

**LABIANA HEALTH, S.L.
(FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES**

CONSOLIDATED ANNUAL ACCOUNTS AND DIRECTOR'S
REPORT FOR THE FINANCIAL YEAR 2020 TOGETHER WITH
THE AUDIT REPORT ON CONSOLIDATED ANNUAL ACCOUNTS
ISSUED BY AN INDEPENDENT AUDITOR



**LABIANA HEALTH, S.L.
(FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES**

Consolidated Annual Accounts and Director's
report for the financial year 2020 together with the
Audit Report on Consolidated Annual Accounts
issued by an independent auditor

AUDIT REPORT ON CONSOLIDATED ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

CONSOLIDATED ANNUAL ACCOUNTS FOR FINANCIAL YEAR ENDED DECEMBER 31, 2020:

Consolidated Balance Sheets as of December 31, 2020 and 2019
Consolidated Income Statements for the financial year 2020 and 2019
Consolidated Statements of Changes in Shareholder's Equity for the financial year 2020 and 2019
Consolidated Cash Flow Statements for the financial year 2020 and 2019
Notes to the Consolidated Annual accounts for the financial year 2020

CONSOLIDATED DIRECTOR'S REPORT FOR FINANCIAL YEAR 2020



LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES

**AUDIT REPORT ON CONSOLIDATED ANNUAL ACCOUNTS
ISSUED BY AN INDEPENDENT AUDITOR**

**Audit report on consolidated annual accounts
issued by an independent auditor**

*(Free translation from the report originally issued in Spanish.
In the event of discrepancy, the Spanish-language version prevails)*

To the Partners of LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.):

Qualified Opinion

We have audited the consolidated annual accounts of LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.) (the "Parent Company") AND SUBSIDIARIES (the "Group"), which comprise the consolidated balance sheet as of December 31, 2020, the consolidated profit and loss account, the consolidated statement of changes in the equity, the consolidated cash-flow statement and the notes for the year thereto.

In our opinion, except for the potential effects of the matter described in the section "Basis for a Qualified Opinion" in our report, the accompanying consolidated annual accounts present, in all material respects, the true and fair view of the consolidated net equity and the consolidated financial position of the Group as of December 31, 2020, and its consolidated results and its consolidated cash-flows for the year then ended, in accordance with the applicable financial reporting regulatory framework (which is identified in note 3.a of the Consolidated Annual Accounts) and, in particular, with the accounting principles and criteria contained therein.

Basis for a Qualified Opinion

As indicated in note 11 to the accompanying consolidated annual accounts, the Group holds two controlling interests in Labiana México, S.A. de C.V. and Zoleant ILAC as of December 31, 2020. The Parent Company Board of Directors has decided not to consolidate them despite the control they exercise in these investees. According to generally accepted accounting standards, they should have been consolidated from the date on which the Group took control on them. Independently of the financial information of the non-consolidated subsidiaries shown in note 11, we have not had access to the homogenisation and consolidation adjustments that should have been recorded if they had been consolidated. Therefore, we have not been able to form an opinion on the effect such consolidation would have had on the Group's consolidated annual accounts.

We have performed our audit in accordance with the current regulations governing the audit practise in Spain. Our responsibilities in accordance with these regulations are described below in the section Auditor's responsibilities relating to the audit of the consolidated annual accounts of our report.

We are independent of the Group with ethical requirements, including those of independence, which are applicable to the audit of the annual accounts in Spain as required by the regulations governing the audit practise. Accordingly, we have not provided services other than those relating to the audit of the consolidated accounts, nor have concurred situations or circumstances, that, in accordance with the provisions of the aforementioned governing regulations, have compromised the necessary independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Most relevant audit matters

The most relevant audit matters are those that, under our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. Our audit procedures relating these matters were designed in the context of our audit of the annual accounts as a whole and in the build-up process of our opinion and we do not express a separate opinion on those matters.

In addition to the issue described in the section Basis for a Qualified Opinion, we have determined that the issues that described below are the most relevant audit matters of the audit should be reported in our report.

Most relevant audit matters	Audit response
Valuation of capitalized development expenses	We have carried out the following audit procedures, among others:
As described in notes 4.a. and 5 of the attached report, the Group has intangible assets for expenses in activated projects in progress of significant amount. Those expenses must be specifically individualized by project and have economic-commercial profitability reasons, among other requirements to be activated in the Company's balance sheet. In addition, the evaluation by the Company's management and directors of its recoverable value or need for impairment, implies making value judgments and estimates. For these reasons, we have considered the valuation of these assets as a key issue in our audit.	<ul style="list-style-type: none">- Understanding of the policies and procedures applied by the Group for the capitalization of development expenses.- Monitoring of the evolution of all projects since the end of the previous year.- Holding meetings with the Technical Management, discussing on the activation policies that are being followed, the schedule of planned investments and the estimation of future revenue flows expected at the end of the projects- Obtaining, for a sample of the most relevant projects, the documentary support of the amounts activated during the year.- Obtaining and reviewing the documentation corresponding to subsidies and subsidized loans granted, related to each of the projects, verifying the reasonableness of the data regarding the evolution of the affected projects.- Review of the history of completed projects and drugs registered by the Group to date.- Finally, we have verified that the attached annual accounts report include the related disclosures required by the applicable financial reporting framework. In this regard, Notes 4.a and 5 of the attached consolidated report include the aforementioned disclosures.

Other information: Consolidated Director's report

Other information comprises only the consolidated Director's report for the financial year 2020, whose drawn-up is a responsibility of the Sole Director of the Parent Company and is not an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated Director's report. Our responsibility regarding the consolidated Director's report, in accordance with that required by the audit regulator, consists of evaluating and reporting on the concordance of the consolidated Director's report with the consolidated annual accounts, based on the knowledge of the Group obtained while the carrying-out the audit of the aforementioned accounts and without including information other than that obtained as evidence. Likewise, our responsibility is to evaluate and report if the content and presentation of the consolidated Director's report is in accordance with the regulations in force. If, based on the work performed, we conclude that there are material inaccuracies; we are obliged to report them.

Based on the work carried-out, and as described in the previous paragraph, except for the scope limitation described in the following paragraph, the information contained in the consolidated Director's report agrees with that shown in the consolidated annual accounts for the year 2020 and its contents and presentation are in accordance with regulations in force.

As described in the Basis for Qualified Opinion section, we were unable to obtain sufficient appropriate audit evidence on the matter referred to in that section, which is a scope limitation. Accordingly, we were unable to reach a conclusion as to whether a material misstatement exists in the consolidated management report in relation to this matter.

The responsibility of the Board of Directors in respect to the consolidated Annual Accounts

The Board of Directors of the Parent Company is responsible for drawing-up the accompanying consolidated annual accounts so that they give a true and fair image of the net equity, the financial situation and the results of the Group, in accordance with the regulatory framework on the financial information applicable to the Group in Spain, and of the internal control that they consider necessary to allow the preparation of consolidated annual accounts free of material misstatement, due to fraud or error.

In the preparation of the consolidated Annual Accounts, the Board of Directors of the Parent Company is responsible for assessing the Group's ability to continue as a going concern basis, revealing, if appropriate, the matters related with to the Group under operating basis and using the going concern principle except if the Board of Directors intend to liquidate the Company or cease operations, or there is no other realistic alternative.

The auditor's responsibility for the audit of the consolidated annual accounts

Our objective is to obtain reasonable assurance that the consolidated annual accounts as a whole are free from material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance, but does not guarantee that an audit conducted in accordance with the regulations governing the audit activity in force in Spain will always detect a material misstatement, if it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken in the basis of these annual accounts.

As part of an audit in accordance with the current regulations governing the audit practice in Spain, we make professional judgment and maintain an attitude of professional scepticism throughout the audit. Also:


- We identify and assess the risks of material misstatement in the consolidated annual accounts, due to fraud or error, design and perform audit procedures to respond to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by the Board of Directors of the Parent Company.
- We conclude about if the use made by management of the going-concern principle is adequate and, based on the audit evidence obtained, we conclude if there is a material uncertainty related to events or conditions that can generate significant doubts about the ability of the Group to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw the attention in our audit report to the corresponding information disclosed in the consolidated annual accounts or, if such disclosures are not adequate, we express a modified opinion. Our conclusions are based on the audit evidence obtained at the date of our audit report. However, future events or conditions may cause that the Group ceases to operate under a going-concern basis.
- We evaluate the overall presentation, structure and content of the annual accounts, including the disclosures and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair presentation.
- We obtain sufficient and adequate evidence in relation to the financial information of the entities or business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group's audit. We are solely responsible for our audit opinion.

We are required to communicate with the Parent's Company Board of Directors regarding, among other matters, the planned scope and timing of the audit and the significant findings, including any significant deficiencies in internal control that we identify during the course of our audit.

Among the matters that have been communicated to the Parent's Company Board of Directors, we have determined those that have been of the most significance in the audit of the annual accounts of the year and that are, consequently, the most relevant matters of the audit.

We describe those risks in our audit report unless legal or regulatory provisions prohibit public disclosure of that matter.

BDO Auditores, S.L.P. (ROAC nº S1273)



Ignacio Algás (ROAC 21.841)
Audit Partner

June 17, 2021

LABIANA HEALTH, S.L.
(FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2020

LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2020

(Expressed in Euros)

ASSETS	Notes	31/12/2020	31/12/2019
NON-CURRENT ASSETS		36.670.729,39	32.071.081,26
Intangible assets	Note 5	11.991.970,37	10.513.858,89
Tangible fixed assets	Note 6	20.321.086,97	18.015.951,38
Land and buildings		5.663.427,17	5.313.957,86
Technical installations and other tangible fixed assets		13.611.099,15	10.095.660,48
Fixed assets under construction and advances		1.046.560,65	2.606.333,04
Long-term financial investments		2.181.750,96	2.056.116,02
Investments in non-consolidated group companies	Note 11	1.932.803,38	1.926.260,45
Loans to non-consolidated group companies	Notes 8.2 and 24.1	3.300,00	3.393,53
Other long-term loans	Note 8.2	131.431,64	23.334,76
Other long-term investments	Note 8.2	114.215,94	103.127,28
Deferred Tax Assets	Note 17	2.175.921,09	1.485.154,97
CURRENT ASSETS		29.306.462,93	28.355.482,56
Inventories	Notes 8.2 and 14	14.071.049,11	13.874.374,57
Trade and other receivables		12.546.211,65	11.608.343,46
Client receivables for sales and services	Note 8.2 and 24.1	10.469.748,62	10.581.504,20
Clients of the Group and affiliated companies	Note 8.2 and 24.1	461.745,04	300.671,70
Sundry debtors	Note 8.2	25.592,23	5.428,70
Staff	Note 8.2	27.579,60	105.802,77
Current tax assets	Note 17	101.879,13	58.550,28
Other receivables from Public Authorities	Note 17	1.459.667,03	556.385,81
Short-term investments in group and affiliated companies	Note 8.2 and 24.1	790.000,00	400.000,00
Loans to non-consolidated group companies		790.000,00	400.000,00
Short-term financial investments	Note 8.2	78.470,15	800,25
Short-term accruals		274.816,30	354.374,38
Cash and cash equivalents	Note 8.1.a	1.545.915,72	2.117.589,90
TOTAL ASSETS		65.977.192,32	60.426.563,82

LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2020

(Expressed in Euros)

EQUITY AND LIABILITIES	Notes	31/12/2020	31/12/2019
EQUITY		14.295.173,20	13.132.398,00
Equity		14.269.708,49	9.827.336,12
Share Capital	Note 13.1	618.787,60	464.000,00
Issue Premium		3.134.676,13	90.000,01
Reserves and losses from previous years	Note 13.2	5.792.871,39	5.803.953,60
Reserve in consolidated companies	Note 13.3	3.649.662,88	2.813.112,71
Financial year result attributed to the parent company	Note 21	1.073.710,49	656.269,80
Consolidated Losses and Profits		1.073.710,49	878.839,13
Minority interest losses and profits		-	(222.569,33)
Currency translation adjustments		(2.066,29)	-
Subsidies, donations and legacies received	Note 23	27.531,00	-
Minority interests	Note 16	-	3.305.061,88
NON-CURRENT LIABILITIES		30.871.315,46	27.434.013,97
Long-term provisions	Note 22	199.431,99	165.041,44
Long-term debts	Note 9.1	30.126.137,77	26.698.965,55
Credit institutions debts		16.714.102,05	12.517.272,78
Financial leasing creditors		2.319.995,08	2.811.806,15
Other financial liabilities		11.092.040,64	11.369.886,62
Deferred tax liabilities	Note 17	545.745,70	570.006,98
CURRENT LIABILITIES		20.810.703,66	19.860.151,85
Short-term debts	Note 9.1	9.179.457,43	9.766.582,77
Credit institutions debts		7.996.425,17	7.079.299,65
Financial leasing creditors		458.481,85	456.776,86
Other financial liabilities		724.550,41	2.230.506,26
Trade and other payables		11.630.326,69	10.093.569,08
Suppliers	Note 9.1	8.997.393,37	7.819.316,03
Suppliers, group and affiliated companies	Note 9.1 and 24.1	9.680,00	7.750,00
Sundry creditors	Note 9.1	964.676,00	417.927,97
Staff	Note 9.1	580.539,30	647.630,94
Current tax liabilities	Note 17	62.430,33	56.513,77
Other debts with Public Authorities	Note 17	742.756,51	635.235,10
Advances from clients	Note 9.1	272.851,18	509.195,27
Short term accruals		919,54	-
TOTAL EQUITY AND LIABILITIES		65.977.192,32	60.426.563,82

LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR 2020

(Expressed in Euros)

