with us!



1989



The drug Difur marked our first steps in dermatology.



1994



Acquisition and strategic reorientation of 100% of Industrial Farmacéutica Cantabria.

Agreement for the distribution of Neostrata in Spain and roll out of its products adapted to a number of different markets.



1995

Discovery and patenting of oral sun protection in collaboration with Harvard University.



1996



Creation of Isologen Europe, specialising in high-tech autologous cell cultures.



2001

Establishment of the international division.
Creation of the export department due to growing demand.



Introduction of star ingredient Fernblock® in US market.
Agreement with Ferdale Labs: increase of activities in North America and consolidation of Heliocare® Oral.

Launch of patent for a new molecule to contribute to stem cell regeneration.

Acquisition of rights for Clovate®, Emovate® and Betnovate® (corticosteroid leaders in Spain) from GSK.



Specialisation in clinical nutrition products (oncology, radiotherapy and geriatrics) with Nutrición Médica.



2008



2009

Consolidation on Iberian peninsula with Cantabria Labs Portugal.

Purchase of Sirtin Medicare dermatology portfolio.



2011



Purchase of rights of new technologies for alopecia, acne, hyperpigmentation and photoaging.



2012

Implementation of the RIO Project of Operational Excellence to study and improve all company work processes.

Purchase of the Fitologica trichology portfolio.



2013



Diversification of products and therapeutical solutions, expanding the use of proprietary ingredients in special medical foods.



2002



Divestment of generic products (UR), freeing up resources to focus on dermatology.



2003

Incorporation of Difa Cooper, the Italian laboratory established in 1959, and portfolio expansion to include new-generation ingredients, technology and products.



2006

Acquisition of the Melora do Brasil dermatology company.
Divestment in the generalist pharmaceutical business and acquisition of dermatological rights and patents such as Retinsphere® and RTF1.



2007

Acquisition of the HDP dermocosmetics distribution company.
Creation of Gourmetceuticals LLC to enter the US market for human and veterinary ingredients and food.

Selected to participate in Bankinter's Innovation Foundation Cre100do initiative due to our potential growth possibilities.
Reintroduction of Immunoferon® in the portfolio after eight years of exclusion.



NSF approval for the production of nutraceutical supplements.
Purchase of a stake in Histocell, a biotech company specialising in regenerative medicine and cell therapy.
Purchase of 60% of Avance Cosmetics and opening of a new retail sales channel.

Establishment of Cantabria Labs Mexico to boost presence in Latin American market.
Creation of Cantabria Labs China, a strategic market for growth in healthcare.



Partnership between Capsa Food and Cantabria Labs Nutrición Médica to launch clinical nutrition formulas.
Award to Cantabria Labs for more than 25 years of endeavour in dermatology.
Adoption of new corporate identity: Cantabria Labs.



2014

Investment in the Prokrea BCN biotech firm specialising in pharmaceuticals for fertility treatments.



2015

Introduction in Spain of ZO Skin Health medical cosmetics.
Creation of Cantabria Labs Morocco and upscaling of development and expansion plan for African market.
Creation of a specialised sales network for the Pharmacy channel.



2016



Diversification to reach paediatrics (Immunoferon®) and ENT.
20-year licensing agreement with Krymi Laboratori.



2017

Launch of patented Edafence® technology based on *Deschampsia antarctica*.
Agreement with the Massachusetts Institute of Technology (MIT) to sponsor and promote biomedical innovation programmes.
Start of the construction of the new sustainable production centre in Cantabria.



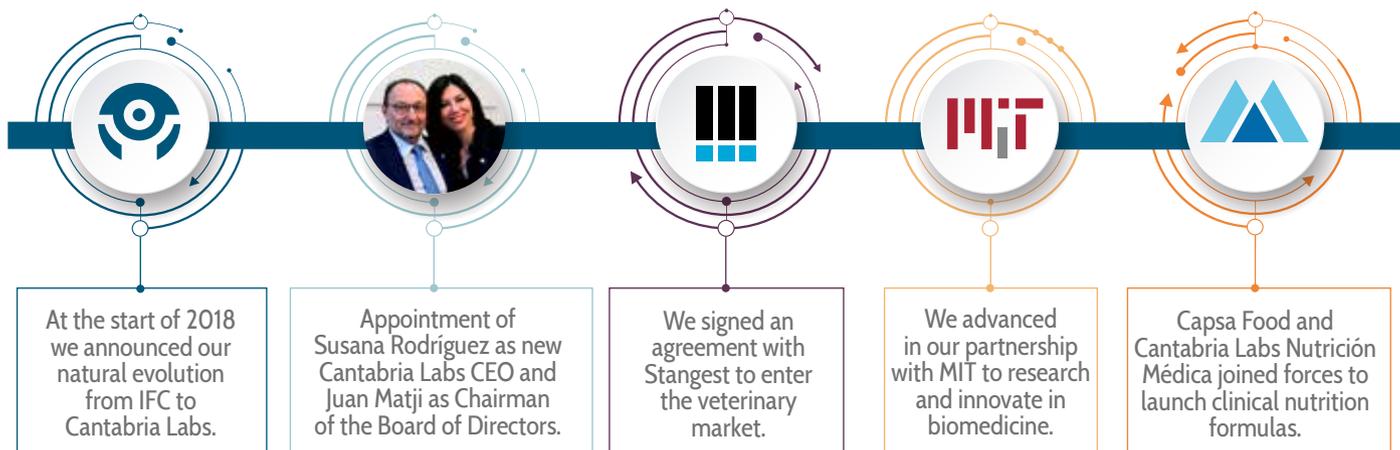
2018

Appointment of Susana Rodríguez as new Cantabria Labs CEO and Juan Matji as Chairman of the Board of Directors.
Agreement with Stangest to enter the pet market.



2018 milestones and recognition

WE SAW OUR COMPANY REACH **NUMEROUS MILESTONES** LAST YEAR



IN 2018 CANTABRIA LABS WON VARIOUS AWARDS FOR PROFESSIONAL ENDEAVOUR AND THE QUALITY AND EFFICACY OF OUR PRODUCTS. **THESE ARE SOME OF THE HIGHLIGHTS:**

INNOVATIVE BUSINESS FORUM

At the 2018 Winners of the Innovative Business Forum's Recognition of Innovation Awards we won the "2018 Innovative Business" award for being a firm that develops dermatology and clinical nutrition products in the fields of oncology, radiotherapy and geriatric products.

