Naturhouse Health, S.A. and Subsidiaries

Consolidated Annual Accounts for the year ended 31 December 2019, prepared in accordance with the International Financial Reporting Standards adopted in the European Union (IFRS-EU) and Consolidated Management Report

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INFORME DE AUDITORÍA DE CUENTAS ANUALES CONSOLIDADAS EMITIDO POR UN AUDITOR INDEPENDIENTE

A los accionistas de Naturhouse Health, S.A.:

Informe sobre las cuentas anuales consolidadas

Opinión

Hemos auditado las cuentas anuales consolidadas de Naturhouse Health, S.A. (la Sociedad dominante) y sus sociedades dependientes (el Grupo), que comprenden el estado de situación financiera a 31 de diciembre de 2019, la cuenta de pérdidas y ganancias, el estado del resultado global, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria, todos ellos consolidados, correspondientes al ejercicio terminado en dicha fecha.

En nuestra opinión, las cuentas anuales consolidadas adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera del Grupo a 31 de diciembre de 2019, así como de sus resultados y flujos de efectivo, todos ellos consolidados, correspondientes al ejercicio terminado en dicha fecha, de conformidad con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea (NIIF-UE), y demás disposiciones del marco normativo de información financiera que resultan de aplicación en España.

Fundamento de la opinión

Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España. Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección *Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas* de nuestro informe.

Somos independientes del Grupo de conformidad con los requerimientos de ética, incluidos los de independencia, que son aplicables a nuestra auditoría de las cuentas anuales consolidadas en España según lo exigido por la normativa reguladora de la actividad de auditoría de cuentas. En este sentido, no hemos prestado servicios distintos a los de la auditoría de cuentas ni han concurrido situaciones o circunstancias que, de acuerdo con lo establecido en la citada normativa reguladora, hayan afectado a la necesaria independencia de modo que se haya visto comprometida.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

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Cuestiones clave de la auditoría

Las cuestiones clave de la auditoría son aquellas cuestiones que, según nuestro juicio profesional, han sido de la mayor significatividad en nuestra auditoría de las cuentas anuales consolidadas del periodo actual. Estas cuestiones han sido tratadas en el contexto de nuestra auditoría de las cuentas anuales consolidadas en su conjunto, y en la formación de nuestra opinión sobre éstas, y no expresamos una opinión por separado sobre esas cuestiones.

Transacciones con partes vinculadas	
Descripción	**Procedimientos aplicados en la auditoría**
En la Nota 19 de la memoria consolidada adjunta se detallan los saldos y transacciones con partes vinculadas, entre las cuales destaca la compra de productos por un importe significativo. Asimismo, existen transacciones entre empresas del Grupo Naturhouse que son eliminadas en el proceso de consolidación pero que tienen un impacto relevante en la tributación en los principales países en los que el Grupo opera. Por otra parte, el Grupo prepara anualmente la documentación de precios de transferencia junto con sus asesores fiscales en cumplimiento de la normativa fiscal en materia de precios de transferencia. En consecuencia, hemos identificado la valoración y desgloses relativos a estas operaciones con partes vinculadas como una cuestión clave de la auditoría de las cuentas anuales consolidadas del presente ejercicio dado su importe significativo y el potencial impacto que estas transacciones pueden tener en la evaluación e interpretación de la información financiera del Grupo por parte de los usuarios de la misma, así como para evaluar el cumplimiento de la normativa aplicable en las distintas jurisdicciones donde el Grupo opera.	Nuestros procedimientos de auditoría han incluido, entre otros, la actualización de nuestro conocimiento de las relaciones entre partes vinculadas mediante consultas a la Dirección y la revisión de las actas de las reuniones del Consejo de Administración y la Junta de Accionistas. Asimismo, hemos obtenido documentación soporte para las transacciones más significativas realizadas con partes vinculadas durante el ejercicio, incluyendo confirmaciones de saldos y transacciones, para validar las condiciones aplicadas a dichas transacciones, analizando la evolución en cuanto a su naturaleza, volumen y precios aplicados, así como que las mismas son razonables respecto a las que se podrían aplicar a partes independientes. Adicionalmente, hemos involucrado a nuestros expertos fiscales para analizar el último informe de precios de transferencia preparado por el Grupo junto con sus asesores fiscales, de los cuales también hemos evaluado su competencia, capacidad y objetividad. Por último, también hemos evaluado que en la memoria consolidada adjunta estén reflejados los desgloses necesarios requeridos por la normativa contable aplicable. En las Notas 5.ñ y 19 de la memoria consolidada se puede encontrar la información relacionada con este aspecto.

Otra información: Informe de gestión consolidado

La otra información comprende exclusivamente el informe de gestión consolidado del ejercicio 2019, cuya formulación es responsabilidad de los administradores de la Sociedad dominante, y no forma parte integrante de las cuentas anuales consolidadas.

Nuestra opinión de auditoría sobre las cuentas anuales consolidadas no cubre el informe de gestión consolidado. Nuestra responsabilidad sobre la información contenida en el informe de gestión consolidado se encuentra definida en la normativa reguladora de la actividad de auditoría de cuentas, que establece dos niveles diferenciados sobre la misma:

a) Un nivel específico que resulta de aplicación al estado de la información no financiera consolidado, así como a determinada información incluida en el Informe Anual de Gobierno Corporativo (IAGC), según se define en el art. 35.2.b) de la Ley 22/2015, de Auditoría de Cuentas, que consiste en comprobar únicamente que la citada información se ha facilitado en el informe de gestión consolidado, o en su caso que se haya incorporado en éste la referencia correspondiente al informe separado sobre la información no financiera en la forma prevista en la normativa, y en caso contrario, a informar sobre ello.

b) Un nivel general aplicable al resto de la información incluida en el informe de gestión consolidado, que consiste en evaluar e informar sobre la concordancia de la citada información con las cuentas anuales consolidadas, a partir del conocimiento del Grupo obtenido en la realización de la auditoría de las citadas cuentas y sin incluir información distinta de la obtenida como evidencia durante la misma, así como evaluar e informar de si el contenido y presentación de esta parte del informe de gestión consolidado son conformes a la normativa que resulta de aplicación. Si, basándonos en el trabajo que hemos realizado, concluimos que existen incorrecciones materiales, estamos obligados a informar de ello.

Sobre la base del trabajo realizado, según lo descrito anteriormente, hemos comprobado que la información no financiera mencionada en el apartado a) anterior se presenta en el informe separado, "Informe de Responsabilidad Social Corporativa" al cual se incluye referencia en el informe de gestión consolidado, que la información del IAGC, mencionada en dicho apartado, se incluye en el informe de gestión consolidado y que el resto de la información que contiene el informe de gestión consolidado concuerda con la de las cuentas anuales consolidadas del ejercicio 2019 y su contenido y presentación son conformes a la normativa que resulta de aplicación.

Responsabilidad de los administradores y de la comisión de auditoría de la Sociedad dominante en relación con las cuentas anuales consolidadas

Los administradores de la Sociedad dominante son responsables de formular las cuentas anuales consolidadas adjuntas, de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados consolidados del Grupo, de conformidad con las NIIF-UE y demás disposiciones del marco normativo de información financiera aplicable al Grupo en España, y del control interno que consideren necesario para permitir la preparación de cuentas anuales consolidadas libres de incorrección material, debida a fraude o error.

En la preparación de las cuentas anuales consolidadas, los administradores de la Sociedad dominante son responsables de la valoración de la capacidad del Grupo para continuar como empresa en funcionamiento, revelando, según corresponda, las cuestiones relacionadas con empresa en funcionamiento y utilizando el principio contable de empresa en funcionamiento excepto si los citados administradores tienen intención de liquidar el Grupo o de cesar sus operaciones, o bien no exista otra alternativa realista.

La comisión de auditoría de la Sociedad dominante es responsable de la supervisión del proceso de elaboración y presentación de las cuentas anuales consolidadas.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas

Nuestros objetivos son obtener una seguridad razonable de que las cuentas anuales consolidadas en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión.

Seguridad razonable es un alto grado de seguridad, pero no garantiza que una auditoría realizada de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España siempre detecte una incorrección material cuando existe. Las incorrecciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyan en las decisiones económicas que los usuarios toman basándose en las cuentas anuales consolidadas.

En el Anexo de este informe de auditoría se incluye una descripción más detallada de nuestras responsabilidades en relación con la auditoría de las cuentas anuales consolidadas. Esta descripción que se encuentra a continuación es parte integrante de nuestro informe de auditoría.

Informe sobre otros requerimientos legales y reglamentarios

Informe adicional para la comisión de auditoría de la Sociedad dominante

La opinión expresada en este informe es coherente con lo manifestado en nuestro informe adicional para la comisión de auditoría de la Sociedad dominante de fecha 28 de febrero de 2020.

Periodo de contratación

La Junta General Ordinaria de Accionistas celebrada el 29 de abril de 2019 nos nombró como auditores por un período de un año, contado a partir del ejercicio finalizado el 31 de diciembre de 2018, es decir para el ejercicio 2019.

Con anterioridad, fuimos designados por acuerdo de la Junta General de Accionistas para el periodo de un año y hemos venido realizando el trabajo de auditoría de cuentas de forma ininterrumpida desde el ejercicio finalizado el 31 de diciembre de 2014, incluyendo, por tanto, el ejercicio finalizado el 31 de diciembre de 2015, año en que la Sociedad dominante se convirtió en una Entidad de Interés Público.

DELOITTE, S.L.
Inscrita en el R.O.A.C. nº S0692

Francisco Fernández
Inscrito en el R.O.A.C. nº 20215

28 de febrero de 2020

AUDITORES
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

DELOITTE, S.L.

2020 Núm. 01/20/00161
SELLO CORPORATIVO: 96,00 EUR
Informe de auditoría de cuentas sujeto a la normativa de auditoría de cuentas española o internacional

Anexo de nuestro informe de auditoría

Adicionalmente a lo incluido en nuestro informe de auditoría, en este Anexo incluimos nuestras responsabilidades respecto a la auditoría de las cuentas anuales consolidadas.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas

Como parte de una auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y valoramos los riesgos de incorrección material en las cuentas anuales consolidadas, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o la elusión del control interno.

- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno del Grupo.

- Evaluamos si las políticas contables aplicadas son adecuadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por los administradores de la Sociedad dominante.

- Concluimos sobre si es adecuada la utilización, por los administradores de la Sociedad dominante, del principio contable de empresa en funcionamiento y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad del Grupo para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en las cuentas anuales consolidadas o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los hechos o condiciones futuros pueden ser la causa de que el Grupo deje de ser una empresa en funcionamiento.

- Evaluamos la presentación global, la estructura y el contenido de las cuentas anuales consolidadas, incluida la información revelada, y si las cuentas anuales consolidadas representan las transacciones y hechos subyacentes de un modo que logran expresar la imagen fiel.

- Obtenemos evidencia suficiente y adecuada en relación con la información financiera de las entidades o actividades empresariales dentro del Grupo para expresar una opinión sobre las cuentas anuales consolidadas. Somos responsables de la dirección, supervisión y realización de la auditoría del Grupo. Somos los únicos responsables de nuestra opinión de auditoría.

Nos comunicamos con la comisión de auditoría de la Sociedad dominante en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificamos en el transcurso de la auditoría.

También proporcionamos a la comisión de auditoría de la Sociedad dominante una declaración de que hemos cumplido los requerimientos de ética aplicables, incluidos los de independencia, y nos hemos comunicado con la misma para informar de aquellas cuestiones que razonablemente puedan suponer una amenaza para nuestra independencia y, en su caso, de las correspondientes salvaguardas.

Entre las cuestiones que han sido objeto de comunicación a la comisión de auditoría de la Sociedad dominante, determinamos las que han sido de la mayor significatividad en la auditoría de las cuentas anuales consolidadas del periodo actual y que son, en consecuencia, las cuestiones clave de la auditoría.

Describimos esas cuestiones en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente la cuestión.

Naturhouse Health, S.A. and Subsidiaries

Consolidated Annual Accounts for the year ended 31 December 2019, prepared in accordance with the International Financial Reporting Standards adopted in the European Union (IFRS-EU) and Consolidated Management Report

Naturhouse Health S.A. and Subsidiary Companies

Consolidated Statement of Financial Position to 31 December 2019

(Thousands of Euros)

ASSET	Report notes	31/12/2019	31/12/2018	NET EQUITY AND LIABILITIES	Report notes	31/12/2019	31/12/2018
NON-CURRENT ASSETS:				**NET EQUITY:**			
Intangible fixed assets	**Note 7**	**1.296**	**1.412**	**Capital and reserves-**			
Tangible fixed assets	**Note 8**	**9.618**	**3.806**	Subscribed capital	**Note 13**	3.000	3.000
Non-current financial assets	**Note 10.1**	**828**	**882**	Issue premium		2.149	2.149
Investments in associates				Premium		11.175	12.602
Investments accounted for using the equity method	**Note 10.2**	**3.152**	**3.348**	Treasury Shares	**Note 13**	(142)	(64)
Deferred tax assets	**Note 17.3**	**138**	**150**	Conversion differences	**Note 13**	(1.587)	(1.026)
Non-current assets		**15.032**	**9.598**	Results of the year / Profits		13.257	15.373
				Interim dividend		(11.400)	(13.200)
				NET EQUITY ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		**16.452**	**18.834**
				NET EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	**Note 13**	**62**	**6**
				Total net equity		**16.514**	**18.840**
				NON-CURRENT LIABILITIES:			
				Non-current provisions	**Note 14**	**1.107**	**904**
				Non-current liabilities	**Note 15**	**7.757**	**2.870**
				Deferred tax liabilities	**Note 17.5**	**9**	**303**
CURRENT ASSETS:				**Non-current liabilities**		**8.873**	**4.077**
Inventory	**Note 11**	**4.124**	**4.429**	**CURRENT LIABILITIES:**			
Customer receivables for sales and services		**3.355**	**4.250**				
Customers, related companies	**Note 19.1**	**151**	**38**	**Current liabilities**	**Note 15**	**2.662**	**5**
Current tax assets and other receivables				**Trade creditors and other receivables**	**Note 16**	**5.091**	**6.091**
with public administrations	**Note 17.1**	**3.639**	**6.866**	**Suppliers, related companies**	**Note 19.1**	**3.243**	**3.793**
Other current assets		**955**	**687**	**Current tax liabilities and other payables**			
Cash and cash equivalents	**Note 12**	**10.305**	**8.247**	**with public administrations**	**Note 17.1**	**1.178**	**1.309**
Total current assets		**22.529**	**24.517**	**Total current liabilities**		**12.174**	**11.198**
Total assets		**37.561**	**34.115**	**TOTAL NET EQUITY AND LIABILITIES**		**37.561**	**34.115**

Notes 1 to 23 described in the Consolidated Report and Appendix I attached are an integral part of this Consolidated Statement of Financial Position on 31 December 2019.

Naturhouse Health S.A. and Subsidiary Companies

CONSOLIDATED LOSS AND PROFIT ACCOUNT AT DECEMBER 2019

(Thousands of Euros)

	Report notes	Year 2019	Year 2018
Net amount of revenue	**Note 18.1**	81.667	87.289
Supplies	**Note 18.2**	(23.841)	(25.158)
Gross Margin		**57.826**	**62.131**
Other operating income		685	1.365
Personnel costs	**Note 18.3**	(19.331)	(20.709)
Other operating costs	**Note 18.5**	(16.061)	(19.598)
Operating income before depreciation and amortization, impairment and other results		**23.119**	**23.189**
Depreciation and amortization	**Notes 7 and 8**	(4.291)	(1.112)
Impairment losses and income from disposal of fixed assets	**Note 8**	489	92
Other results		(138)	(21)
OPERATING INCOME		**19.179**	**22.148**
Financial income	**Note 18.4**	**134**	**22**
Other financial income		134	22
Financial expenses	**Note 18.4**	**(258)**	**(66)**
Debts with third parties		(258)	(66)
Exchange differences	**Note 18.4**	**(61)**	**18**
Financial result		**(185)**	**(26)**
Result in entities valued by the equity method	**Note 10.2**	**243**	**597**
CONSOLIDATED PROFIT BEFORE TAX		**19.237**	**22.719**
Corporation Tax	**Note 17.2**	(6.031)	(7.364)
NET INCOME FROM CONTINUING OPERATIONS		**13.206**	**15.355**
CONSOLIDATED NET INCOME / PROFITS		**13.206**	**15.355**
Equity attributable to third-party shareholders	**Note 13**	51	18
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE PARENT COMPANY		**13.257**	**15.373**
Profit per share (in Euros per share)(*)			
- Basic	**Note 13**	**0,22**	**0,26**
- Diluted	**Note 13**	**0,22**	**0,26**

Notes 1 to 23 described in the Consolidated Report and Appendix I attached are an integral part of the consolidated profit and loss account from financial year 2019.

Naturhouse Health S.A. and Subsidiary Companies

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 2019 FINANCIAL YEAR
(Thousands of Euros)

	Share Capital	Issue premium	Premium	Treasury Shares	Conversion differences	Result of the financial year attributed to the dominant company	Interim dividend	Minority interests	Total Equity
Balance at 31 December 2017	**3.000**	**2.149**	**11.944**	**(64)**	**(409)**	**19.855**	**(12.000)**	**28**	**24.503**
Recognised income and expenses	-	-	-	-	(617)	15.373	-	(22)	**14.734**
Distribution of profit from financial year 2017									
- Distribution to reserves	-	-	2.891	-	-	(14.891)	12.000	-	**-**
- Distribution of dividends	-	-	(2.233)	-	-	(4.964)	-	-	**(7.197)**
Other operations with shareholders:									
Operations with shares (net)	-	-	-	-	-	-	-	-	**-**
- Distribution of dividends	-	-	-	-	-	-	(13.200)	-	**(13.200)**
Balance at 31 December 2018	**3.000**	**2.149**	**12.602**	**(64)**	**(1.026)**	**15.373**	**(13.200)**	**6**	**18.840**
Recognised income and expenses	-	-	-	-	(561)	13.257	-	(51)	**12.645**
Distribution of profit from financial year 2018									
- Distribution to reserves	-	-	(314)	-	-	314	-	-	**-**
- Distribution of dividends	-	-	(1.113)	-	-	(15.687)	13.200	-	**(3.600)**
Other operations with shareholders:									
Operations with shares (net)	-	-	-	(78)	-	-	-	-	**(78)**
- Distribution of dividends	-	-	-	-	-	-	(11.400)	-	**(11.400)**
Other changes in equity	-	-	-	-	-	-	-	107	**107**
Balance at 31 December 2019	**3.000**	**2.149**	**11.175**	**(142)**	**(1.587)**	**13.257**	**(11.400)**	**62**	**16.514**

Notes 1 to 23 described in the Consolidated Report and Appendix I attached are an integral part of the consolidated profit and loss statement from financial year 2019.

Naturhouse Health S.A. and Subsidiary Companies

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 2019 FINANCIAL YEAR

(Thousands of Euros)

	Year 2019	Year 2018
A- RESULT OF THE PROFIT AND LOSS ACCOUNT	**13.206**	**15.355**
B- OTHER GLOBAL RESULT DIRECTLY RECOGNISED IN THE EQUITY		
Line items that will not be transferred to the result:	-	-
Line items that may be transferred to the results later:		
Because of differences in the conversion of financial accounts in foreign currency	(561)	(621)
TOTAL COMPREHENSIVE INCOME FROM THE FINANCIAL YEAR (A+B+C)	**12.645**	**14.734**
Total Comprehensive Income attributable to:		
- The parent company	12.696	14.756
- Minority partners	(51)	(22)
TOTAL COMPREHENSIVE INCOME	**12.645**	**14.734**

Notes 1 to 23 described in the Consolidated Report and Appendix I attached are an integral part of the consolidated profit and loss account from financial year 2019.

Naturhouse Health S.A. and Subsidiary Companies

Consolidated Statement of Cash Flows for the 2019 financial year

(Thousands of Euros)

	Report notes	Year 2019	Year 2018
CASH FLOWS FROM OPERATING ACTIVITIES		**19.677**	**20.095**
Pre-tax profit		**19.237**	**22.719**
Adjustments to profit:		**3.947**	**266**
- Depreciation of fixed assets (+)	Notes 7 and 8	4.291	1.112
- Changes in provisions (+/-)		203	(239)
- Results from removing or decommissioning fixed assets (+/-)	Notes 7 and 8	(489)	(92)
- Financial income (-)	Note 18.4	(134)	(22)
- Financial expenses (+)	Note 18.4	258	66
- Exchange-rate differences (+/-)	Note 18.4	61	(18)
- Shareholdings in entities valued by the equity method net of dividends (+/-)	Note 10.2	(243)	(541)
Changes in working capital		**(1.517)**	**1.781**
- Stocks (+/-)	Note 11	305	20
- Debtors and other accounts payable (+/-)		792	85
- Other current assets (+/-)		(268)	177
- Creditors and other accounts due (+/-)		(2.346)	1.499
Other cash flows from operating activities		**(1.990)**	**(4.671)**
- Payment of interest (-)		(258)	(66)
- Receipt of dividends (+)	Note 10.2	477	329
- Receipt of interest (+)		134	22
- Receipt (payment) of profit tax (+/-)		(2.343)	(4.956)
CASH FLOWS FROM INVESTMENT ACTIVITIES		**846**	**483**
Payments for investments (-)		**(886)**	**(875)**
- Intangible and tangible fixed assets	Notes 7 and 8	(886)	(720)
- Other financial assets		-	(156)
- Payments of related companies	Note 10.2	-	1
Receipts for divestments (+)		**1.732**	**1.358**
- Intangible and tangible fixed assets	Note 8	1.678	1.358
- Other financial assets		54	**-**
CASH FLOWS FROM FINANCIAL ACTIVITIES		**(18.465)**	**(20.657)**
Receipts and payments from equity instruments		**(78)**	-
- Net decommissions (acquisitions) of equity of the Dominant Company	Note 13	(78)	**-**
Receipts and payments from financial liability instruments		**(3.387)**	**(260)**
- Net return and depreciation of:			
Debts with credit entities and other debts (-)		(3.387)	(260)
Payments from dividends and remuneration from other equity instruments		**(15.000)**	**(20.397)**
- Dividends (-)	Note 4	(15.000)	(20.397)
EFFECT OF CHANGES IN EXCHANGE RATES		**-**	**-**
NET INCREASE/DECREASE IN CASH OR EQUIVALENT		**2.058**	**(79)**
Cash or equivalent at the start of the financial year		8.247	8.326
Cash or equivalent at the end of the financial year		10.305	8.247

Notes 1 to 23 described in the Consolidated Report and Appendix I attached are an integral part of the consolidated profit and loss statement from financial year 2019.

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Management Report

Annex I

Naturhouse Health, S.A. and Subsidiaries

Annual Report for the Consolidated Financial Statements for for the 2019 financial year

1. Nature and corporate purpose of the Group companies

Naturhouse Health, S.A., (hereinafter, the "Company" or the "Parent Company"), was founded for an indefinite period in Barcelona on 29th July 1991 with VAT number A-01115286. Its registered offices are at Calle Claudio Coello, 91 (Madrid).