PROFIT AND LOSS ACCOUNTS	Notes	2020	2019
Net turnover	Note 26	57.839.030,35	48.374.531,30
Net sales		55.140.008,49	44.980.052,36
Provision of services		2.699.021,86	3.394.478,94
Stock change in finished products and in process		(1.806.796,80)	(638.692,01)
Work performed by the company for its assets	Notes 5 and 6	2.262.276,08	2.330.832,49
Supplies	Note 18.a	(24.256.753,24)	(20.689.795,89)
Goods consumed		(1.554.670,14)	(801.700,31)
Raw materials and other consumables consumed		(21.476.328,25)	(18.877.754,42)
Work performed by other companies		(1.206.701,71)	(956.107,99)
Impairment in goods, raw materials and other supplies		(19.065,33)	(54.233,17)
Other operating income		534.994,42	-
Ancillary and other current operating income		534.994,42	-
Staff expenses		(17.483.421,90)	(15.329.360,58)
Wages, salaries and the like		(13.796.054,65)	(11.838.104,81)
Fringe benefits	Note 18.b	(3.672.265,65)	(3.491.255,77)
Provisions		(15.101,60)	-
Other operating expenses		(11.622.412,49)	(9.367.150,87)
External charges for services		(11.136.431,87)	(9.077.372,72)
Taxes		(459.492,98)	(311.069,81)
Losses, Impairment and change in trade provisions		(26.487,64)	21.291,66
Amortization of fixed assets	Notes 5 and 6	(2.883.973,72)	(2.249.935,99)
Surplus provisions		(21.278,77)	(17.693,20)
Impairment and earning for fixed-asset disposals		(25.244,23)	18.235,25
Earnings for disposals and others		(25.244,23)	18.235,25
Other results		(79.524,56)	(982.112,19)
Negative difference in consolidation of consolidated companies		-	522.731,89
OPERATING EARNINGS		2.456.895,14	1.971.590,20
Financial income		5.630,08	500,86
Financial expenses		(1.941.387,15)	(1.196.562,38)
Exchange differences		16.652,09	(13.999,66)
Impairment and earnings for disposals of financial instruments		3.440,93	-
FINANCIAL EARNINGS		(1.915.664,05)	(1.210.061,18)
PRE-TAX EARNINGS		541.231,09	761.529,02
Profit tax	Note 17	532.479,40	117.310,11
FINANCIAL YEAR EARNINGS FROM CONTINUING OPERATIONS		1.073.710,49	878.839,13
Result attributed to the Parent Company	Note 16	-	(222.569,33)
INCOME ATTRIBUTABLE TO THE PARENT COMPANY		1.073.710,49	656.269,80

LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES

**STATEMENT OF RECOGNIZED CONSOLIDATED
 INCOME AND EXPENSES FOR FINANCIAL YEAR 2020**

(Expressed in Euros)

	Notes to the Annual Accounts	2020	2019
EARNINGS AS PER PROFIT AND LOSS ACCOUNT		1.073.710,49	656.269,80
Income and expenses directly recognized in equity:			
Grants, donations and legacies received		27.531,00	-
Currency translation adjustments		(2.066,29)	-
TOTAL INCOME AND EXPENSES DIRECTLY ALLOCATED TO EQUITY		25.464,71	-
Profit and loss account transfers			
Grants, donations and legacies received (Note 23)		-	(28.969,72)
Tax effect		-	-
PROFIT AND LOSS ACCOUNT TOTAL TRANSFERS		-	(28.969,72)
TOTAL RECOGNIZED INCOME AND EXPENSES		1.099.175,20	627.300,08

LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE FINANCIAL YEAR 2020**

(Expressed in Euros)

	Share Capital	Premium Issue	Reserves and previous financial years' income	Result attributed to the Parent Company	Adjustments for changes in value	Subsidies, donations and legacies received	Minority interest	Total
BALANCE END OF YEAR 2018	464.000,00	90.000,01	7.979.610,73	689.017,26	-	28.969,72	3.094.530,87	12.346.128,59
Total recognized income and expenses	-	-	-	656.269,80	-	(28.969,72)	222.569,33	849.869,41
Operations with partners or owners (own shares)	-	-	(47.693,64)	-	-	-	(15.906,36)	(63.600,00)
Other changes in equity	-	-	685.149,22	(689.017,26)	-	-	3.868,04	-
Distribution of earnings from the previous	-	-	689.017,26	(689.017,26)	-	-	-	-
Others	-	-	(3.868,04)	-	-	-	3.868,04	-
BALANCE END OF YEAR 2019	464.000,00	90.000,01	8.617.066,31	656.269,80	-	-	3.305.061,88	13.132.398,00
Total recognized income and expenses	-	-	-	1.073.710,49	(2.066,29)	27.531,00	-	1.099.175,20
Operations with partners or owners	154.787,60	3.044.676,12	169.198,16	-	-	-	(3.305.061,88)	63.600,00
Increases in capital	154.787,60	3.044.676,12	105.598,16	-	-	-	(3.305.061,88)	-
Transactions with own equity instruments (net)	-	-	63.600,00	-	-	-	-	63.600,00
Other changes in equity	-	-	656.269,80	(656.269,80)	-	-	-	-
Distribution of earnings from the previous	-	-	656.269,80	(656.269,80)	-	-	-	-
BALANCE END OF YEAR 2020	618.787,60	3.134.676,13	9.442.534,27	1.073.710,49	(2.066,29)	27.531,00	-	14.295.173,20

LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES

CONSOLIDATED CASH-FLOW STATEMENT OF THE FINANCIAL YEAR 2020

(Expressed in Euros)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES	3.788.938,50	(961.917,48)
Financial year's pre-tax earnings	541.231,09	761.529,02
Adjustments to earnings	4.892.814,76	3.449.969,30
Amortization of fixed assets	2.883.973,72	2.249.935,99
Valuation changes for impairment	45.552,97	32.941,51
Grants allocation	27.531,00	(28.969,72)
Financial income	(5.630,08)	(500,86)
Financial expenses	1.941.387,15	1.196.562,38
Changes in current capital	476.219,46	(3.944.670,77)
Inventories	(215.739,87)	(1.663.710,56)
Trade and other receivables	(919.359,34)	(2.151.896,00)
Other current assets	79.558,08	(134.722,59)
Trade and other payables	1.530.841,05	5.658,38
Other current liabilities	919,54	-
Other cash flow from operating activities	(2.121.326,81)	(1.228.745,03)
Interest payments	(1.941.387,15)	(1.196.562,38)
Receipts from interest	5.630,08	500,86
Receipts (payments) for profits tax	(219.960,29)	(32.683,51)
Other receipts (payments)	34.390,55	-
CASH FLOW FROM INVESTMENT ACTIVITIES	(7.264.259,56)	(14.991.866,61)
Payments for investments	(7.321.053,63)	(14.991.866,61)
Associated companies	(593.304,84)	(1.854.704,74)
Intangible fixed assets	(2.480.521,19)	(2.250.879,96)
Tangible fixed assets	(4.247.227,60)	(3.219.628,14)
Other assets	-	-
Acquisitions by business combination	-	(7.666.653,77)
Proceeds from disposal	56.794,07	-
Tangible fixed assets	56.794,07	-
CASH FLOW FROM FINANCING ACTIVITIES	2.903.646,88	17.511.733,98
Receipts and payments for equity instruments	63.600,00	-
Disposal (Acquisition) of own equity instruments	63.600,00	-
Receipts and payments for financial-liability instruments	2.840.046,88	17.511.733,98
Issuance	4.623.848,71	17.511.733,98
Debts with credit institutions	4.623.848,71	13.831.751,77
Others	-	3.679.982,21
Repayment and amortization of:	(1.783.801,83)	-
Others	(1.783.801,83)	-
NET INCREASE/REDUCTION OF CASH AND CASH EQUIVALENTS	(571.674,18)	1.557.949,89
Cash or cash equivalents at start of financial year	2.117.589,90	559.640,01
Cash or cash equivalents at end of financial year	1.545.915,72	2.117.589,90

LABIANA HEALTH, S.L.
(FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2020

NOTE 1. INCORPORATION, ACTIVITIES AND LEGAL SYSTEM OF THE PARENT COMPANY

a) Incorporation and Registered Office

LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.) (hereinafter "the Parent Company"), was established in Madrid on December 18, 2017, date in which rose to public writing of transfer of domicile, acquisition of nationality, change of name and modification of statutes to Spanish law. Until that date, the company was called Seven Pharma, BV and was domiciled in Rotterdam (Holland). Its current registered office is located in Madrid, street Serrano, 93.

b) The Parent Company activity

According to the statutes of the dominant society, its activities will aim at:

- Participate in financing or have any other type of interest in other legal entities, associations or companies, or direct their management.
- Provide guarantees and ensure compliance with them or otherwise assume responsibility, whether joint and several, for obligations of the companies of the Group or third parties, or in relation to them.
- Do everything that, in the broadest sense of the word, is related to or may lead to the achievement of that objective.

c) Activity of the Group companies

Its activity consists in the commercialization of its own veterinary products; the rendering of services for the manufacture of pharmaceutical and veterinary products for third parties; the rendering of services for the renewal of product registrations, creation and update of dossiers and advisory in the proceedings with health authorities for third parties. They develop new pharmaceutical and veterinary products and reformulations of already existing products, as well as any other activity related to the mentioned activity.

d) Legal System

The Company is governed by its Articles of Association and by the Spanish Law Capital Companies.

NOTE 2. GROUP COMPANIES

The parent owns, directly or indirectly, participations in various national societies and holds, directly and indirectly, the control of them. As indicated in note 1, the parent company, it was holder of shares of subsidiaries in prior years, namely from December 2012. However, being domiciled outside of Spain, it was not obliged to formulate consolidated Annual Accounts. Therefore, as of January 1, 2018, the first consolidation of the Group's member companies has been carried out. For accounting purposes, said date coincides with the time at which a partial split and merger between the subsidiaries described in the subsequent section has been made.

a) Subsidiaries Companies Included in the Consolidation Perimeter

The detail of the subsidiaries included in the scope of consolidation for the year 2020 by the global integration method, is as follows:

	Percentage of Direct + Indirect Holding
Labiana Life, S.A.U.	100,00
Labiana Pharmaceuticals, S.L.U.	100,00
Veterinarski zavod d.o.o. Subotica	100,00

A brief description of the companies included in the consolidation perimeter of the financial year 2020, is provided below:

Company	Registered Address	Corporate Purpose
Labiana Life, S. A.U.	Avenida Europa, 34-D, 1º planta, Madrid	Manufacture and design of pharmaceuticals
Labiana Pharmaceuticals, S.L.U.	c/ Casanovas 27-31, Corbera de Llobregat, Barcelona	Manufacture and design of pharmaceuticals
Veterinarski zavod d.o.o. Subotica	Bulevar kralja Aleksandra 28, Belgrade, Republic of Serbia	Manufacture and marketing of pharmaceutical products

The object and registered offices of the companies that are part of the scope of consolidation as of December 31, 2020, is shown below:

Labiana Life Sciences, S.A.U.

Its main activity consists in the commercialization of veterinary products, the provision of manufacturing of pharmaceutical and veterinary products for third parties, providing services aimed at the renewal of records of products, the creation and updating of dossiers and advice on procedures with health for own and third party authorities, the development of new pharmaceutical and veterinary products and reformulations of existing products, as well as any other activity related to the mentioned corporate purpose. Its current address is Madrid, Serrano St., number 93.

Labiana Pharmaceuticals, S.L.U.

Its main activity consists of manufacturing and Constitution of pharmaceutical products, as well as activities in the field of biotechnology, pharmaceutical, cosmetic, chemical and food industry. Its manufacturing facilities are located in Corbera de Llobregat (Barcelona).

Labiana South East Europe d.o.o. Beograd-Vracar

This company is registered in Serbia. Its activity is the manufacture, research and development, marketing, storage and packaging of animal pharmaceutical products.

Veterinarski zavod a.d., Subotica

Its activity is the manufacture, research and development, marketing, storage and packaging of animal pharmaceutical products.

On 8 December 2020, Labiana South East Europe d.o.o. Beograd-Vracar and Veterinarski zavod a.d., Subotica were merged into Labiana South East Europe d.o.o. Beograd-Vracar. However, it has changed its company name to Veterinarski zavod d.o.o. Subotica.

The financial year of the Parent Company and Subsidiaries begins on January 1 and ends on December 31 of each year. The last Annual Accounts prepared correspond to those for the financial year ended 31 December 2020.

b) Subsidiaries Companies not Included in the Consolidation Perimeter

As of December 31, 2020, the Parent Company has the following holdings in subsidiaries companies, which have not been included in the perimeter of consolidation because the Board of Directors consider that, for its size and little activity, are irrelevant to the global view of the Consolidated Group.

	Percentage of Direct Holding
Labiana Development, S.L.U	100,00
Labiana México, S.A de C.V	95,00
Zoleant ILAC	51,00
Ecuador-Labiana, S.A.	100,00
Contract Farm Management, S.A	80,00
Tecnofeed, S.L	8,90

NOTE 3. PRESENTATION BASIS AND PRINCIPLES OF CONSOLIDATIONS OF THE ANNUAL ACCOUNTS

a) True and Fair View

The accompanying Annual Accounts have been obtained from the accounting records of the Company and are presented in accordance with current commercial legislation and with the standards established in the General Chart of Accounts approved by Royal Decree 1514/2007 of November 16, and The amendments incorporated to it by Royal Decree 1159/2010 of 17 September and Royal Decree 602/2016 of 2 December, with a view to showing the true and fair view of the assets and financial situation as of December 31, 2020 and Of the results of the Company, of changes in equity and of cash flows produced in the Company in the year then ended.

These Consolidated Annual Statements have been prepared by the Parent Company's Board of Directors and will be submitted for approval by the Shareholders' Meeting, and it is considered that they will be approved without any changes.

The valuations of the different items of the individual Annual Accounts of each company have been standardized, adapting the criteria applied to that used in the consolidation.

b) Presentation Currency

In accordance with the applicable laws and regulations on accounting, the Consolidated Annual Accounts are expressed in Euros.

c) Responsibility for the Information Given and the Estimates Made

In preparation of the Consolidated Annual Accounts estimates were made to measure certain of the assets, liabilities, income, expenses and commitments recorded in them, and it basically refers to the assessment of impairment losses certain assets, the useful life of non-current assets and the probability of occurrence of provisions.