TOP 3 IN DERMATOLOGY

The report "Pharmaceutical and Drug Laboratories with the Best Reputation in 2018" published by the Health Reputation Monitor featured Cantabria Labs among the top three firms with the best reputation in the medical/surgical dermatology and venereology area.

AEDV

Cantabria Labs was awarded at the 46th National Dermatology and Venereology Congress, held in Palma de Mallorca and organised by the Spanish Academy of Dermatology and Venereology (AEDV), for its 25-plus years of work and dedication to dermatology.

LONDON STOCK EXCHANGE

We were chosen as one of the '1000 Companies to Inspire Europe' by the London Stock Exchange Group in its pioneering annual report evaluating the fastest-growing and most dynamic firms in Europe.

YO DONA | T DE TELVA

Cantabria Labs CEO Susana Rodríguez was awarded a Yo Dona award as one of the 500 most influential women. T de Telva gave Cantabria Labs the award for most innovative cosmetic for Endocare-C Oil-Free Proteoglycans Ampoules.

COSMOFARMA

Cantabria Labs Difa Cooper won the 2018 Innovation & Research award at the Cosmofarma congress, the leading event in the pharmaceutical sector, for Nutriage, the new line developed to care for mature skin.

Scientific outreach

Transparency and trustworthiness are as important as outreach in the scientific community. The publication of clinical work demonstrates the efficacy of our products: in 2018 we produced a total of nine articles and nineteen conference posters.

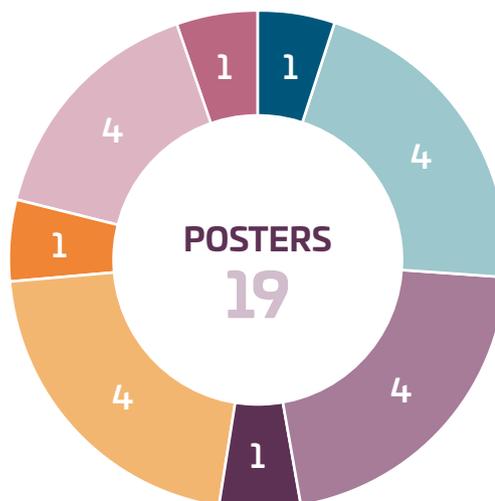
ARTICLES PUBLISHED



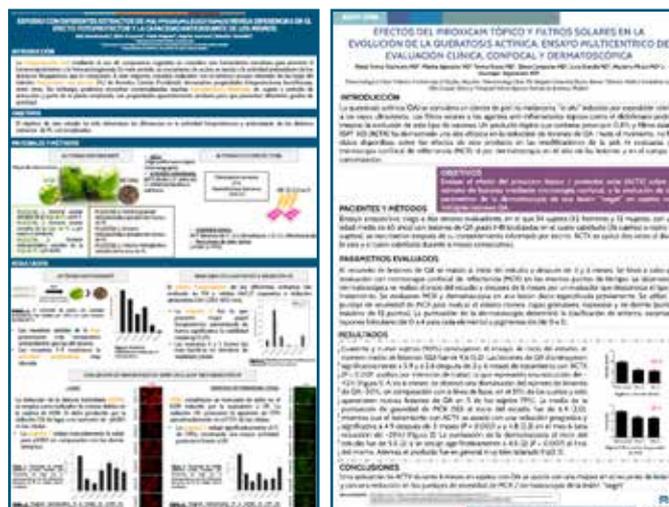
- Neoretin
- Actixicam
- Endocare
- Fernblock®
- Dermacare

We also submitted a further 4 articles in 2018 which are in the process of publication.

CONFERENCE POSTERS

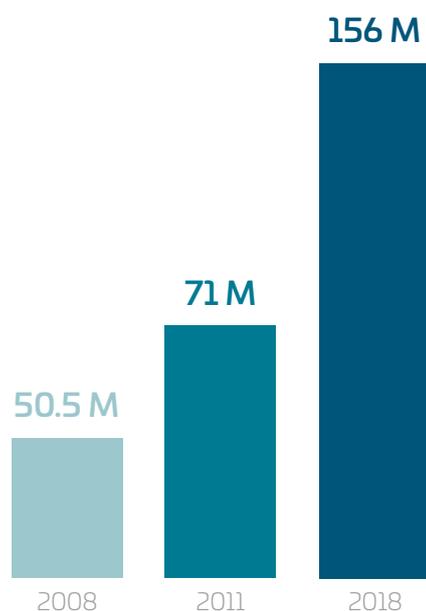


- Dermacare
- Fernblock®
- EDA®
- SCA®
- Other
- RetinSphere®
- Actixicam
- Alafast



Main Figures

EVOLUTION 2008 | 2018



From 2012 to today the growth in turnover at Cantabria Labs has been exponential.

In 2018 we posted turnover of nearly €160 Mn, 11% up on the previous year.

CONSOLIDATED BALANCE

YEAR	2018	2017
ASSETS		
NON-CURRENT ASSETS	54,633	46,089
CURRENT ASSETS	110,196	98,691
TOTAL ASSETS	164,829	144,780
NET EQUITY AND LIABILITIES		
NET EQUITY	118,773	109,948
NON-CURRENT LIABILITIES	13,951	7,838
CURRENT LIABILITIES	32,105	26,994
TOTAL NET EQUITY AND LIABILITIES	164,829	144,780

Accounts audited by PwC

(Expressed in thousand euro)



INVESTMENT IN R&D

12%

Total investment in research and development projects in 2018.



PRODUCTION

30M

2018 saw us manufacture and distribute over 30 Mn product units.



GROWTH

13%

Mean organic growth which held steady over the last decade of activity.



TURNOVER ABROAD

60%

More than 60% of our turnover came from Cantabria Labs subsidiary sales and sales to our International Partners.