The Company's corporate purpose, in accordance with its activity and articles of association, is the export and wholesale and retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics, as well as the preparation, promotion, creation, edition, dissemination, sale and distribution of all kinds of magazines, books and brochures and the marketing of dietary products, medicinal herbs and natural cosmetics. This activity is mainly carried out through its own shops and through franchisees. In addition to the operations carried out directly, the Parent Company is the parent of a group of subsidiaries that engage in the same activity and which, together with it, make up Grupo Naturhouse Health (hereinafter, the "Group" or "Naturhouse Group"). Note 3 and Annex I detail the main data related to the subsidiaries in which the Parent Company, directly or indirectly, has a holding that have been included in the scope of the consolidation.

At present, Naturhouse Group mainly operates in Spain, Italy, France and Poland.

On 9 April 2015, the Board of Directors of the Parent Company, exercising the delegation of its Sole Shareholder of 2 October 2014, requested official listing for trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and the subsequent public stock offering on the Spanish Stock Market, which culminated successfully, consequently, the securities of the Parent Company have been listed since 24 April 2015 (See Note 13.a).

2. Basis of presentation of the consolidated financial statements

a) Basis of presentation

The consolidated financial statements for Naturhouse Health, S.A. and Subsidiaries, which have been obtained from the accounting records kept by the Parent Company and the other entities making up the Group, were prepared by the Directors of the Parent Company on 28 February 2020.

These consolidated financial statements for the financial year ending 31 December 2019 have been prepared in accordance with the provisions of the International Financial Reporting Standards, as approved by the European Union (EU-IFRS), in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and the European Council, as well as taking into consideration all the accounting principles and standards and valuation criteria that are mandatory, as well as the Commercial Code, the circulars of the CNMV, Spanish Corporate Law and other corporate legislation applicable.

They have been prepared from the Parent Company's individual accounts and those of each of the consolidated companies (detailed in Annex I) and they accurately present the assets, financial position, results of the Group, changes in consolidated equity and consolidated cash flows under EU-IFRS and other regulatory financial reporting frameworks applicable.

The financial consolidated statements for the 2018 financial year were approved by the Annual General Meeting held 29 April 2019 and filed with the Companies Registry of Madrid.

Under the IFRS , these consolidated financial statements include the Group's following consolidated statements:

- Statement of Financial Position

-Profit and Loss Account

-Statement of Comprehensive Income

-Statement of Changes in Equity

-Statement of Cash Flows

Since the accounting principles and valuation criteria used in preparing the Group's consolidated financial statements for the 2019 financial year (EU-IFRS) on occasion differ from those used by the Group companies (local regulations), during the consolidation process all the adjustments and reclassifications required to standardise such principles and criteria and to adapt them to the International Financial Reporting Standards adopted by the European Union have been introduced.

The consolidated financial statements have been prepared based on the principle of uniformity of recognition and valuation. In the event of new regulations being applicable which modify existing valuation principles, this will be applied in accordance with the standard's own transition criterion.

Certain amounts in the consolidated profit and loss account and consolidated statement of financial position have been grouped together for clarity, duly broken down in the notes to the consolidated financial statements.

The distinction presented in the consolidated statement of financial position between current and non-current items has been made according to the receipt or extinction of assets and liabilities before or after one year.

Additionally, the consolidated financial statements include all the information considered necessary for a fair presentation in accordance with current corporate legislation in Spain.

Finally, the figures contained in all the financial statements forming part of the consolidated financial statements (consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows) and the notes to the consolidated financial statements are expressed in thousands of euros, unless otherwise stated.

Also, in order to present the different items making up the consolidated financial statements in a standardised manner, the valuation standards and principles used by the Parent Company have been applied to all the companies included within the scope of the consolidation.

b) Adoption of the International Financial Reporting Standards

Naturhouse Group's consolidated financial statements are presented in accordance with the International Financial Reporting Standards, in accordance with the provisions of Regulation (EC) No.

1606/2002 of the European Parliament and the Council of 19 July 2002. In Spain, the obligation to present consolidated financial statements under the IFRS adopted by the European Union was also regulated in Final Provision Eleven of Law 62/2003 of 30 December on fiscal and administrative measures and social order.

The main accounting policies and valuation standards adopted by Naturhouse Group are presented in Note 5.

C) Changes in accounting policies and effective breakdowns of information in the year 2019

New accounting standards came into effect in the 2019 financial year, therefore, they have been taken into consideration in the preparation of the attached consolidated financial statements. The following standards have been applied in these consolidated financial statements, but they did not have a significant impact on the figures and breakdown therein:

New standards, amendments and interpretations		**Mandatory application for financial years from:**
Approved for use in the European Union:		
New normatives:		
IFRS 16- Leases (published in January 2016)	Replacing IAS 17 and associated interpretations. The main new development lies in a single accounting model for lessees, which will include all the leases in the balance sheet (with some limited exceptions) with an impact similar to that of the current financial leases (there will be amortization of the asset for the right of use and a financial expense for the amortized cost of the liability).	1 January 2019
Amendments and/or interpretations:		
Amendment to IFRS 9 Characteristics of early cancellation with negative compensation (published in October 2017)	This amendment allows the valuation at amortized cost of some financial assets that can be cancelled in advance for an amount less than the amount outstanding from the principal amount, as well as the interest on said principal amount.	1 January 2019
CIIFRS 23 Uncertainty about tax treatment (published in June 2017)	This interpretation clarifies how the IAS 12 recognition and valuation standards should be applied when there is uncertainty as to the tax authority's acceptance of particular tax treatment used by the entity.	1 January 2019
Amendment to IAS 28 Long-term interest in associates and joint ventures. (published in October 2017)	Clarifies that IFRS 9 must be applied to long-term interests in an associate or joint venture if the equity method is not applied.	1 January 2019
Amendment to IFRS 3 Business combinations - Annual improvement cycle 2015-2017 (published in December 2017)	Acquisition of control over a business previously registered as a joint venture.	1 January 2019
Amendment to IFRS 11 Joint arrangements - Annual improvement cycle 2015-2017 (published in December 2017)	Acquisition of joint control over a joint venture constituting a business.	1 January 2019

New standards, amendments and interpretations		Mandatory application for financial years from:
Amendment to IAS 12 Income tax - Annual improvement cycle 2015-2017 (published in December 2017)	Record of the tax impact of compensation of financial instruments classified as equity.	1 January 2019
Amendment to IAS 23 Borrowing costs - Annual improvement cycle 2015-2017	Capitalisation of interest on specific financing pending payment of an asset that is ready for use.	1 January 2019
Amendment to IAS 19 Amendment, reduction or termination of a plan (published in February 2018)	Clarifies how to calculate the cost of the service for the current period and the net interest for the rest of an annual period when there is an amendment , reduction or settlement of a defined benefit plan.	1 January 2019

The aforementioned rules and interpretations adopted by the European Union with effect from 1 January 2019 that have had a significant impact on the consolidated financial statements as of 31 December 2019 have been as follows:

IFRS 16 Leases

In the 2019 financial year, the Group applied IFRS 16, with effect from 1 January 2019, which replaces IAS 17. IFRS 16 establishes the principles for the recognition, valuation, presentation and breakdown of lease agreements, with the objective of ensuring that both the lessee and the lessor provide relevant information that represents a true and fair view of such transactions. The Standard provides for a single accounting model for the lessee, according to which the lessee must recognize the right-of-use assets and the corresponding lease liabilities of all lease contracts, unless the lease term is 12 months or less, or the underlying asset is of low value.

The criteria established by said Standard for the recording of lease agreements have been applied retrospectively by adjusting the opening balance on the date of first application (January 1, 2019) according to the criteria established in paragraph C8 (b) (ii) of the standard, that is, recognizing a lease liability equal to the present value of the remaining lease payments, discounted using the lessee's incremental rate on the date of initial application and recognizing a right of use for an amount equal to the lease liability, adjusted by the amount of any advance or accumulated lease payment (accrued) related to that lease recognized in the statement of financial position immediately before the initial application date.

The Naturhouse Group has recognised as of 1 January 2019 assets for the right of use amounting to 11,023 thousand euros, and lease liabilities for the same amount. As of 31 December 2019, the Naturhouse Group has recognised assets for the right of use, net of accumulated amortisation, amounting to 7,632 thousand euros, and liabilities amounting to 7,688 thousand euros (2,538 short-term and 5,150 long-term). Likewise, the impact on the income statement at year end 2019 has resulted in a reduction under the heading "Other operating expenses" amounting to 3,407 thousand euros, an increase under the heading "Amortisations" amounting to 3,281 thousand euros, and a reduction of the Financial Result amounting to 182 thousand euros.

The leases mainly correspond to owned stores, as well as offices and a central warehouse in Spain.

Naturhouse Group has decided to apply the following accounting policies of said Standard stating that:

- Contracts with a duration of less than one year and whose assets are of little value will not be applied for the calculation.

- The lease term applied is the contractual minimum expected or 3 years, the minimum term, considering that the penalties for cancellation of contract are minimal or null in the case of its own stores transferred to franchisees, and that the average turnover of its own transferred stores does not exceeds the approximate term of 3 years.

Finally, the difference between the lease liability recognised as of 1 January 2019 and the lease obligations included in note 9 of the consolidated annual report as of 31 December 2018 are due to the effect of the discount rate, as well as due to the exemption for short-term leases and low-value assets.

d) Accounting policies issued not in force for the 2019 financial year

At the date of preparing these consolidated financial statements, the following standards and interpretations had been published by the International Accounting Standard Board (IASB) but had not yet entered into force, either because their effective date is later than the date of these consolidated financial statements, or because they have not yet been adopted by the European Union (EU-IFRS):

New standards, amendments and interpretations		**Mandatory application for financial years from:**
Approved for use in the European Union:		
Amendments and/or interpretations:		
Amendment to IFRS 3 Business definition (published in October 2018)	Clarifications to the business definition.	1 January 2020
Not yet approved for use in the European Union on this document's date of publication (1)		
New normatives		
IFRS 17 Insurance contracts (published in May 2017)	To replace IFRS 4, which includes the principles for the recognition, valuation, presentation and breakdown of insurance contracts with the aim of the entity providing relevant and reliable information that allows users of the financial information to determine the effect that insurance contracts have on the financial statements.	1 January 2021 (2)
Amendments and/or interpretations:		
Amendments to IAS 1 and IAS 8 Definition of "materiality": (published in October 2018)	Amendments to IAS 1 and IAS 8 to align the definition of "materiality" with that contained in the conceptual framework.	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 Reforms to reference interest rates (published in September 2019)	Amendments to IFRS 9, IAS 39 and IFRS 7 relating to the ongoing reform of reference rates.	1 January 2020

(1) The state of approval of the rules by the European Union can be consulted on the EFRAG website.
(2) The IASB has proposed postponement to 1 January 2022 (Draft amendment to IFRS 7 published on 26 June 2019).

The Parent Company's Directors have not considered the early application of the aforementioned Standards and Interpretations and, in any case, their application will be considered by the Group once approved, where appropriate, by the European Union.

In any case, the Parent Company's Directors are evaluating the potential impacts of the future application of these standards and consider that their entry into force will not have a significant effect on the consolidated annual accounts of the Group:

e) Functional currency

These consolidated financial statements are presented in euros as this is the functional currency of the primary economic environment in which the Group operates. Foreign operations are accounted for in accordance with the policies described in Note 5.l.

f) Responsibility for the information and accounting estimates and judgements made

The preparation of the consolidated financial statements under IFRS requires the Parent Company's Directors to perform certain accounting estimates and to consider certain elements of judgement. These are continually evaluated and are based on historical experience and other factors, including expectations of future events, which have been considered reasonable under the circumstances. While the estimates have been made on the best information available as of the date of preparing these consolidated financial statements, in accordance with IAS 8, any amendment in the future to these estimates would be applied prospectively from such time, recognising the effect of the change in the estimate made in the consolidated profit and loss account for the financial year in question.

The main estimates and judgements considered in preparing the consolidated financial statements are as follows:

- Useful lives of intangible and tangible fixed assets (see Notes 5.a and 5.b).

- Impairment losses of non-financial assets (see Note 5.c).

- Evaluation of occurrence and quantification of litigation, commitments, contingent assets and liabilities at close (see Note 5.h).

- Estimate of impairments for defaults in accounts receivable and inventory obsolescence (see Notes 5.e and 5.f).

- Estimate of income tax expenses and recoverability of deferred tax assets (see Notes 5.k).

g) Information comparison

The information contained in this consolidated report referring to the 2018 financial year is presented, for comparison purposes, with information from the 2019 financial year.

h) Relative importance

When determining the information to be broken down in the consolidated notes on the different items of the consolidated financial statements or other matters, the Group has taken into consideration the relative importance in relation to these consolidated financial statements for the 2019 financial year.

3. Consolidation criteria

The accounting closing date of the individual financial statements for all the companies included within the scope of the consolidation is the same as that of the Parent Company. Additionally, in order to present the different items comprising these consolidated financial statements in a standardised manner, accounting standardisation criteria have been applied, using the Parent Company's accounting criteria as the basis. The preparation of the consolidated financial statements has been based on applying the following methods:

a) Subsidiaries and associates

"Subsidiaries" are those over which the Parent Company has the capacity to exercise effective control, this capacity is generally manifested, but not exclusively, by the direct or indirect ownership of over 50% of the voting rights of the subsidiaries or, if this percentage is lower or null, there are agreements with other shareholders thereof which give the Company control. Under IFRS 10, control is understood as the power to direct an entity's financial and operating policies so as to obtain benefits from its activities. The most important information on these companies is provided in Annex I of these Notes.

The subsidiaries' financial statements are consolidated with those of the Parent Company by using the full integration method. Consequently, all balances and effects of transactions made between the consolidated companies have been eliminated in the consolidation process. If necessary, adjustments are made to the subsidiaries' financial statements in order to adapt the accounting policies used to those used by the Group.

Additionally, the following must be considered for the participation of third parties:

- The assets of its subsidiaries is presented under "Equity attributable to third-party shareholders" in the consolidated statement of financial position in the chapter on the Group's Equity (see Note 13).

- The income from the financial year is presented under "Income attributable to third-party shareholders" in the consolidated profit and loss account (Note 13).

The consolidation of income generated by the companies acquired during a financial year is made by only taking into consideration those relating to the period between the date of acquisition and the relevant yearend. In parallel, the consolidation of income generated by the companies disposed of during a financial year is made by only taking into consideration those relating to the period between the start of the financial year and the date of disposal.

Furthermore, as is usual practice, the accompanying consolidated financial statements do not include the tax effect which, if appropriate, may arise as a result of the incorporation of the consolidated companies' income and reserves to the Parent Company, as it is considered that no transfers of reserves not taxed at source will be made, and because of considering that these will be used as sources of financing in each company.

Companies over which Naturhouse Health, S.A. has a significant influence or joint control are consolidated by participation method in cases where the requirements of IFRS 11 to be classified as "joint operations" are not met.

The equity method consists in the inclusion in the line of the consolidated balance sheet "Investments in associated companies - Investments accounted for using the equity method" of the value of net assets and goodwill, if there are any, corresponding to the shareholding held in the associated company. The net result obtained each year corresponding to the percentage of shareholding in these companies is reflected in the consolidated income statements as "Results in entities valued using the equity method".

b) Conversion of financial statements in currencies other than the euro

The financial statements of subsidiaries whose records are in currencies other than the euro included in the consolidation process are converted by applying the closing rate to all their assets and liabilities, except for equity, which is valued at the historical exchange rate. The income, in turn, is converted at the average exchange rate for the financial year. The difference arising from applying the conversion process described above is recorded on the Consolidated Statement of Comprehensive Income as "Conversion differences".

c) Variations in the scope of the consolidation

Year 2019

On 11 June 2019, the Company subscribed to the share capital increase carried out by Name 17, S.A. de C.V., through which it acquired 51% of the shares for 112 thousand euros.

This acquisition has been considered as a business combination within the scope of IFRS 3, recognised using the acquisition method. The assets acquired and the liabilities assumed, recognised on the date of acquisition, are as follows:

	Thousands of Euros
CURRENT ASSETS:	**233**
Inventory	16
Trade and other short-term receivables	24
Cash and cash equivalents	193
NON-CURRENT ASSETS:	**41**
Tangible fixed assets	28
Long-term financial investments	13
CURRENT LIABILITIES:	**(55)**
Trade and other short-term creditors	(55)
Total fair value of identifiable net assets acquired	**219**

It has been concluded that the book value of the net assets acquired approximates their fair value, there not having been revealed any goodwill in the business combination:

	Thousands of Euros
Consideration transferred	112
Plus- Third-party shareholders	107
Less- Fair value of net assets acquired	(219)
Goodwill	**-**

Impact of the combination on the group's results

The income and results attributable to the combination from the date of acquisition to year end 2019 are as follows:

	Thousands of Euros
Net amount of revenue	32
Results of the year	(108)

If the aforementioned business combination had been carried out at the beginning of the 2019 financial year, the amount of the attributable income and results for the financial year would have been as follows:

	Thousands of Euros
Net amount of revenue	49
Results of the year	(41)

Year 2018

During the financial year 2018, the subsidiary UAB Naturhouse (Lithuania) was closed without causing significant impacts on the Group's consolidated financial statements. The consolidation perimeter has not undergone any other variation except for the one mentioned above.

The variation in the scope for the 2019 financial year has resulted in a business combination within the scope of IFRS 3.

4. Distribution of the result

The proposal for the distribution of the individual result of Naturhouse Health, S.A. for the year 2019 formulated by the Directors of the Parent Company, subject to the approval of the General Shareholders' Meeting, is as follows:

	Thousands of Euros	
	2019	2018
Distribution basis:		
Profit for the financial year	14,200	15,687
	14,200	**15,687**
Distribution:		
To dividends	14,200	15,687
	14,200	**15,687**

In addition, the Board of Directors at its meeting held on February 28, 2020, proposed the distribution of a dividend amounting to 200 thousand euros, charged to unrestricted reserves.

Of the figure allocated to dividends, amounts have already been distributed in the 2019 financial year amounting to a total of 11,400 thousand euros, recognised under the "Interim Dividend" heading under equity on the balance sheet.

In accordance with the requirements of Article 277 of the refunded texts of the Spanish Corporate Law, the provisional financial statements prepared by the Parent Company are transcribed, showing the existence of sufficient profits in the periods so as to allow the distribution of interim dividends, proving the existence of sufficient liquidity so as to be able to make such payment.

Year 2019

At meetings held on July 29 and 30, 2019 and November 5, 2019, the Directors agreed to distribute interim dividends for the year 2019, amounting to 3,600 thousand euros, 4,200 thousand euros and 3,600 thousand euros respectively:

	Thousands of Euros
	Provisional Accounting Statement Formulated
Profits at 31/03/2019	5,276
Estimated Corporate Tax	(1,418)
Maximum amount available for distribution	**3,858**
Liquid Assets and Short-Term Group Financial Investments	16,098
Interim dividends	(3,600)
Remaining liquid assets after payment	**12,498**
Sums to be received to year end	60,000
Sums to be paid to year end	(54,434)
Liquid assets forecast at year end	**18,064**

	Thousands of Euros
	Provisional Accounting Statement Formulated
Profits at 30/06/2019	11,819
Estimated Corporate Tax	(3,575)
Maximum amount available for distribution	**8,244**
Liquid Assets and Short-Term Group Financial Investments	20,402
Interim dividends	(7,800)
Remaining liquid assets after payment	**12,602**
Sums to be received to year end	10,000
Sums to be paid to year end	(11,648)
Liquid assets forecast at year end	**10,954**

	Thousands of Euros
	Provisional Accounting Statement Formulated
Profits at 30/09/2019 Estimated Corporate Tax	16,394 (4,691)
Maximum amount available for distribution	**11,703**
Liquid Assets and Short-Term Group Financial Investments Interim dividends	9,433 (3,600)
Remaining liquid assets after payment	**5,833**
Sums to be received to year end Sums to be paid to year end	19,682 (14,288)
Liquid assets forecast at year end	**11,227**

The previous provisional financial statements were drawn up based on the Company's figures and on the current forecast of sums to be received and paid.

The Company has distributed dividends in the last five years.

Therefore, the dividends distributed and paid and those agreed to be distributed in the last 2 financial years, as well as the dividend per share paid and agreed for distribution per share are as follows:

	2019	2018
Dividends:		
Dividends agreed to be distributed (in thousands of euros)	15,000	16,800
Number of shares	60,000,000	60,000,000
Dividend per share agreed to be distributed (in euros)	0,25	0.28

5. Valuation standards

As stated in Note 2, the Group has applied accounting policies in accordance with IFRS and interpretations published by IASB (International Accounting Standards Board) and the IFRS Interpretations Committee (IFRS IC) and adopted by the European Commission for application in the European Union (EU-IFRS).

a) Intangible assets

As a general rule, intangible assets are initially valued at their acquisition price or production cost. Subsequently, they are valued at cost less any accumulated amortization and, if applicable, impairment losses under the criteria described in Note 5.c. These assets are amortized according to their useful life.

Research and Development

The Group's activity, due to its nature, does not involve significant Research and Development expenses, not generating more R&D&I expenses than those relating to registering the brand and product formula with the appropriate department of health. The Group's policy is to directly record as expenses, the expenses incurred in both Research as well as Development, deeming that they do not meet the criteria for activation established by IAS 38 and as they are not significant, given that the majority of these activities are performed directly by the Group's suppliers.

The expenses recorded in the consolidated profit and loss account for the 2019 financial year amounted to 12 thousand euros (27 thousand euros in the 2018 financial year).

Transfer rights

Correspond to the amounts paid by way of transfer of premises in acquiring new shops. Amortised by the straight-line method over a period of 5 to 10 years.

Industrial property

The amounts paid for acquiring property or right of use for the different manifestations of the same, or for expenses incurred in registering the brand developed by the Group are recorded in this account. During the 2014 financial year, brands were acquired as stated in Note 7. The industrial property is amortized by the straight-line method over its useful life, which has been estimated at 10 years.

Software

Licenses for software acquired from third parties, or internally developed software, are capitalized on the basis of the costs incurred to acquire or develop them and to prepare them for use.

Software is amortized by the straight-line method over its useful life, at a rate of between 20% to 33% annually.

Software maintenance costs incurred during the financial year are recorded in the consolidated profit and loss account.

b) Tangible fixed assets

Tangible fixed assets are initially valued at acquisition price or production cost and are subsequently reduced by accumulated amortization and impairment losses, if any, according to the criteria described in Note 5.c.

Upkeep and maintenance costs for the different elements making up the tangible fixed assets are allocated to the consolidated profit and loss account for the financial year in which they are incurred. On the contrary, the amounts invested in improvements contributing to increased capacity or efficiency or extended useful life for these assets are recorded as a higher cost thereof.

Replacements or renewals of complete fixed asset elements are accounted for as assets, with the resulting accounting derecognition of the elements replaced or renewed.

Financial expenses, incurred during the construction or production period prior to commissioning the assets, are capitalized, with both the sources of specific financing intended expressly for acquiring the fixed asset element, as well as the sources of generic financing in accordance with the guidelines established for qualifying assets in IAS 23. During the 2019 and 2018 financial years, there were no financial expenses capitalized as a higher value of an asset.