Basically, these estimates refer to:

- The evaluation of possible impairment losses on certain assets.
- The estimation of the useful lives of intangible and material assets.
- The assessment of the recoverability of deferred tax assets for tax loss carry forwards.
- The evaluation of the activated development costs.

Although these estimates were made based on the best information available at the date of preparation of the Consolidated Annual Accounts, it is possible that future events will make it necessary to change them in future years. In this case, this would be done prospectively, recognizing the effects of the change in estimate on the corresponding income statements.

d) Critical Aspects of Uncertainties Valuation and Estimation

The good progress of the activity has been reflected in a significant increase in the turnover and in the general profitability of the Group, closing the financial year with profits that amount to 1.073.710,49 euros.

An improvement is foreseen at the operational level in the coming year that will allow us to continue generating sufficient cash flows to be able to face the disbursements to be made in coming years and to face the challenges that have not yet been able to be faced despite being included in the business plan, linked to improving productivity and increasing production capacity.

With the acquisition of the company Veterinarski zavod a.d., Subotica by the Serbian company Labiana South East Europe d.o.o. Beograd-Vracar the Group intends to grow in both sales and results.

On 8 December 2020, Labiana South East Europe d.o.o. Beograd-Vracar and Veterinarski zavod a.d., Subotica were merged into Labiana South East Europe d.o.o. Beograd-Vracar. However, it has changed its company name to Veterinarski zavod d.o.o. Subotica.

On the other hand, the Company's balance sheet as of December 31, 2020 shows in its assets "Developments" valued at 11.177.446,83 euros, which corresponds mainly to internally developed research projects, to obtain new components or new applications for existing APIs. The Board of Directors have analysed the economic and financial viability of all the projects together with that of the business itself and considered that there are good reasons for keeping them capitalised for the amount in which they appear on the combined asset, and there is no indication of their impairment.

In addition, as indicated in note 17, the Group has capitalised tax losses and tax credits for tax loss carry forwards and tax credits for lack of taxable income of total amount of 1.803.541,51 euros. In view of the evolution of the business in recent years and the projections prepared by management, it has been considered appropriate to maintain these rights on the asset side, since it is considered that the projected profits for future years will allow them to be offset.

In view of the foregoing and despite the uncertainty inherent in some of the aforementioned aspects, the Board of Directors of the Parent Company considers that there is no indication that the principle of a going concern has not been complied with or that it could lead to significant changes in the value of the assets and liabilities in the following year.

e) Comparison of the Information

In accordance with commercial law, for comparison purposes, the Board of Directors presents, in addition to the figures for the financial year 2020, for each of the items in the Consolidated Balance Sheet, the consolidated Profit and Loss Accounts, the Consolidated Statement of Changes in Equity and the Consolidated Cash-Flow Statement, the figures for the previous financial year. The items for both financial years are comparable and homogeneous.

f) Principles of Consolidation

The consolidation of the Annual Accounts of **LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.)** with the Annual Accounts of its subsidiaries listed in Note 2, was performed using the following criteria:

- a) The consolidation method used was full integration, considering that there is effective control over the subsidiary.

The consolidation of the operations of **LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.)** with the aforementioned subsidiary company was performed according to the following basic principles:

- The criteria used in the formulation of the individual Balance Sheet and the Profit and Loss Account for each one of the consolidated companies are generally speaking, and in their basic aspects, homogeneous.
- The Consolidated Balance Sheet and the Consolidated Profit and Loss Account include all adjustments and eliminations of the consolidation process, as well as the relevant valuation homogenizations to reconcile balances and transactions between the consolidating companies.
- The Consolidated Balance Sheet does not include the tax effect corresponding to the incorporation of the reserves of the subsidiaries into the accounting of the Parent Company, since it is considered that there will be no transfers subject to deposits at source made, and that these reserves will be used in each subsidiary as a source of self-financing.
- The balances and transactions between consolidated companies were eliminated in the consolidation process. The credits and debts with Group, affiliated and associated companies, which have been excluded from the consolidation (See Note 2.b), are presented in the corresponding headings of the assets and liabilities headings of the Consolidated Balance Sheet.
- The elimination of subsidiary company equity investment was conducted by compensating the shareholding of the Parent Company with the proportional part of the net equity of the subsidiary companies, which is represented, by the shareholding on the date of acquisition, registered at its fair value at this date, the assets identifiable and liabilities assumed by the Parent Company. The difference obtained was treated as a "Negative Difference in Consolidation" and it has currently included in the reserves of the Parent Company.
- The consolidated result for the financial year shows the part that may be attributed to the Parent Company, comprised of the result obtained by the latter plus the corresponding part, by virtue of the financial shareholding, of the income obtained by the subsidiary company.

NOTE 4. RECOGNITION AND VALUATION STANDARDS

The principal valuation standards used by the Group in the drafting of its Consolidated Annual Accounts for 2020, in accordance with those established by the General Accounting Plan, were as follows:

a) Intangible Fixed Assets

Assets included in intangible fixed assets are valued by their cost, whether purchase price or production cost, reduced by the corresponding accumulated amortization (calculated based on its useful life) and losses from any impairment, which, where appropriate, has occurred.

Should the Group consider that an intangible fixed asset has an indefinite useful life due to the inexistence of a foreseeable limit for the period during which the asset would be expected to generate net cash-flow items, it would not be amortised but instead, it would be subject to an impairment test at least once a year. The useful life of an intangible fixed asset, which is not amortised, is revised every financial year to determine whether there are facts and circumstances that allow this asset to continue with an indefinite useful life. If not, its useful life will be changed from indefinite to definite.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. The amortisation charge for each period is recognised in profit or loss.

Research & Development Costs

Research & Development expenses are recognized as expenses for the financial year in which they are incurred.

Activated development costs are specifically individualized by projects and their cost is clearly established so that it can be distributed over time. Likewise, the Group Management has well-founded reasons for the technical success and economic profitability of these projects.

Development expenses begin to amortize from the date of completion of the project, with an estimated useful life of 5 years. The counterpart of capitalized expenses is reflected in the heading of work carried out for intangible assets in the consolidated income statement for costs incurred during the year.

When there are reasonable doubts about the technical success or economic profitability of a project, the amounts recorded in the corresponding assets are directly charged to consolidated losses for the year.

Likewise, the amounts received as advances from customers related to the aforementioned development projects are recorded under "Advances received by orders", within commercial creditors and are not recognized as income until the end of the project.

Industrial Property

This corresponds to the capitalized development expenses for which the relevant patent or similar has been obtained, and includes the registration and formalization costs for the industrial property, as well as the costs for purchasing the corresponding rights from third parties.

These are amortized on a straight-line basis over their useful life.

Goodwill

Goodwill acquired in an operation, where the Company acquired the control of one or more businesses (business combination), is valued, on the date of the acquisition, at its cost, this being the excess cost of the business combination on the corresponding value of the identifiable assets acquired less that of the liabilities assumed. After the initial recognition, goodwill is valued at its cost less, where appropriate, the accumulated impairment losses, which are considered irreversible. Tests for impairment of goodwill are carried out annually, or more frequently, where events or changes in circumstances suggest that the book value may have been impaired.

In order to test for impairment, the goodwill acquired in a business combination is allocated, from the date of acquisition, to each of the Company's cash-generating units or groups, to which the benefits of the synergies in the business combination are expected to pass. Goodwill is not amortized, instead possible loss in value is determined, once a year at least, by analyzing the recoverable value for that cash-generating unit (or set of units) and, should this be less than the net book value, an irreversible loss from impairment is recognized in the Consolidated Profit and Loss Account.

Computer Applications

Licenses for computer applications purchased from third parties or computer programs created internally, are capitalized based on the costs incurred for purchasing or developing these, and for preparing them for their use.

Computer applications are amortized on a straight-line basis throughout their useful lives, at an annual rate of 20% and 33% annual.

Maintenance expenses for computer applications incurred during the financial year are recognized in the Consolidated Profit and Loss Account.

b) Tangible Fixed Assets

Tangible fixed assets are valued by their acquisition price net of the corresponding accumulated amortization and, where appropriate, of the accumulated value of the recognized allowances for impairment.

Repair and maintenance expenses incurred during the financial year are debited in the Consolidated Profit and Loss Account. Costs for renovating, extending or improving intangible fixed assets, representing an increase in capacity, productivity or lengthening of useful life, are capitalized as a higher value of the corresponding assets, once the book values of the replaced items have been de-recognised.

Tangible fixed assets, net of their residual value, where appropriate, are amortized by a straight-line-basis distribution of the various items that constitute these fixed assets over the years of estimated useful life making up the period in which the Company hopes to use them, according to the following table:

	Annual Percentage	Estimated Years of Useful Life
Buildings	3	33,33
Technical installations	10	10
Machinery	10	10
Tools and Equipment	20	5
Other installations	10	10
Furniture	10	10
IT equipment	25	4
Vehicles	15	6,67
Other tangible fixed asset	20	5

The loss or profit resulting from writing-off a tangible fixed-asset item is determined as the difference between the net value, where appropriate, of the sales costs resulting from its alienation or disposal by other means, where available, and the item's book value, and is allocated to the Consolidated Profit and Loss Account for the financial year in which this occurs.

At the financial year's closure, the Group assesses whether there are signs of impairment in a tangible fixed-asset item or any cash-generating unit, in which case the recoverable amounts are estimated and the necessary allowances are made.

An impairment loss is deemed to have occurred in a tangible fixed-asset item where its book value exceeds its recoverable value, this being understood as the higher value between its fair value less the sales costs and its value in use.

Allowances for impairment in the tangible fixed-asset items, as well as their reversals where the circumstances producing them cease, are recognized as an expense or income respectively in the Profit and Loss Account. The reversal of the impairment is confined to the carrying amount of the fixed asset that would have been recognised on the reversal date had the impairment not been recognised.

c) Leases and other Transactions of a Similar Nature

Operating-lease expenses incurred during the financial year are debited in the Consolidated Profit and Loss Account.

d) Financial Instruments

The Group only recognizes a financial instrument in its consolidated balance sheet when it becomes a compulsory part of the contract or legal act in question, in conformity with its dispositions.

The Group determines the classification of its financial assets on their initial recognition and, where it is permitted and appropriate, this classification is re-assessed on each closing balance sheet.

Financial instruments, for the purposes of their valuation, are classified in any of the following categories:

Loans and Receivable Items

The following are classified under this category:

- a) Trade credits: financial assets arising from the sale of assets and the provision of services for commercial transactions.
- b) Non trade credits: financial assets which, being neither equity instruments nor derivatives, have no commercial origins, whose payments are for a fixed or determinable amount, and which are not traded in an active market. They do not include those financial assets for which the Group cannot recover substantially all the initial investments, owing to circumstances unrelated to credit impairment. The latter are classified as available for sale.

Debts and Payable Items

The following are classified under this category:

- a) Trade debts: financial debts arising from the purchase of assets and services through commercial transactions.
- b) Non trade debts: Financial liabilities which, not being derivate instruments, have no commercial origins.

Initially, financial assets and liabilities included in this category are valued by their fair value, which is the price of the transaction and which is equivalent to the fair value of the consideration paid plus the transaction costs, which are directly attributable to it.

Notwithstanding what is stated in the above paragraph, loans and debts through commercial transactions with a maturity not greater than one year and which do not have a contractual rate of interest, are valued by their nominal value where the effect of not updating the cash flows is of no significance.

In subsequent valuations, both assets and liabilities are valued by their amortized cost. Accrued interest is recognized in the Consolidated Profit and Loss Account by applying the effective interest rate method. Notwithstanding the above, loans and debts with a maturity no greater than one year, which are initially valued by their nominal value, remain valued by this amount unless, in the case of loans, they have been impaired.

At the year-end, the necessary allowances are made where there is objective evidence of value of a credit having been impaired i.e. where there is evidence of a reduction or delay in estimated future cash flows corresponding to that asset.

An impairment loss in the value of loans and receivable sums corresponds to the difference between their book value and the current value of the estimated future cash flows to be generated, deducted at the effective interest calculated on their initial recognition.

Allowance for impairment of debts as of December 31, 2020, has been estimated based on the analysis made on each of the individualized outstanding receivables on that date.

Investments in Group and Affiliated Companies Equity Instruments

They are initially valued at cost, which corresponds to the fair value of the consideration paid plus the transaction costs, which are directly attributable to them.

They are subsequently valued by their cost, less, where appropriate, the accumulated value of the allowances for impairment.

At the close of the financial year, and where there is objective evidence that the book value of an investment will not be recoverable, the necessary allowances are made.

The value of the allowance is determined as the difference between the book value and the recoverable value, unless there is better evidence of the recoverable value of the investments, account is taken, in estimating the impairment in this class of assets, of the proportion of equity of the entity in which there are holdings, corrected for the implicit capital gains present at the date of valuation, which correspond to items identifiable on the balance sheet of the entity in which there are holdings.

Allowances for impairment and, where appropriate, its reversal, are recognized as an expense or income respectively in the Consolidated Profit and Loss Account. The reversal of the impairment shall be limited to the book value of the investment that would have been recognized on the reversal date if the impairment had not been recognized.

De-Recognition of Financial Assets

A financial asset, or part of it, is de-recognized where the contractual rights over the cash flows of the financial asset have expired or been assigned, and the risks and benefits attaching to its ownership have been substantially transferred.

When a financial asset is written off, the difference between the net monetary consideration received from the attributable transaction costs, considering any new asset obtained minus any assumed liability, and the book value of the financial assets, plus any accumulated amount that has been directly recognized in the net equity, determines the profit or loss generated when the mentioned asset is written off, and is part of the yearly result when this occurs.

Write-off of Financial Liabilities

A financial liability is de-recognized where the corresponding obligation ceases.

The difference between the book value of the financial liabilities or of the part that has been written off and the paid consideration, including the attributable transaction costs as well as any transferred asset or assumed liability, is recognized in the Profit and Loss Account of the year in which it takes place.