Our Values



At Cantabria Labs we proudly champion our values: entrepreneurship, innovation and caring. All three are a faithful reflection of our track record and future and define us so well that we structure our activity around the

three concepts. And we endeavour to always work with clear objectives, happily and optimistically.

We can never forget that our work involves caring for people's health. This is such an important goal that

it must be the inspiration for our business. In this company we celebrate life every day, leveraging progress and developments in science to roll out initiatives and products that power improvements in health and quality of life.



OUR VISION

WHAT IS OUR DESTINATION?

Our destination is everywhere; what we really want to do is make a difference.

The horizon is the future - we will continue exploring the world, caring for people and our environment at all times and conducting research to improve the health of all.

We won't let anything stop us but will keep going until we achieve it.



OUR VALUES

HOW DO WE WORK?

Communication is key: we like to speak, listen, share and engage with discussions that help us get our initiatives up and running.

We have no doubt that the key to success lies in finding the balance between the concepts we manage almost as a mantra: science and ethics, intuition and reason, value and confidence. And, naturally, always together as a team.



OUR CHALLENGES

WHERE ARE WE GOING?

Our identity leads to two very well-defined goals: prospering in our globalisation and being able to position ourselves as a health-sector benchmark. We have developed our vision and mission based on our optimistic spirit and desire to meet the challenges ahead:

 We want Cantabria Labs to enjoy international recognition as a leading healthcare company by 2022.

 We want to reach €300 turnover powered by international expansion and innovation.

 We want to be amongst the Top 10 European dermocosmetic companies.

 We want to double turnover and expand our international presence.

OUR **Top 3** IN **2018**



Last year a number of our products were star performers in the different countries where Cantabria Labs is present. These were the top three sellers in each country or market segment:



SPAIN

1. Heliocare Ultra Gel SPF 90
2. Clovate 0.5 Cream
3. Inmunoferon



STANGEST

1. Anima-Strath
2. CroniCare
3. DentiCan Spray



AVANCE COSMETIC

1. Redumodel Skin Tonic
2. Rose hip
3. Hi Model





NUTRICION MEDICA

1. NM Thickeners
2. NM AA Mixture
3. NM Protein



CHINA

1. Endocare Concentrate Ampoules 7X1 ml
2. Endocare Tensage Cream 30 ml
3. Endocare Regenerating Lotion 100 ml



MEXICO

1. Heliocare 360 Gel Oil-Free 50 ml
2. Endocare Tensage Cream 30 ml
3. Heliocare Oral 60 caps



PORTUGAL

1. Cistitone Forte 60 caps
2. Heliocare Ultra D 30 caps
3. KPL Plus 200 ml



MOROCCO

1. Heliocare Ultra D
2. Biretix Duo
3. Neoretin Serum



ITALY

1. TRANS-VER-SAL 6 mm
2. Imunocare 5% Cream 12 Bustine
3. Carexidil 5%



Our Family

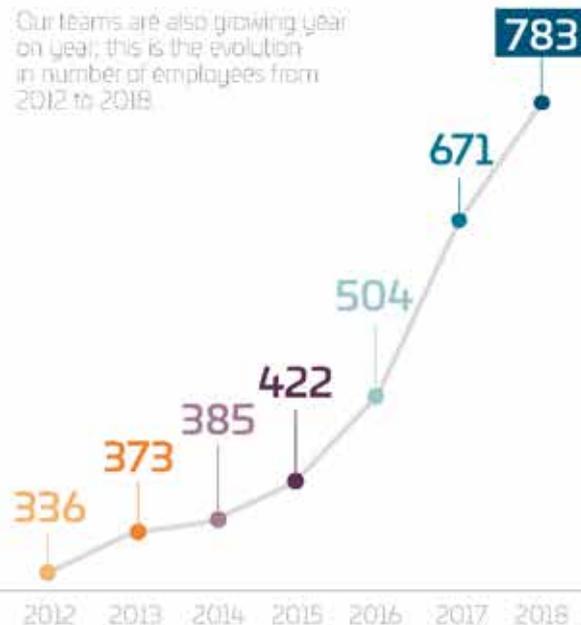


Cantabria Labs today reaches more than 80 countries around the world with drugs and cosmeceuticals, nutraceuticals and other food supplements.

This is due to the strength of our parent company and the large capillary network that supports our subsidiaries and business units.

TALENT AND PEOPLE

Our teams are also growing year on year; this is the evolution in number of employees from 2012 to 2018.



CANTABRIA LABS SPAIN

The dermatology market leader in the prescription drugs segment. It is also where the central offices are located and where products are developed and manufactured (Madrid and Santander) for international distribution.

www.cantabrialabs.es



CANTABRIA LABS PORTUGAL

This leading Portuguese laboratory was created in 2009. It markets an extensive portfolio of proprietary and licenced products which are highly regarded and successfully sold on the market.

www.cantabrialabs.pt



CANTABRIA LABS MEXICO

This is one of the most recent subsidiaries, created in 2017. Its goal is to market Cantabria Labs products in Mexico, a market with an important presence of pharmacy chains.

www.cantabrialabs.mx



AVANCE COSMETIC

This business unit has long-standing experience in the research and development of pioneering cosmetic formulas focused on beauty and wellness, guaranteeing high, pharmaceutical-quality products.

www.avancecosmetic.com

**CANTABRIA LABS STANGEST**

This was the latest company to join the stable! Its incorporation expands the Cantabria Labs offering by adding veterinary products for animal healthcare.

www.stangest.com

**CANTABRIA LABS NUTRICION MEDICA**

This firm came into the fold in 2012 after the purchase of the majority holding. It specialises in dietary foods for special medical purposes and solutions for oncology, radiotherapy and other geriatric products.

www.nutricionmedica.com

**CANTABRIA LABS DIFA COOPER**

Joined the family in 2003. Leaders in dermatology with trailblazing products under its own and third-party licences.

www.cantabrialabsdifacooper.it

**CANTABRIA LABS MOROCCO**

This was the first offshoot in Africa, established in 2015 and with registered offices in Casablanca. It is growing year-on-year with an extensive cosmeceuticals portfolio.

www.cantabrialabs.ma

**CANTABRIA LABS CHINA**

Created in 2015 to consolidate our ambitious expansion plan for the Asian market, key to growing on the continent.

www.cantabrialabs.cn



Size and global culture



W

We want to go far; our enterprising spirit doesn't let us rest. We presently distribute our products in more than eighty countries but hope to reach many more in the near future.