The years of useful life estimated by the Group for each group of elements are listed below:

	Years of estimated useful life
Buildings	33.33
Other facilities, tools and furniture	8.33 - 30
Information processing equipment	3 - 4
Transportation elements	6.25 - 10

The total tangible fixed assets is amortized by the straight-line method based on the years of estimated useful life.

"Assets in construction" includes the additions made to technical facilities and transport elements that are not yet operational. The transfer of assets in construction to assets in operation is performed when the assets are ready to become operational.

An item in tangible fixed assets is derecognised when sold or when no future economic benefits are expected from the continuing use of the asset. Profits or losses derived from the disposal or derecognition of an item of tangible fixed assets are determined as the difference between the profit from the sale and the book value of the asset, and are recognised in the consolidated profit and loss account.

The investments made by the Group in leased (or assigned) premises, which are not separable from the leased (or assigned) asset, are amortized by the straight-line method over their useful life, which corresponds to the lesser of the duration of the lease (or transfer) contract including the renewal period when there is evidence to support that it will occur, and the asset's economic life.

c) Impairment of non-financial assets

Where there is an indication of impairment, the Group estimates, using the "impairment test", the possible existence of impairments reducing the recoverable value of such assets to an amount below their book value.

Assets subject to amortization are reviewed for impairments whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognised by the amount that the asset book value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

The Group annually evaluates the existence of impairment indicators (or in interim periods in the event of evidence of impairment occurring). As of the date of these consolidated financial statements, there is no indication to suggest that these assets' recoverable value is less than their recorded book value, consequently, the Group has not subjected any non-financial assets to impairment. On the other hand, the Group has no significant intangible assets or any goodwill as of 31 December 2019, excepting the brands stated in Note 7 which, in accordance with the gross margins obtained in marketing the products associated with said brands, do not present any impairment indicators as of 31 December 2019.

d) Leases

In the 2018 financial year, leases were recognised in accordance with IAS 17, that is, when the Group assumed substantially all the risks and rewards of ownership, they were classified as financial leases. The assets were capitalised by the lower of the fair value and the present value of the minimum lease payments at the start of the lease, and a liability was recognised for that amount.

Each lease payment was allocated between the liability and the interest expense based on a constant interest rate on the loan outstanding. Capitalised leased assets were depreciated by the straight-line method over the useful life. Operating lease payments were recognised on the consolidated statement of comprehensive income under the heading "Other operating expenses" due to being incurred during the term of the lease.

As regards operating leases, the lease expenses, when the Group is the lessee, are allocated on a straight-line basis to the consolidated profit and loss account during the term of the contract regardless of the way stipulated in said contract for the payment thereof. In the event that the contract had established incentives thereof by the lesser consisting of payments due, the proceeds thereof should correspond to the lessee, charged to the profit and loss account as a reduction in the contract costs in a straight-line manner like these.

However, in the 2019 financial year, following IFRS 16, there is a single lease accounting model for the balance sheet for all leases.

The Group recognises an asset for the right of use and a lease liability for all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, unless there is another systematic basis that is more representative of the time frame in which the economic benefits of the leased asset are consumed.

The lease liability is initially measured at the current value of the lease payments that are not paid on the start date, discounted using the rate implicit in the lease. If this rate cannot be easily determined, the Group uses its incremental borrowing rate. The book value of the lease liability increases when the interest on said liability is reflected (using the effective interest method) and decreases when the lease payments made are reflected.

Assets for the right of use include the initial valuation of the corresponding lease liability, the lease payments made on or before the start date and any initial direct costs. Subsequently, the accumulated depreciation and impairment losses are measured at cost.

e) Financial instruments

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The financial assets held by the Group are classified, based on the characteristics of the contractual cash flows of the financial asset and the business model of the entity to manage its financial assets, as follows:

-Loans and accounts receivable.

- Financial assets available for sale.

The classification depends on the financial asset's nature and function and is determined at the time of initial recognition.

1. Loans and accounts receivable.

   Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Loans and accounts receivable (including trade debtors and other accounts receivable, cash and bank balances etc.) are valued at amortized cost using the effective interest rate method, less any impairment loss.

Interest income is recognised by applying the effective interest rate, except for short term accounts receivable with terms under 12 months, as in this case the effect of discounting is not significant.

The effective interest rate method is used to calculate the amortized cost of a debt instrument and to allocate interest income over the relevant period. The effective interest rate is that which allows the estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) to be accurately discounted over the expected life of the debt instrument or, where appropriate, for a shorter period until reaching the net book value at the time of initial recognition.

The Group recognizes a provision for expected losses in its operations, sale of goods to franchisees and master franchisees, which have not been collected in advance or bank guarantees have not been obtained. Said provision estimate is based on the historical experience of loss of credit, adjusted for specific factors of the debtors, general economic conditions and the individual evaluation carried out by the Management.

2. Financial assets available for sale.

   Equity instruments that are not classified as loans or receivables, investments held to maturity and financial assets held for trading are included.

   As of 31 December 2019, the Group holds no financial assets available for sale. All the financial assets available for sale held by the Group at yearend 2018 mainly related to shares in companies listed on the Stock Exchanges.

Initial valuation

The financial assets are initially recorded at the fair value of the consideration paid plus the transaction costs that are directly attributable.

Subsequent valuation

Loans, receivables and investments held to maturity are valued at their amortized cost using the effective interest rate method. In the consolidated statement of financial position, loans and accounts receivable with maturities under 12 months from the date of the same are classified as current.

The financial assets available for sale are valued at their fair value, the income from variations in such fair value being recorded in the Consolidated Statement of Comprehensive Income, until the asset is disposed of or has undergone an impairment (stable or permanent), at which time such accumulated income previously recognised in Equity are recorded in the profit and loss account. In this regard, there is a presumption of impairment (permanent) if there has been a decline of over 40% in the asset's list value or if there has been a prolonged decline in the same over a period of one and a half years without the value being recovered.

At yearend, at least, the Group performs an impairment test for the financial assets that are not recorded at fair value. It is considered that there is objective evidence of impairment when a financial asset's recoverable value is less than its book value. When this occurs, the impairment loss is recorded in the consolidated profit and loss account.

The Group derecognises financial assets when they expire or the rights to the cash flows for the financial asset concerned have been transferred and the risks and rewards inherent to their ownership have been substantially transferred. On the contrary, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which the risks and rewards inherent to their ownership are substantially retained.

Financial liabilities

Financial liabilities are the debits and payables that the Group has and that have arisen from the purchase of goods and services in the ordinary course of business, or those that do not have commercial substance and cannot be considered as financial derivatives.

Debits and payables are initially valued at the fair value of the consideration received, adjusted for directly attributable transaction costs. These liabilities are subsequently valued at amortized cost, considering the effective interest rate.

The Group derecognise financial liabilities when the obligations generated are extinguished.

f) Stock

Stock is valued at the lower of the acquisition price, production cost or net realisable value.

The net realisable value represents the estimated selling price less all estimated costs to finish manufacture and the costs to be incurred in the marketing, sales and distribution processes.

In assigning value to its stock, the Group uses the weighted average price method.

The Group makes the appropriate value adjustments, recognising them as an expense in the consolidated profit and loss account when the net realisable value of the stock is less than the acquisition price (or production cost).

g) Cash and other equivalent liquid assets

Cash and cash equivalents include cash on hand, demand deposits with credit institutions and other short term highly liquid investments with an original maturity of three months or less.

h) Provisions and contingencies

The Group's Directors make a distinction between the following in preparing the annual consolidated statements:

a. Provisions: credit balances covering current obligations arising from past events, whose cancellation is likely, causing an outflow of resources, but the amount and/or timing of the cancellation is uncertain.

b. Contingent liabilities: possible obligations arising as a result of past events, whose future existence is conditional on the occurrence, or otherwise, of one or more future events beyond the Group's control.

The consolidated statement of financial position attached includes all the provisions with respect to which it is estimated that the likelihood of having to meet the obligation is greater than it not being the case.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements, unless they are considered to be remote.

The provisions are valued at the current value of the best estimate possible of the amount required to settle or transfer the obligation, taking into consideration the information available on the event and its consequences, and reporting any adjustments arising from updating such provisions as a financial expense as they accrue.

The compensation received from a third party in settlement of the obligation, provided there are no doubts that such reimbursement will be received, is recorded as an asset, except in the event that there is a legal relationship whereby part of the risk has been externalised and by virtue of which the Group is not obliged to respond; in this situation, the compensation will be taken into consideration when estimating the amount by which, if appropriate, the relevant provision will be included.

i) Redundancies

In accordance with current legislation, the Group is required to pay redundancies to employees with whom, under certain conditions, it terminates their employment relationship. Therefore, redundancies that may be reasonably quantified are recorded as an expense in the financial year in which the decision to terminate employment is made. In the consolidated financial statements attached, no provision for this item has been recorded with a significant amount.

j) Commitments to staff

The long term benefits liability recognised in the consolidated statement of financial position attached represents the current value of the obligations assumed at the date of closure by the Italian subsidiary Naturhouse, S.R.L. (see Note 14). The Group recognises as an expense or accrued income by way of long term benefits the net cost of the services provided during the financial year, as well as that corresponding to any reimbursements and the effect of any reduction or settlement of commitments assumed. The Group has considered the effect of updating such provision and the consequent financial impact on the consolidated equity and income to be insignificant.

k) Corporate tax and deferred taxes

The expense or revenue for Spanish corporate tax and similar taxes applicable to the foreign consolidated entities is recognised in the consolidated profit and loss account, except when it is a consequence of a transaction whose results are directly recorded in the consolidated equity, in which case the tax concerned is also recorded in the equity.

The tax on profits represents the sum of the current tax payment and the variation in deferred tax assets and liabilities recognised.

The current tax expense is calculated on the consolidated companies' taxable base for the financial year. The consolidated taxable base differs from the net profit or loss presented in the consolidated profit and loss account as it excludes income or expense items that are taxable or deductible in other financial years and it also excludes items that will never become taxable or deductible. The Group's liability by way of current tax is calculated using tax rates approved on the date of the consolidated statement of financial position.

The deferred tax assets and liabilities include temporary differences, which are identified as the amounts expected to be payable or recoverable for the differences between the book value of assets and liabilities and their tax value, as well as the negative tax bases to be offset and the credits for tax deductions not applied. These amounts are recorded by applying the tax rate at which they are expected to be recovered or settled to the temporary difference or credit.

The deferred tax assets identified with temporary differences are only recognised if it is deemed likely that the consolidated entities will have sufficient future taxable profits against which to utilize them, not deriving from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The remaining deferred tax assets (negative tax bases and deductions to be offset) are only recognised if it is deemed likely that the consolidated entities will have sufficient future taxable profits against which to utilize them.

Each time the accounts are closed, the deferred tax (both assets as well as liabilities) is reviewed in order to check whether it is still current, making the appropriate adjustments to them according to the results of the analyses performed.

l) Foreign currency

The Group's consolidated financial statements are presented in euros, which is the Parent Company's functional currency. When preparing the financial statements of each individual entity in the Group, the transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the exchange rates prevailing on the date of the transaction. At the close of each financial year, the monetary items denominated in foreign currencies are converted at the rates prevailing on that date. Non-monetary items recognised at fair value and denominated in foreign currencies are converted at the rates prevailing on the date when the fair value was determined. Non-monetary items valued at historical cost in a foreign currency are not re-converted.

Exchange differences in monetary items are recognised in the consolidated profit and loss account in the period in which they occurred.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are converted into euros at the exchange rates prevailing at the close of each financial year. Income and expense items are converted at the average exchange rates for the period, except if the rates significantly fluctuate during such period, in which case those prevailing on the dates of the transactions will be used. Exchange differences, if any, are recognised in other comprehensive income and are accumulated in assets (allocating them to external shareholders, as appropriate).

m) Recognition of income

Revenues are recognized in such a way that the transfer of goods or services provided to customers is shown at an amount that reflects the consideration to which the Group expects to be entitled in exchange for said goods or services. Income is measured at the fair value of the consideration received or receivable.

Sale of goods

The Company uses an income recognition approach for the sale of goods based on five steps:

- Identify the contract or contracts with a customer.

- Identify the obligations of the contract.

- Determine the price of the transaction.

- Distribute the price of the transaction between the obligations of the contract.

- Recognize income when the entity complies with each of the obligations.

The main activity of the Group corresponds to the sale of goods (dietary products), mainly, through the sale of the product to the franchised client or to the final customer (consumer), this being the performance obligation acquired and for which the price of the transaction is determined.

The recognition of income in these activities is not complex and this occurs upon the fulfilment of said contractual performance obligation in accordance with the conditions of transfer of ownership of the merchandise sold. On the other hand, in own stores, the performance obligations of product sales and dietary advice are equally satisfied at a specific moment and time and their price is not variable nor are there guarantee commitments or second free visits with customers, nor any other type of commitment acquired with them, for which reason the Group considers that, in any case, the performance obligations are met under the same conditions as the current method of income recognition.

Provision of services

The Group's income from the provision of services mainly relates to the annual fee that the Group directly charges its franchisees, as well as "master franchise" contracts, an amount that the Group charges a third party for such third party to directly operate the Group's franchises in a given country. This master franchise is usually signed for a period of 7 years and the amount varies between 50,000 and 300,000 euros, which is billed once in advance.

The performance obligations assumed by the Group in contracts with franchisees and "master franchisees" are based, mainly, on the assignment of the right to use and exploit the brand and the subsequent commitment to supply and sell Naturhouse branded products (whose recognition is defined as stipulated in the section "Sale of goods").

Master franchise income is recorded in the "Trade payables and other accounts payable" heading of the current balance sheet and its recognition in the income statement occurs linearly for the period of the contract (7 years in most cases).

Other operating income

Under this heading, the Group records, mainly, re-billings of expenses to related companies or third-party franchisees, as well as, to a lesser extent, the income from the photovoltaic plants sold 30 September 2019 (see Note 8) and whose recognition is carried out as stipulated in the "Sale of goods" section.

Interest and dividend income

Dividends from investments are recognised when the shareholder's right to receive payment has been established (provided it is likely that the Group will receive the economic benefits and that the amount of income can be reliably measured).

Interest income arising from a financial asset is recognised when it is likely that the Group will receive the economic benefits and the amount of income can be reliably measured. Interest income is accrued on a time proportion basis, depending on the principal outstanding and the effective interest rate applicable, which is the rate that allows the estimated future cash flows to be discounted over the expected life of the financial asset in order to accurately obtain such asset's net book value.

n) Recognition of expenses

Expenses are recognised in the consolidated statement of income when a decrease in future economic benefits related to a reduction of an asset, or an increase of a liability occurs which can be reliably measured. This implies that the recording of expenses occurs simultaneously with the recording of a liability increase or asset reduction.

An expense is immediately recognised when a payment does not generate future economic benefits or when it does not meet the requirements for recognition as an asset.

Additionally, an expense is recognised when incurred in a liability and no asset is recorded, such as a liability for a guarantee.

The Group's main expenses relate to Supplies (purchase of finished products from its suppliers), Other Operating Expenses (leases, advertising, transport, services received from its majority shareholder, and independent professional services, primarily) and Personnel Expenses (salaries, social security contributions and redundancies).

As stated in Note 19.2, the majority of the purchases of finished products are made with related parties.

ñ) Transactions with related parties

The Group conducts its business transactions with related parties (sales, services provided, purchases, services received and leases), as defined in IAS 24, at market prices (see Note 19.2).

The Parent Company's Directors and its tax advisers consider that there are no significant risks in this regard that could lead to significant liabilities in the future.

Transactions with related parties not conducted at market prices are accounted for at their fair value. During the 2019 and 2018 financial years, this situation has not arisen.

o) Environmental information

Assets that are constantly used in the Group's business, whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution, are considered to be environmental assets.

These assets are valued, as with any other tangible assets, at acquisition price or production cost.

The Group amortizes these elements on a straight-line basis, according to the years of estimated useful life remaining for the different elements.

The environmental expenses for managing the environmental impact of the Group's operations, as well as the prevention of pollution related to the operation thereof and/or treatment of waste and disposals, are allocated to the consolidated profit and loss account based on an accrual basis, regardless of when the resulting monetary or financial flow occurs.

The Group's activity, by its nature, has no significant environmental impact.

p) Segment information

The business segments broken down in the consolidated notes are included consistently based on the internal information available to the Parent Company's Directors. The operating segments are components of Naturhouse Group involving business activities where income is generated and expenses incurred, including ordinary income and expenses from transactions with other Group components. Regarding the segments, the financial information is regularly broken down and the operating income reviewed by the Parent Company's Director in order to decide which resources should be allocated to the segments and to evaluate their performance.

In the Group's consolidated financial statements, the Parent Company's Directors have considered the following segments: Spain, Italy, France, Poland and Other countries (see Note 22).

q) Consolidated statement of cash flows

In the consolidated statement of cash flows, the following expressions are used:

-Cash flows: inflows and outflows of cash and cash equivalents, including short-term investments with high liquidity and low risk of variations in value.

-Operating activities: the usual activities of the Group's business operations, as well as other activities that cannot be classified as investment or financing activities.

-Investment activities: those regarding the acquisition, disposal or sale by other means of long-term assets and other investments not included in cash and cash equivalents.

-Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not part of the operating activities.

r) Earnings per share

The basic earnings per share are calculated as the quotient of the net profit or loss for the financial year attributable to the Parent Company and the weighted average number of ordinary shares outstanding during the period, excluding the Parent Company's average number of shares held by the Group companies.

On the other hand, the diluted earnings per share are calculated as the quotient of the net profit or loss for the financial year attributable to ordinary shareholders adjusted for the effect attributable to the potential dilutive ordinary shares and the weighted average number of ordinary shares outstanding during the financial year, adjusted by the weighted average number of ordinary shares that would be issued if all potential ordinary shares were converted into the Parent Company's ordinary shares. To this end, it is considered that the conversion takes place at the start of the financial year or when the potential ordinary shares are issued, if the latter were issued during the current financial year.

6. Exposure to risk

Financial risks

The Group's activities are exposed to various financial risks: market risk (including exchange rate risk), credit risk, liquidity risk and interest rate risk on cash flows.

1. Credit Risk

In general, the Group holds its liquid assets and cash equivalents in financial institutions with high credit ratings. It also performs adequate monitoring of accounts receivable individually, in order to determine situations of potential insolvency.

The Group's principal financial assets are cash and cash equivalents, trade debtors and other accounts receivable and investments, which represent the Group's highest exposure to credit risk in connection with its financial assets.

The Group's credit risk is, therefore, mainly attributable to its trade debtors. The amounts are presented in the consolidated statement of financial position net of provisions for bad debts, estimated by the Group's Directors based on experience from previous financial years and their assessment of the current economic environment. The breakdown of impairment losses recognised under "Trade Receivables for Sales and Services" on the consolidated statement of financial position attached as of 31 December 2019 is as follows:

	Thousands of Euros	
	31-12-2019	31-12-2018
Provision for bad debts	(11)	(11)

The Group does not have a significant concentration of credit risk, with exposure spread over a large number of customers, markets and areas and their individual amounts being insignificant.

However, the Group's Financial Management considers this risk to be a key aspect in daily business management, focusing all efforts on the appropriate control and monitoring of the development of accounts receivable and arrears, especially in sectors of activity with increased risk of default. Additionally, it is one of the Group's policies to obtain guarantees or deposits from customers in order to ensure compliance with their commitments.

Additionally, the Group has established a policy of accepting customers based on periodic liquidity and solvency risk assessments and the establishment of credit limits for debtors. Moreover, the Group conducts periodic analysis of the age of the debt with commercial customers in order to cover potential risks of default.

The average collection period varies, depending on the country, between 30 and 60 days, although a very significant portion of sales is collected in advance or at the time it is performed.

2. Liquidity risk

   In order to ensure liquidity and meet all payment obligations arising from its activities, the Group has the liquid assets shown on its statement of financial position, as well as available financing detailed in Note 15.

   In this regard, the Group performs liquidity risk management, based on maintaining sufficient cash and marketable securities, the availability of financing through an adequate number of credit facilities and sufficient capacity to settle market positions.

   On the other hand, it has always sought to utilize the liquid assets available for anticipative payment obligation and debt commitment management.

3. Market risk in the interest rate and the exchange rate:

   The Group's operating activities are largely independent with respect to variations in market interest rates.

   The interest rate risk of the Group arises from long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk on the cash flows. As of yearend 2019 and 2018, 100% of the borrowings were at variable interest rates.

   However, as of year end 2019 and 2018, the Group has an amount available in liquid assets that is equivalent to its debt, including its obligations under leases, consequently, the Directors consider that its exposure to interest rate risk is not significant in any case.

   This way, the Company has not considered it necessary to cover such interest rate fluctuations, consequently, it did not take out derivative instruments during the 2019 and 2018 financial years.

   With regard to exchange rate risk, the Group does not operate significantly internationally in countries with currencies other than the euro and, therefore, its exposure to exchange rate risk from foreign currency transactions is not significant, except for its exposure to the Zloty (Poland), which represents 13% and 10% of the Group's sales and assets, respectively.

Capital management

The Group manages its capital to ensure that Group companies will be able to continue as profitable businesses. The Group's capital structure includes debt, which is, in turn, composed of loans and credit facilities, cash and liquid assets, detailed in Note 15, and own funds, including capital and reserves as discussed in Note 13. In this regard, the Group is committed to maintaining leverage levels in line with the objectives of growth, solvency and profitability.

The Parent Company's Management, which is responsible for financial risk management, periodically reviews the capital structure.

The net financial debt ratio to Operating Income before amortization, impairment and other income as of 31st December 2019 and 2018 is at -0.03 and -0.2, respectively. In calculating this ratio, the Parent Company has considered the headings of the consolidated statement of financial position of net non-current and current debts in cash and cash equivalents as net financial debt. The variation between the two financial years is due to the application of IFRS 16.

7. Intangible fixed assets

The changes in this heading in the consolidated statement of financial position for the financial years 2019 and 2018 were as follows:

Cost	Thousands of Euros				
	Transfer rights	Industrial property	Software	Other intangible assets	Total
Balance at 31 December 2017	22	2,352	266	83	2,723
Additions	-	-	77	-	77
Withdrawals	-	-	(5)	-	(5)
Balance at 31 December 2018	22	2,352	338	83	2,795
Additions	-	-	217	5	222
Withdrawals	-	-	(111)	-	(111)
Balance at 31 December 2019	**22**	**2,352**	**444**	**88**	**2,906**

Accumulated amortization	Thousands of Euros				
	Transfer rights	Industrial property	Software	Other intangible assets	Total
Balance at 31 December 2017	8	(836)	(180)	(28)	(1,036)
Allocations	(13)	(235)	(56)	(45)	(349)
Applications	-	-	2	-	2
Balance at 31 December 2018	(5)	(1,071)	(234)	(73)	(1,383)
Allocations	(12)	(235)	(78)	(2)	(327)
Applications	-	-	100	-	100
Balance at 31 December 2019	**(17)**	**(1,306)**	**(212)**	**(75)**	**(1,610)**

Net book value	Thousands of Euros	
	31-12-2019	31-12-2018
Transfer rights	5	17
Industrial property	1,046	1,281
Software	232	104
Other intangible assets	13	10
Total Intangible Assets	**1,296**	**1,412**

During the 2019 financial year, the main additions have corresponded to software for the Parent Company's new E-commerce department. There have been no other significant additions in intangible assets during the 2019 and 2018 financial years.