Interest and Dividends Received from Financial Assets

Interest and dividends from financial assets accrued subsequent to their purchase are recognized as income in the Consolidated Profit and Loss Account.

On the other hand, where dividends are unequivocally derived from earnings generated before the acquisition date, they are recognised by reducing the book value of the investment.

Interests are recognized by using the effective interest rate method and dividends where it is declared that shareholders are entitled to receive it. For these purposes, in the initial valuation of the financial assets, both the value of the explicit interest, accrued and non-matured at that time on acquisition are recognized separately, bearing in mind their maturity, in the initial valuation of the financial assets.

Guarantees Given and Received

Short and Long term guarantees given and received are valued according to the amount paid-out.

e) Inventories

Goods and services included in inventories are valued by their cost, whether this is the acquisition price or the production cost.

The acquisition cost includes the amount invoiced by the seller after deducting any discount, reduction or other similar entries as well as the interests incorporated to the debts nominal, plus the additional expenses produced until the goods are located for their sale and others directly attributable to the acquisition.

The production cost of the stocks includes the acquisition price of the raw materials and other consumable materials and the costs directly related to the units produced and a systematically calculated part of the indirect, variable or fixed costs incurred during the transformation process. The distribution process of the fixed indirect costs is carried out depending on the normal production capacity or the real production, whichever is greater.

Advances to suppliers for the future provisions of inventories are valued by their cost.

The cost of the raw materials and other supplies, the cost of goods and the transformation cost is assigned to the different units in stock through the application of the Weighted Average Price method.

The cost value of the stocks is subject to value correction depending on the time period expected consumption and an individualized analysis of each.

The allowance recognized previously will reverse in Consolidated Profit and Loss Account if circumstances which produced the impairment are no longer influencing or if exists a fair evidence of the increase of the net value as a consequence of a change in the economic environment. The reversal is limited by the minor cost and the new net value of the inventories.

The allowances and reversals of inventories impairment are recognized as "Stock change in finished products and in process" and "Supplies", according with the typology of the inventories.

The ongoing rendering of services corresponds to work exclusively directed to the Renewal of product registrations, creation and update of dossiers and advisory in the proceedings with health authorities for third parties. These services are valued for the costs directly chargeable to the rendering of the service and the profit of the service will be recognized once the hired services are completed.

f) Transactions in Foreign Currencies

Transactions in foreign currencies are recognized by their exchange value in Euros, by using the spot exchange-rate for the dates on which they occur.

At the close of every financial year, non-monetary items valued at fair value are valued by applying the exchange-rate for the fair value's date of determination, which is at the financial year's close. Positive and negative exchange differences are recognized in the Consolidated Profit and Loss Account for the financial year.

g) Profit Tax

The Group does not do tax consolidation. Consequently, the consolidated expenditure for Company Tax was obtained by the addition of the expenses for this item of each one of the consolidated companies, and were calculated from the individual economic profits, corrected with tax criteria, and taking any applicable returns and deductions into account.

Profit tax is recognised in the Consolidated Profit and Loss Account or directly in the Consolidated Equity depending on where the gains or losses giving rise to it are recognised. Profit tax for each financial year includes both current and deferred taxes, where appropriate.

The current tax amount is the sum to be paid by the Company as a result of the assessment notices for the tax.

Differences between the book value of assets and liabilities, and their tax base, generate the deferred tax asset or liability tax balances which are calculated using the expected tax rates at the time of their reversal, and under the method in which it can be reasonably expected to recover or pay the asset or liability.

Variations arising during the financial year in deferred tax asset or liability taxes are recognized either in the Consolidated Profit and Loss Account or directly in the Consolidated Equity, as appropriate.

Deferred tax assets are only recognized insofar as it is probable that the company will have future tax gains that allow these assets to be applied.

In each closing balance sheet the book value of the recognized deferred tax assets is analyzed and the necessary adjustments are made insofar as there are doubts over their future tax recoverability. Likewise, in each closing non-recognized deferred taxes are assessed in the balance sheet and these are subject to recognition to the extent that their recovery with future tax benefits is probable.

h) Income and Expenses

Income and expenses are allocated according to the accrual basis, i.e. where the real flow of goods and services occurs which these represent, irrespective of when the monetary or financial flow deriving from them occurs.

Income resulting from the sale of goods and provision of services is valued by the fair value of the consideration, received or to be received, that derives from these, which, unless there is evidence to the contrary, is the agreed price for these goods or services, less: the amount of any discount, reduction or other similar items that the Company may concede, as well as the interest incorporated into the face value of the credits.

i) Environmental Equity Items

Expenses in connection with minimizing effects on the environment and with protecting and improving the environment are recognized according to their nature in the Consolidated Profit and Loss Account for the financial year in which they occur.

Assets intended for such activities are classified under the corresponding heading of the tangible fixed asset and are valued by their acquisition price or production cost, net of the corresponding accumulated amortization, and, where appropriate, the accumulated amount for recognized allowances for impairment.

j) Liabilities for Long-Term Payments to Staff

The Parent Company rewards its employees with a bonus of half a monthly salary, a monthly salary and two monthly salaries when they reach 18 years, 25 years and 40 years in the Company, respectively.

In addition, the Subsidiary rewards its employees with a bonus of 150 Euros and 240 Euros, when they have been 25 years and 40 years in the Company, respectively.

The Group registers a provision to cover this obligation based on its best estimate.

k) Grants, donations and legacies

Non-refundable capital grants, as well as donations and legacies, are valued by the fair value of the amount granted or of the goods received. They are initially recorded directly as income in the Consolidated Equity and are recognized in the Consolidated Profit and Loss Account in proportion to the depreciation undergone over the period of the assets financed by these grants, except in the case of non-depreciable assets, in which case they will be recorded to the earnings of the financial year in which their alienation or de-recognition occur.

Grants for debt cancellation, are recorded as income for the financial year in which the cancellation occurs, except if they were received for a specific financing, in which case the recognition is made according to the item financed.

Refundable grants are recognized as long-term debt convertible into subsidies until they become non-refundable.

Operation grants are credited to the income statement at the time of accrual.

Monetary amounts received that are not assigned to any specific purpose are recorded as an income for the financial year in which they are recognized.

I) Related-Party Transactions

In general, items forming the subject matter of a related-party transaction are initially recognized by their fair value. The subsequent valuation is made in accordance with the provisions laid down in the corresponding regulations.

NOTE 5. INTANGIBLE FIXED ASSETS

Details of and changes in tangible fixed assets throughout the financial year 2020 are as follows, in Euros:

	31/12/2019	Acquisitions	Transfers	31/12/2020
Cost:				
Development	12.837.534,94	2.058.884,95	-	14.896.419,89
Industrial property	862.635,93	71.414,34	21.556,64	955.606,92
Computer applications	1.952.089,28	250.590,17	45.773,77	2.248.453,22
Goodwill	665.828,34	185,77	-	666.014,11
Other assets	71.321,41	99.445,96	(67.330,41)	103.436,96
	16.389.409,90	2.480.521,19	-	18.869.931,09
Accumulated amortization:				
Development	(2.894.307,06)	(824.666,00)	-	(3.718.973,06)
Industrial property	(727.478,84)	(4.293,61)	-	(731.541,16)
Goodwill	(8.938,52)	(66.601,41)	-	(75.539,93)
Computer applications	(1.629.849,37)	(106.848,69)	-	(1.736.698,12)
	(5.260.342,55)	(1.002.409,72)	-	(6.262.752,27)
Impairment				
Development	(592.946,52)	-	-	(592.946,52)
Computer applications	(22.261,94)	-	-	(22.261,94)
	(615.208,46)			(615.208,46)
Intangible Fixed Assets, Net	10.513.858,89	1.478.111,48	-	11.991.970,36

Details of and changes in tangible fixed assets throughout the financial year 2019 are as follows, in Euros:

	31/12/2018	Incorporation to Consolidated Perimeter	Acquisitions	Disposals	Transfers	31/12/2019
Cost:						
Development	10.838.500,04		1.999.034,90	-	-	12.837.534,94
Industrial property	42.778,37	795.154,23	24.703,33	-	-	862.635,93
Computer applications	1.661.050,31	8.944,92	200.911,40	-	81.182,65	1.952.089,28
Goodwill	-	665.828,34	-	-	-	665.828,34
Other assets	120.108,39	6.165,34	26.230,34	-	(81.182,65)	71.321,41
	12.662.437,11	1.476.092,83	2.250.879,96	-	-	16.389.409,90
Accumulated amortization:						
Development	(2.091.350,88)	-	(802.956,18)	-	-	(2.894.307,06)
Industrial property	(17.224,86)	(703.801,86)	(6.452,12)	-	-	(727.478,84)
Goodwill	-	-	(8.938,52)	-	-	(8.938,52)
Computer applications	(1.531.351,77)	(5.206,89)	(93.290,72)	-	-	(1.629.849,37)
Other assets	-	-	(1.312,42)	1.543,66	-	231,23
	(3.639.927,51)	(709.008,74)	(912.949,96)	1.543,66	-	(5.260.342,55)
Impairment						
Development	(592.946,52)	-	-	-	-	(592.946,52)
Computer applications	(22.261,94)	-	-	-	-	(22.261,94)
	(615.208,46)	-	-	-	-	(615.208,46)
Intangible Fixed Assets, Net	8.407.301,14	767.084,09	1.337.930,00	1.543,66	-	10.513.858,89

Other Relevant Projects Activated During the Year

DMF Gleptoferron 20% Powder (Labiana Life Sciences, S.A.U.)

The project consists in the development of a DMF of gleptoferron 20% powder to be able to sell this API and register a generic medicine of the medicine GLEPTOSIL 200 mg/ml. in injectable solution registered in Spain, which is currently owned by another company.

This year the Company has activated a total of 573.572 euros in this project, as different tests are being carried out and 3 batches of API powder have been stabilised. It is for this reason that the project is scheduled to close in 2022.

Tylosin Oral Powder (Labiana Life Sciences, S.A.U.)

The project consists of the development of a generic medicine of the drug TYLAN. The project started in 2017 and pilot batches were manufactured in 2020. The project is scheduled to be completed in 2022.

Bicosomas (Labiana Life Sciences, S.A.U.)

This is a technology developed by CSIC that can be used for any molecule based on encapsulated bicelas in liposomes.

CSIC is the holder of the patent application entitled "Encapsuled bicelas in liposomes and their application in diluted systems" filed on March 1, 2010, at the Spanish Patent and Trademark Office, which protects the invention generated by the research group of the Advanced Chemistry Institute of Catalonia of CSIC.

Labiana Life signed in December 2012 a license with CSIC to exploit this patent in the veterinary industry. This agreement with CSIC allows manufacturing and selling products with this technology. It can also be sublicensed (with your consent) to third parties for use in Veterinary.

CSIC is also the holder of a patent in Europe, USA and Brazil. The exploitation of this technology in the veterinary field can only be done through Labiana Life in these territories.

This year the company has activated a total of 26.519 euros in this project (10.205,13 euros in the previous year).

CEP Fosfomicina (Labiana Pharmaceuticals, S. L. U.)

The Company is working on the improvement of the registered generic antibiotic of the urinary apparatus (Fosfomicina Trometamol) and, once reached, distinguish from the other generics and, even, from the reference pharmacy product.

According to the information above, work has been done on the reduction of impurities and the achievement of the world's first PEB, which was obtained in April 2014. Since then, the Company has reached agreements for the marketing of the product through licenses in many countries worldwide and continues with its significant geographical expansion, conditioned by the pace of obtaining permits and by the requirements established in each country.

During the year 2020, the five-year revalidation has been approved.

During the year, the Company has incurred costs related to this project amounting to 500.073,98 euros, which have been recorded as "Development Expenses" in intangible assets (399.882,16 euros in the previous year).

Fully-Amortized and in-Use Items

Below is the headed breakdown of the most significant assets which were fully-amortized and in use as of December 31, 2020 and 2019, stating their cost values in Euros:

	31/12/2020	31/12/2019
Development	282.569,71	-
Industrial property	2.815,00	-
Computer applications	1.456.155,23	1.423.085,53
Total	1.741.539,94	1.423.085,53

NOTE 6. TANGIBLE FIXED ASSETS

Details of and changes in tangible fixed assets throughout the financial year 2020 are as follows, in Euros:

	31/12/2019	Acquisitions	Disposals	Transfers	31/12/2020
Cost:					
Land	1.014.486,17	-	-	-	1.014.486,17
Buildings	5.747.524,06	273.941,05	-	244.196,21	6.265.661,32
Technical installations and machinery	20.204.700,95	2.316.110,28	(242.958,48)	2.563.823,58	24.841.676,33
Other installations, tools and furniture	2.475.303,60	111.329,44	-	88.241,75	2.674.874,79
Data-processing equipment	908.627,82	129.929,56	-	21.567,61	1.060.124,99
Vehicles	301.321,23	7.021,12	(70.693,01)	6.376,15	244.025,49
Other assets, advances and fixed assets on going	2.638.500,53	1.408.896,15	-	(2.968.380,11)	1.046.560,65
	33.290.464,36	4.247.227,60	(313.651,49)	(44.174,81)	37.179.865,66
Accumulated amortization:					
Buildings	(1.448.080,60)	(168.638,14)	-	28,23	(1.616.690,51)
Technical installations and machinery	(10.646.661,83)	(1.476.589,02)	255.524,37	23.930,22	(11.843.796,26)
Other installations, tools and furniture	(1.753.923,65)	(141.610,87)	-	(12.317,54)	(1.907.852,06)
Data-processing equipment	(806.035,57)	(65.772,03)	-	6.376,15	(865.431,45)
Vehicles	(162.151,07)	(18.221,93)	17.598,80	12.208,00	(150.566,20)
Other assets	(8.785,61)	(10.732,01)	-	(6.049,93)	(25.567,55)
	(14.825.638,33)	(1.881.564,00)	273.123,17	24.175,13	(16.409.904,04)
Impairments:					
Technical installations and machinery	(411.244,64)	-	-	-	(411.244,64)
Other installations, tools and furniture	(32.798,86)	-	-	-	(32.798,86)
Data-processing equipment	(4.831,15)	-	-	-	(4.831,15)
	(448.874,65)	-	-	-	(448.874,65)
Tangible Fixed Assets, Net	18.015.951,38	2.365.663,60	(40.528,32)	(19.999,68)	20.321.086,97