Our enterprising spirit doesn't let us rest

We are committed to people and our environment and strongly believe we can change the course of things and improve them, through innovation and working closely with stakeholders.

That is why internationalisation continues to be one of the major commitments of Cantabria Labs.

We made enormous progress in 2017 when we opened subsidiaries in China and Mexico.

We are committed to people and our environment

In 2018 we aimed to consolidate our presence in America and Asia with these moves and the outcome was excellent. For 2019 and the coming years we will address the possibility of entering more new markets.





AMERICA

- Bolivia
- Brazil
- Cayman Islands
- Chile
- Colombia
- Costa Rica
- Dominican Rep.
- Ecuador
- El Salvador
- Guatemala
- Honduras
- Mexico
- Nicaragua
- Panama
- Peru
- United States
- Uruguay
- Venezuela



EUROPE

- Albania
- Austria
- Belarus
- Belgium
- Croatia
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Italy
- Lithuania
- Macedonia
- Malta
- Montenegro
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom



ASIA

- China
- Hong Kong
- India
- Indonesia
- Iran
- Japan
- Kuwait
- Lebanon
- Libya
- Malaysia
- Pakistan
- Philippines
- Saudi Arabia
- Singapore
- South Korea
- Taiwan
- Thailand
- UAE
- Yemen

OCEANIA

- Australia
- New Zealand



AFRICA

- Angola
- Cape Verde
- Cameroon
- Congo
- Kenya
- Morocco
- Mozambique
- Namibia
- South Africa
- Tunisia

Stangest



A PARTNER IN CARING FOR OUR PETS

The Cantabria Labs family welcomed its newest member in 2018. Stangest, with 25 years' experience in the veterinary health field, puts its pioneering spirit and major talent at the service of the research, manufacture and marketing of products that improve the lives of companion animals.

The Stangest product range is distributed across Spain through a network of 25 distributors to veterinary clinics and specialist stores. In addition to the domestic market it also operates in a further eight European countries.

One of the principal milestones for Cantabria Labs Stangest in its first year was the launch of CroniCare

New products

There is no doubt that one of the principal milestones for Cantabria Labs Stangest in its first year was the launch of CroniCare, a nutritional supplement made from cannabis extract and omega 3 that helps relieve chronic pain in dogs and cats and which can also be used as an adjuvant treatment in cases of epilepsy, anxiety and cognitive dysfunction, amongst others.

Its efficacy and effectiveness were recognised at the last ProPet trade fair in Madrid, where it was included in the Innovative Products selection.

To further understand and exploit its properties, Dr. Cristina Costa began

a trial in partnership with the Pain Unit at the Autonomous University of Barcelona's Veterinary Clinic Hospital studying the effects of the concentrate as a supplement in dogs with arthritis.

A committed team

The Stangest product range includes nutritional supplements, hygiene and beauty products, insecticides, repellents and diagnostic tools and has been developed over the years by an excellent team which, with their dedication, commitment and professionalism, guarantees the quality and performance of the products in the catalogue.

The aim of the highly qualified personnel, with their pioneering and nonconformist spirit, is to improve the health and quality of life of our pets so we can share, enjoy and celebrate life -the Cantabria Labs hallmark- with them.

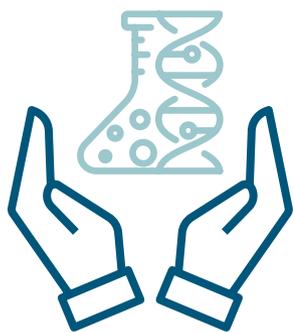
The Cantabria Labs Stangest product range features a network of 25 distributors

2018 LAUNCHES

- CroniCare
- GastroProtect
- Collar Zen
- Drizzle Coat

In addition to CroniCare, Stangest presented two new products last year: GastroProtect, a compound with natural ingredients that protect and care for gastric mucosa, alleviating pain and reducing inflammation and oxidative stress. Drizzle Coat, a raincoat made from a comfortable, breathable and waterproof fabric, a key piece in the Hurta technical clothing brand which helps maintain dogs' body temperature.





Launches and patents

IN DERMATOLOGY

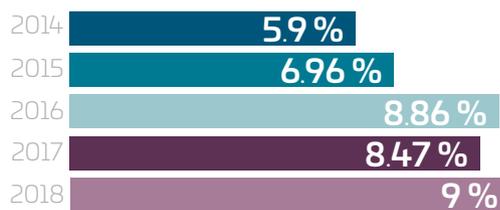
Throughout our history, Cantabria Labs has registered a large number of active ingredients, brands and patents.

Difur, which set the bar high in the 1980s, was followed by many other very successful products.

After all, a lot can be done in thirty years, particularly if you uphold an enterprising spirit at the heart of research and development.

OUR MARKET SHARE*

Following a brief dip in prescription share in 2017, last year saw us recover our high performance and we expect to continue to grow in coming years:



*(Prescription share. Source: "Close Up". Dermatology prescription share in Spain)



WE CONTINUE IN THE NO. 1 SPOT

Cantabria Labs continues as market leader in Spain, Italy and Portugal in terms of dermatological prescription.

1989	1995	1996	1997	1998
DIFUR <i>Polypodium leucotomos</i> TRANS-VER-SAL P.O.L	INMUNOFERON AM3® NEOSTRATA AHA COSMETICI MAGISTRALI	EMEPROTON 28 Omeprazole Fernblock®	ENDOCARE SCA® <i>Cryptomphalus aspersa</i>	VARIDASE Streptodornase Streptokinase
2010	2011	2012	2013	2014
CLOVATE Clobetasol propionate EMOVATE Clobetasone butyrate BETNOVATE Betamethasone 17-Valerato FLUTICREM Fluticasone propionate	ACITRETINA IFC Acitretin	NEORETIN DISCROM RetinSphere®	IFC®-CAF Wharton Gel Complex® ENDOCARE CELLAGE	IMUNOCARE Imiquimod

NEW PRODUCTS 2018

Last year we launched a large number of new products in our markets, fruit of innovation in research and development in the pursuit of improved health for all.