The main asset under intangible assets basically corresponds to a set of brands acquired in the 2014 financial year amounting to 2,331 thousand euros, the net book value of which amounts to 1,030 and 1,263 thousand euros as of 31 December 2019 and 31 December 2018, respectively. These brands are amortized by the straight-line method over a useful life of 10 years.

In accordance with the margins obtained in marketing these brands' products, the Parent Company considers that said brands do not present impairment indicators as of 31 December 2019.

As of yearend 2019, the Group had fully amortized intangible assets still in use amounting to 90 thousand euros (182 thousand euros in the 2018 financial year).

The intangible assets located outside of Spain as of 31 December 2019 and 2018 are not significant (see Note 22).

8. Tangible fixed assets

The movement during the 2019 and 2018 financial years in the different tangible fixed asset accounts and their corresponding accumulated amortizations were as follows:

Cost	Thousands of Euros						
	Land and natural assets	Buildings	Other facilities, tools and furniture	Information processing equipment	Transportation elements	Assets in construction and advances	Total
Balance at 31 December 2017	288	926	6,148	299	76	60	7,797
Additions	-	36	547	29	-	30	642
Withdrawals	(188)	(648)	(680)	(17)	(1)	(66)	(1,600)
Conversion differences	-	-	-	-	-	-	-
Balance at 31 December 2018	100	314	6,015	311	75	24	6,839
Additions	-	12,394	547	51	147	20	13,159
Withdrawals	(100)	(2,701)	(2,675)	(49)	(56)	(20)	(5,601)
Conversion differences	-	-	-	-	-	-	-
Balance at 31 December 2019	**-**	**10,007**	**3,887**	**313**	**166**	**24**	**14,397**

Accumulated amortization	Thousands of Euros				
	Buildings	Other facilities, tools and furniture	Information processing equipment	Transportation elements	Total
Balance at 31 December 2017	(121)	(2,365)	(78)	(4)	(2,562)
Allocations	(11)	(660)	(69)	(23)	(763)
Applications	131	155	7	2	295
Conversion differences	-	(3)	-	-	(3)
Balance at 31 December 2018	(1)	(2,873)	(140)	(25)	(3,039)
Allocations	(3,247)	(582)	(68)	(67)	(3,964)
Applications	843	1,330	37	19	2,229
Conversion differences	(5)	-	-	-	(5)
Balance at 31 December 2019	**(2,410)**	**(2,125)**	**(171)**	**(73)**	**(4,779)**

Net book value	Thousands of Euros	
	31-12-2019	31-12-2018
Land and natural assets	-	100
Buildings	7,597	314
Other facilities, tools and furniture	1,762	3,148
Information processing equipment	142	171
Transportation elements	93	50
Assets in construction and advances	24	23
Total Tangible Fixed Assets	**9,618**	**3,806**

During the 2019 financial year, there have been significant variations in the Group's tangible fixed assets due to the application of IFRS 16, recognising assets for the right of use for a net accumulated amortisation amount of 7,632 thousand euros as of 31 December 2019 (see Note 9). Additionally, the variation in said heading essentially corresponds to additions in the installations in new owned stores, as well as to improvements needed in existing stores. On the other hand, disposals of property, plant and equipment correspond to the sale of material from own stores transferred to franchisees or other third parties, and to the sale of the photovoltaic plants.

As of 31 December 2018 and under "Other facilities, furniture and tools", photovoltaic panels were included with a net book value amounting to 1,183 and thousand euros respectively. These fixed assets were amortised by the straight-line method as with any of the Company's fixed assets, but they did not directly affect the Company's activities. During the 2019 financial year, the Parent Company sold the aforementioned photovoltaic panels to a related company (Tartales, S.L.), for a sale price of 1,678 thousand euros (see Note 19.2). The book value of these assets at the date of sale was 1,136 thousand euros, thus having generated a profit of 542 thousand euros in said transaction, included under the heading "Impairment and income from disposal of fixed assets".

Additionally, the attached consolidated profit and loss account includes losses amounting to 53 thousand euros recognised under the heading "Impairment and income from disposal of fixed assets" as a result of the disposals of fixed assets.

The Group's policy is to take out insurance policies to cover the potential risks to which the tangible fixed asset elements are subject. As of yearend 2019, the Parent Company's Directors deem that there was no deficit in insuring against these risks.

The tangible fixed assets located outside the Spanish territory as of 31 December 2019 and 2018 are broken down below:

	Thousands of Euros	
	31-12-2019	31-12-2018
Net book value		
Land and natural assets	-	100
Buildings	5,031	309
Other facilities, tools and furniture	1,069	1,240
Information processing equipment	87	95
Transportation elements	49	20
Assets in construction	24	24
Total Net book value	**6,260**	**1,788**

The fully amortized tangible fixed assets still in use at yearend 2019 amount to 2,102 thousand euros (2,255 thousand euros at yearend 2018).

Firm purchase commitments

At the close of the 2019 and 2018 financial years, the Group did not have firm commitments to purchase property, plant and equipment for any significant amount.

9. Leases

Rights of use

The breakdown and changes by class of assets for the right of use during the 2019 financial year have been as follows:

Cost	Thousands of Euros			
	Buildings	Information processing equipment	Transportation elements	Total
Balance at 01 January 2019	-	-	-	-
Initial application IFRS 16	10,955	12	56	11,023
Additions	1,425	-	47	1,472
Disposals	(2,373)	-	(56)	(2,429)
Balance at 31 December 2019	**10,007**	**12**	**47**	**10,066**

Accumulated amortization	Thousands of Euros			
	Buildings	Information processing equipment	Transportation elements	Total
Balance at 01 January 2019	-	-	-	-
Allocations	(3,241)	(5)	(37)	(3,283)
Applications	833	-	19	852
Conversion differences	(3)	-	-	(3)
Balance at 31 December 2019	**(2,411)**	**(5)**	**(18)**	**(2,434)**

	Thousands of Euros	
	31-12-2019	31-12-2018
Net book value		
Buildings	7,596	-
Information processing equipment	7	-
Transportation elements	29	-
Total Net book value	**7,632**	**-**

Due to the application of IFRS 16, as of 31 December 2019, the Group has recognised assets for the right of use net of accumulated amortisation amounting to 7,632 thousand euros (see Note 2.d).

In addition, the assets for the right of use guarantee the associated lease liabilities. The lease liabilities are recognised under long-term and short-term liabilities on the attached Statement of Financial Position, amounting to 7,688 thousand euros (see Note 15).

Relevant breakdowns and amounts in the lease agreements

The relevant breakdowns and amounts in the lease agreements by asset class are as follows:

Year 2019	Thousands of Euros			
	Buildings	Information processing equipment	Transportation elements	Total
Amounts:				
Fixed lease payments	3,366	5	36	3,407
Expenses recognised, variable payments	-	-	-	-
Financial expenses, lease liabilities	188	-	2	190
Lease liabilities	7,608	7	73	7,688
Conditions:				
Lease term	2 – 5 years	2 years	2 – 4 years	
Interest rate	0,75% - 2,50%	1,59%	1,59% - 1,85%	

Breakdown of lease liabilities

The lease liabilities recognised, classified by maturity, are broken down as follows:

	Thousands of Euros
Payments	31/12/2019
Less than one year	2,538
Between one and five years	5,150
More than five years	-
	7,688

10. Financial assets

10.1 Non-current financial assets

At 31 December 2019 and 2018, the breakdown under this heading is as follows:

	Thousands of Euros	
	31-12-2019	31-12-2018
Equity instruments		
Assets available for sale	-	35
Other equity instruments	76	76
Other financial assets		
Long term deposits and guarantees	752	771
	828	**882**

Fair value of financial instruments: Valuation techniques and assumptions applicable to the measurement of fair value

Financial instruments are grouped into three levels according to the degree to which the fair value is observable.

Level 1: those tied to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: those referenced to other inputs (other than the quoted prices included in Level 1) observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from the prices).

Level 3: are referenced to valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The amount recorded in 2018 under "assets held for sale" in the consolidated statement of financial position attached corresponded, exclusively, to the portfolio on equity instruments, financial instruments Level 1, publicly traded equity securities at fair value.

Assets available for sale

As of 31 December 2019, the Group holds no assets available for sale. The variation with respect to the 2018 financial year is due to the fact that the Group has started derecognising the portfolio it had held in equity instruments.

Deterioration of portfolio

Profits and losses arising from changes in fair value of these investments available for sale are recognised directly in the equity of the Group until the asset is disposed of or is determined to have suffered an impairment, at which time the cumulative gains or losses previously recognised in equity are included in net earnings.

It is assumed that there is evidence of impairment if there has been a fall of more than 40% of the value of the asset over a period of 1.5 years, without the value being recovered, notwithstanding entries due to impairment prior to compliance with these parameters.

10.2 Investments in associates and affiliates

Investments recognised using the equity method

The participation in companies valued following the participation method corresponds to the investee company Ośrodek Badawczo-Produkcyjny Politechniki Łódzkiej ICHEM Sp. z o.o. (hereinafter, "Ichem, Sp. zo.o").

The Group do not have control over this company as it lacks the majority of the voting rights in its Governing Body as states the IFRS 10. However, as established by IFRS 11, it is considered that there is joint control over such company (joint venture) as the Group, with the voting rights it holds, can veto any significant decision, consequently, decisions on relevant activities require the unanimous consent of the parties sharing control. The remaining Ichem shareholders are the related company Zamodiet, S.A., with 24.9%, and Polish individuals or entities without any connection to Naturhouse, with 50.2%. In previous years, the relative weight of Ichem's sales to Naturhouse increased in relation to its total sales basically as a result of the decision taken by the management of the Ichem subsidiary to reduce its sales of pharmaceutical products whose margins were relatively low.

The Management of the Naturhouse Group evaluated whether the facts and circumstances mentioned above indicated changes in the control elements of the investee, concluding that the ability to direct the relevant activities of the Ichem investee had not been modified, since the voting rights that it holds and its percentage of shareholdings had not been amended, and due to not managing the relevant operations and activities of Ichem that are managed by third parties outside the Naturhouse Group.

All its product purchase transactions are made at market prices (supported by a study conducted by Group tax advisers (see Note 19).

The detail of the investment in companies valued by the equity method at the close of the 2019 and 2018 financial years, as well as the movement that took place during both periods are as follows:

Year 2019

	Thousands of Euros				
	Balance on 1 January 2019	Result in Entities Valued by the Equity Method	Dividends	Conversion differences	Balance on 31 December 2019
Ichem Sp. Zo.o	3,348	243	(477)	38	3,152

Year 2018

	Thousands of Euros				
	Balance on 1 January 2018	Result in Entities Valued by the Equity Method	Dividends	Conversion differences	Balance on 31 December 2018
Ichem Sp. Zo.o	3,136	597	(329)	(56)	3,348

Other information related to this investee is as follows (figures as of 31 December 2019):

		Thousands of Euros			
Name and Registered Office	Activity	Total Assets	Equity	Sales	Result after tax
Ichem Sp. zo.o. Dostawcza 12 93-231 Lodz (Poland)	Production and marketing of dietetic products	15,916	12,422	14,275	1,503

The total assets and equity is presented at the closing rate as of 31 December 2019, while sales and the post-tax profit or loss is presented at the average exchange rate for the 2019 financial year.

11. Inventory

The breakdown of "stock" in the consolidated statement of financial position attached, to 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	31-12-2019	31-12-2018
Goods	4,124	4,429

The Group has not made any adjustments for impairment since the net realizable value of the inventories is higher than its acquisition price (or production cost), which is why no losses have been made under this item in the years 2019 and 2018 .

12. Cash and other equivalent liquid assets

Almost all of the balances of this heading in the consolidated statement of financial position at 31 December 2019 and 2018 correspond to the amount deposited in current accounts and financial deposits for periods less than 3 months that the Group held on those dates with financial institutions, freely disposed and remunerated at market rates, with the amount of cash not being significant.

13. Net equity

a) Share capital

On 9 April 2015, the Board of Directors of the Parent Company, exercising the delegation of the Sole Shareholder dated 2 October 2014, unanimously agreed to the public new stock offering on the Stock Market.

On 24 April 2015, the Comisión Nacional del Mercado de Valores admitted to trading 15 million shares of the Parent Company's share capital, with a nominal value of 5 euro cents each, which were sold by Kiluva, S.A. at the price of 4.8 euros. Subsequently, on 22 May 2015, the Green Shoe option was executed, expanding the number of shares admitting to trading by 1,097,637, reaching a total of 16,097,637 shares.

As of 31 December 2019, the Parent Company's share capital is represented by 60 ordinary shares of 0.05 euros nominal value each, fully subscribed and paid.

In accordance with communications on the number of corporate actions made before the Comisión Nacional del Mercado de Valores, the shareholders with significant holdings in the Parent Company's share capital, both directly as well as indirectly, higher than 3% of the share capital as of 31 December 2019 are as follows:

Shareholder	%
Kiluva, SA	72.60
Ferev Uno Strategic Plans	3.97

The Directors of the Parent Company have no knowledge of other shares equal to or higher than 3% of the Parent Company's share capital or voting rights, or that are lower than the percentage established, allowing significant influence to be exercised over the Parent Company.

b) Distribution of profit and dividends

On 29 April 2019, the Annual General Meeting approved the allocation of the Company's profits for the 2018 financial year, which amounted to 15,687 thousand euros, to dividends, of which 13,200 thousand euros had been distributed as interim dividends for the 2018 financial year. Also approving an additional distribution of dividends amounting to 1,113 thousand euros against unrestricted voluntary reserves, making a total of 16,800 thousand euros for dividends. Likewise, on 29 April 2019, 30 July 2019 and 5 November 2019, the Board of Directors approved an interim distribution of dividends amounting to 3,600 thousand euros, 4,200 thousand euros, and 3,600 thousand euros, respectively, for the profit for the 2019 financial year (see Note 4).

c) Legal reserve

In accordance with Consolidated Text of Capital Company Law, an amount equal to 10% of the annual profit must be assigned to the legal reserve until said reserve reaches an amount of 20% of the Company's share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital.

With the exception of that mentioned above, and while it does not exceed 20% of the share capital, said reserve may only be used to offset losses, provided that there are no sufficient other reserves available for this purpose.

As of December 31, 2019, the Parent Company's reserve is fully constituted.

d) Net equity attributable to minority interests

The breakdown of this heading in the consolidated statement of financial position to 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	31-12-2019	31-12-2018
Zamodiet México, S.A de C.V.	6	6
Name 17, S.A. de C.V.	56	-
	62	**6**

The variations in the years 2019 and 2018 in this section of the consolidated statement of financial position is shown below:

	Thousands of Euros
Balance on 31 December 2017	28
Profit attributable to minority interests	(18)
Conversion differences	(4)
Balance on 31 December 2018	6
Business combination (Note 3.c)	107
Profit attributable to minority interests	(51)
Conversion differences	-
Balance on 31 December 2019	**62**

e) Conversion differences

The breakdown of the heading "conversion differences" in the consolidated statement of financial position, 31 December 2019 and 2018 corresponds to the exchange differences that occur as a result of the conversion into Euros of financial statements of subsidiaries whose local currency is not the Euro: Naturhouse Franchising Co, Ltd (United Kingdom), Naturhouse Sp. zo.o. (Poland), Ichem Sp. zo.o (Poland), Zamodiet México, S.A. (Mexico), Naturhouse Inc. (US) and Naturhouse d.o.o. (Croatia), according to the following breakdown:

	Thousands of Euros	
	31-12-2019	31-12-2018
Naturhouse Inc.	(97)	(94)
Naturhouse Sp. zo.o.	(386)	(376)
Ichem Sp. Zo.o	(206)	(168)
Other	(898)	(388)
	(1.587)	**(1,026)**

f) Own shares

As of yearend 2019 and 2018, the Parent Company held company shares in accordance with the following breakdown:

Year	Number of shares	Euros		
		Nominal value	Average acquisition price	Total acquisition cost
2019	50,520	2,526	2,82	142,330
2018	14,000	700	4,58	64,186

As of 31 December 2019, the Parent Company's shares held by it represent 0.08% of the Parent Company's share capital, totalling 50,520 shares with a cost of 142 thousand euros and an average purchase price of 2.82 euros per share.

The movement in company own shares during the 2019 and 2018 financial years has been as follows:

Number of shares	2019	2018
Start of the financial year	14,000	14,000
Sales	(161,313)	-
Purchases	197,833	-
Yearend	**50,520**	**14,000**

g) Earnings per share

The profit or loss per share is calculated based on the profit or loss attributable to shareholders of the parent company by the average number of ordinary shares outstanding during the period. At yearend 2019 and 2018, the profit or loss per share is as follows:

	31-12-2019	31-12-2018
Weighted average number of shares in circulation	60,000,000	60,000,000
Average number of own shares	32,260	14,000
Average number of shares to determine basic profit per share	59,967,740	59,986,000
Consolidated Net Income of the Parent Company (Thousands of Euros)	13,257	15,373
Profit per share (in Euros per share)(*)		
Basic	0,22	0,26
Diluted	0,22	0,26

(*) The Group's earnings per share in accordance with IAS 33.

There are no financial instruments that could dilute the earnings or loss per share.

14. Provisions and contingencies

a) Non-current provisions

The balance of other non-current provisions mainly refers to a commitment that the Group has with certain employees of the Italian company Naturhouse S.R.L. amounting to 756 thousand euros at yearend 2019 (904 thousand euros in 2018). This TFR commitment (end-of-contract severance pay), payable at the time of termination of the employment relationship, regardless of whether the termination is voluntary or not. As of 1 January 2007, with the regulatory change in Italy, the reserve constituted for TFR up until 31 December 2006 remains in the company, and is revalued within the parameters of Law 297/82, and the withholding of wages paid to each employee is paid by the company to INPS (Italian state entity equivalent to Social Security). This commitment is not outsourced and the expense thereof is recorded under "Personnel expenses" in the consolidated income statement, which amounted to 239 and 174 thousand Euros for the years 2019 and 2018, respectively.

The remaining non-current provisions registered correspond to obligations and risks that the Group keeps provisioned due to considering them to be probable.

b) Contingencies

The Parent Company's Directors consider that there are no contingencies that could lead to unregistered liabilities or that could have a significant impact on the attached consolidated financial statements.

15. Financial Debts

The breakdown of current and non-current financial debt of the Group at 31 December 2019 and 2018 is as follows:

Year 2019

	Thousands of Euros			
	Initial Amount or Limit	Maturity		
		Current	Non-current	Total
Current liabilities				
Lease liabilities	-	2,538	-	2,538
Other financial liabilities	-	124	-	124
Non-current liabilities				
Lease liabilities	-	-	5,150	5,150
Other financial liabilities	-	-	2,607	2,607
		2,662	**7,757**	**10,419**

Year 2018

	Thousands of Euros			
	Initial Amount or Limit	Maturity		
		Current	Non-current	Total
Current liabilities				
Financial leases	-	5	-	5
Non-current liabilities				
Other financial liabilities	-	-	2.870	2,964
	-	**5**	**2,870**	**2,969**

The application of IFRS 16 has resulted in the recognition of lease liabilities amounting to 5,150 thousand euros in the long term and 2,538 thousand euros in the short term (see Note 2d).

Similarly, lease liabilities with related companies, Tartales S.L.U. and Casewa S.A.U. are included (see Note 19.1).

Additionally, the amounts paid as deposits by S.A.S. Naturhouse (France) franchisees to guarantee compliance with their contractual obligations are included under "Other non-current financial liabilities". Naturhouse as a guarantee of compliance with its contractual obligations. In the rest of the Group companies, these guarantees are obtained through guarantees. At 31 December 2019, these deposits are valued at amortized cost.

The Group considers that the fair value of these guarantees reasonably approximates their amortized cost, which is why their fair value is not disclosed in accordance with IFRS 7.29.

Likewise, the Company has bill discounting facilities with a limit of 1,000 thousand euros, which as of 31 December 2019 and 31 December 2018 has not been drawn on.

16. Trade creditors and other receivables

The balances of this heading in the current liabilities of the consolidated statement of financial position at 31 December 2019 and 2018 have the following composition:

	Thousands of Euros	
	31-12-2019	31-12-2018
Suppliers	3,170	3,024
Various creditors	340	609
Staff (remuneration pending payment)	1,058	1,878
Short-term accruals	523	580
	5,091	**6,091**

The book value of commercial creditors and other accounts payable does not differ materially from its fair value.

Outstanding remuneration relates mainly to the accrual of the summer bonus as well as the variable compensation of certain employees of the Group.

The short-term accruals include the anticipated income for the "master franchise" that is charged to income in the contract period (normally 7 years).

Group directors have recorded all anticipated income in current liabilities, regardless of the years pending long-term allocation, in consideration of their non-significant effect.

Information on the average payment period to suppliers

The information required by the Third Additional Provision of Law 15/2010 of 5 July (as amended by the Second Final Provision of Law 31/2014 of 3rd December) is detailed below, drawn up according to the ICAC Resolution of 29th January 2016 on the information to be included in the annual report for the consolidated financial statements in connection with the average payment period to suppliers in commercial operations.

	Days	
	31-12-2019	31-12-2018
Average payment period to suppliers	39.13	44.33
Ratio of paid operations	37.64	43.65
Ratio of operations pending payment	53.91	65.16

	Euros	
	31-12-2019	31-12-2018
Total payments made	14,529	10,606
Total outstanding payments	1,471	808

The data presented in the above table on payments to suppliers refers to those made by the Spanish consolidable group company. In accordance with the ICAC Resolution, in order to calculate the average payment period to suppliers, commercial operations corresponding to delivering goods or providing services accrued from the date of entry into force of Law 31/2014 of 3 December have been taken into account.

For the sole purpose of providing the information required by this Resolution, suppliers includes trade creditors for debts with suppliers of goods or services included under "Trade creditors and other accounts payable" and "Suppliers, related companies" of the current liabilities of the consolidated balance sheet.

"Average payment period to suppliers" is understood to be the time that elapses from the delivery of goods or the provision of services by the supplier and material payment for the operation.

The maximum legal payment period applicable to Spanish consolidable group company under Law 3/2014 of 29 December, which establishes measures to combat delays in payments for commercial operations, and in accordance with the transitional provisions established under Law 15/2010 of 5 July, was 60 days before publication of Law 11/2013 of 26 July and 30 days from publication of this Law and to the present (unless the conditions established in the same are met, which would allow the maximum payment period to be raised to 60 days).

17. Tax situation

17.1 Current balances with Public Administrations

The composition of current balances with Public Administrations at 31 December 2019 and 2018 is as follows:

Debit balances

	Thousands of Euros	
	31-12-2019	31-12-2018
VAT (refund) receivable	151	161
Corporation tax (refund) receivable	3,488	6,705
All other credit with Public Administration bodies	**3,639**	**6,866**

Credit balances

	Thousands of Euros	
	31-12-2019	31-12-2018
VAT (refund) payable	55	167
VAT (refund) withholdings payable	113	426
Creditor Social Security Organisms	282	633
Corporation tax (refund) payable	728	63
Other concepts (refund) payable	-	20
All other debts with Public Administration bodies	**1,178**	**1,309**

17.2 The reconcilement between income and expenses for Corporation Tax

At 31 December 2019 and 2018, the Group is not established in the consolidated statement regime, therefore the heading "Income Tax Payments" in the consolidated income statement reflects the sum of the amounts reported in the individual statements of each of the Group companies from the time of inclusion in the scope of each one of them.