Details of and changes in tangible fixed assets throughout the financial year 2019 are as follows, in Euros:

	31/12/2018	Incorporation to Consolidated Perimeter	Acquisitions	Disposals	Transfers	31/12/2019
Cost:						
Land	440.134,25	574.351,92	-	-	-	1.014.486,17
Buildings	2.772.500,42	2.883.486,91	14.805,19	-	76.731,54	5.747.524,06
Technical installations and machinery	13.802.303,68	3.473.134,25	899.337,62	-	2.029.925,40	20.204.700,95
Other installations, tools and furniture	2.201.757,29	-	124.859,27	(22.901,78)	171.588,82	2.475.303,60
Data-processing equipment	830.091,84	-	37.819,93	-	40.716,05	908.627,82
Vehicles	261.355,92	-	39.965,31	-	-	301.321,23
Other assets, advances and fixed assets on going	2.512.797,89	341.823,63	2.102.840,82	-	(2.318.961,81)	2.638.500,53
	22.820.941,29	7.272.796,71	3.219.628,14	(22.901,78)	-	33.290.464,36
Accumulated amortization:						
Buildings	(1.283.614,36)	(86.104,38)	(78.361,86)	-	-	(1.448.080,60)
Technical installations and machinery	(9.364.117,03)	(286.375,92)	(996.168,88)	-	-	(10.646.661,83)
Other installations, tools and furniture	(1.615.074,16)	-	(161.751,27)	22.901,78	-	(1.753.923,65)
Data-processing equipment	(741.352,95)	-	(64.682,62)	-	-	(806.035,57)
Vehicles	(126.129,67)	-	(36.021,40)	-	-	(162.151,07)
Other assets	(8.785,61)	-	-	-	-	(8.785,61)
	(13.139.073,78)	(372.480,30)	(1.336.986,03)	22.901,78	-	(14.825.638,33)
Impairments:						
Technical installations and machinery	(411.244,64)	-	-	-	-	(411.244,64)
Other installations, tools and furniture	(32.798,86)	-	-	-	-	(32.798,86)
Data-processing equipment	(4.831,15)	-	-	-	-	(4.831,15)
	(448.874,65)	-	-	-	-	(448.874,65)
Tangible Fixed Assets, Net	9.232.992,86	6.900.316,41	1.882.642,11	-	-	18.015.951,38

From the acquisitions of year 2020, a total amount of 357.931,62 euros (630.169,03 euros in the previous year) were used on the improvement of the Company's buildings done by the Company's own workers.

Fully-Amortized and In-Use Items

The breakdown, by captions, of the most significant assets that were fully depreciated and in use as of December 31, 2020 and 2019 are shown below, with an indication of their cost value, in euros:

	31/12/2020	31/12/2019
Buildings	417.146,92	426.489,64
Technical installations	3.062.058,18	2.620.019,36
Machinery	2.664.410,86	2.702.256,84
Tools and Equipment	1.029.232,55	876.287,71
Furniture	447.071,57	447.071,57
IT equipment and other installations	771.114,22	671.833,08
Vehicles	82.214,86	82.214,86
Other tangible fixed assets	6.351,03	5.326,41
	8.479.600,19	7.831.499,47

Other Information

All of the Group tangible fixed assets are operational and duly insured and not subject to any kind of tax.

The Group has taken out insurance policies against the possible risks facing the various items of its tangible assets, with it being understood that these policies sufficiently cover the risks to which these are subject.

Financial leasings

Of the total amount of tangible fixed assets, 3.969.534,88 euros (4.024.321,06 euros in the previous year) are kept under finance lease contracts.

NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

7.1) Leases (the Group as Lessee)

The operating lease charge against the consolidated results of the financial year 2020 was 1.254.992,74 euros (895.701,02 euros in the previous year).

In its status as lessee, the most significant leasing agreement that the Company has at the close of the year is the following:

- Renting of a building with a warehouse of 3.460 m² in Terrassa, for the manufacturing of pharmaceutical specialties, storage and offices.

The total of the minimum future payments expected related to this lease is detailed below, in Euros:

	2020	2019
Less than a year	184.823	186.015,16
One to five years	739.320	744.060,64
Total	924.143	930.075,80

7.2) Financial Leases (the Company as Lessee)

The Company has the following assets financed through financial leasing contracts, in euros:

	31/12/2020		31/12/2019	
	Initial Recognition Value	Purchase Option Value	Initial Recognition Value	Purchase Option Value
Vehicles	207.938,55	4.341,18	207.938,55	4.341,18
Machinery	3.338.790,00	2.000,00	3.338.790,00	2.000,00
Total	3.546.728,55	6.341,18	3.546.728,55	6.341,18

The total amount of future payments in financial leases at year-end is as follows, in Euros:

	31/12/2020	31/12/2019
Minimum future payments	3.163.372,96	3.867.208,46
(-)Financial expenses not accrued	(547.854,66)	(755.411,67)
Purchase option value	(6.341,18)	(6.341,18)
Valor actual al cierre del ejercicio	2.609.177,12	3.105.455,61

The detail of the maturities of the financial leasing contracts is as follows, in euros:

	Minimum payments 31/12/2020	Current value 31/12/2020	Minimum payments 31/12/2019	Current value 31/12/2019
Up to one year	663.184,03	469.865,51	677.030,22	546.517,20
Between one and five years	2.500.188,93	2.130.036,12	3.190.178,24	2.561.067,16
Total	3.163.372,96	2.599.901,62	3.867.208,46	3.107.584,41

NOTE 8. FINANCIAL ASSETS

The following is the breakdown of the long-term financial assets as of December 31, 2020 and 2019, in euros. It does not include the investments made on the equity of the non-consolidated Group companies, which are shown in Note 11:

	31/12/2020	31/12/2019
Loans and receivable items (Note 8.2)	248.947,58	129.855,45

The following is the breakdown of the short-term financial assets as of December 31, 2020 and 2019, in euros:

	Loans and Others 2020	2019
Assets at fair value through the profit and loss:	1.545.915,72	2.117.589,90
Cash or other liquid assets (Note 8.1.a)	1.545.915,72	2.117.589,90
Loans and receivable items (Note 8.2)	12.590.767,34	12.314.096,06
	14.136.683,06	14.431.685,96

8.1) Assets at Fair Value with Changes in Consolidated Profits and Losses

8.1.a) Cash and Other Equivalent Liquid Assets

The following is the breakdown of these assets as of December 31, 2020 in Euros:

	2020 Euros	2019 Euros
Bank current accounts	1.536.537,12	2.113.282,31
Cash	9.378,60	4.307,59
	1.545.915,72	2.117.589,90

8.2) Loans and Receivable Items

The composition of this heading as of December 31, 2020 and 2019, is as follows in Euros:

	31/12/2020 Long-term	31/12/2020 Short-term	31/12/2019 Long-term	31/12/2019 Short-term
Loans for commercial transactions				
Third party customers	-	10.469.748,62	-	10.581.504,20
Non-consolidated corporate customers (Note 24.1)	-	461.745,04	-	300.671,70
Sundry debtors	-	25.592,23	-	5.428,70
Advances to suppliers	-	737.631,70	-	919.888,44
Total loans for commercial transactions	-	11.694.717,59	-	11.807.493,04
Loans for non-commercial transactions				
Loans to third parties	131.431,64		23.334,76	-
Loans to non-consolidated group companies (Note 24.1)	3.300,00	790.000,00	3.393,41	400.000,00
Securities and deposits	114.215,94	78.470,15	106.127,28	800,25
Loans to staff		27.579,60	-	105.802,77
Total loans for non-commercial operations	248.947,58	896.049,75	132.855,45	506.603,02
Total	248.947,58	12.590.767,34	132.855,45	12.314.096,06

Loans with Group Companies

On April 20, 2019, the Company signed a convertible loan with its investee Zoleant ILAC for a total amount of 200.000 euros. The maturity of this loan is December 31, 2020. On October 22, 2019, through an annex to the initial loan agreement, the loan amount was increased to 450,000 euros, of which, as of December 31, 2020, 400.000 euros had already been disbursed. As of 31 December, a new capital increase has taken place, the amount at year-end being 790.000 euros.

During financial year 2020, the trade debtor balances, and other receivables include impairments caused by insolvency risks, as detailed below, in Euros:

Impairments	Balance a 31/12/2019	Impairment Losses	Disbursements and reductions	Balance write-off	Balance a 31/12/2020
Customers acc.receivable	(115.134,51)	(26.487,64)			(141.622,15)

During financial year 2019, the trade debtor balances, and other receivables include impairments caused by insolvency risks, as detailed below, in Euros:

Impairments	Balance a 31/12/2018	Impairment Losses	Disbursements and reductions	Balance write-off	Balance a 31/12/2019
Customers acc.receivable	(354.460,01)	(78.254,95)	74.650,00	242.930,45	(115.134,51)

Classification by Maturity Date

At the close of the year, all the Group's financial assets have maturities of less than 1 year except for the deposits delivered for the payment of leasings, which have a maturity between one and five years, amounting to 114.215,94 euros (103.127,28 euros in the previous year). Meanwhile credits to unconsolidated group companies of the group are overdue on 31 December 2020.

NOTE 9. FINANCIAL LIABILITIES

The following is the breakdown of the long-term financial liabilities as of December 31, 2020, in Euros:

	Amounts owed to credit institutions		Others		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Debits and payable items (Note 9.1)	16.714.102,05	12.517.272,78	13.412.035,72	14.181.692,77	30.126.137,77	26.698.965,55

The following is the breakdown of the short-term financial liabilities as of December 31, 2020 in Euros:

	Amounts owed to credit institutions		Others		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Debits and payable items (Note 9.1)	7.996.425,17	7.079.299,65	12.008.172,11	12.089.103,33	20.004.597,28	19.168.402,98

9.1) Debits and Payable Items

The breakdown of these as of December 31, 2020 is as follows, in Euros:

	31/12/2020		31/12/2019	
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	8.997.393,37	-	7.819.316,03
Group Companies	-	9.680,00	-	7.750,00
Creditors	-	964.676,00	-	417.927,97
Advances from clients	-	272.851,18	-	509.195,27
Total balances for commercial transactions	-	10.244.600,55	-	8.754.189,27
For non-commercial operations:				
Amounts owed to credit institutions (Note 9.1.1)	16.714.102,05	7.996.425,17	12.517.272,78	7.079.299,65
Bank borrowings (Note 9.1.1)	2.319.995,08	458.481,85	2.811.806,15	456.776,86
Other financial liabilities (Note 9.1.2)	11.092.040,64	724.550,41	11.369.886,62	2.230.506,26
Loans and other debts	30.126.137,77	9.179.457,43	26.698.965,55	9.766.582,77
Staff	-	580.539,30	-	647.630,94
Total balances for non-commercial operations	-	9.759.996,73	26.698.965,55	10.414.213,71
Total debits and payable items	30.126.137,77	20.004.597,28	26.698.965,55	19.168.402,98

9.1.1) Amounts owed to credit institutions

The summary of amounts owed to credit institutions as of December 31, 2020 is shown below, in euros:

	Long-term	Short-term	Total
Loans	935.903,88	16.714.102,05	17.650.005,93
Credit lines/facilities	4.427.294,00	-	4.427.294,00
Discount effects	444.591,43	-	444.591,43
Confirming lines	2.188.989,32	-	2.188.989,32
Financial leasing	458.336,91	2.319.995,08	2.778.331,99
	8.455.115,54	19.034.097,13	27.489.212,67

The summary of amounts owed to credit institutions as of December 31, 2019 is shown below, in euros:

	Long-term	Short-term	Total
Loans	959.217,60	12.367.272,78	13.326.490,38
Credit lines/facilities	4.722.220,96	-	4.722.220,96
Discount effects	56.538,19	-	56.538,19
Confirming lines	1.491.322,90	-	1.491.322,90
Financial leasing	456.776,86	2.811.806,15	3.268.583,01
	7.686.076,51	15.179.078,93	22.865.155,44

Loans

During the month of April 2020, the Group has signed six loan contracts with various financial institutions for a total amount of 4.730 thousand euros, all with a duration of five years and a vesting period of twelve months and an interest rate of between Euribor +1.5% and 2.25% per annum fixed for the life of the loan, depending on the financial institution. These three loans are included in Royal Decree Law 8/2020, on extraordinary urgent measures to address the economic and social impact of COVID-19, through which they are backed by a State guarantee.

Credit lines/facilities

As of December 31, 2020, the Group has credit policies granted with a total limit amounting to 6.072.000 euros (the same amount in the previous year), the amount used as of that date amounts to 4.427.294,00 euros (4.722.220,96 euros in the previous year).

Discount lines

As of December 31, 2020, the Group has discount policies for effects granted with a total limit amounting to 700.000 euros (750.000 euros in the previous year), the amount used as of that date amounts to 444.591,43 euros (56.538,19 euros in the previous year).

Confirming lines

As of December 31, 2020 the Group has confirming lines granted with a total limit amounting to 2.550.000 euros (1.750.000 euros in the previous year), the amount used as of that date amounts to 2.188.989,32 (1.491.322,90 euros in the previous year).