SPAIN

Endocare-C Proteoglycans SPF30 Ampoules
Iraltone Aga Plus
Inmunoferon Junior Syrup
Neostrata Skin Active Tri-Therapy Lifting Serum
Heliocare 360 Color Gel Oil-Free SPF 50+
Biretix Ultra Anti-Blemish Spray
Heliocare 360 Invisible Spray SPF 50+
Heliocare 360 Junior Oral Sticks
Endocare-C Ferulic Edafence
Neostrata Redness Neutralizing Serum
Biretix Duo
ROZATROL Normalizing Serum Treatment 50 ml
BLEMISHBRIGHT Blemish Clearing Treatment 15 ml
ZO Professional Treatments

NUTRICION MEDICA

Urea MED NM

AVANCE COSMETIC

Redumodel Skin Tonic
Active Face Evolution



CHINA

Endocare-C Ferulic Edafence



MEXICO

Heliocare 360 Color Cushion Compact Beige SPF 50+ 15 g
Heliocare 360 Color Cushion Compact Bronze SPF 50+ 15 g
Heliocare 360 Capsules 30 caps
Heliocare 360 Mineral Tolerance Fluid 50 ml
Biretix Ultra Body Spray 50 ml

Biretix Oral 30 caps

Iraltone AGA 30 caps

Iraltone AGA 60 caps

Dermacare lotion 100 ml

Dermacare gel 100 ml

Neoretin Discrom Control lightening peel - 6 pads



MOROCCO

Heliocare Oral Ultra-D Capsules

HidroSpot 20 mg

Heliocare 360 Mineral Tolerance Fluid

Biretix Spray

Endocare-C 20 Proteoglycans Ampoules

Iraltone SD Shampoo

Iraltone Sebum-normalizing Shampoo



ITALY

Nutriage Cream Repairing, Plumping 50 ml

Nutriage Oil Serum Repair 30 ml

Nutriage Day Replumping Day Cream SPF30 15 ml

Eutrosis DS Cream

Eutrosis DS Shampoo

Heliocare 360 MD 100

Heliocare 360 Color Cushion Compact Bronze SPF 50+

Heliocare 360 Color Cushion Compact Beige SPF 50+

Heliocare 360 Transparent Spray SPF 50

Ampcare Oleogel

Biretix Triactive

Isodifa 30 mg



PORTUGAL

Neostrata Skin Active Dermal Replenishment

Neostrata High Potency R

Endocare Cellige

Day SPF 30

Heliocare 360 Color Cushion Compact Beige SPF 50+ 15 g

Heliocare 360 Color Cushion Compact Bronze SPF 50+ 15 g

Heliocare 360 Color Gel Oil-Free Beige SPF 50+ 50 ml

Heliocare 360 Color Gel Oil-Free Bronze SPF 50+ 50 ml

Heliocare 360 Mineral Tolerance Fluid 50 g

Heliocare 360 Invisible Spray

KPL DS

Endocare-C Ferulic Edafence

1999

PRODERMA
Doxycycline
Hyclate

2001

HELIOCARE
Fernblock®
LICOSTRATA
Hydroquinone 2%

2002

ROSACURE

2003

DERCUTANE
Isotretinoin

2005

LICOFORTE
Hydroquinone 4%
ZINDACLIN
Clindamycin
phosphate

2009

ALOCARE
Finasteride

2015

MASK
ZO SKIN HEALTH

2016

BIRETIX

2017

NEORETIN REJUEMAX
Edafence®
Deschampsia antarctica

2018

HELIOCARE PEDIATRICS ORAL
INMUNOFERON JUNIOR

Brand
Active ingredient
Patented technology

WE ARE 2 IN NOVA TORS

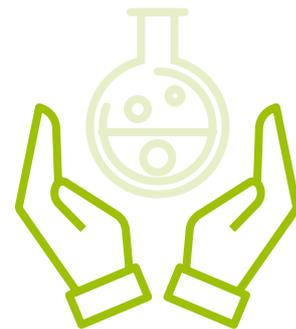
INNOVATION IS OUR HALLMARK; WE FIRMLY BELIEVE IT IS ONE OF THE MOST IMPORTANT PILLARS THAT SUPPORTS CANTABRIA LABS AND THAT HAS HELPED POSITION US AT THE TOP OF DERMATOLOGICAL PRESCRIPTION. FOR THAT VERY REASON, IN 2018 WE CONTINUED WORKING ALONG THESE LINES, ALWAYS STRIVING TO CREATE AND DEVELOP THE VERY BEST HEALTH CARE PRODUCTS.

**Our Core Technologies
New Centre in Cantabria
Environment**



Innovation

AT CANTABRIA LABS



Over the thirty years our company has been in operation, we have set out on complex and ambitious projects with the aim of improving people's health. Our close association with the dermatological field and health professionals has shown us how much there is still left to do, and how much progress can still be made, explaining our impetus for innovation.

At this pharmaceutical company, we research and design appropriate products and solutions to address the needs

that may concern either healthcare professionals or their patients. That is why we place so much importance on the scientific endorsement of our patented natural ingredients, which are yet another sign of the innovative spirit that inspires our activity.

Our eagerness to surpass ourselves each and every day has led us to the forefront of our sector we are number one in Spain, Italy and Portugal in terms of medical prescription and are amongst the top 20 European dermatology companies. Our next goal is to become a global leader.

How do we expect to do this?

To achieve this we have set ourselves two goals: to continue designing our production plants tailored to the highest requirements regarding the environment, quality and energy efficiency, and by renewing previously established agreements with some of the most cutting-edge research centres, such as MIT, the Massachusetts Institute of Technology.

Below you can find a summary of the seven most important technologies that Cantabria Labs has patented.



FERNBLOCK®

A patented natural active ingredient extracted from the fern known as *Polypodium leucotomos*, it has specific skin protection properties. In particular, it is used to counteract the harmful effects of the sun.

We patented this ingredient more than two decades ago, following a joint research effort with a team of dermatologists from Harvard University. This standardised extract made us pioneers in orally-administered sun protection. The Fernblock® technology arose from a

joint research project between Cantabria Labs and Harvard Medical School with the aim of developing a comprehensive mechanism of protection against sun-induced skin damage.