The expense for income tax payments under the consolidated profit and loss account is determined from consolidated profit before tax, increased or decreased by the permanent differences between the taxable income of said tax and book income and the consolidation adjustments. To the adjusted book income is applied the tax rate applicable under the law that applies to each company and which decreases according to tax credits and deductions accrued during the year, adding in turn those differences, positive or negative, between the estimated tax on closure of accounts for the previous year and the subsequent settlement of tax at the time of payment.

The reconciliation between the consolidated profit before tax and income tax expense is as follows:

	Thousands of Euros	
	2019	2018
Consolidated profit before tax	19.237	22,719
Permanent differences and consolidation adjustments	1.419	330
Adjusted profit	**20.656**	**23,049**
Tax rate	25%	25%
Profit adjusted according to tax rate	**5.164**	**5,762**
Differences according to tax rate	647	1,293
Other adjustments	220	309
Total tax expense	**6.031**	**7,364**

Different companies calculate corporate income tax expense based on their respective legislation. The main tax rates applicable to the Group at yearend 2019 are as follows:

Country	Tax rate
Spain	25%
France	33.33%
Italy	24%
Poland	19%
Portugal	21%
Mexico	30%
United Kingdom	20%
Belgium	33.99%
Germany	30%
Croatia	20%
Lithuania	15%
United States	21%

Similarly, the breakdown of tax expense between current and deferred tax is as follows:

	Thousands of Euros	
	2019	2018
Expense/(income) deferred tax	(282)	43
Expense/(income) current tax	6,313	7,321
Total expense (income) due to tax	**6,031**	**7,364**

During the 2019 financial year, the Parent Company made payments on account and withholdings and tax payments on account for Corporate Tax have been carried out for the 2019 financial year amounting to 2,045 thousand euros. On this basis, at yearend the parent company holds a balance to be recovered from the Tax Authorities amounting to 1,056 thousand euros, which has been registered as a current tax asset. Additionally, as of yearend 2019, an amount of 1,574 thousand euros corresponding to the Corporate Tax settlement for the 2018 financial year in Spain was also pending collection (Note 23).

17.3 Recorded deferred tax assets

The detail of the balance of this account at the close of the 2019 and 2018 financial years and the movement that took place in 2019 is as follows:

	Thousands of Euros		
	31-12-2018	Disposals	31-12-2019
Temporary differences (prepaid taxes):			
Tax effect of the consolidation adjustments	65	-	65
70% depreciation limit	70	(11)	59
Others	15	(1)	14
Total deferred tax assets	**150**	**(12)**	**138**

The deferred tax assets referred to above have been recorded in the consolidated financial statement since the Directors of the Company consider that, in accordance with the best estimation regarding the future results of the Group, including certain tax planning measures, it is likely that said assets will be recovered.

The aforementioned deferred tax assets specified above were registered by applying the tax rate estimated to be recovered.

17.4 Non-recorded deferred tax assets

At the close of the 2019 and 2018 financial years, there are only unregistered deferred tax assets corresponding to entities included in the "Other countries" segment (See Note 22) and which have not been recognized, since the expected recovery probability requirement was not met, nor are they broken down due to their insignificance.

17.5 Deferred tax liabilities

The detail of the balance of this account at the close of the 2019 and 2018 financial years and the movement that took place in 2019 is as follows:

	Thousands of Euros		
	31-12-2018	Disposals	31-12-2019
Temporary differences (deferred taxes):			
Advance amortisation	292	(292)	-
Others	11	(2)	9
Total deferred tax liabilities	**303**	**(294)**	**9**

The change in deferred tax liabilities is mainly due to the sale of photovoltaic panels (see Note 8), which were fully tax amortised.

17.6 Years pending approval and auditing actions

The Group's activity, by its nature, is not affected by significant fiscal risks.

The interim statements and income to tax account are made regularly and based on the book record transactions, but are not considered definitive until the tax authorities have inspected them or the statute of limitation has lapsed, which in Spain is four years for all the applicable taxes.

On 12 November 2019, the Parent Company was notified of the start of inspection actions concerning Corporate Tax for the 2014 and 2015 financial years, and Value Added Tax for the 2015 financial year. At the date of preparation of these annual accounts, there are no other tax inspections in progress other than the one referred to above. It is not expected that additional liabilities will be accrued for the Group as a result of the upcoming years pending tax inspections.

The directors of the Parent Company consider that said taxes have been appropriately settled, so that even in the case of discrepancies in the interpretation of standards in effect for tax treatment afforded to the transactions, the contingent liabilities, should they arise, would not significantly affect the consolidated financial statements of the Group in 2019.

18. Income and expenses

18.1 Net amount of revenue

The breakdown of net revenues for the years of 2019 and 2018 of the Group is detailed below:

	Thousands of Euros	
	2019	2018
Sales	80,806	86,224
Provision of services	861	1,065
	81,667	**87,289**

18.2. Supplies

The amount recorded under "Consumption of Merchandise" for the years 2019 and 2018 has the following composition:

	Thousands of Euros	
	2019	2018
Consumption of merchandise:		
Purchases	23,536	25,138
Changes in stocks (Note 11)	305	20
	23,841	**25,158**

The breakdowns of the purchases made by the Group during 2019 and 2018, by source, is as follows:

	Thousands of Euros	
	2019	2018
Spain	5,847	4,483
Europe	17,648	20,628
Others	41	27
Total purchases	**23,536**	**25,138**

18.3. Personnel costs

The breakdown of staff expenses accrued during 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018
Wages, salaries and similar expense	15,070	15,612
Social security contributions	3,841	4,205
Severance indemnities	420	892
	19,331	**20,709**

18.4 Financial income and expenses

The breakdowns of the financial result of the Group during the year 2019 and 2018 are as follows:

	Thousands of Euros	
	2019	2018
Financial income	134	22
In third parties	134	22
Financial expenses:	(258)	(66)
Debts with third parties	(258)	(66)
Exchange differences	(61)	18
Financial result	**185**	**(26)**

As of 31 December 2019, the heading "Other financial expenses" includes 190 thousand euros due to the effect of updating the lease liability (see Note 9).

18.5 Other operating expenses

The amount recorded under "Other operating expenses" for the years 2019 and 2018 has the following composition:

	Thousands of Euros	
	2019	2018
Leases	1,212	4,650
Repairs	377	379
Transportation	2,274	2,458
Supplies	1,044	1,048
Advertising	6,094	5,738
Other external services	5,060	5,325
	16,061	**19,598**

The heading "Leases and fees" includes, as of 31 December 2019, leases with a maturity of less than one year and low-value assets.

19. Balances and transactions with related parties

The following are considered related parties:

- The main shareholder of the Parent Company, Kiluva, S.A. and all affiliates of said main shareholder as defined in IAS 24.

- The Directors and Managers of any company belonging to the Naturhouse Group or its main shareholder, Kiluva, S.A., and their immediate family, where "Administrator" is understood to be a member of the Board of Directors, and "Manager" is understood to be a person who reports directly to the Board or the Chief Executive of the company.

19.1 Balances with affiliate companies

As of December 31 of 2018 and 2019, the Group had the following balances with affiliated companies:

Company	Thousands of Euros			
	Debit balances		Credit balances	
	2019	2018	2019	2018
Short-term commercial balances				
Gartabo, SA	-	-	-	-
Girofibra, SL	-	-	99	142
Healthouse Sun, S.L.	-	-	-	-
Ichem Sp. Zo.o	-	-	2,491	2,874
Indusen, SA	-	-	614	762
Kiluva, SA	-	-	2	-
Laboratorios Abad, S.L.U.	1	-	-	7
U.D. Logroñés, SAD	-	-	-	-
Zamodiet, SA	-	-	8	8
Tartales, SLU	-	9	29	-
Ferev S.A.R.L.	150	29	-	-
Total short-term commercial balances	151	38	3,243	3,793
	151	**38**	**3,243**	**3,793**

In a general way, the Group recorded as current balances the debit or credit balances of a commercial nature with related companies.

Additionally, the headings "Non-current debt" and "Current debt" on the consolidated statement of financial position as of 31 December 2019 include lease liabilities with Tartales, S.L.U. amounting to 1,645 thousand euros (485 thousand euros in the short term and 1,160 thousand euros in the long term) and with Casewa, S.A.U. amounting to 35 thousand euros (17 thousand euros in the short term and 18 thousand euros in the long term).

19.2 Transactions with affiliate companies

During the years 2019 and 2018, the Group performed the following transactions with related companies:

Company	Thousands of Euros	
	2019	2018
Sells:		
Ichem Sp. Zo.o	-	1
Ferev S.A.R.L.	154	220
Services provided		
Ferev S.A.R.L.	5	-
Total operating revenues	**159**	**221**
Sales of fixed assets:		
Kiluva, SA	-	209
Tartales, S.r.l.	-	200
Tartales, Lda	-	649
Tartales, SLU	1.678	-
Total sales of fixed assets (Note 8)	**1.678**	**1,058**
Purchases:		
Girofibra, SL	1.032	1,147
Ichem Sp. Zo.o	13.630	14,587
Indusen, SA	2.905	3,173
Laboratorios Abad, S.L.U.	205	161
Services received:		
Ichem Sp. Zo.o	27	11
Kiluva, SA	-	209
Heatlhouse Sun, S.L.	16	57
Luair, S.L.U. (Directly and indirectly)	411	-
U.D. Logroñés, SAD	266	194
Ferev S.A.R.L.	20	-
Leasing and Insurance *:		
Casewa, S.A.U.	103	-
Tartales, SLU	537	360
Total operating expenses	**19.152**	**19,899**

(*) Lease expenses with Casewa, S.A.U. and Tartales, S.L.U. in the 2019 financial year include lease payments made to these entities, which have been recognised in accordance with IFRS 16.

Consideration should be given to the dividend distributions described in Note 13.

Likewise, there are transactions with a company related to a member of the Parent Company's Board of Directors amounting to 61 thousand euros in the 2019 financial year (61 thousand euros in the 2018 financial year).

The Directors of the Parent Company and its tax advisers, consider that the transfer prices are adequately justified on the basis of a report issued by the above parties, and therefore consider that there are no significant risks, in this sense, that they could lead to significant liabilities in the future.

As of the date of drawing up these consolidated financial statements, the Parent Company has updated the transfer pricing report corresponding to the 2018 financial year together with its tax advisors, which includes the main transactions that the Parent Company performs with its related companies:

- Royalties from the sale of brands

- Support services to the management (management fees).

- Sale of products

- Purchase of products

- Financial operation: liquid asset management.

The report does not include limitations, cautions or significant safeguards, except for the characteristics inherent to this type of work. Furthermore, in order to examine whether the prices agreed between the related parties as a result of the above-described transactions comply with applicable regulations and in order to determine its suitability to market values, the following methodology has been used depending on each kind of transaction:

- Obtaining comparable examples, i.e. comparing the circumstances of transactions related to the circumstances of transactions between independent persons or entities that may be comparable (comparable uncontrolled price method "CUP").

- On the other hand, the transactional net margin method ("TNMM") has also been applied. Under this method, the objective profitability indicators obtained by independent entities performing the same activity under similar circumstances has been analysed.

- Finally, the resale price method ("RPM") has also been used, where a margin is subtracted from the selling price of a good or service applied by the reseller itself, in identical or similar operations with independent persons or entities, or, in the absence thereof, the margin that independent persons or entities apply to comparable transactions, performing, where applicable, the necessary corrections for equivalence and taking into account the particularities of the transaction.

In the particular case of product purchases from related companies, the analysis provides a comparison of the gross margin on sales (both through owned as well as franchised centres) in purchases from related companies compared to that obtained in purchases made from comparable independent companies, among others. Based on these analyses it was determined that these operations are in accordance with the market.

This report has been issued in relation to transactions with affiliate companies in 2018. The Directors believe that there have been no relevant or significant changes in transfer pricing during the 2019 financial year, consequently, they believe that they are duly backed up.

19.3 Compensation to Directors and Senior Management of the Parent Company

During 2019 the current Directors of the Parent Company accrued compensation in fixed allowance and fees for attending meetings of the Board of Directors amounting to 316 (316 thousand Euros). Likewise, one member of the Board of Directors has provided services to the Company for an amount of 61 thousand euros during the year 2019. In addition, the members of the Board of Directors with executive positions have received the remuneration stated in the following paragraph. On the other hand, in the current financial year and in the financial year of 2018, no member of the Board of Directors has any advances, guarantees or other commitments in the area of pensions or life insurance contracted with the Directors. The current Directors of the Parent Company were appointed during the year 2014, except for one of them who was appointed during the year 2017 to replace another member who stood down from their position.

The compensation received in the year 2019 by the senior executives of the Group amounted to 2,268 thousand Euros for salaries and wages and services and compensations (1,514 thousand Euros were received by members of the Board of Directors in the development of their executive positions). The Senior Management of the Group has received no remuneration for other services. The remunerations received by the Group's Senior Management in the 2018 financial year amounted to 2,652 thousand euros (1,606 thousand euros received by members of the Board of Directors in the development of their executive positions).

At the close of the 2019 and 2018 financial years, the Group's Senior Management body is composed of the following persons:

Categories	2019		2018	
	Men	Women	Men	Women
Senior Management	9	1	8	1

No advances or loans granted to senior management at year-end 2019 and 2018, nor pension obligations or life insurance.

The Board of Directors consists of nine men and one woman at the end of 2019 (eight men and one woman at the end of 2018).

The Parent Company has signed a civil liability policy for directors and executives to cover the members of the Board of Directors, the CEO and all directors of the Naturhouse Group with a cost amounting to 5 thousand euros to 31 December 2019 (5 thousand euros in 2018).

19.4 Information relating to conflicts of interest by the Directors

As of year-end 2019, neither the members of the Board of Naturhouse Health, S.A. nor any persons related to them as defined by the refunded Spanish Corporate Law, have communicated to the other members of the Board of Directors any situation involving direct or indirect conflict that they or persons related to them, as defined by Spanish Corporate Law, may have with the Company's interests.

20. Information about the environment

Given the activities in which the Group is engaged, it has no liabilities, expenses, assets, provisions or contingencies of an environmental nature that could be significant in relation to the assets, financial position and results of the Group. For this reason, specific breakdowns are not included in these consolidated notes.

21. Other information

21.1 Staff

The average number of employees during the years 2019 and 2018, broken down by category, is as follows:

Categories	Number of employees	
	2019	2018
Senior Management	10	9
Rest of Senior Staff	26	25
Administrative and technical staff	47	50
Commercial, sales' staff and operators	505	504
	588	**588**

Likewise, the gender distribution of the Group at the end of the years 2019 and 2018, broken down by category, is as follows:

Categories	2019		2018	
	Men	Women	Men	Women
Senior Management	9	1	8	1
Rest of Senior Staff	20	5	19	6
Administrative and technical staff	11	36	6	43
Commercial, sales' staff and operators	27	486	28	477
	67	**528**	**61**	**527**

21.2 Audit fees

During 2019 and 2018, the fees for audit services and other services provided by the auditor of the consolidated annual accounts of the Group, Deloitte, S.L. and companies belonging to the Deloitte network, as well as fees for services billed by the auditors of individual annual accounts of the companies included in the consolidation and by entities linked to same by control, common ownership or management, were as follows:

Description	Thousands of Euros Audit Services from the main auditor Year 2019	 Year 2018
Audit Services	174	165
Other verification services (*)	1	1
Total auditing and related services	175	166
Tax services	-	-
Other services	-	-
Total Professional Services	**175**	**166**

(*) Other verification services correspond to a report on agreed procedures (same concepts referred in 2018).

22. Information by segments

The Group, considering that IFRS 8 mandates the application and disclosure of itemized information for those companies whose equity securities or debt is publicly traded, or companies that are in the process of issuing securities in public equity markets, presents this information in four itemized segments in the accompanying consolidated financial statements.

Segmentation criteria

For management purposes, the Group is currently comprised of the following operating segments which are in the following geographical areas:

- Spain
- France
- Italy
- Poland
- Other countries

The principal activities of the Group are described in Note 1 of the consolidated notes. The Group does not perform activities differentiated by relevant amounts that involve the identification of additional operating segments.

The Directors of the Parent Company have identified these segments based on the following criteria:

- It engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

- Those whose operating results are regularly reviewed by management, making operational and management decisions of the entity, making decisions about resources to be allocated to the segment, and assess their performance, and

- It has different financial information.

Basis and methodology of the information by business segment

The segment information provided below is based on reports prepared by Group management and is generated using the same software used for all accounting data of the Group.

The ordinary revenue of the segment relates to the ordinary income directly attributable to the segment plus the relevant proportion of overall revenues of the Group which may be assigned to it using reasonable distribution bases.

The expenses of each segment are determined by the costs of operating activities thereof which are directly attributable to same plus the relevant portion of expenses that can be allocated to the segment using reasonable distribution bases.

The segment result is presented before income taxes and any adjustment for minority interests.

In the column "Consolidation Eliminations" of the consolidated income statement it basically includes eliminations of sales and purchases between segments and costs passed on by the Parent Company and other consolidation adjustments.

Information regarding the consolidated income statements for 2019 and 2018, broken down by Segment, is as follows:

	Thousands of Euros															
	Sectors															
	Spain		France		Italy		Poland		Other countries		Eliminations and other consolidation adjustments		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External Sales	16.975	18,549	32.656	35,770	19.304	20,085	10.285	10,360	2.447	2,525	-	-	-	-	81.667	87,289
Sales between sectors	5.357	5,021	1.865	2,008	3	47	28	33	482	366	(7,735)	(7.476)	-	-	-	-
Other operating income	349	409	-	483	192	-	144	157	-	116	-	-	-	-	685	1,365
Total revenues	**22.681**	**23,979**	**34.521**	**38,261**	**19.499**	**20,132**	**10.457**	**10.550**	**2.929**	**3,007**	**(7.735)**	**(7.476)**	**-**	**-**	**82.352**	**88,654**
Supplies	(6,027)	(6.047)	(10,016)	(11.135)	(5,614)	(5.613)	(4,505)	(4.620)	(959)	(848)	3.280	3,104			(23,841)	(25.158)
Staff	(7,545)	(8.088)	(3,555)	(4.024)	(5,112)	(5.742)	(1,908)	(1.564)	(1,211)	(1.291)	-	-	-	-	(19,331)	(20,709)
Amortization	(495)	(514)	(120)	(165)	(279)	(262)	(149)	(268)	(53)	(140)	86	237	-	-	(1,010)	(1.112)
Other operating expenses and other results	(6,476)	(6.332)	(8,567)	(8.291)	(4,989)	(4.847)	(2,637)	(2.767)	(1,802)	(1.552)	4.865	4,372			(19,606)	(19.619)
Impairment losses and income from disposal of fixed assets	496	(50)	(7)	(23)	-	(35)	-	-	-	200	-	-	-	-	489	92
Operating results	**2.634**	**2,948**	**12.256**	**14.623**	**3.505**	**3.633**	**1.258**	**1,331**	**(1.096)**	**(624)**	**496**	**237**	**-**	**-**	**19.053**	**22,148**
Financial income	-	-	-	-	-	-	-	-	-	-	-	-	125	22	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-	(128)	(48)	-	-
Financial result	**-**	-	-	**-**	-	**-**	**-**	**-**	-	**-**	-	-	**(3)**	**(26)**	**(3)**	**(26)**
Result in entities valued by the equity method	**-**	-	-	**-**	-	**-**	**-**	**-**	-	**-**	**243**	**597**	**-**	**-**	**243**	**597**
Profit before tax	**2.634**	**2,948**	**12.256**	**14.623**	**3.505**	**3.633**	**1.258**	**1,331**	**(1.096)**	**(624)**	**739**	**834**	**(3)**	**(26)**	**19.293**	**22,719**

IFRS 16 Impact on Amortisation	**(1.146)**	**-**	**(607)**	**-**	**(756)**	**-**	**(104)**	**-**	**(668)**	**-**	**-**	**-**	**-**	**-**	**(3.281)**	**-**
IFRS 16 impact on Other operating expenses	**1.183**	**-**	**620**	**-**	**776**	**-**	**124**	**-**	**704**	**-**	**-**	**-**	**-**	**-**	**3.407**	**-**
IFRS 16 impact on Financial Result	**(59)**	**-**	**(21)**	**-**	**(34)**	**-**	**(4)**	**-**	**(64)**	**-**	**-**	**-**	**-**	**-**	**(182)**	**-**

The segment "Eliminations" includes consolidation eliminations and financial income and expenses considered as corporate not assignable to any particular segment. There has been no distribution of revenue and general expenses between segments.

The breakdown per segment of certain items of the consolidated statement of financial position, to 31 December 2019 and 2018 is as follows:

	Thousands of Euros													
	Sectors													
	Spain		France		Italy		Poland		Other countries		Eliminations and other consolidation adjustments		Total	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018	31-12-2019	31-12-2018	31-12-2019	31-12-2018	31-12-2019	31-12-2018	31-12-2019	31-12-2018	31-12-2019	31-12-2018
ASSETS														
Other intangible assets	1.214	1,343	18	14	43	34	17	14	4	7		-	1.296	1,412
Tangible fixed assets	762	2,018	403	574	530	617	109	107	182	491		-	1.986	3,806
Total Assets	**7.260**	**11,170**	**10.960**	**11,803**	**6.607**	**6,597**	**3.696**	**2,631**	**1.756**	**2,264**	**(350)**	**(350)**	**29.929**	**34,115**
Total Liabilities	**2.104**	**2,641**	**5.657**	**7,055**	**3.460**	**4,004**	**829**	**736**	**1,309**	**816**		**-**	**13.359**	**15.275**
IFRS 16 impact (Assets)	**2.596**	-	**704**	-	**1.505**	-	**170**	-	**2.657**	-		-	**7.632**	-
IFRS 16 impact (Liabilities)	**2.619**	-	**712**	-	**1.519**	-	**154**	-	**2.684**	-		-	**7.688**	-

The segment "Other and eliminations" includes assets and liabilities considered as corporate and not attributable to any particular segment, i.e. under "Investments in related companies" and "Current financial assets" and "Non-Current Liabilities" and " Current liabilities ", respectively, as well as consolidation eliminations.

Other segment information

None of the Group's customers accounts for over 10% of revenues from ordinary activities.

Furthermore, plant and equipment additions and intangible assets by segment were as follows:

	In Thousands of Euros					
	Spain	France	Italy	Poland	Other	**Total**
Additions 2018	191	40	205	272	12	**720**
Additions 2019	323	84	225	128	96	**886**
IFRS 16 additions	4,112	1,862	2,745	326	3,450	**12,495**

During the 2019 financial year, there have been additions totalling 13,381 thousand euros, of which 12,495 correspond to the application of IFRS 16.

23. Subsequent events

On 31 January 2020, the Parent Company terminated the liquidity contract signed with Renta 4 for failing to meet the expectations of increasing the share’s liquidity in the 2019 financial year.