9.1.2) Other Debts

The breakdown of these as of December 31, 2020 is as follows, in Euros:

	Short term	Long term	Total
“Financia tu empresa” Plan	-	670.000,00	670.000,00
Ministry of Industry Loan	12.312,15	3.542.710,50	3.555.023,00
CDTI Loan	64.427,52	727.274,28	791.701,80
Other Payables	36.860,66	-	35.914,16
Be Spoke Loan	-	5.000.000,00	5.000.000,00
October España Loan	610.949,72	1.152.055,86	1.763.005,58
	724.550,41	11.092.040,64	11.816.591,05

The breakdown of these as of December 31, 2019 is as follows, in Euros:

	Short term	Long term	Total
“Financia tu empresa” Plan	7.000,00	670.000,00	677.000,00
Ministry of Industry Loan	11.312,50	3.554.023,00	3.565.335,50
CDTI Loan	60.898,00	532.327,63	593.225,63
Other Payables	24.831,75	-	24.831,75
Be Spoke Loan	-	5.000.000,00	5.000.000,00
October España Loan	586.464,01	1.613.535,99	2.200.000,00
Deferred payment of Zoleant ILAC, A. S. acquisition	550.000,00	-	550.000,00
Loan with Group companies	990.000,00	-	990.000,00
	2.230.506,26	11.369.886,62	13.600.392,88

“Financia tu empresa” Plan

During 2012, the Company implemented a financing plan that it offered to both employees and third parties in order to obtain the necessary resources to carry out new investments in equipment improvement. The loan agreements signed under this plan bear interest at an annual rate of between 7% and 10%, payable semi-annually and maturing in 2017. As of December 31, 2018, this maturity was extended to July 2020. On or before the maturity date, under certain conditions, the creditor may request the early redemption of the loan or the conversion of the loan into shares. As of December 2, 2019, the maturity was extended to July 2022. This new maturity had not yet been signed as of the date of preparation of these Annual Accounts.

Ministry of Industry Loan - Reindus

On 18 January 2018, the Ministry of Economy, Industry and Competitiveness, through the Reindustrialisation and Promotion of Industrial Competitiveness Programme, granted the Company a loan of 3.531.398,00 euros. This loan has a grace period of 3 years, matures on 18 January 2028 and bears interest at 2,2%.

Ministry of Industry Loan - Reindus

During 2012, the Ministry of Industry, Energy and Tourism granted aid in the form of a loan to one of the Group companies. Said loan has a repayment term of ten years with a grace period of two years and an interest rate of 3.95%.

CDTI loan

On 29 June 2018, the Centre for Industrial Technological Development approved a loan of 1.279.703,05 euros to the Company for the development of the research and development project called "new synthesis methodology for the active principle phosphomycin trometamol and incorporation of innovative strategies in the development of the pharmaceutical form phosphomycin granulated trometamol". The loan matures on 25 June 2030.

CDTI Loan

On October 10, 2013, the Company signed a loan agreement with the Centre for Industrial Technological Development, E.P.E. for a maximum amount of 528.873 euros for the development of the project called "new applications of phosphomycin as an antibiotic for small pets". On December 14, 2017, it was agreed, by means of a public deed, to modify the amortization clause of the CDTI loan and a new payment schedule was established, the last due date of which was extended to July 2025.

Loan Be Spoke

On 15 December 2017, a loan agreement was signed with Be Spoke Loan Founding DAC for a total amount of EUR 6 million, to be drawn in two disbursements. The first of them, for 3 million, two were disbursed in 2018 and the remaining one million in 2019. The second disbursement is still pending. The interest rate applicable to the first disbursement is EURIBOR plus 6,9% per annum.

On 14 December 2018, a novation of the loan agreement with Be Spoke was signed, reducing the total amount of the loan to 5 million euros. In addition, the amounts to be received in each disbursement are modified. Specifically, the amount of the first disbursement is increased by 1.990.000 euros and, consequently, the amount corresponding to the second disbursement is reduced by this amount to 10.000 euros, which were disbursed in 2019. The interest rate applicable to the first disbursement will continue to be EURIBOR plus 6,9% per annum. The interest rate applicable to the second disbursement will be EURIBOR plus a margin to be determined by the lender, which will not be in any case greater than 6,9% per annum.

Loan October España

On June 10, 2019, the Company signed a loan agreement with the entity October España, P.F.P., S.L. for an amount of 2.2 million euros, to finance the acquisition of a new production plant in Serbia. An interest rate of 5.5% and monthly payments of both principal and interest are established from December 1 to May 1, 2023.

Loans with Group Companies

On November 29, 2019, the Parent Company obtained a loan from its majority shareholder, Bluecolt, S.A. for an amount of 1,500,000 euros with an interest rate of 8.25% and maturity of one year. As of December 31, 2019, the Parent Company had used a total of 990,000 euros of said loan, which have been repaid during the financial year 2020.

9.2) Other Information Relating to Financial Liabilities

Due Date of Long-Term Debts

The detail of the maturities of the long-term debts with credit institutions and other debts as of December 31, 2020, is as follows, in Euros:

Maturity	31/12/2020
2022	5.143.203,29
2023	7.201.410,89
2024	3.745.332,35
2025	1.623.903,63
Longer than 5 years	12.412.287,11
Total	30.126.137,77

The detail of the maturities of the long-term debts with credit institutions and other debts as of December 31, 2019, is as follows, in Euros:

Maturity	31/12/2019
2021	2.342.079,12
2022	3.863.608,95
2023	3.578.421,21
2024	3.648.188,27
Resto	13.266.668,00
Total	26.698.965,55

NOTE 10. INFORMATION ON THE DEFERMENT OF PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DUTY TO INFORM" OF LAW 15/2010, OF JULY 5

As indicated in the second final provision of Law 31/2014, of December 3, amending the Capital Companies Act for the improvement of corporate governance, amends the third additional provision of Law 15/2010 Of 5 July, amending Law 3/2004 of 29 December, which establishes measures to combat late payment in commercial transactions, and with respect to the Resolution of January 29, 2016, Institute of Accounting and Audit of Accounts, on the information to be included in the report of the Consolidated Annual Accounts in relation to said Law, the information is the following for the 2020 financial year:

	Financial Year 2020 Days	Financial Year 2019 Days
Average payment period to suppliers	69,64	99,29
Ratio paid operations	71,56	103,12
Ratio of outstanding payment transactions	74,70	109,39
		Euros
Total payments made	40.581.327,94	33.268.878,14
Total pending payments	7.466.367,02	7.328.066,04

NOTE 11. NON-CONSOLIDATED GROUP AND AFFILIATED COMPANIES

The shares held as of December 31, 2020 in Non-Consolidated Group and Associated Companies is shown below, in Euros:

Company	% Direct Equity	Cost	Value correction	Net value at 31/12/2020
Labiana de México, S.A. de C.V. Contract Farm Management, S.A.	95,00	467.153,04	-	467.153,04
Tecnofeed, S.L.	80	17.544,71	(17.544,71)	-
Aquilon CYL, S.L.	8,9	5.683,50	(5.683,50)	-
Zoleant ILAC	5,67	350.070,60	-	350.070,60
Ecuador-Labiana, S.A.	51	1.100.000,00	-	1.100.000,00
Labiana Development, S.L.U.	99	850,92	-	850,92
	100,00	54.506,08	(45.469,27)	9.036,81

On April 8, 2019, the Company has adhered to the Partnership Agreement of the Aquilon Cyl, SL Company, a prerequisite to be able to assume 660 shares of said company created in capital increase of 1 euro of nominal value and 529,41 euros of issue premium. This capital increase was registered on May 6, 2019.

On 12 April 2019, the Group acquired 51% of the share capital of the Turkish company Zoleant ILAC, A.S. for a total amount of EUR 1.100.000. A payment schedule is established with the last payment scheduled for 1 December 2020. As at 31 December 2019, a disbursement of 550.000 euros had been made. As at 31 December the full amount of the acquisition had been paid in full.

The shares held as of December 31, 2019 in Non-Consolidated Group and Associated Companies is shown below, in Euros:

Company	% Direct Equity	Cost	Value correction	Net value at 31/12/2019
Labiana de México, S.A. de C.V.	95,00	467.153,04	-	467.153,04
Contract Farm Management, S.A.	80,00	17.544,71	(17.544,71)	-
Tecnofeed, S.L.	8,90	5.683,50	(5.683,50)	-
Aquilon CYL, S.L.	5,67	350.070,60	-	350.070,60
Zoleant ILAC	51,00	1.100.000,00	-	1.100.000,00
Labiana Development, S.L.U.	100,00	54.506,08	(45.469,27)	9.036,81
				1.926.260,45

The summary of shareholders' equity as of December 31, 2020 according to the annual accounts of the investees is shown below, in euros:

Company	Date of balance	Share Capital	Reserves and others	Profit for the year	Total Equity
Labiana de México, S.A. de C.V. (unaudited)	31/12/2020	573.675,46	(372.560,48)	(29.632,20)	171.482,78
Aquilon CYL, S.L.	31/12/2020	11.647,00	2.692.825,00	(393.568,69)	2.310.903,31
Zoleant ILAC	31/12/2020	649.749,73	(785.538,22)	(267.724,65)	(403.513,14)
Ecuador – Labiana, S.A.	31/12/2020	856,94	-	-	856,94

The summary of shareholders' equity as of December 31, 2019 according to the annual accounts of the investees is shown below, in euros:

Company	Date of balance	Share Capital	Reserves and others	Profit for the year	Total Equity
Labiana de México, S.A. de C.V. (unaudited)	31/12/2019	618.286,81	(349.845,15)	(76.233,97)	192.207,70
Aquilon CYL, S.L.	31/12/2019	11.647,00	3.208.212,35	(362.163,95)	2.857.695,40
Zoleant ILAC	31/12/2019	897.679,12	(720.172,06)	(361.005,21)	(183.498,15)

As can be seen, the equity of the investees, Labiana de México, S.A. de C.V. and Zoleant ILAC, is lower than the net value of the investment at 31 December 2020. The Parent's Board of Directors has decided not to impair these investments on the basis of their business plans, since compliance with these plans guarantees the recoverability of the investments.

None of the Group's investees are listed on domestic or foreign stock exchanges.

Labiana de México, S.A. de C.V.

This company is domiciled in the city of Tejería (Veracruz, Mexico), and its corporate purpose is the marketing of pharmacological products and veterinary instruments.

Aquilon CYL, S.L.

This company is registered in León, Campus Vegazana. Its activity is the diagnosis and swine investigation of dysentery.

Zoleant ILAC

This company is registered in the Republic of Turkey. Its activity is the manufacture, research and development, marketing, storage and packaging of animal pharmaceutical products.

Contract Farm Management, S.A.

This Company is registered at Calle Venus, 26, Polígono Can Perellada of Terrassa. Its activity consists in the provision of services to breeding farms and slaughter of all kinds of animals in the branches concerning slaughter, cutting, processing and sale to consumers. On 19 October 2019, the dissolution resolution was passed and the Company was appointed as liquidator.

Tecnofeed, S.L.

This Company is registered at Avenida Laviaga Castillo in Zaragoza. Its activity consists in the commercialization of stockbreeding and agricultural machinery and accessories. On 31 March 2017, the order for the termination of the insolvency proceedings of Tecnofeed Sistemas, S.L. was published in the Zaragoza Commercial Registry.

Ecuador - Labiana, S.A.

This company is domiciled in Ecuador and its corporate purpose is the manufacture, research and development, marketing, storage and packaging of animal pharmaceuticals.

Labiana Development, S.L.U.

The interest in this company lies in a patent owned by it, which may allow Labiana Pharmaceuticals, S.L.U. to introduce new products to the market.

The company is domiciled at Calle Venus, 26, Polígono Can Parellada de Terrassa, and its corporate purpose is the wholesale trade of pharmaceutical products and medicines.

NOTE 12. INFORMATION ON THE NATURE AND LEVEL OF THE RISK FROM FINANCIAL INSTRUMENTS

Group activities are exposed to various types of financial risk, emphasizing credit, liquidity and market risks.

12.1) Credit Risk

The Group credit risk is mainly attributable to its trade debts. The amounts are reflected in the balance sheet net of provisions for insolvencies estimated by the Group Management according to the experience of previous financial years and their valuation in the current economic climate.

The Group has a significant concentration of credit risk due to it works primarily with three large multinationals. However, the solvency of these companies is totally guaranteed and the Company has been working with them for a long time, so the credit risk is much diluted.

12.2) Liquidity Risk

During the last years, the Group had had great difficulty in accessing sources of financing due to its history of bankruptcy, having to resort to internally generated resources, contributions from partners and loans obtained from public bodies to finance its operations.

Since 2015, the Group succeeded for the first time in years in obtaining bank financing facilities in the form of credit accounts and discount lines, which gave it greater financial capacity.

12.3) Foreign Exchange-Rate Risk

The Group operates internationally and is, therefore, exposed to exchange rate risk for foreign exchange transactions, especially the dollar. The exchange rate risk arises from future commercial transactions, assets and liabilities recognized in overseas business. The Group has not contracted any coverage due to the low risk of its clients' average collection period with which operates in currency.

12.4) Interest Rate Risk

Since 2015, as detailed above, the Group has financial indebtedness, both banking and with third parties, whose financial cost is closely linked to the evolution of market interest rates. The Group does not intend to make any type of financial coverage to cover the risk of a significant increase of these types.

12.5) Risks Arising from the Current Situation due to the Possible Effects of COVID-19

Since December 2019, COVID-19, a new strain of Coronavirus has spread to many countries, including Spain as of January 2020. This event significantly affects economic activity worldwide.

However, the Group has evolved favourably, has obtained additional bank financing and no additional risks beyond those of the market are foreseen.

Finally, it should be noted that the Board of Directors and the Parent Company's Management are constantly monitoring the evolution of the situation in order to successfully deal with any possible impacts, both financial and non-financial, that may arise.

NOTE 13. EQUITY

13.1) Share Capital of the Parent Company

As of December 31, 2020 the share capital of the Parent Company amounts to 618.787,60 euros and is represented by 6.187.876 fully subscribed and shares of EUR 0,10 par nominal value each. These shares have equal economic and political rights.

As of December 31, 2019 the share capital of the Parent Company amounts to 464.000 euros and is represented by 80.000 fully subscribed and shares of EUR 5,80 par nominal value each. These shares have equal economic and political rights.