This exclusive technology has been scientifically validated by more than 50 in vitro and in vivo studies that have demonstrated its photoimmunoprotection, antioxidant, and DNA repair activity, as well as photoprotective efficacy in the prevention of sun allergies, photoaging, dark spots, and skin cancer.



EDAFENCE®

This patented active ingredient features properties that help fight both extrinsic and intrinsic factors involved in skin damage and aging, including the effects of pollution.

This ingredient is obtained from the *Deschampsia antarctica* plant. The plant is native to the Antarctic and is capable of surviving in extreme conditions. This caught

the attention of scientists, who discovered that it had anti-pollution properties with demonstrated efficacy, providing cellular vitality against environmental stress.

This development, applied to Cantabria Labs cosmeceuticals, fights against the damaging effects of pollution and helps improve the skin barrier function.

WHARTON GEL COMPLEX®

A highly innovative cosmetic ingredient that includes regenerative properties for the skin. It stimulates cells to increase the synthesis of a wide range of proteins in the extracellular matrix, stimulating fibroblast and keratinocyte proliferation. It is obtained from umbilical cords of animal origin, giving rise to an active called "Wharton jelly".

RETINSHERE®

This technology is the result of the combination of two retinoids; it stimulates epidermal renewal and enhances penetration of the active ingredients. Its joint action smooths skin and promotes even skin tone. RetinSphere® stands out for its excellent tolerability, as it prevents the adverse effects often characteristic of retinoids, such as irritation or inflammation.

AM3®

This patented technology is based on the combination of glucomannan and soy protein extract.

It acts as an immunomodulator by boosting and reinforcing natural defence mechanisms, resulting in milder symptoms for certain illnesses.

IFC® | CAF

The main effect of this technology is to activate skin stem cells to migrate and differentiate into new skin cells.

It is obtained from the eggs of the *Cryptomphalus aspersa* snail, rich in growth factors.

SCA®

This exclusive patented technology is based on the secretion of the *Cryptomphalus aspersa* snail. Due to its properties, it was initially indicated to treat radiodermatitis.

Scientific studies endorse its regenerative, healing, and antioxidant activity, as well as its ability to contrast visible signs of skin aging.



Two decades ago, a new product line was born that was destined to become an innovation in dermal regeneration: Endocare. Cantabria Labs, in collaboration with radiation therapists from the Ramón y Cajal Hospital, searched for a solution in nature to reduce skin lesions caused by radiotherapy treatments. Today it is Cantabria Labs' most successful and prestigious anti-aging line.

La Concha,

THE NEW SUSTAINABLE AND INNOVATIVE MANUFACTURING PLANT



A year ago, this project was a mere 3D model, despite having existed on paper since 2016. It started taking giant steps in 2018 and, as of today, centres 1 and 2 in Villaescusa (Cantabria) are a reality. In recent months, progress in this regard has become even more apparent.

Work on the new Cantabria Labs Production Centre started with the planting of two very symbolic trees: a yew tree and a strawberry tree, which reflect our sustainable spirit.

The yew represents the essence of Cantabria, while the strawberry tree is iconic to the city of Madrid, meaning our two most important sites are represented.

The inauguration of the Centre is scheduled for the end of 2019, once everything is ready to run like clockwork!

Other emotional moments accompanied the tree-planting, including the burial of a time capsule with some of our most representative products: Immuferon and Heliocare.

Subsequently, construction began on a well thought-out and structured centre with specific areas for the development of cosmeceuticals, prescription drugs and other preparations, all of which feature our skin care innovations and technologies. The inauguration of this Centre, developed according to strict sustainability and environmental criteria with respect

to its surroundings, is scheduled for the end of 2019, once everything is ready to run like clockwork.

Efficiency and sustainability

If anything defines this new centre, it's that it will be truly eco-efficient. It sits atop thermal spring water, 38° and rich in minerals with medicinal properties which we will use to heat both the centre and its reactors. We will make the very most of this natural resource via the water laboratory, which we have created to optimise its use.



THE BUILDING



Location
Villaescusa,
Cantabria (Spain)



Parking spaces
250



Orientation
North



Plot
62,000 m²



Main building
7,250 m²
(5,500 for production and
1,750 for R&D
and offices)



Green spaces
40,000 m²



NATURAL RESOURCES



Experimental plantation
Deschampsia antarctica (Edafence®)
Polypodium leucotomos (Fernblock®)