Additionally, on 11 February 2020, the Parent Company recovered 1,502 thousand euros corresponding to Corporate Tax for the 2018 financial year, which was pending return by the Spanish Tax Authorities.

With the exception of the above, there have been no significant subsequent events between the close of 31 December 2019 and the date the consolidated financial statements were drawn up.

ANNEX I
Companies included in the Consolidation

At 31 December 2019 and 2018 the affiliate companies in full consolidation and the information relating to same is as follows:

Year 2019

Company	Activity	% participation
Naturhouse Health S.A. Calle Claudio Coello, 91 Madrid (Spain)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	
Housediet S.A.R.L. 75 rue Beaubourg 75003 Paris (France)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Kiluva Portuguesa –Nutriçao e Dietetica, Lda Avenida Dr. Luis SA, 9 9ª Parque Ind Montserrate Fraçao "M" Abruhneira 2710 Sintra (Portugal)	Manufacturing and marketing of dietetic products	100%
Ichem Sp. zo.o. (*) ul. Dostawcza 12 93-231 Lodz (Poland)	Production and marketing of dietetic products	24,9%
Naturhouse Belgium S.P.R.L. Rue Du Pont-Gotissart 6 Nijvel, Waals Brabant, 1400 (Belgium)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse Franchising Co, Ltd 33 church road, Ashford Middlesex (Great Britain)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse, Gmbh Rathausplatz, 5 91052 Erlangen (Germany)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse Inc. 1395 Brickellave 800 STE Miami FL (USA)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse Sp. zo.o. Ul/Dostawcza, 12 93-231 Lodz (Poland)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse S.R.L. Viale Panzacchi, nº 19 Bologna (Italy)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Nutririon Naturhouse Inc. (**) Rue de la Guachetière Ouest Montreal Quebec (Canada)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse d.o.o. Ilica 126, City of Zagreb (Croatia)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%

Company	Activity	% participation
S.A.S. Naturhouse 12, Rue Philippe Lebon Zone de Jarlard, 81000 Albi, France	Retail sales of all kinds of products related to dietetics,	100%
Zamodiet México S.A. de C.V. Boulevard Interlomas, nº 5 L4 Lomas Anahuac (Mexico)	Retail sales of all kinds of products related to dietetics,	79%
Name 17, S.A. de C.V. Doctor Balmis, 222 Mexico City (Mexico)	Retail sales of all kinds of products related to dietetics,	51%

(*) Sole company integrated with the equity method and the rest by full consolidation.
(**) Company not consolidated due to being inactive.

Year 2018

Company	Activity	% participation
Naturhouse Health S.A. Calle Claudio Coello, 91 Madrid (Spain)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	
Housediet S.A.R.L. 75 rue Beaubourg 75003 Paris (France)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Kiluva Portuguesa –Nutriçao e Dietetica, Lda Avenida Dr. Luis SA, 9 9ª Parque Ind Montserrate Fraçao "M" Abruhneira 2710 Sintra (Portugal)	Manufacturing and marketing of dietetic products	100%
Ichem Sp. zo.o. (*) ul. Dostawcza 12 93-231 Lodz (Poland)	Production and marketing of dietetic products	24,9%
Naturhouse Belgium S.P.R.L. Rue Du Pont-Gotissart 6 Nijvel, Waals Brabant, 1400 (Belgium)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse Franchising Co, Ltd 33 church road, Ashford Middlesex (Great Britain)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse, Gmbh Rathausplatz, 5 91052 Erlangen (Germany)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse Inc. 1395 Brickellave 800 STE Miami FL (USA)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse Sp. zo.o. Ul/Dostawcza, 12 93-231 Lodz (Poland)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse S.R.L. Viale Panzacchi, nº 19 Bologna (Italy)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Nutririon Naturhouse Inc. (**) Rue de la Guachetière Ouest Montreal Quebec (Canada)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Naturhouse d.o.o. Ilica 126, City of Zagreb (Croatia)	Retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics	100%
Company	Activity	% participation
S.A.S. Naturhouse 12, Rue Philippe Lebon Zone de Jarlard, 81000 Albi, France	Retail sales of all kinds of products related to dietetics,	100%
Zamodiet México S.A. de C.V. Boulevard Interlomas, nº 5 L4 Lomas Anahuac (Mexico)	Retail sales of all kinds of products related to dietetics,	79%

(*) Sole company integrated with the equity method and the rest by full consolidation.
(**) Company not consolidated due to being inactive.

Declaración de responsabilidad del Consejo de Administración de Naturhouse Health, S.A. conforme al artículo 8 apartado b) del capítulo I del Real Decreto 1362/2007, de 19 de octubre, por el que se desarrolla la Ley 24/1988, de 28 de julio, del Mercado de Valores, en relación con los requisitos de transparencia relativos a la información sobre los emisores cuyos valores estén admitidos a negociación en un mercado secundario oficial o en otro mercado regulado de la Unión Europea.

Con fecha 28 de febrero de 2020 hemos formulado las cuentas anuales consolidadas de Naturhouse Health, S.A. y sociedades dependientes correspondientes al ejercicio anual terminado el 31 de diciembre de 2019.

En este sentido manifestamos que, hasta donde alcanza nuestro conocimiento, las mencionadas cuentas anuales consolidadas elaboradas con arreglo a los principios de contabilidad y consolidación aplicables, tal y como éstos se describen en las memorias de las cuentas anuales, ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados de Naturhouse Health, S.A. y sociedades dependientes correspondientes al ejercicio anual terminado el 31 de diciembre de 2019, tomados en su conjunto, y que el Informe de gestión que acompaña las mencionadas cuentas anuales incluyen un análisis fiel de la evolución y de los resultados empresariales y de la posición de Naturhouse Health, S.A. y sociedades dependientes a 31 de diciembre de 2019, tomada en su conjunto, junto con la descripción de los principales riesgos e incertidumbres a que se enfrentan.

Que las Cuentas Anuales consolidadas del ejercicio cerrado a 31 de diciembre de 2019 -comprensivas del Balance, Cuentas de Pérdidas y Ganancias, estado de flujos de efectivo y estado de cambios en el patrimonio neto y la Memoria- y el Informe de Gestión, constan en 70 hojas de papel común, por una sola cara, numeradas correlativamente de la 1 a la 70, siendo firmadas de la 1 a la 69 por el Secretario del Consejo de Administración y la hoja número 70 por la totalidad de los consejeros asistentes a la reunión. El Informe Anual de Gobierno Corporativo está contenido en 59 hojas de papel común, por una sola cara, numeradas correlativamente de la 1 a la 59, siendo firmadas por el Secretario del Consejo de Administración más una hoja adicional que firman la totalidad de los consejeros asistentes a la reunión. Asimismo, el Estado de Información no Financiera está contenido en 67 hojas de papel común, por una sola cara, numeradas correlativamente de la 1 a la 67, siendo firmadas por el Secretario del Consejo de Administración más una hoja adicional que firman la totalidad de los consejeros asistentes a la reunión.

Félix Revuelta Fernández

Vanesa Revuelta Rodríguez

Kilian Revuelta Rodríguez

Rafael Moreno Barquero

José María Castellano Ríos

Pedro Nueno Iniesta

Ignacio Bayón Mariné

Naturhouse Health, S.A.

Financial Statements for the
year ended 31 December 2019 and
Management Report

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INFORME DE AUDITORÍA DE CUENTAS ANUALES EMITIDO POR UN AUDITOR INDEPENDIENTE

A los accionistas de Naturhouse Health, S.A.:

Informe sobre las cuentas anuales

Opinión

Hemos auditado las cuentas anuales de Naturhouse Health, S.A. (la Sociedad), que comprenden el balance a 31 de diciembre de 2019, la cuenta de pérdidas y ganancias, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria correspondientes al ejercicio terminado en dicha fecha.

En nuestra opinión, las cuentas anuales adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de la Sociedad a 31 de diciembre de 2019, así como de sus resultados y flujos de efectivo correspondientes al ejercicio terminado en dicha fecha, de conformidad con el marco normativo de información financiera que resulta de aplicación (que se identifica en la nota 2.1 de la memoria) y, en particular, con los principios y criterios contables contenidos en el mismo.

Fundamento de la opinión

Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España. Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección *Responsabilidades del auditor en relación con la auditoría de las cuentas anuales* de nuestro informe.

Somos independientes de la Sociedad de conformidad con los requerimientos de ética, incluidos los de independencia, que son aplicables a nuestra auditoría de las cuentas anuales en España según lo exigido por la normativa reguladora de la actividad de auditoría de cuentas. En este sentido, no hemos prestado servicios distintos a los de la auditoría de cuentas ni han concurrido situaciones o circunstancias que, de acuerdo con lo establecido en la citada normativa reguladora, hayan afectado a la necesaria independencia de modo que se haya visto comprometida.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

Cuestiones clave de la auditoría

Las cuestiones clave de la auditoría son aquellas cuestiones que, según nuestro juicio profesional, han sido de la mayor significatividad en nuestra auditoría de las cuentas anuales del periodo actual. Estas cuestiones han sido tratadas en el contexto de nuestra auditoría de las cuentas anuales en su conjunto, y en la formación de nuestra opinión sobre éstas, y no expresamos una opinión por separado sobre esas cuestiones.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Transacciones con partes vinculadas

Descripción

En las Notas 15 y 17 de la memoria adjunta se detallan los saldos y transacciones con partes vinculadas, entre las cuales destaca la compra de productos, así como los ingresos por ventas, la prestación de servicios y otros ingresos que incluyen, principalmente, los royalties por la cesión de marca y los servicios de apoyo a la gestión.

Por otra parte, la Sociedad prepara anualmente la documentación de precios de transferencia junto con sus asesores fiscales en cumplimiento de la normativa fiscal en materia de precios de transferencia.

En consecuencia, hemos identificado la valoración y desgloses relativos a estas operaciones con partes vinculadas como una cuestión clave de la auditoría de las cuentas anuales del presente ejercicio dado su importe significativo y el potencial impacto que estas transacciones pueden tener en la evaluación e interpretación de la información financiera de la Sociedad por parte de los usuarios de la misma, así como para evaluar el cumplimiento de la normativa aplicable.

Procedimientos aplicados en la auditoría

Nuestros procedimientos de auditoría han incluido, entre otros, la actualización de nuestro conocimiento de las relaciones entre partes vinculadas mediante consultas a la Dirección y la revisión de las actas de las reuniones del Consejo de Administración y la Junta de Accionistas. Asimismo, hemos obtenido documentación soporte para las transacciones más significativas realizadas con partes vinculadas durante el ejercicio, incluyendo confirmaciones de saldos y transacciones, para validar las condiciones aplicadas a dichas transacciones, analizando la evolución en cuanto a su naturaleza, volumen y precios aplicados, así como que las mismas son razonables respecto a las que se podrían aplicar a partes independientes.

Adicionalmente, hemos involucrado a nuestros expertos fiscales para analizar el último informe de precios de transferencia preparado por la Sociedad junto con sus asesores fiscales, de los cuales también hemos evaluado su competencia, capacidad y objetividad.

Por último, también hemos evaluado que en la memoria adjunta estén reflejados los desgloses necesarios requeridos por la normativa contable aplicable. En las Notas 4.13, 15 y 17 de la memoria se puede encontrar la información relacionada con este aspecto.

Otra información: Informe de gestión

La otra información comprende exclusivamente el informe de gestión del ejercicio 2019, cuya formulación es responsabilidad de los administradores de la Sociedad y no forma parte integrante de las cuentas anuales.

Nuestra opinión de auditoría sobre las cuentas anuales no cubre el informe de gestión. Nuestra responsabilidad sobre la información contenida en el informe de gestión se encuentra definida en la normativa reguladora de la actividad de auditoría de cuentas, que establece dos niveles diferenciados sobre la misma:

a) Un nivel específico que resulta de aplicación a determinada información incluida en el Informe Anual de Gobierno Corporativo, según se define en el art. 35.2.b) de la Ley 22/2015, de Auditoría de Cuentas, que consiste en comprobar únicamente que la citada información se ha facilitado en el informe de gestión y, en caso contrario, a informar sobre ello.

b) Un nivel general aplicable al resto de la información incluida en el informe de gestión, que consiste en evaluar e informar sobre la concordancia de la citada información con las cuentas anuales, a partir del conocimiento de la entidad obtenido en la realización de la auditoría de las citadas cuentas y sin incluir información distinta de la obtenida como evidencia durante la misma, así como evaluar e informar de si el contenido y presentación de esta parte del informe de gestión son conformes a la normativa que resulta de aplicación. Si, basándonos en el trabajo que hemos realizado, concluimos que existen incorrecciones materiales, estamos obligados a informar de ello.

Sobre la base del trabajo realizado, según lo descrito anteriormente, hemos comprobado que la información mencionada en el apartado a) anterior se facilita en el informe de gestión y que el resto de la información que contiene el informe de gestión concuerda con la de las cuentas anuales del ejercicio 2019 y su contenido y presentación son conformes a la normativa que resulta de aplicación.

Responsabilidad de los administradores y de la comisión de auditoría en relación con las cuentas anuales

Los administradores son responsables de formular las cuentas anuales adjuntas, de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados de la Sociedad, de conformidad con el marco normativo de información financiera aplicable a la entidad en España, y del control interno que consideren necesario para permitir la preparación de cuentas anuales libres de incorrección material, debida a fraude o error.

En la preparación de las cuentas anuales, los administradores son responsables de la valoración de la capacidad de la Sociedad para continuar como empresa en funcionamiento, revelando, según corresponda, las cuestiones relacionadas con empresa en funcionamiento y utilizando el principio contable de empresa en funcionamiento excepto si los administradores tienen intención de liquidar la sociedad o de cesar sus operaciones, o bien no exista otra alternativa realista.

La comisión de auditoría es responsable de la supervisión del proceso de elaboración y presentación de las cuentas anuales.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales

Nuestros objetivos son obtener una seguridad razonable de que las cuentas anuales en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión.

Seguridad razonable es un alto grado de seguridad, pero no garantiza que una auditoría realizada de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España siempre detecte una incorrección material cuando existe. Las incorrecciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyan en las decisiones económicas que los usuarios toman basándose en las cuentas anuales.

En el Anexo de este informe de auditoría se incluye una descripción más detallada de nuestras responsabilidades en relación con la auditoría de las cuentas anuales. Esta descripción que se encuentra a continuación es parte integrante de nuestro informe de auditoría.

Informe sobre otros requerimientos legales y reglamentarios

Informe adicional para la comisión de auditoría

La opinión expresada en este informe es coherente con lo manifestado en nuestro informe adicional para la comisión de auditoría de la Sociedad de fecha 28 de febrero de 2020.

Periodo de contratación

La Junta General Ordinaria de Accionistas celebrada el 29 de abril de 2019 nos nombró como auditores por un período de un año, contado a partir del ejercicio finalizado el 31 de diciembre de 2018, es decir para el ejercicio 2019.

Con anterioridad, fuimos designados por acuerdo de la Junta General de Accionistas para el periodo de un año y hemos venido realizando el trabajo de auditoría de cuentas de forma ininterrumpida desde el ejercicio finalizado el 31 de diciembre de 2014, incluyendo, por tanto, el ejercicio finalizado el 31 de diciembre de 2015, año en que la sociedad se convirtió en una Entidad de Interés Público.

DELOITTE, S.L.
Inscrita en el R.O.A.C. nº S0692

Francisco Fernández
Inscrito en el R.O.A.C. nº 20215

28 de febrero de 2020

AUDITORES
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

DELOITTE, S.L.

2020 Núm. 01/20/00162
96,00 EUR

SELLO CORPORATIVO:
Informe de auditoría de cuentas sujeto a la normativa de auditoría de cuentas española o internacional

Anexo de nuestro informe de auditoría

Adicionalmente a lo incluido en nuestro informe de auditoría, en este Anexo incluimos nuestras responsabilidades respecto a la auditoría de las cuentas anuales.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales

Como parte de una auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y valoramos los riesgos de incorrección material en las cuentas anuales, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o la elusión del control interno.

- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno de la entidad.

- Evaluamos si las políticas contables aplicadas son adecuadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por los administradores.

- Concluimos sobre si es adecuada la utilización, por los administradores, del principio contable de empresa en funcionamiento y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad de la Sociedad para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en las cuentas anuales o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los hechos o condiciones futuros pueden ser la causa de que la Sociedad deje de ser una empresa en funcionamiento.

- Evaluamos la presentación global, la estructura y el contenido de las cuentas anuales, incluida la información revelada, y si las cuentas anuales representan las transacciones y hechos subyacentes de un modo que logran expresar la imagen fiel.

Nos comunicamos con la comisión de auditoría de la entidad en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificamos en el transcurso de la auditoría.

También proporcionamos a la comisión de auditoría de la entidad una declaración de que hemos cumplido los requerimientos de ética aplicables, incluidos los de independencia, y nos hemos comunicado con la misma para informar de aquellas cuestiones que razonablemente puedan suponer una amenaza para nuestra independencia y, en su caso, de las correspondientes salvaguardas.

Entre las cuestiones que han sido objeto de comunicación a la comisión de auditoría de la entidad, determinamos las que han sido de la mayor significatividad en la auditoría de las cuentas anuales del periodo actual y que son, en consecuencia, las cuestiones clave de la auditoría.

Describimos esas cuestiones en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente la cuestión.

Naturhouse Health, S.A.

Financial Statements for the
year ended 31 December 2019 and
Management Report

NATURHOUSE HEALTH, S.A.

BALANCE SHEET AT 31 DECEMBER 2019

(Euros)

ASSETS	Explanatory notes	31/12/2019	31/12/2018	EQUITY AND LIABILITIES	Explanatory notes	31/12/2019	31/12/2018
NON-CURRENT ASSETS:				**EQUITY:**			
Intangible assets-	**Note 5**	**1.213.804**	**1.343.402**	**Own funds-**			
Industrial property		1.030.015	1.263.077	**Capital**		**3.000.000**	**3.000.000**
Transfer rights		4.265	13.432	**Issue premium**		**2.148.996**	**2.148.996**
Software		179.524	66.893	**Reserves-**		**5.833.700**	**6.936.309**
Tangible assets-	**Note 6**	**762.226**	**2.018.169**	Legal and statutory		600.000	600.000
Technical facilities and other tangible assets		762.226	2.018.169	Other reserves		5.233.700	6.336.309
Long-term investments in Group companies-	**Note 8**	**8.378.044**	**8.361.604**	**Own shares-**		**(142.330)**	**(64.186)**
Equity instruments		8.378.044	8.361.604	Own shares		(142.330)	(64.186)
Long-term financial investments	**Note 9**	**337.011**	**348.451**	**Profit / (Loss) for the financial year**		**14.200.268**	**15.686.941**
Deferred tax assets	**Note 14**	**39.630**	**49.779**	**Interim dividend**		**(11.400.000)**	**(13.200.000)**
Total non-current assets		**10.730.715**	**12.121.405**	**Total Equity**	**Note 11**	**13.640.634**	**14.508.060**
				NON-CURRENT LIABILITIES:			
				Deferred tax liabilities	**Note 14**	**-**	**292.645**
				Total non-current liabilities		**-**	**292.645**
				CURRENT LIABILITIES:			
				Short-term debts-	**Note 13**	**6.309**	**47.801**
CURRENT ASSETS:				Financial lease creditors		-	5.437
Inventory	**Note 10**	**1.173.621**	**1.014.787**	Other financial liabilities		6.309	42.364
Trade and other accounts receivable-		**3.833.279**	**6.534.922**	**Short-term debts with Group and associated companies**	**Note 15**	**989.154**	**3.123.000**
Trade receivables for sales and provision of services		256.931	311.936	**Trade creditors and other accounts payable-**		**1.840.217**	**2.154.770**
Customers, group and associated companies	**Note 15**	881.552	852.702	Suppliers		306.018	421.213
Other debtors		60.662	23.180	Suppliers, group and associated companies	**Note 15**	885.489	948.591
Current tax assets	**Note 14**	2.629.870	5.344.651	Sundry creditors		213.716	387.284
Other credits with Public Administrations	**Note 14**	4.264	2.453	Staff		22.279	52.598
Short-term accruals		**98.510**	**89.204**	Other debts with Public Administrations	**Note 14**	412.715	345.084
Cash and cash equivalents		**818.046**	**590.244**	**Short-term accruals**		**177.857**	**224.286**
Total current assets		**5.923.456**	**8.229.157**	**Total current liabilities**		**3.013.537**	**5.549.857**
TOTAL ASSETS		**16.654.171**	**20.350.562**	**TOTAL EQUITY AND LIABILITIES**		**16.654.171**	**20.350.562**

Notes 1 to 22 and Annex I in the explanatory notes attached are an integral part of the balance sheet at 31 December 2019.

NATURHOUSE HEALTH, S.A.

PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

(euros)

	Annual Report	Financial year 2019	Financial year 2018
CONTINUING OPERATIONS:			
Net turnover-	**Note 16.1**	**19.245.694**	**20.573.665**
Sales		17.209.451	18.370.947
Provision of services		2.036.243	2.202.718
Supplies-	**Note 16.2**	**(6.026.571)**	**(6.047.368)**
Goods consumed		(6.026.571)	(6.047.368)
Other operating income-		**3.436.432**	**3.404.974**
Ancillary and other current operating income		3.436.432	3.404.974
Staff expenses-		**(7.544.503)**	**(8.087.752)**
Wages, salaries and similar		(6.168.378)	(6.819.368)
Social Security costs	**Note 16.4**	(1.376.125)	(1.268.384)
Other operating expenses-		**(6.475.627)**	**(6.333.587)**
External services		(5.838.251)	(5.925.262)
Taxes		(189.467)	(186.458)
Losses, impairment and changes in trade provisions	**Note 9**	(195.601)	(1.867)
Other current operating expenses		(252.308)	(220.000)
Amortisation of fixed assets	**Notes 5 and 6**	**(495.113)**	**(514.103)**
Impairment and income from disposal of fixed assets-		**495.835**	**(49.928)**
Income from disposals and other	**Note 6**	495.835	(49.928)
Other results		**-**	**1.624**
Exceptional expenses and income		-	1.624
Operating Profit / (Loss)		**2.636.147**	**2.947.525**
Financial income	**Notes 8 and 16.5**	**13.214.403**	**14.344.429**
Income from shares in equity instruments, group and associated companies		13.214.342	14.344.290
Other income from marketable securities and other financial instruments		61	139
Financial expenses	**Note 16.5**	**(42.851)**	**(30.915)**
Debts with group companies		(15.700)	(1.578)
Debts with third parties		(27.151)	(29.337)
Impairment and income from disposal of financial instruments	**Note 8**	**(901.728)**	**(844.965)**
Financial Profit / (Loss)		**12.269.824**	**13.468.549**
Pre-tax Profit / (Loss)		**14.905.971**	**16.416.074**
Tax on profits	**Note 14**	(705.703)	(729.133)
Profit / (Loss) for the financial year		**14.200.268**	**15.686.941**

Notes 1 to 22 and Annex I in the annual report attached are an integral part of the profit and loss account for the financial year ending 31 December 2019.