On 4 September 2020, the Universal General Meeting of Shareholders of the Parent Company resolved to double the number of outstanding shares of the Parent Company by converting each share of 5,80 euros par value into 58 new shares of 0,10 euros, thereby increasing the number of shares from 80.000 to 4.640.000, without altering the share capital figure. The new shares are ordinary shares and their holders have the same rights as the old ones.

On the same date, 4 September 2020, the Universal General Meeting of Shareholders of the Parent Company resolved to increase capital by 154.787,60 euros by creating 1.547.876 shares with a par value of 0,10 euros per share and a share premium of 1,967 euros per share.

As of December 31, 2020 and 2019, the following companies held 10% or more of the share capital:

Partner	31/12/2020		31/12/2019	
	Holdings%	Number of shares	Holdings %	Number of shares
Bluecolt, S.A	46,87%	2.900.000	62,50%	50.000
Ortega Farming, S.L.	18,43%	1.140.685	17,75%	14.200

13.2) Share premium

This reserve has the same restrictions and can be used for the same purposes as voluntary reserves, including conversion into share capital.

13.3) Legal Reserve of the Parent Company

The Legal Reserve is restricted with regard to its use, which is determined by a variety of legal provisions. In accordance with the Law Capital Company, trading companies which obtains profits under this legal form are obliged to provide a reserve with 10% of these, until the constituted reserve fund reaches one fifth of the subscribed share capital. The purposes of the legal reserve are the compensation of losses or the increase of capital by the exceeding part of the 10% of the capital already increased, as well as its distribution to the shareholders in case of liquidation. As of December 31, 2020, the Legal Reserve was not fully endowed.

13.4) Reserves of the Parent Company

The following is the breakdown of the Reserves in Euros:

	31/12/2020	31/12/2019
Labiana Life, S.A.U.	3.697.195,30	3.374.804,72
Labiana Pharmaceuticals, S.L.U.	(454.089,11)	(561.692,01)
Veterinarski zavod d.o.o. Subotica	406.556,69	
	3.649.662,88	2.813.112,71

NOTE 14. INVENTORIES

The following was the movement of the inventory valuation:

	2020	2019
Initial balance	432.632,51	108.807,94
Corrections of the year	209.592,63	432.632,51
Reversal of raw material's impairment	-	(108.807,94)
Final Balance	642.225,14	432.632,51

The criteria followed to determine the need for impairment losses of inventories, as well as the reversal of the same, are based mainly on the individualized analysis of each reference and its inclusion in the production scheduling subsequent months.

The impairment of products in process and finished has been registered as "Stock change in finished products and in process".

NOTE 15. FOREIGN CURRENCY

Balances in foreign currency at the close of fiscal year 2020 are as follows:

	Total amount in Euros	Amount in U.S. Dollars
CURRENT LIABILITY		
Commercial Creditors and other accounts payable	829.222,37	1.015.124,56

Balances in foreign currency at the close of fiscal year 2019 are as follows:

	Total amount in Euros	Amount in U.S. Dollars	Amount in Pound sterling
CURRENT ASSET			
Trade receivables and other accounts receivable	61.002,71	-	68.298,75
CURRENT LIABILITY			
Commercial Creditors and other accounts payable	305.190,70	170,5	340.923,54

The breakdown of the more significant transactions performed in foreign currencies at this year 2020 is as follows:

	Classification by currency							
	Total amount in Euros	Total amount in USD	Total amount in CHF	Total amount in GBP	Total amount in PHP	Total amount in DKK	Total amount in CAD	Total amount in SEK
Receipt of goods	4.274.083,56	3.599.173,44	14.510,00	6.040,00	38.033,44	22.241,00	176.700,00	52.590,00

The breakdown of the more significant transactions performed in foreign currencies at this year 2019 is as follows:

	Classification by currency						
	Total amount in Euros	Total amount in USD	Total amount in CHF	Total amount in GBP	Total amount in PHP	Total amount in DKK	Total amount in SEK
Receipt of goods	2.061.983,11	2.299.338,27	32.825,00	5.634,30	8.380,30	42.560,00	75.000,00

The amount of the recognized exchange differences is recognised in the Consolidated Profit and Loss Account now in which they occur.

NOTE 16. MINORITY INTEREST

On 4 September 2020, the Parent Company acquired 25% of the shares of Labiana Life Sciences, S.A.U. and Labiana Pharmaceuticals, S.L.U. for 2.075.481,09 euros and 1.123.982,63 euros as a result of the capital increase through non-monetary contributions. (See note 13.1), which means that it now holds 100% of both companies.

The detail of the value of the participation of minority shareholders in the net worth of consolidated subsidiaries as of December 31, 2019 are the following in Euros:

Subsidiary	Share % Minority Interest	Capital	Reserves	Result financial year	Total Minority interest
Labiana Life, S.A.U.	25,01%	3.986.663,52	3.972.171,63	339.898,95	2.079.381,45
Labiana Pharmaceuticals, S.L.U.	25,01%	500.000,00	3.850.739,04	143.465,70	1.124.000,61
Labiana South East Europe d.o.o. Beograd-Vracar	25,01%	-	-	406.556,69	101.679,83
		4.486.663,52	7.822.910,67	889.921,34	3.305.061,89

NOTE 17. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2020 and 2019, in Euros:

	31/12/2020		31/12/2019	
	Receivable	Payable	Receivable	Payable
Non-current:				
Deferred tax assets	2.175.921,09	-	1.485.154,97	-
Deferred tax liabilities	-	545.745,70	-	570.006,98
	2.175.921,09	545.745,70	1.485.154,97	570.006,98
Current:				
Value Added Tax	1.459.667,031	27.164,05	556.385,81	12.056,82
IRPF (Income Tax) withholdings	-	363.412,60	-	272.273,56
Current Tax Liabilities	101.879,13	62.430,33	58.550,28	56.513,77
Social Security institutions	-	352.179,86	-	350.904,72
	1.561.546,16	805.186,84	614.936,09	691.748,87

Tax Matters

According to the legal provisions in force, tax assessments cannot be considered definitive until they have been inspected by the tax authorities or the statute of limitations, which is generally four years, has elapsed. As of December 31, 2020, the Consolidated Group has all the taxes to which it is subject from 2016 to 2020 open for review by the tax authorities. Consequently, in the event of inspections, additional liabilities could arise to those recognised by the companies. However, the directors of the Parent Company and its tax advisors consider that any such liabilities would not be material to the consolidated Annual Accounts taken as a whole.

Corporate Income Tax

The breakdown of the 2020 expense in corporate tax by each of the Companies is as follows:

Company	Accounting Profit	(Expense)/ Income
Labiana Life, S.A.U.	480.431,58	192.979,54
Labiana Pharmaceuticals, S.L.U.	929.283,99	333.645,58
Veterinarski zavod d.o.o. Subotica	(136.510,91)	5.854,28
Labiana Health, S.L. (formerly Seven Pharma, S.L.)	(132.892,76)	-
		532.479,40

The breakdown of the 2019 expense in corporate tax by each of the Companies is as follows:

Company	Accounting Profit	(Expense)/ Income
Labiana Life, S.A.U.	213.653,02	126.245,93
Labiana Pharmaceuticals, S.L.U.	150.951,11	(7.485,41)
Labiana South East Europe d.o.o. Beograd-Vracar and Veterinarski zavod a.d. Subotica	416.945,62	(1.450,41)
Labiana Health, S.L. (formerly Seven Pharma, S.L.)	(11.082,21)	-
	770.467,54	117.310,11

The following is the movement of the generated and cancelled taxes for the financial year 2020:

	Balance as of 31/12/2019	Generated	Applied	Balance as of 31/12/2020
Deferred tax assets:	1.485.154,97	995.306,85	(304.540,74)	2.175.921,09
Non-deductible provisions	150.454,22	133.910,93	(113.868,10)	170.497,05
Other non-deductible provisions	208.563,18	-	(6.680,65)	201.882,53
Deductions pending of application	1.126.137,57	861.395,92	(183.991,99)	1.803.541,51
Deferred tax liabilities	570.006,98	-	(24.261,28)	545.745,70
Accelerated amortization	401.388,81	-	(21.008,87)	380.379,94
Tax effect from capital subsidy	3.252,41	-	(3.252,41)	-
Reversal of portfolio value	165.365,76	-	-	165.365,76

The following is the movement of the generated and cancelled taxes for the financial year 2019:

	Balance at 31/12/2018	Additions incorporation perimeter	Generated	Applied	Balance at 31/12/2019
Deferred tax assets:	1.320.318,29	-	334.294,49	(169.457,81)	1.485.154,97
Non-deductible provisions	149.334,97	-	1.119,25	-	150.454,22
Other non-deductible provisions	110.431,50	-	153.272,93	(55.141,25)	208.563,18
Deductions pending of application	1.060.551,82	-	179.902,31	(114.316,56)	1.126.137,57
Deferred tax liabilities	364.561,95	363.008,95	-	(157.563,92)	570.006,98
Accelerated amortization	52.113,18	363.008,95	-	(13.733,33)	401.388,81
Tax effect from capital subsidy	24.559,52	-	-	(21.307,10)	3.252,41
Reversal of portfolio value	287.889,25	-	-	(122.526,49)	165.365,76

Activation of Deductions Pending of Application

The companies that compose the Group have decided to register each tax credits for the amount of the deductions generated by the investments in R & D carried out during the 2020 fiscal year and previous years that it has not been able to compensate for lack of tax base during the liquidation of the Corporation Tax, which amount to 861.395,92 euros (274.511,56 euros). On the other hand, in 2020 the companies that make up the Group have applied deductions amounting to 183.991,99 euros. Each of the companies will have 18 years to generate sufficient tax revenues to be able to offset the amounts activated by this concept.

In addition, the Group was already carrying deductions pending application of previous years. The breakdown of the deductions activated as of December 31, 2020 corresponding to the Parent Company, together with the date of generation and maturity, is as follows:

Origin year	Concept	Euros	Maturity
2014	I+D	39.114,68	2032/2033
2014	Environment	9.600,00	2029/2030
2015	I+D	73.611,23	2033/2034
2016	I+D	158.338,23	2034/2035
2016	IT	22.447,64	2034/2035
2017	I+D	261.206,72	2035/2036
2017	IT	21.298,13	2035/2036
2018	I+D	277.814,41	2036/2037
2018	IT	43.605,49	2036/2037
2019	I+D	398.970,04	2037/2038
2019	IT	45.917,17	2037/2038
2020	I+D	532.644,85	2038/2039
2020	IT	32.070,39	2038/2039
		1.916.638,98	

NOTE 18. INCOME AND EXPENSES

a) Provisions

This heading in the Consolidated Profit and Loss Account is composed as follows, in Euros:

	2020	2019
Consumption of merchandises		
Purchases		
National	83.454,75	118.836,97
Intra-Community (European Union)	1.625.964,52	1.071.608,92
Imports	25.418,57	47.558,57
Variations in merchandises	(180.167,70)	(436.304,15)
	1.554.670,14	801.700,31
Raw materials and other consumables consumed		
Purchases		
National	12.848.890,46	12.666.876,74
Intra-Community (European Union)	6.278.753,60	3.419.507,77
Imports	3.166.070,95	3.056.676,36
Variations in raw material stocks	(817.386,76)	(265.306,45)
	21.476.328,25	18.877.854,42
Other external expenses	1.206.689,52	956.107,99
Impairment losses of raw materials	19.065,33	54.233,17
Total Provisions	24.256.753,24	20.689.795,89

b) Social Security

This heading in the Consolidated Profit and Loss Account is composed as follows, in Euros:

	2020	2019
Social Security paid by the Company	3.547.605,42	3.414.466,73
Other social expenses	124.660,23	76.789,04
Employee welfare expenses	3.672.265,65	3.491.255,77

c) Other Results

This section includes expenses incurred by the Company in the acquisition of the shares in the companies Aquilon CYL, S.L., Zoleant ILAC, Labiana South East Europe d.o.o. Beograd-Vracar, and Veterinarski zavod a.d., Subotica. The section also includes expenses from the closing of R&D projects from previous years, repayment of grants and subsidies and other expenses in the financial year 2019.

NOTE 19. INFORMATION ON THE ENVIRONMENT

During financial year 2020 environmental expenses for minimizing environmental impact, protecting and enhancing the environment reached a total amount of 210.324,33 euros (157.691,32 euros). There are no provisions for risks and expenses and no contingencies relating to protection and improvement of the environment.

NOTE 20. SUBSEQUENT EVENTS

After December 31, 2020, no significant events have occurred that affect the Company's annual accounts as of that date.

NOTE 21. CONSOLIDATED EARNINGS

The detail of the preparation of consolidated results and the adjustments attributable to the Parent Company for 2020 results is as follows, in Euros:

Group Companies	Income of the Individual Companies	Percentage Direct+ Indirect Share	Depreciation of Goodwill	Income Attributable to the Parent
Labiana Health, S.L. (formerly Seven Pharma, S.L.)	(132.892,76)			
Labiana Life Sciences, S.A.U.	480.431,58	100%		480.431,58
Labiana Pharmaceuticals, S.L.U.	929.283,99	100%		929.283,99
Veterinarski zavod d.o.o. Subotica	(136.510,91)	100%	(66.601,41)	(203.112,32)
Income Attributable to the Parent Company				

NOTE 22. PROVISIONS AND CONTINGENCIES

Provisions

The Company rewards its employees with an average monthly salary premium, one monthly salary premium and two monthly salary premiums when they reach the age of 18, 25 and 40, respectively.

NOTE 23. GOVERNMENT GRANTS, DONATIONS AND LEGACIES

As of December 31, 2020 the grant registered corresponds to the Torres Quevedo Programme, amounting to 27.531,00 euros.