Clean rooms
500 m²



ENERGY AND MINERAL RESOURCES



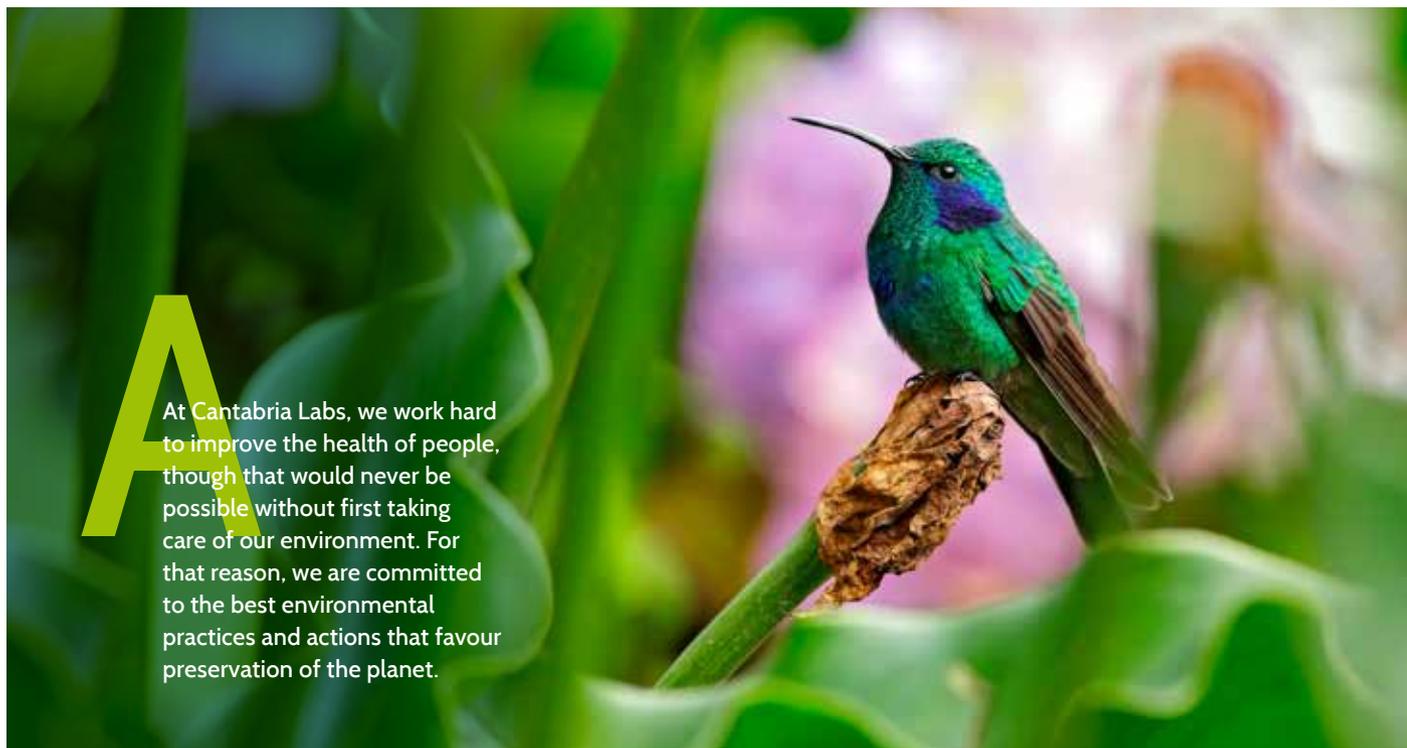
Flowing
spring water at 38 degrees
and 35 litres per second



Mineral-rich medicinal thermal water
with anti-inflammatory properties

IMPROVING WITH THE
SUSTAINABILITY OF OUR

environment in mind



At Cantabria Labs, we work hard to improve the health of people, though that would never be possible without first taking care of our environment. For that reason, we are committed to the best environmental practices and actions that favour preservation of the planet.

IN OUR PACKAGING AND OUR PRODUCTS



We have implemented a policy to reduce plastic use in our packaging. Specifically, we have already achieved a 40% reduction in the plastic used in the packaging of our ampoules.



Similarly, we have limited to a minimum the use of materials that leave behind

toxic residue. For example, we use dyes with a single solvent to reduce impact, adhesives that are water-soluble at 85 degrees and, of course, biodegradable, renewable and reusable materials.

At Cantabria Labs, we are strongly committed to this cause, and reuse all materials we can with the aim of giving them a second, third, or even

fourth service life. In the same vein, we design our products in line with Ecoembes: we work with them to recycle cosmetic products and have reduced the weight of our containers, thus improving our bottles, packs, and caps. We also have a binding commitment with SIGRE for the collection of expired pharmaceutical products.

IN OUR FACTORIES



At our new centre in Cantabria, we have created 'the water laboratory' to promote sustainable management of this resource. The innovative plant uses



thermal energy from our own hot spring to heat the production centre, as well as its machinery and reactors.

We have modernised our processes and technology at all our centres in order to achieve efficient production

with a low environmental impact, including such things as the implementation of paperless processes. We continue to develop measures and programmes to minimise emissions into air, water and soil.

IN OUR OFFICES



We use energy efficiently by using energy-saving LED lights and have implemented a water-use reduction system.



We have eliminated waste paper baskets and trash bins, setting up instead recycling stations to help remind staff of the products we use and their ecological footprint.



In addition, we have moved forward with replacing the most polluting vehicles in our commercial fleet in order to minimise our environmental impact and, since 2018, all our information and promotional materials have the FSC seal indicating that the paper is from sustainably managed forests, recycled, and from controlled sources.



Our print materials feature the FSC seal indicating that the paper is from sustainably managed forests, recycled, and from controlled sources

AND SO MUCH MORE...



As previously mentioned, we will continue to strive forward with our non-conformist spirit which provides us with daily inspiration. At Cantabria Labs we will continue to invest in the development of new packaging and production processes which will promote and



streamline recycling. We will seek out innovative solutions to help prevent pollution and preserve our environment. We will improve the qualifications of our professionals to optimise environmental management.

We will continue to analyse and improve the life cycle of our products to ensure their impact on the environment is minimal.

WE ARE 3 CARING

WE WANT TO BE BY YOUR SIDE, IT'S OUR REASON FOR BEING. AT CANTABRIA LABS, A CARING CORPORATE STYLE AND LIFESTYLE. IN 2018 WE THUS CONTINUED FAR-REACHING INITIATIVES TO BETTER THE QUALITY OF LIFE WITH OUR VARIOUS PUBLICS: THE HEALTH SECTOR, OUR PARTNERS AND COLLABORATORS, THE GENERAL PUBLIC, AND OF COURSE, OUR PROFESSIONAL TEAMS.

Responsible business
Social impact
Healthy life
Our purpose



Responsible and involved

Corporations have a responsibility towards everything that surrounds them: environment, people, society... Our dedication to service and improving quality of life drives us each year to engage in long-term activities and projects with our professionals, partners, and the health care sector in general.

Our sector: health

We belong to the health sector, so we always implement, undertake, or join activities developed for and by our industry. Some examples from 2018:

The health sector demands constant renewal and training

TRAINING: the health sector demands constant renewal and training, which is why we promote courses such as the III Curso de Cirugía Dermatológica para Residentes GECIDERM (Dermatological Surgery Course for Residents) and the II Curso de Ecografía Cutánea para Residentes de Dermatología RESIDECO (Skin Ultrasound Course for Dermatology Residents).

We have also sponsored the Health and Skin' Chair at the University of Alcalá.





Our professionals

TRAINING

- **Aulacare:** we have improved our training and information platform, aimed at encouraging our professionals' education and helping them to up-date their knowledge with online and on-site training.
- **Coaching:** we firmly believe that this technique is highly positive, and by holding group sessions, we have improved certain professional and training aspects.
- **External courses and masters:** our employees can also broaden their training with specialised courses taught by external companies with official qualifications.