NATURHOUSE HEALTH, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

(euros)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Financial year 2019	Financial year 2018
PROFIT AND LOSS ACCOUNT BALANCE (I)	**14.200.268**	**15.686.941**
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)	-	-
TRANSFERS TO THE PROFIT AND LOSS ACCOUNT (III)	-	-
RECOGNISED INCOME AND EXPENSE (I+II+III)	**14.200.268**	**15.686.941**

Notes 1 to 22 and Annex I in the annual report attached are an integral part of the statement of recognised income and expense for the financial year ending 31 December 2019.

NATURHOUSE HEALTH, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

(euros)

B) STATEMENT OF CHANGES IN TOTAL EQUITY

	Annual Report	Capital	Issue Premium	Legal Reserve	Voluntary Reserves	Own Shares	Financial year profit	Interim Dividend	Total
Balance at 31 December 2017		**3.000.000**	**2.148.996**	**600.000**	**3.443.913**	**(64.186)**	**22.087.920**	**(12.000.000)**	**19.216.643**
Total recognised income and expense		-	-	-	-	-	15.686.941	-	15.686.941
Distribution of profit for the 2017 financial year:									
- Distribution to reserves		-	-	-	-	-	(14.891.260)	-	(14.891.260)
- Distribution of dividends		-	-	-	2.891.260	-	(7.196.660)	12.000.000	7.694.600
Transactions with shareholders:									
- Distribution of dividends		-	-	-	-	-	-	(13.200.000)	(13.200.000)
Other changes in equity		-	-	-	1.136	-	-	-	1.136
Balance at 31 December 2018		**3.000.000**	**2.148.996**	**600.000**	**6.336.309**	**(64.186)**	**15.686.941**	**(13.200.000)**	**14.508.060**
Total recognised income and expense		-	-	-	-	-	14.200.268	-	14.200.268
Distribution of profit for the 2018 financial year:									
- Distribution of dividends	**Note11**	-	-	-	-	-	(15.686.941)	13.200.000	(2.486.941)
Transactions with shareholders:									
- Transactions with shares (net)		-	-	-	-	(78.144)	-	-	(78.144)
- Distribution of dividends	**Note11**	-	-	-	(1.113.059)	-	-	(11.400.000)	(12.513.059)
Other changes in equity		-	-	-	10.450	-	-	-	10.450
Balance at 31 December 2019		**3.000.000**	**2.148.996**	**600.000**	**5.233.700**	**(142.330)**	**14.200.268**	**(11.400.000)**	**13.640.634**

Notes 1 to 22 and Annex I in the explanatory notes attached are an integral part of the statement of changes in equity for the financial year ending 31 December 2019.

NATURHOUSE HEALTH, S.A.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDING

31 DECEMBER 2019

(euros)

	Annual Report	Financial year 2019	Financial year 2018
Pre-tax result for the financial year		**14.905.971**	**16.416.074**
Adjustments to the result		**(12.040.420)**	**(12.902.651)**
- Amortisation of fixed assets	**Notes 5 and 6**	495.113	514.103
- Impairment losses	**Note 9**	195.601	1.867
- Income from derecognition or disposal of fixed assets	**Note 6**	(495.835)	49.928
- Impairment and income from derecognition or disposal of financial instruments	**Note 8**	901.728	844.965
- Financial income	**Note 16.5**	(13.214.403)	(14.344.429)
- Financial expenses	**Note 16.5**	42.851	30.915
- Other income and expenses		34.525	-
Changes in working capital		**(737.861)**	**92.700**
- Inventory	**Note 10**	(158.834)	214.121
- Debtors and other accounts receivable		(210.438)	(292.714)
- Other current assets		(9.306)	69.430
- Creditors and other accounts payable		(312.854)	131.148
- Other current liabilities		(46.429)	(29.285)
Other cash flows from operating activities		**14.904.400**	**16.521.041**
- Interest payments		(42.851)	(30.915)
- Receipt of dividends	**Note 8**	13.214.342	14.344.290
- Interest receivable		61	139
- Sums received /(paid) for tax on profits	**Note 14**	1.725.988	2.207.527
- Other sums received (paid)		6.860	-
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**17.032.090**	**20.127.164**
Payments for investments		**(1.240.694)**	**(190.706)**
- Intangible and tangible assets	**Notes 5 and 6**	(322.525)	(190.706)
- Investments in related companies	**Note 8**	(918.169)	-
Sums received from divestments		**1.689.888**	**303.641**
- Other financial assets		11.440	79.554
- Short-term investments in group and associated companies		-	1.157
- Tangible assets	**Notes 5 and 6**	1.678.448	222.930
CASH FLOWS FROM INVESTMENT ACTIVITIES (II)		**449.194**	**112.935**
Sums received and paid for equity instruments		**(78.144)**	**-**
- Net acquisitions of own equity	**Note 11**	(78.144)	-
Sums received and paid for financial liability instruments		**(2.175.338)**	**439.850**
- Issuance and repayment of other debts		(41.492)	29.461
- Issuance and repayment of debts with group companies	**Note 15**	(2.133.846)	423.000
- Repayment and amortisation of other debts		-	(12.611)
Dividend payments and remuneration on other equity instruments		**(15.000.000)**	**(20.396.660)**
- Dividend payments		(15.000.000)	(20.396.660)
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**(17.253.482)**	**(19.956.810)**
NET INCREASE / DECREASE OF CASH OR CASH EQUIVALENTS (I+II+III)		**227.802**	**283.289**
Cash or cash equivalents at start of financial year		590.244	306.955
Cash or cash equivalents at year end		818.046	590.244

Notes 1 to 22 and Annex I in the explanatory notes attached are an integral part of the cash flow statement for the financial year ending 31 December 2019.

INDEX Page

ANNEX I
Management Report

Naturhouse Health, S.A.

Annual Report for the financial year ending 31 DECEMBER 2019

1. Company activities

Naturhouse Health, S.A., (hereinafter, the "Company"), was founded for an indefinite period in Barcelona on 29th July 1991 with VAT number A-01115286. Its registered offices are at Calle Claudio Coello, 91 (Madrid).

The Company's corporate purpose, in accordance with its activity and articles of association, is the export and wholesale and retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics, as well as the preparation, promotion, creation, edition, dissemination, sale and distribution of all kinds of magazines, books and brochures and the marketing of dietary products, medicinal herbs and natural cosmetics. This activity is mainly carried out through its own shops and through franchisees. In addition to the operations carried out directly, the Company is the parent of a group of subsidiaries that engage in the same activity and which, together with it, make up Grupo Naturhouse Health (hereinafter, the "Group" or "Naturhouse Group").

At present, Naturhouse Group mainly operates in Spain, Italy, France and Poland.

On 29 July 2013, the merger by acquisition between the company Naturhouse Health S.A. as the acquiring company, and Kiluva Diet S.L.U. as the acquired company, was registered with the Companies Registry of Barcelona. The date from which the transactions were considered to be performed for accounting purposes for the account of the acquiring company was 1 January 2013. The explanatory notes that formed part of the financial statements for the 2013 financial year included detailed information concerning the merger process, as required under Royal Legislative Decree 4/2004 of 5 March, approving the consolidated text of the Spanish Corporate Tax Law.

On 9th April 2015, the Board of Directors of the Company, exercising the delegation of its Sole Shareholder of 2nd October 2014, requested official listing for trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and the subsequent public stock offering on the Spanish Stock Market, which culminated successfully, consequently, the securities of the Company have been listed since 24th April 2015 (See Note 11).

2. Basis of presentation of the financial statements

2.1 Regulatory financial reporting framework applicable to the Company

These financial statements have been drawn up by the Directors in accordance with the regulatory financial reporting framework applicable to the Company, which is that set out in:

a. the Spanish Corporate Law, Commercial Code and other commercial legislation.

b. Spanish Generally Accepted Accounting Principles approved by Royal Decree 1514/2007 with the modifications introduced under Royal Decrees 1159/2010 and 602/2016, as well as the circulars issued by Comisión Nacional del Mercado de Valores and its sectorial adaptations.

c. The mandatory rules approved by the Spanish Accounting and Auditing Institute (ICAC) developing the Spanish Generally Accepted Accounting Principles and the supplementary rules.

d. Any other applicable Spanish accounting legislation.

2.2. True and fair view

The attached financial statements have been prepared from the Company's accounting records and are presented in accordance with the applicable regulatory financial reporting framework and, in particular, the accounting principles and standards contained therein, so as to show a true and fair view of the Company's equity, financial position and results, as well as the cash flows for the relevant financial year. These financial statements, which have been drawn up by the Company's Directors, are subject to approval at the Annual General Meeting, and are expected to be approved without any modifications.

The financial statements for the 2018 financial year were approved by the Annual General Meeting held 29 April 2019 and filed with the Companies Registry of Madrid.

2.3 Comparative effect with consolidated financial statements

The Company is a majority shareholder of several companies (Note 8). These financial statements refer to the individual Company and, therefore, do not show the variations that would occur in the different components of equity or the profit and loss account with the consolidation of the aforementioned Subsidiaries.

The Company prepares consolidated financial statements based on International Financial Reporting Standards (IFRS), which differ from the regulatory framework described in Note 2.1 under which these financial statements have been drawn up. In accordance with the consolidated financial statements drawn up under International Financial Reporting Standards (IFRS), the consolidated equity attributable to the Parent Company as of 31 December 2019 amounts to 16,452 thousand euros (18,834 thousand euros in 2018), consolidated profit amounts to 13,257 thousand euros (15,373 thousand euros in 2018) and the figure for assets and net turnover amounts to 37,561 and 81,667 thousand euros, respectively (34,115 and 87,289 thousand euros in 2018).

The Naturhouse Group's consolidated financial statements for the 2019 financial year have been drawn up by the Company's Directors at the meeting of its Board of Directors held on 28 February 2020.

2.4 Non-mandatory accounting principles applied

No non-mandatory accounting principles have been applied. Additionally, the Company's Directors have drawn up these financial statements taking into consideration all the mandatory accounting principles and rules that have a significant effect on these financial statements. There is no accounting principle which, being mandatory, has not been applied.

2.5 Critical aspects in assessing and estimating uncertainty

In preparing the attached financial statements, estimates made by the Company's Directors have been used to assess some of the assets, liabilities, income, expenses and commitments reported herein. These critical estimates basically refer to:

- Useful lives of intangible and tangible fixed assets (see Notes 4.1 and 4.2).

- Impairment losses of non-financial assets (Note 4.1).

- Estimate of impairments for defaults in accounts receivable and inventory obsolescence (see Notes 4.4 and 4.5).

- Estimate of Tax on Profits expense (Note 4.8).

- Evaluation of occurrence and quantification of litigation, commitments, contingent assets and liabilities at close (Note 4.9).

Although these estimates have been made on the basis of the best information available as of yearend 2019, it is possible that events that could take place in the future require them to be adjusted (upwards or downwards) in coming financial years, which would be done, where appropriate, prospectively, recognising the effects of the change in estimate in the profit and loss account for the financial year affected.

2.6 Grouping items

Certain items on the balance sheet, the profit and loss account, the statement of changes in equity and the cash flow statement are presented grouped together to facilitate the understanding thereof, while, to the extent that it is significant, the disaggregated information has been included in the corresponding notes of the explanatory notes.

2.7 Correction of errors

In drawing up the attached financial statements, no significant errors have been detected that have led to the restatement of the amounts included in the financial statements for the 2018 financial year.

2.8 Changes in accounting standards

When drawing up the attached financial statements, the same accounting standards have been applied as when drawing up the financial statements for the 2018 financial year.

2.9 Information comparison

The information contained in this annual report referring to the 2018 financial year is presented, for comparison purposes, with information from the 2019 financial year.

3. Distribution of profit

The proposed distribution of profit for the financial year drawn up by the Company's Directors, subject to approval at the Annual General Meeting, is as follows:

	Euros	
	2019	2018
Distribution basis:		
Profit for the financial year	14,200,268	15,686,941
	14,200,268	**15,686,941**
Distribution:		
To dividends	14,200,268	15,686,941
	14,200,268	**15,686,941**

In addition, the Board of Directors at its meeting held on February 28, 2020, proposed the distribution of a dividend amounting to 200 thousand euros, charged to unrestricted reserves.

Of the figure allocated to dividends, amounts have already been distributed in the 2019 financial year amounting to a total of 11,400 thousand euros, recognised under the "Interim Dividend" heading under equity on the attached balance sheet.

In accordance with the requirements of Article 277 of the refunded texts of the Spanish Corporate Law, the provisional financial statements prepared by the Company are transcribed, showing the existence of sufficient profits in the periods so as to allow the distribution of interim dividends, proving the existence of sufficient liquidity so as to be able to make such payment.

Year 2019

At meetings held on July 29 and 30, 2019 and November 5, 2019, the Directors agreed to distribute interim dividends for the year 2019, amounting to 3,600 thousand euros, 4,200 thousand euros and 3,600 thousand euros respectively:

	Thousands of Euros Provisional Accounting Statement Formulated
Profits at 31/03/2019	5,276
Estimated Corporate Tax	(1,418)
Maximum amount available for distribution	**3,858**
Liquid Assets and Short-Term Group Financial Investments	16,098
Interim dividends	(3,600)
Remaining liquid assets after payment	**12,498**
Sums to be received to year end	60,000
Sums to be paid to year end	(54,434)
Liquid assets forecast at year end	**18,064**

	Thousands of Euros Provisional Accounting Statement Formulated
Profits at 30/06/2019	11,819
Estimated Corporate Tax	(3,575)
Maximum amount available for distribution	**8,244**
Liquid Assets and Short-Term Group Financial Investments	20,402
Interim dividends	(7,800)
Remaining liquid assets after payment	**12,602**
Sums to be received to year end	10,000
Sums to be paid to year end	(11,648)
Liquid assets forecast at year end	**10,954**

	Thousands of Euros Provisional Accounting Statement Formulated
Profits at 30/09/2019	16,394
Estimated Corporate Tax	(4,691)
Maximum amount available for distribution	**11,703**
Liquid Assets and Short-Term Group Financial Investments	9,433
Interim dividends	(3,600)
Remaining liquid assets after payment	**5,833**
Sums to be received to year end	19,682
Sums to be paid to year end	(14,288)
Liquid assets forecast at year end	**11,227**

The previous provisional financial statements were drawn up based on the Company's figures and on the current forecast of sums to be received and paid.

The Company has distributed dividends in the last five years.

4. Valuation and registration rules

The main valuation and registration rules used by the Company in drawing up its financial statements, in accordance with the rules set out under Spanish Generally Accepted Accounting Principles, have been the following:

4.1 Intangible fixed assets

As a general rule, intangible assets are initially valued at their acquisition price or production cost. Subsequently, they are valued at cost less any accumulated amortization and, if applicable, impairment losses. These assets are amortized according to their useful life. When the useful life of these assets cannot be reliably estimated, they are amortised over a 10-year period.

Research and Development Expenses

The Company's activity, due to its nature, does not involve significant Research and Development expenses, not generating more R&D&I expenses than those relating to registering the brand and product formula with the appropriate department of health. The Company's policy is to directly record as expenses, the expenses incurred in both Research as well as Development, deeming that they do not meet the criteria for activation established and as they are not significant, given that the majority of these activities are performed directly by the Company's suppliers.

The expenses recorded in the profit and loss account for the 2019 financial year amounted to 12 thousand euros (27 thousand euros in the 2018 financial year).

Transfer rights

Correspond to the amounts paid by way of transfer of premises in acquiring new shops. Amortised by the straight-line method over a period of 5 to 10 years.

Industrial property

The amounts paid for acquiring property or right of use for the different manifestations of the same, or for expenses incurred in registering the brand developed by the Company are recorded in this account. During the 2014 financial year, brands were acquired as stated in Note 5. The industrial property is amortized by the straight-line method over its useful life, which has been estimated at 10 years.

Software

Licenses for software acquired from third parties, or internally developed software, are capitalized on the basis of the costs incurred to acquire or develop them and to prepare them for use.

Software is amortized by the straight-line method over its useful life, at a rate of between 20% to 33% annually.

Software maintenance costs incurred during the financial year are recorded in the profit and loss account.

Impairment of intangible and tangible assets

Where there is an indication of impairment, the Company estimates, using the "impairment test", the possible existence of impairments reducing the recoverable value of such assets to an amount below their book value.

Assets subject to amortization are reviewed for impairments whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognised by the amount that the asset book value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

The Company annually evaluates the existence of impairment indicators (or in interim periods in the event of impairment indicators occurring), determining that on the date of these financial statements, there is no indication to suggest that these assets' recoverable value is less than their recorded book value, consequently, the Company has not subjected them to impairment. In this regard, the Company has no significant intangible assets or any trade fund as of 31 December 2019, excepting the brands stated in Note 5 which, in accordance with the gross margins obtained in marketing the products associated with said brands, do not present any impairment indicators as of 31 December 2019.

4.2 Tangible fixed assets

Tangible fixed assets are initially valued at acquisition price or production cost and are subsequently reduced by accumulated amortization and impairment losses, if any, according to the criteria described in Note 4.1.

Expenses for enlargements, modernisation or improvements which lead to increased productivity, capacity or efficiency or which extend the useful life of assets, are capitalised as the greater cost of the corresponding assets.

Assets in construction is transferred to tangible fixed assets in use at the time that it is available to start operation or, where appropriate, once the corresponding test period has elapsed, with the amortisation thereof starting at such time.

Upkeep and maintenance costs are allocated to the profit and loss account for the financial year in which they are incurred.

The Company amortises its tangible fixed assets using the straight-line method, distributing the cost of the assets over the years of estimated useful life. The following table shows the estimated useful life for the 2019 and 2018 financial years for each fixed asset item:

	Years of estimated useful life
Other facilities, tools and furniture	8.33 - 30
Information processing equipment	3 - 4
Transportation elements	6.25 - 10

Profits or losses arising from the sale or withdrawal of an asset are determined as the difference between the net book value and the sale price, recognised under "Impairment and income from disposal of fixed assets" on the profit and loss account.

For fixed assets that require a period of more than one year to be serviceable, the capitalised costs include the financial expenses accrued prior to the asset being put into operating condition and which have been charged by the supplier or correspond to loans or other external financing, specific or generic, directly attributable to the acquisition or manufacture of the same. During the 2019 and 2018 financial years, there were no financial expenses capitalized as a higher value of an asset.

4.3. Leases

Leases are classified as financial leases whenever, from the conditions thereof, it is demonstrated that the risks and rewards of ownership of the asset under the contract are substantially transferred to the lessee. All other leases are classified as operating leases.

Financial leases

In financial leasing transactions in which the Company acts as the lessee, the cost of the leased assets is presented on the balance sheet according to the nature of the asset under the contract as well as, simultaneously, a liability for the same amount. This amount is the lower of the fair value of the leased asset and the present value at the start of the lease of the minimum amounts agreed, including the purchase option, when there are no reasonable doubts about the exercise of such. Contingent rent, the cost of services and taxes to be passed on to the lessor will not be included in this calculation. The total financial burden of the contract is allocated to the profit and loss account for the financial year in which it accrues, using the effective interest rate method. Contingent rents are recognised as an expense in the financial year in which they are incurred.

The assets recorded for these kinds of transactions are amortised using standards similar to those applied to tangible assets, according to the nature thereof.

Operating leases

The expenses arising from operating lease agreements are allocated to the profit and loss account for the financial year in which they accrue.

Any collection or payment that could be made on contracting an operating lease will be treated as an advance payment or collection to be allocated to income throughout the term of the lease, as the income from the asset leased is ceded or received.

4.4 Financial Instruments

Financial assets

The financial assets held by the Company are classified into the following categories:

a. Loans and accounts receivable: financial assets arising from the sale of goods or the provision of services from the company's ordinary course of business, or those which, not having commercial substance, are not equity instruments or derivatives and the collections for which are fixed or determinable amounts and not traded on an active market.

b. Equity investments in Group companies and associates: Group companies are considered to be those related to the Company through a relationship of control, and associates are companies over which the Company exercises significant influence.

Initial valuation

The financial assets are initially recorded at the fair value of the consideration paid plus the transaction costs that are directly attributable.

In the case of equity investments in Group companies that provide control over the subsidiary, the fees paid to legal advisers or other professionals related to the acquisition of the investment are directly allocated to the profit and loss account.

Subsequent valuation

These liabilities are subsequently valued at amortised cost.

Investments in Group companies and associates are valued at cost less, where appropriate, the cumulative amount of the impairment losses. These losses are calculated as the difference between the book value and the recoverable amount, understanding the latter as the higher of the fair value less selling costs and the present value of the future cash flows arising from the investment. Excepting better evidence on the recoverable amount, the equity of the investee is taken into consideration, adjusted for unrealised gains as of the valuation date (including goodwill, if any).

At yearend, at least, the Company performs an impairment test for the financial assets that are not recorded at fair value. It is considered that there is objective evidence of impairment when a financial asset's recoverable value is less than its book value. When this occurs, the impairment loss is recorded in the profit and loss account.

In particular, regarding the valuation adjustments relating to trade and other accounts receivable, the criterion used by the Company to calculate the corresponding valuation adjustments, if any, consists of conducting a specific analysis for each debtor based on the solvency thereof.

The Company derecognises financial assets when they expire or the rights to the cash flows for the financial asset concerned have been transferred and the risks and rewards inherent to their ownership have been substantially transferred. On the contrary, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which the risks and rewards inherent to their ownership are substantially retained.

Financial liabilities

Financial liabilities are the debits and payables that the Company has and that have arisen from the purchase of goods and services in the ordinary course of business, or those that do not have commercial substance and cannot be considered as financial derivatives.

Debits and payables are initially valued at the fair value of the consideration received, adjusted for directly attributable transaction costs. These liabilities are subsequently valued at amortised cost.

The Company derecognise financial liabilities when the obligations generated are extinguished.

Equity instruments

An equity instrument represents a residual interest in the Company's Assets after deducting all of its liabilities.

The equity instruments issued by the Company are recorded in equity for the amount received, net of issue expenses.

The treasury shares acquired by the Company are recorded at the value of the consideration paid in exchange, directly as a reduction of Equity. The income arising from the purchase, sale, issue or amortisation of own equity instruments are directly recognised Equity, in no case is any income recorded on the Profit and Loss Account.

4.5. Inventory

Stock is valued at the lower of the acquisition price, production cost or net realisable value.

The net realisable value represents the estimated selling price less all estimated costs to finish manufacture and the costs to be incurred in the marketing, sales and distribution processes.

In assigning value to its stock, the Company uses the weighted average price method.

The Company makes the appropriate value adjustments, recognising them as an expense in the profit and loss account when the net realisable value of the stock is less than the acquisition price (or production cost).

4.6 Cash and other equivalent liquid assets

Cash and cash equivalents include cash on hand, demand deposits with credit institutions and other short term highly liquid investments with an original maturity of three months or less.

4.7 Current and non/current assets

Current assets are considered to be those linked to the normal operating cycle which, in general, is considered to be one year; also other assets whose maturity, disposal or realisation is expected to occur in the short term from yearend, financial assets held for trading, except for financial derivatives whose settlement period exceeds one year and cash and cash equivalents. Assets that do not meet the aforementioned requirements are classified as non-current.

Similarly, current liabilities are those linked to the normal operating cycle, financial liabilities held for trading, except for financial derivatives whose settlement period exceeds one year and, in general, all obligations whose maturity or termination will occur in the short term, including in this category all obligations for which the Company does not hold, at yearend, an irrevocable right to meet the same in a period exceeding one year. Otherwise, they are classified as non-current.