The detail of grant received by the Company during 2019 is as follows:

Concept	Balance as of 31/12/2018	Cancellation/ Transfer	Balance as of 31/12/2019
Gross grant:	53.529,24	(53.529,24)	-
Torres Quevedo Program	48.029,24	(48.029,24)	-
Crystal-Vis Project	5.500,00	(5.500,00)	-
Tax effect (Note 16):	(24.559,52)	24.559,52	-
Torres Quevedo Program	(24.559,52)	24.559,52	-
			-
	28.969,72	(28.969,72)	-

The Torres Quevedo grant was initially granted in 2012 for a total amount of 134.064 euros, and has been received annually at the rate of 33.516 euros per year. In 2014, the Company did not transfer this subsidy to the income statement as it was financing costs that had been incorporated as more value of one of its activated research projects. Since 2015, the subsidy has been transferred as the project was being depreciated.

NOTE 24. TRANSACTIONS WITH RELATED PARTIES

24.1) Balances between Related Parties

Below is the breakdown of the balances held with related parties as of December 31, 2020 and 2019, in Euros:

	31/12/2020	31/12/2019
NON-CURRENT ASSETS	3.300,00	3.393,53
Loans with non-consolidated group companies	3.300,00	3.393,53
Labiana México, S.A de C.V	3.300,00	3.300,00
Contract Farm Management, S.A.	-	93,53
CURRENT ASSETS		700.671,70
Current account with non-consolidated group companies		300.671,70
Labiana México, S.A de C.V	461.745,04	284.215,70
Ortega Farming, S.L.		16.456,00
Loans with non-consolidated group companies	790.000,00	400.000,00
Zoleant ILAC	790.000,00	400.000,00
CURRENT LIABILITIES		(990.000,00)
Bluecolt, S.A.	-	(990.000,00)
Ortega Farming, S.L.	(9.680,00)	-

Loans receivable from related parties earn an annual market interest rate, linked to an index plus a differential.

On November 29, 2019, the Group obtained a loan from its majority shareholder, Bluecolt, S.A. for an amount of 1.500.000 euros with an interest rate of 8.25% and maturity of one year. As of December 31, 2020, this loan has been repaid.

On April 20, 2019, the Group signed a convertible loan with its non-consolidated investee company Zoleant ILAC for a total amount of 200.000 euros. This loan matures on December 31, 2020. On October 22, 2019, through an annex to the original convertible loan contract, the amount of the loan was increased to 450.000 euros. As of December 31, 2019, a total amount of 400.000 euros had already been disbursed. As of December 31, a new increase has taken place, the amount at year-end being 790,000 euros.

24.2) Significant Shareholders and Shareholders

The most significant transactions carried out in 2020 with the shareholders of the companies, all of which were closed under market conditions, are detailed in Note 13.

24.3) Balances and Transactions with Board of Directors/Sole Director and Senior Executives

The following is the breakdown of the amounts received by the Board of Directors/Sole Director and the Senior Executives during 2020 and 2019, in Euros:

	2020	2019
Wages, allowances and other remunerations	299.222,35	261.582,14

The Parent Company has part of its workforce classified as "Senior Management", which coincides with the Directors of the Company.

As of December 31, 2020 and 2019, there are no commitments for supplements to pensions, guarantees or endorsements granted in favour of the Board of Directors/Sole Director of the Parent Company.

Other Information Related to the Board of Directors/Sole Director

Pursuant to the Spanish Corporations Law, the members of the Parent Company's administrative body do not hold any ownership interests or positions in other companies with the same, similar or complementary corporate purpose other than those included in the scope of consolidation.

In addition, pursuant to the aforementioned Law, it is reported that the members of the Board of Directors/Sole Director have not carried out any activity, on their own account or on behalf of third parties, with the Group that can be considered outside the ordinary course of business that has not been carried out under normal market conditions.

The premium paid for the civil liability insurance of the Company's directors for damage caused by acts or omissions in the exercise of their office amounted to 3.607,70 euros in both years.

NOTE 25. OTHER INFORMATION

The distribution of Group employees at the close of each financial year, by gender and category, was as follows:

	2020	2019
Management	17	10
Technical and professional, support	168	109
Commercial vendors and the like	27	25
Workers and auxiliaries	235	221
Total	447	365

The distribution of personnel of the Company that has a disability equal to or greater than 33% at the end of 2020, by category and sex, is as follows:

	2020		Total
	Men	Women	
Technical and professional	1	1	2
Other	1	3	4
Total staff at close of financial year	2	4	6

The distribution of personnel of the Company that has a disability equal to or greater than 33% at the end of 2019, by category and sex, is as follows:

	2019		Total
	Men	Women	
Technical and professional	1	-	1
Other	1	3	4
Total staff at close of financial year	2	3	5

The average number of employees pending the year 2020, classified by categories, is as follows:

	31/12/2020			31/12/2019		
	Men	Women	Total	Men	Women	Total
Management	11	6	17	7	3	10
Technical and professional support	64	100	164	46	63	109
Commercial vendors and the like	15	12	27	14	11	25
Workers and auxiliaries	108	127	235	96	125	221
Total	198	245	443	163	202	365

The total fees accrued for auditing services of the Consolidated Annual Accounts corresponding to the financial year closed as of December 31, 2020 were 58.200 euros (61.250 euros in the previous year).

NOTE 26. SEGMENTED INFORMATION

The distribution of the net turnover corresponding to ordinary activities of the Group by geographical markets for the years 2020 and 2019 is shown below:

Description of geographical market	2020		2019	
	Euros	%	Euros	%
National	17.600.060,84	30,43%	16.960.659,00	35,18%
Rest of European Union	31.625.210,42	54,68%	26.693.584,42	55,36%
Rest of World	8.613.759,09	14,89%	4.560.419,00	9,46%
Total	57.839.030,35		48.214.662,42	100,00%

The distribution of the net amount of the turnover corresponding to the ordinary activities of the Company, by activity category, for the years 2020 and 2019 is shown below, in Euros:

Activity Description	2020		2019	
	Euros	%	Euros	%
Income from the sale of goods	55.140.008,49	95,33%	44.820.183,48	92,96%
Income from services	2.699.021,86	4,67%	3.394.478,94	7,04%
Total	57.839.030,35	100,00%	48.214.662,42	100,00%

LABIANA HEALTH, S.L.
(FORMERLY SEVEN PHARMA, S.L.) AND SUBSIDIARIES
CONSOLIDATED DIRECTOR'S REPORT FOR FINANCIAL YEAR 2020

**LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.)
AND SUBSIDIARIES**

CONSOLIDATED DIRECTOR'S REPORT FOR FINANCIAL YEAR 2020

At the beginning of 2013 an MBO (Management Buy Out) was carried out in the Labiana Group by the majority of the managers of Labiana Life Sciences, S.A.U. These managers formed a Dutch company called Seven Pharma, BV, from where they would operate to manage this MBO. This operation was carried out through a capital increase of 1.4 million euros and made Labiana Life the parent company of the Labiana Group with 100% of the shares of Labiana Pharmaceuticals, S.L.U.

The involvement of the management, the conviction with respect to the project and the willingness of new investors to enter led to another capital increase of 1.2 million euros. This capital increase was carried out at the end of 2015.

At the end of 2017 Seven Pharma moved its headquarters to Spain.

During 2018, the Labiana Group was restructured. Following the transfer of the head office of the group's parent company, Seven Pharma, S.L., from the Netherlands to Spain, the two subsidiaries were spun off, bringing Labiana Pharmaceuticals, S.L.U. and Labiana Life Sciences, S.A.U. to the same level in the corporate structure.

In Spain, the Labiana Group has offices in Madrid and Barcelona and manufacturing plants in Corbera de Llobregat (Human Health) and Terrassa (Animal Health).

With its workforce of more than 440 professionals, the Labiana Group is also present globally with approximately 400 marketing authorisations in more than 50 export markets in the AEMEA regions (Africa, Europe, Middle East and Asia) and Latin America.

In 2019, Labiana Group embarked on a new growth and development project and, as part of that project, Labiana Life Sciences acquired 100% shareholding in the veterinary products company Veterinarski Zavod Subotica.

Veterinarski Zavod Subotica is a Serbia-based company founded in 1921, which was part of the former Yugoslavia Patria Group and which also included Genera in Croatia. Veterinarski Zavod Subotica has three basic pillars in the development and manufacture of animal health products: manufacture of vaccines (viral, bacterial and autogenous), chemical-pharmaceutical products (sterile solutions, aseptic and terminal sterilized filling, non-sterile and solid liquids) manufactured under the EU-GMP authorization and biocides (disinfection, insect and rat extermination - DDD). Thanks to the fact of complying with ISO standards and having HACCP and GMP certificates, Veterinarski Zavod Subotica currently exports to the markets of the European Union and recently also to Russia.

On 8 December 2020, Labiana South East Europe d.o.o. Beograd-Vracar and Veterinarski zavod a.d., Subotica were merged into Labiana South East Europe d.o.o. Beograd-Vracar. However, it has changed its company name to Veterinarski zavod d.o.o. Subotica.

This expansion project also includes the signing of an agreement to acquire a majority stake in Zoleant Pharmaceuticals International.

Zoleant Pharmaceuticals International, created in 2016, has managed to rapidly develop its sales network and become a global brand. Today, Zoleant's growing international presence stretches from west to east, spanning 11 countries, with a network of strategically selected manufacturers in Europe, Turkey and Asia.

In 2020, following the new strategy of the Labiana group, Seven Pharma, SL changed its corporate name to Labiana Health, SL, confirming its position as the head of the business group. This 2020, Labiana Life has consolidated its new business area started in 2019 and called LabianaPets. LabianaPets is the new brand that has been established to add value to the pet sector. Its main mission is to provide effective preventive therapeutic solutions with a focus on the profitability of the veterinary clinic.

For Labiana Pharmaceuticals, 2020 has served to confirm the consolidation of the company's new strategy in the Medical Device market. New tender contracts have been won with various public administrations and with the creation of this new sales line, Labiana Pharmaceuticals has expanded its potential market and, therefore, an increase in turnover is expected for 2021 in this business area.

For all these reasons, the 2020 financial year has confirmed the confidence of the group's management and has been another positive year for the Labiana group despite the crisis caused by the global health pandemic. Labiana has consolidated its good performance and evolution since the Management Buy Out operation carried out a few years ago.

These facts favour the continuity of the strategic lines that have been set in recent years in both companies.

The Labiana group has managed to consolidate its position in the pharmaceutical and veterinary sector, and the proof of this is the increase of more than six million euros in turnover, increasing by more than 11% the sales achieved by the group with respect to the previous year, reaching the fantastic figure of more than 58.8 million euros invoiced in one year.

The increase in turnover and the efforts to reduce costs have led the Labiana Group to end the year with a positive result after taxes.

The Labiana Group continues to combine efforts to maintain the high level of its services and to remain one of the main reference groups in Contract Manufacturing within the pharmaceutical sector, both human and veterinary. Thanks to the high level of compliance and customer satisfaction, and thanks to the great adaptability of the two companies to the needs and demands of these, during 2020 authorisations for new contracts and market consolidation have been obtained.

The company has continued to work on its know-how, investing more than two million euros in R&D&I and in the expansion of the Labiana group's vademecum. In this regard, both Labiana Life Sciences and Labiana Pharmaceuticals have once again received recognition from the Ministry of Economy and Competitiveness for a research and development project for new medicines, with the collaboration of the Centre for the Development of Industrial Technology (CDTI). For Labiana Pharmaceuticals, obtaining the CEPs (Certificate European Pharmacopeia) for the active ingredient of the generic antibiotic project used for the urinary tract has meant a qualitative leap in this drug.

This year, investments in tangible fixed assets totalling more than three million euros were made, investments necessary to continue with the productivity improvement plan and the maintenance of GMP standards, as well as the serialisation requirements of the health authorities.

Thanks to all the aforementioned, the Labiana Group can ensure its stability and growth within the veterinary and human pharmaceutical sector not only for the next year, but for the years to come.

SUBSEQUENTS EVENTS

After December 31, 2020, no significant events have occurred that affect the Company's annual accounts as of that date, except as mentioned in the preceding points.

TRANSACTIONS WITH OWN SHARES

During 2020, the Company did not carry out any treasury stock transactions.

FINANCIAL INSTRUMENTS

During 2020, the Company has not used instruments related to financial derivatives.

DEFERMENT OF PAYMENT TO SUPPLIERS

The information relating to deferrals of payment to suppliers is shown in the consolidated annual accounts in Note 10.

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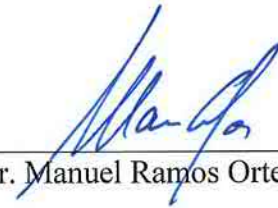
**FORMULATION OF CONSOLIDATED ANNUAL ACCOUNTS
AND CONSOLIDATED DIRECTOR'S REPORT**

Pursuant to current trading regulations, the Board of Directors of **LABIANA HEALTH, S.L. (FORMERLY SEVEN PHARMA, S.L.)** draw up the Consolidated Annual Accounts and Consolidated Director's Report corresponding to the financial year ending on December 31, 2020, which is composed of the attached pages number 1 to 53.

Madrid, March 26, 2021
The Board of Directors



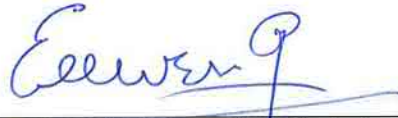
Ortega Farming, S.L.U.
representada por
Mr. Manuel Ramos Ortega



Mr. Manuel Ramos Ortega



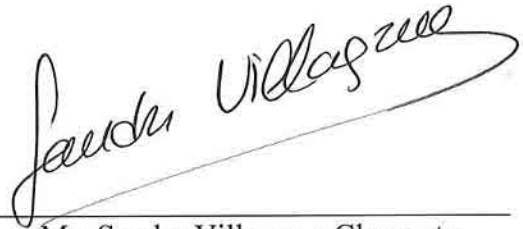
Mr. John Williams Nellis



Mr. Erik Leonardus Christian Jacobus
Kavelaars



Mr. Manuel María Gil García




Ms. Sandra Villagrasa Clemente



Mr. Ignacio Yañez Minondo



Ms. María Jesús Crespo Domínguez



Mr. Josep Sans Parés

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