FINANCIAL AID

Our employees have access to financial aid for their children's education.

POSITIVE WORK ENVIRONMENT

We have created spaces for conferences and workshops that encourage a friendly spirit among all our employees, with the aim of

improving the work atmosphere and communication and relationships within the family.

Our collaborators

Throughout 2018, we maintained two very important lines of action with our suppliers and collaborators:

- **Social commitment:** we involve our partners and encourage them to participate with us in charity initiatives, seeking out long-term commitment to the projects.
- **Hiring local businesses:** we work with entities in the areas where we operate in order to boost economic activity at the local level.

Our call to service and improving quality of life has led us to become involved in long-term activities and projects



TRANSPARENCY AND COMPLIANCE

In 2018 we improved the Cantabria Labs corporate guidance programme launched the previous year. Under the leadership of Compliance, the company and its professionals are strongly committed to this project.

Every day, in everything we do, we dedicate ourselves to ensuring good corporate governance and adherence to the programme's objectives.



FOR A more just society



Society has provided for us in many ways, and here at Cantabria Labs we are committed to giving back part of what we have received as a way to help make a more just society.

Each individual who trusts our brands is indirectly helping implement projects that improve the resources and lives of disadvantaged groups.

We want to live on a planet where everyone can enjoy proper quality of life and health. That is why we are involved in projects of a social nature and in initiatives that help us achieve this. When a person purchases one of our products, we donate a portion of the price to the social causes to which we are committed.

We want to live on a planet where everyone can enjoy proper quality of life and health

Against poverty

Throughout 2018, and going back more than 20 years, we continued our collaboration with the Emalaikat Foundation in Turkana, Africa. This organisation dedicates its work to promoting the holistic development of people, as well as sustainable progress within the communities of the region. Its

activity is focused on long-term initiatives in places such as Kenya, Malawi, and Ethiopia.

With human values

We seek out respect and support for universal human rights, which is why we participate in the 'Lo que de verdad importa' (Spanish acronym: LQDVI,





'what truly matters') initiatives. In this way, we support the development and dissemination of these ethical and moral values among the general public. The goal is to reach young people, educational centres, companies, disadvantaged groups, and society in general, to achieve a more just world for all.

For equal opportunities

For social inclusion and equal opportunity, we have joined forces with friendly organisations such as **Ampros**, **Astor Inlade**, or **Arco Iris**, three non-profit groups that work to improve the quality of life of individuals with intellectual disabilities and their families by providing access to stable

and dignified jobs. With a similar aim, but focused on other groups at risk of exclusion, we are strongly involved with the **Cáritas** employment programmes.

We share a very clear vision with all these organisations: employment is a fundamental component for everyone's development and a great enhancer of equal opportunities.

For patients

In 2018 we participated along with Dr Cristina Galván in a dermatological outreach programme in Malawi based on three fundamental precepts:



Improving the skin health of the inhabitants of the area



Collaborating with and carrying out teaching activities with the local healthcare staff



Promoting prevention with the goal of reducing the incidence of illnesses

We continue to collaborate with the Spanish Porphyria Association and the Spanish Ichthyosis Association for the development of new products to alleviate or heal these skin ailments.

We continue to support the Ana Carolina Díez Mahou Foundation, the Aladina Foundation, and the Stanpa Foundation with its “Look good, feel better” project.



We have also reached a collaboration agreement with the “Association de solidarité avec les enfants de la lune” to fight for equal opportunities for the ‘children of the night’ in Casablanca. These are young children afflicted by Xeroderma

pigmentosum, an illness that makes them extremely sensitive to ultraviolet light.

Against skin cancer

We are particularly involved in the fight against cancer, in raising awareness about its risks, and in disseminating information about the need to lead a healthy life under the sun.

In 2018 we presented another edition of our ‘Heliocare good sun practices’ report in which we presented some worrying data, such as the fact that 94% of young people

only use sun protection on holiday, and that 66% of those surveyed believed that being tanned is healthy.

This highlights the importance of our continuous work to provide information about the dangers of sun exposure. We also took part in the ‘Euromelanoma 2018’ international initiative, and have become involved, with very positive results, in research projects with the Spanish Academy of Dermatology and Venereology (AEDV) and its ‘Piel Sana’ Foundation.



#SOLidarios IN 2018

The volunteer movement and social action of Cantabria Labs professionals has raised the following for those most in need:



FUNDS FOR
TURKANA
€ 21,507



CHRISTMAS
GIFTS
115 children



FOOD AND HYGIENE
PRODUCTS
3,306 units

Any company members who wish to help can collaborate with their free time or by donating to the charity projects.

RESEARCH FOR healthy living



We are dedicated to improving people's quality of life. Therefore, at Cantabria Labs we never stop investing in research and development of new products that help work toward this cause. In addition, we participate in charity projects dedicated to improving the health of people.

We research

In 2018, we continued our agreement with MIT-The Massachusetts Institute of Technology, sponsoring and promoting biomedicine as a key to future discoveries and advances in medical fields. Along this same line, we participated in activities and sponsored training at the Ramón y Cajal Hospital

(Madrid), including the Trichology Refresher Course, and at the University of Alcalá (UAH), funding the Health and Skin Chair in the Department of Medicine and Medical Specialities. What's more, we are still working on our research efforts into stem cells with Histocell.



WE SPONSORED THE MASSACHUSETTS INSTITUTE OF TECHNOLOGY

One of the sponsorships we are the most proud of is with the MIT. In 2018, in addition to the project for advancement in biomedicine, we were sponsors of the exhibition

'The Beautiful Brain: the drawings of Santiago Ramón y Cajal'. It was an unprecedented opportunity to view and share the historic images of the scientist

alongside contemporary displays of the brain created by neuroscientists from MIT. In addition, we participated in an award created within the American institute that,

under the name 'The highest potential to improve life quality of patients' seeks to promote and recognise research initiatives that improve people's quality of life.

We love innovating and being
a better and healthier world, for you,



entrepreneurial, to build together
for us, for everyone. We celebrate life.





cantabria labs
celebrate life