4.8 Corporate Tax

Income tax expense or income comprises the part concerning current tax expense or income and the part corresponding to deferred tax expense or income.

Current tax is the amount that the Company pays as a result of tax settlements for the income tax concerning a financial year. Tax credits and other tax benefits, excluding withholdings and payments on account, as well as compensable tax losses from prior financial years and effectively applied in this year, result in a lower amount of current tax.

The deferred tax expense or income corresponds to the recognition and derecognition of deferred tax liabilities and assets. These include temporary differences, which are identified as the amounts expected to be payable or recoverable arising from the differences between the book value of assets and liabilities and their tax value, as well as the negative tax bases to be offset and the credits for tax deductions not applied. These amounts are recorded by applying the tax rate at which they are expected to be recovered or settled to the temporary difference or credit.

Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and is not a business combination.

On the other hand, deferred tax assets are only recognised to the extent that it is considered likely that the Company will have future taxable profits against which to make them effective.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity will also be recognised with a balancing entry in equity.

At each accounting close, the deferred tax assets recorded are reviewed and the appropriate adjustments to them made to the extent that there are doubts concerning the future recovery thereof. Likewise, at each accounting close, the deferred tax assets not recorded on the balance sheet are assessed and recognised to the extent that the recovery thereof becomes probable, with future tax benefits.

4.9 Provisions and contingencies

The Company's Directors make a distinction between the following in preparing the annual statements:

a. Provisions: credit balances covering current obligations arising from past events, whose cancellation is likely, causing an outflow of resources, but the amount and/or timing of the cancellation is uncertain.

b. Contingent liabilities: possible obligations arising as a result of past events, whose future existence is conditional on the occurrence, or otherwise, of one or more future events beyond the Company's control.

The statement of financial position includes all the provisions with respect to which it is estimated that the likelihood of having to meet the obligation is greater than it not being the case. Contingent liabilities are not recognised in the financial statements, but are disclosed in the notes of the explanatory notes, to the extent that they are not considered to be remote.

The provisions are valued at the current value of the best estimate possible of the amount required to settle or transfer the obligation, taking into consideration the information available on the event and its consequences, and reporting any adjustments arising from updating such provisions as a financial expense as they accrue.

The compensation received from a third party in settlement of the obligation, provided there are no doubts that such reimbursement will be received, is recorded as an asset, except in the event that there is a legal relationship whereby part of the risk has been externalised and by virtue of which the Company is not obliged to respond; in this situation, the compensation will be taken into consideration when estimating the amount by which, if appropriate, the relevant provision will be included.

4.10 Redundancies

In accordance with current legislation, the Company is required to pay redundancies to employees with whom, under certain conditions, it terminates their employment relationship. Therefore, redundancies that may be reasonably quantified are recorded as an expense in the financial year in which the decision to terminate employment is made and a valid expectation is created in third parties respecting the dismissal. In the financial statements attached, no provision for this item has been recorded, as none of them are estimated.

4.11 Income and expenses

Income and expenses are recognised on an accrual basis, that is, when the actual flow of goods and services that they represent occurs, regardless of when the monetary or financial flow arising from the same occurs.

Income is recognised to the extent that it is likely that the Company will obtain economic benefits and if the income can be reliably measured, regardless of when the payment is received. Income is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before recognising an income:

Sale of goods

Income from the sale of goods is recognised when the goods are delivered and ownership has been transferred, when all the following conditions are met:

- The Company has transferred to the buyer the main risks and rewards arising from ownership of the goods;

- The Company does not maintain any involvement in the current management of the goods sold, nor does it retain effective control over them;

- the amount of income can be reliably determined;

- it is likely that the Company will receive the economic benefits arising from the transaction;

The sale of goods is primarily carried out through the sale of products to the franchisee customer, or directly to end customers (consumers) through the shops owned by the Company. Likewise, one-time sales to other Group companies are made for marketing abroad.

There are no significant product returns either from the franchisee customer or the end customer.

Provision of services

The Company's income from the provision of services on the one side relates to the annual fee that the Company directly charges its franchisees, and in the other hand "master franchise" contracts, an amount that the Company charges a third party for such third party to directly operate the Naturhouse Group's franchises in a given country. This master franchise is usually signed for a period of 7 years and the amount varies between 50,000 and 300,000 euros, which is billed once in advance.

Likewise, this heading includes the income from royalties that the Company charges to Group companies and third parties in accordance with the terms and conditions included in the "master franchise" contracts it has signed.

Other operating income

Under this heading, the Company mainly records the rebilling of expenses (management fees) to Group companies and, to a lesser extent, income from the photovoltaic plants it owned (Note 6).

Interest and dividend income

Dividends from investments are recognised when the shareholder's right to receive payment has been established (provided it is likely that the Company will receive the economic benefits and that the amount of income can be reliably measured).

Interest income arising from a financial asset is recognised when it is likely that the Company will receive the economic benefits and the amount of income can be reliably measured. Interest income is accrued on a time proportion basis, depending on the principal outstanding and the effective interest rate applicable, which is the rate that allows the estimated future cash flows to be discounted over the expected life of the financial asset in order to accurately obtain such asset's net book value.

Expenses are recognised in the statement of income when a decrease in future economic benefits related to a reduction of an asset, or an increase of a liability occurs which can be reliably measured. This implies that the recording of expenses occurs simultaneously with the recording of a liability increase or asset reduction.

An expense is immediately recognised when a payment does not generate future economic benefits or when it does not meet the requirements for recognition as an asset.

Additionally, an expense is recognised when incurred in a liability and no asset is recorded, such as a liability for a guarantee.

4.12 Foreign currency transactions

The functional currency used by the Company is the euro. Therefore, transactions in currencies other than the euro are considered to be denominated in foreign currency and are recorded at the exchange rates prevailing at the transaction date.

At yearend, monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate at the date of the balance sheet. Any resulting profits or losses are directly allocated to the profit and loss account for the financial year in which they arise.

4.13 Transactions with related parties

The Company performs all its transactions with related parties at market values. The Company's Directors and its tax advisers consider that there are no significant risks in this regard that could lead to significant liabilities in the future.

4.14 *Statement of Cash Flows*

In the statement of cash flows, the following expressions are used in the following sense:

-Cash flows: inflows and outflows of cash and cash equivalents, including current investments with high liquidity and low risk of variations in value.

-Operating activities: the activities typically carried out, as well as other activities that cannot be classified as investment or financing activities.

-Investment activities: those regarding the acquisition, disposal or sale by other means of non-current assets and other investments not included in cash and cash equivalents.

-Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not part of the operating activities.

4.15 *Environmental assets*

Assets that are constantly used in the Company's business, whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution, are considered to be environmental assets.

Given the activity in which the Company engages, it has no liabilities, expenses, assets or provisions and contingencies of an environmental nature that could be significant in relation to the equity, financial position and results of the same. Therefore, no specific breakdowns are included in these financial statements with respect to information concerning environmental matters.

5. Intangible fixed assets

The changes in this heading on the balance sheet for the 2019 and 2018 financial years have been as follows:

Year 2019

Cost	Euros			
	31-12-2018	Additions	Disposals	31-12-2019
Industrial property	2,330,638	-	-	2,330,638
Transfer rights	50,000	-	-	50,000
Software	262,217	177,841	(106,656)	333,402
Total cost	**2,642,855**	**177,841**	**(106,656)**	**2,714,040**

Amortisations	Euros			
	31-12-2018	Allocations	Disposals	31-12-2019
Industrial property	(1,067,561)	(233,062)	-	(1,300,623)
Transfer rights	(36,568)	(9,167)	-	(45,735)
Software	(195,324)	(55,217)	96,663	(153,878)
Total amortisation	**(1,299,453)**	**(297,446)**	**96,663**	**(1,500,236)**

Total intangible assets	Euros	
	31-12-2019	31-12-2018
Cost	2,714,040	2,642,855
Amortisations	(1,500,236)	(1,299,453)
Net total	**1,213,804**	**1,343,402**

Year 2018

Cost	Euros			
	31-12-2017	Additions	Disposals	31-12-2018
Industrial property	2,330,638	-	-	2,330,638
Transfer rights	50,000	-	-	50,000
Software	232,554	33,308	(3,645)	262,217
Total cost	**2,613,192**	**33,308**	**(3,645)**	**2,642,855**

Amortisations	Euros			
	31-12-2017	Allocations	Disposals	31-12-2018
Industrial property	(834,497)	(233,064)	-	(1,067,561)
Transfer rights	(25,735)	(10,833)	-	(36,568)
Software	(162,432)	(33,301)	409	(195,324)
Total amortisation	**(1,022,664)**	**(277,198)**	**409**	**(1,299,453)**

Total intangible assets	Euros 31-12-2018	31-12-2017
Cost	2,642,855	2,613,192
Amortisations	(1,299,453)	(1,022,664)
Net total	**1,343,402**	**1,590,528**

During the 2019 financial year, additions have mainly corresponded to software for the Company's new E-commerce department.

The main asset under intangible assets corresponds to a set of brands acquired in the 2014 financial year amounting to 2,331 thousand euros, the net book value of which amounts to 1,030 and 1,263 thousand euros as of 31 December 2019 and 31 December 2018, respectively. These brands are amortized by the straight-line method over a useful life of 10 years.

In accordance with the margins obtained in marketing these brands' products, the Company considers that said brands do not present impairment indicators as of 31 December 2019.

At yearend 2019 and 2018, the Company had fully amortised intangible assets still in use, as detailed below:

Fully amortised intangible assets	Euros Book Value (Gross) 31-12-2019	31-12-2018
Software	68,252	149,407
	68,252	**149,407**

6. Tangible fixed assets

The changes in this heading on the balance sheet in the 2019 and 2018 financial years, as well as the most significant information affecting this heading, have been as follows:

Year 2019

Cost	Euros 31-12-2018	Additions	Disposals	31-12-2019
Other facilities, tools and furnishings	4,254,252	110,965	(1,996,159)	2,369,058
Information processing equipment	733,984	33,719	(30,261)	737,442
Transportation elements	262,405	-	-	262,405
Total cost	**5,250,641**	**144,684**	**(2,026,420)**	**3,368,905**

Amortisations	Euros 31-12-2018	Allocations	Disposals	31-12-2019
Other facilities, tools and furnishings	(2,339,240)	(140,369)	803,822	(1,675,787)
Information processing equipment	(658,701)	(49,865)	19,638	(688,928)
Transportation elements	(234,531)	(7,433)	-	(241,964)
Total amortisation	**(3,232,472)**	**(197,667)**	**823,460**	**(2,606,679)**

Total Tangible Fixed Assets	Euros	
	31-12-2019	31-12-2018
Cost	3,368,905	5,250,641
Amortization	(2,606,679)	(3,232,472)
Net total	**762,226**	**2,018,169**

Year 2018

Cost	Euros			
	31-12-2017	Additions	Disposals	31-12-2018
Other facilities, tools and furnishings	4,397,919	133,124	(276,791)	4,254,252
Information processing equipment	722,864	24,274	(13,154)	733,984
Transportation elements	262,405	-	-	262,405
Total cost	**5,383,188**	**157,398**	**(289,945)**	**5,250,641**

Amortisations	Euros			
	31-12-2017	Allocations	Disposals	31-12-2018
Other facilities, tools and furnishings	(2,187,964)	(166,197)	14,921	(2,339,240)
Information processing equipment	(607,328)	(56,775)	5,402	(658,701)
Transportation elements	(220,598)	(13,933)	-	(234,531)
Total amortisation	**(3,015,890)**	**(236,905)**	**20,323**	**(3,232,472)**

Total Tangible Fixed Assets	Euros	
	31-12-2018	31-12-2017
Cost	5,250,641	5,383,188
Amortization	(3,232,472)	(3,015,890)
Net total	**2,018,169**	**2,367,298**

The additions for the years 2019 and 2018 correspond, fundamentally, to installations in new own stores, as well as to improvements needed for the existing ones.

As of 31 December 2018 and under "Other facilities, furniture and tools", photovoltaic panels were included with a net book value amounting to 1,183 and thousand euros respectively. These fixed assets were amortised by the straight-line method as with any of the Company's fixed assets, but they did not directly affect the Company's activities.

During the 2019 financial year, the Company sold the aforementioned photovoltaic panels to a related company (Tartales, S.L.), for a sale price of 1,678 thousand euros. The book value of these assets at the date of sale was 1,136 thousand euros, thus having generated a profit of 542 thousand euros in said transaction, included under the heading "Impairment and income from disposal of fixed assets".

Additionally, the heading "Impairment and income from disposal of fixed assets" on the attached profit and loss account for the 2019 financial year includes losses of 46 thousand euros as a result of derecognitions of assets relating to owned stores that have been transferred to franchisees or other third parties.

The fully amortized tangible fixed assets still in use at yearend 2019 amount to 2,039 thousand euros (1,985 thousand euros at yearend 2018).

Firm purchase commitments

As of yearend 2019, the Company does not have any firm commitments to purchase fixed assets.

Insurance policy

The Company continues its policy to take out insurance policies to cover the potential risks to which the different elements of its tangible fixed assets are subject. It is estimated that the cover taken out as of yearend 2019 is sufficient so as to cover the risks inherent in the Company's activities.

7. Leases

Operating leases

As of 31 December 2019 and 2018, the Company has contracted with lessors the following non-cancellable minimum lease payments in accordance with the current contracts in force, without taking into account the impact of common expenses, future increases in the CPI or future updates to rents agreed under contract:

	Euros	
	Nominal value	
Minimum operating lease payments	31-12-2019	31-12-2018
Less than 1 year	898,469	1,077,637
Between one and five years	1,972,690	2,546,559
More than five years	321,152	537,930
	3,192,311	**4,162,126**

The amount of operating lease payments recognised as an expense in the 2019 and 2018 financial years is as follows:

	Euros	
Operating lease payments	2019	2018
Office and warehouse rentals	352,591	221,935
Other rentals	1,152,198	1,242,487
	1,504,789	**1,464,422**

In its capacity as lessee, the most significant operating lease contracts held by the Company as of 31 December 2019 were the following:

- Leasing of a building in which the Madrid offices are located to a related party (Note 17). The lease contract was renewed in January 2014 until December 2023.

- Leasing of an industrial unit holding inventory owned by Naturhouse Health, S.A. and Kiluva Portuguesa- Nutriçao e Dietetica, Lda. to a related party. The lease contract was signed in November 2018 until December 2023.

The lease contracts have been classified as operating leases because of the particular terms and conditions thereof.

8. Investments in Group companies (long and short term)

The account balance under "Long-term Investments in Group companies" at 31 December 2019 and 2018 is as follows:

	Euros	
	31-12-2019	31-12-2018
Equity instruments,	14,250,945	13,332,777
Provision for impairment losses on equity instruments	(5,872,901)	(4,971,173)
Total long-term investments in Group companies	**8,378,044**	**8,361,604**

8.1 Group company equity instruments

The changes under the headings "Equity instruments" and "Provision for impairment losses on equity instruments" for the 2019 and 2018 financial years are broken down in the following tables:

Year 2019

	Euros		
	31-12-2018	Additions	31-12-2019
Cost:			
Naturhouse, GmBh	288,000	-	288,000
Naturhouse, S,R,L,	193,937	-	193,937
Naturhouse Franchising Co Ltd,	118,832	-	118,832
Zamodiet México, S,A, de C,V,	855,224	-	855,224
Housediet, S,A,R,L	200,000	-	200,000
Kiluva Portuguesa – Nutriçao e Dietetica, Lda,	2,800,000	-	2,800,000
Naturhouse, Sp zo,o,	676,427	-	676,427
S,A,S, Naturhouse	4,535,000	-	4,535,000
Ichem Sp, Zo,o	2,275,405	-	2,275,405
Naturhouse, Inc,	1,389,952	806,066	2,196,018
Name 17	-	112,102	112,102
Total cost	13,332,777	918,168	14,250,945
Impairment			
Naturhouse, GmBh	(288,000)	-	(288,000)
Naturhouse Franchising Co Ltd,	(82,194)	-	(82,194)
Zamodiet México, S,A, de C,V,	(855,225)	-	(855,225)
Kiluva Portuguesa – Nutriçao e Dietetica, Lda,	(2,412,227)	(39,238)	(2,451,465)
Naturhouse, Inc,	(1,333,527)	(862,490)	(2,196,017)
Total impairment	(4,971,173)	(901,728)	(5,872,901)
Net total	**8,361,604**	**16,440**	**8,378,044**

Year 2018

	Euros		
	31-12-2017	Additions	31-12-2018
Cost:			
Naturhouse, GmBh	288,000	-	288,000
Naturhouse, S,R,L,	193,937	-	193,937
Naturhouse Franchising Co Ltd,	118,832	-	118,832
Zamodiet México, S,A, de C,V,	855,224	-	855,224
Housediet, S,A,R,L	200,000	-	200,000
Kiluva Portuguesa – Nutriçao e Dietetica, Lda,	2,800,000	-	2,800,000
Naturhouse, Sp zo,o,	676,427	-	676,427
S,A,S, Naturhouse	4,535,000	-	4,535,000
Ichem Sp, Zo,o	2,275,405	-	2,275,405
Naturhouse, Inc,	1,389,952	-	1,389,952
Total cost	13,332,777	-	13,332,777
Impairment			
Naturhouse, GmBh	(255,782)	(32,218)	(288,000)
Naturhouse Franchising Co Ltd,	(64,904)	(17,290)	(82,194)
Zamodiet México, S,A, de C,V,	(855,225)	-	(855,225)
Kiluva Portuguesa – Nutriçao e Dietetica, Lda,	(2,225,209)	(187,018)	(2,412,227)
Naturhouse, Inc,	(725,088)	(608,439)	(1,333,527)
Total impairment	(4,126,208)	(844,965)	(4,971,173)
Net total	**9,206,569**	**844,965**	**8,361,604**

The main changes in the 2019 financial year under the heading "Equity instruments in Group companies" have been as follows:

- **Capital increase in the United States, Naturhouse Inc.:** During the financial year 2019, the Company increased the share capital by 806 thousand euros, approximately, keeping 100% of the shares. This shareholding is completely impaired at year end 2019.

- **Capital increase in Name 17, S.A. de C.V.:** During the 2019 financial year, the Company subscribed to the share capital increase carried out by Name 17, S.A. de C.V., through which it acquired 51% of its shares for 112 thousand euros.

Information related to the direct and indirect financial shareholdings held by the Company are broken down in Annex I.

The dividends received by the Company from its subsidiaries have been as follows:

	Euros	
	2019	2018
Naturhouse, S.R.L.	2,426,734	2,982,994
Naturhouse, Sp zo.o.	278,894	1,015,201
S.A.S. Naturhouse	9,936,329	10,000,000
Ichem Sp. zo.o.	476,869	329,201
Kiluva Portuguesa – Nutriçao e Dietetica, Lda.	95,516	16,894
	13,214,342	**14,344,290**

As of 31 December 2019, the Company has re-estimated the impairment of shareholdings in Group companies based on the underlying book value of the various investees, considering that this is the best evidence of the recoverable value.

Additionally, the Company has fully impaired the accounts receivable held with Naturhouse, Gmbh and Naturhouse Inc. as of 31 December 2019 amounting to 93 thousand euros and 102 thousand euros, respectively (Note 9).

9. Financial investments

As of 31 December, 2019 and 2018, the existing balance under the heading "Long-term financial investments" is as follows:

	Euros	
	31-12-2019	31-12-2018
Other financial assets		
Long term deposits and guarantees	337,011	348,451
	337,011	**348,451**

The financial assets recorded under the heading "Long-term deposits and guarantees" primarily correspond to deposits associated with the leases described in Note 7.

Information concerning the nature and level of risk of financial instruments

The Company's activities are exposed to various financial risks: market risk (including exchange rate risk), credit risk, liquidity risk and interest rate risk on cash flows.

1. *Credit Risk*

In general the Company maintains its cash and equivalent liquid assets at banks with high credit ratings. It also performs adequate monitoring of accounts receivable individually, in order to determine situations of potential insolvency.

The Company's principal financial assets are cash and cash equivalents, trade debtors and other accounts receivable and investments, which represent the Company's highest exposure to credit risk in connection with its financial assets.

The Company's credit risk is, therefore, mainly attributable to its trade debtors. The amounts are presented in the balance sheet net of provisions for bad debts, estimated by the Company's Directors based on experience from previous financial years and their assessment of the current economic environment. The breakdown of impairment losses recognised under "Trade Receivables for Sales and Services" on the balance sheet as of 31 December 2019 is as follows:

	Euros	
	31-12-2019	31-12-2018
Provision for bad debts	(206,393)	(10,792)

The Company does not have a significant concentration of credit risk, with exposure spread over a large number of customers (franchised) and their individual amounts being insignificant. During the 2019 financial year, the Company recognised a loss in the year amounting to 195,601 euros (1,867 euros in the 2018 financial year), mostly corresponding to accounts receivable with Naturhouse, Gmbh and Naturhouse Inc. amounting to 93 thousand euros and 102 thousand euros, respectively (Note 8).

However, the Company's Financial Management considers this risk to be a key aspect in daily business management, focusing all efforts on the appropriate control and monitoring of the development of accounts receivable and arrears, especially in sectors of activity with increased risk of default. Additionally, it is one of the Company's policies to obtain guarantees or deposits from customers in order to ensure compliance with their commitments.

Additionally, the Company has established a policy of accepting customers based on periodic liquidity and solvency risk assessments and the establishment of credit limits for debtors. Moreover, the Company conducts periodic analysis of the age of the debt with commercial customers in order to cover potential risks of default.

The average collection period varies, depending on the country, between 30 and 60 days, although a very significant portion of sales are collected in advance at the time it is performed. Significant balances with third parties overdue for more than 180 days are fully provisioned.

2. *Liquidity risk*

In order to ensure liquidity and meet all payment obligations arising from its activities, the Company has the liquid assets shown on its balance and on its statement of financial position, as well as available financing detailed in Note 13.

In this regard, the Company performs liquidity risk management, based on maintaining sufficient cash and marketable securities, the availability of financing through an adequate number of credit facilities and sufficient capacity to settle market positions.

On the other hand, it has always sought to utilize the liquid assets available for anticipative payment obligation and debt commitment management if needed.

The Company’s financial liabilities as of 31 December 2019 are not significant and have maturities in 2020 (see Note 13).

3. *Market risk in the interest rate and the exchange rate:*

The Company's operating activities are largely independent with respect to changes in market interest rates.

The interest rate risk of the Company arises from long-term borrowings. Borrowings issued at variable rates expose the Company to interest rate risk on the cash flows. As of yearend 2019, the Company has no long-term borrowings.

In addition, as of yearend 2019 and 2018, the Company has an amount available in liquid assets that is much higher than its financial debt, consequently, the Directors consider that its exposure to interest rate risk is not significant in any case.

Thus, the Company has not considered it necessary to cover interest rate fluctuations, consequently, it has not maintained derivative instruments during the 2019 and 2018 financial years.

With regard to exchange rate risk, the Group does not operate significantly internationally in countries with currencies other than the euro and, therefore, its exposure to exchange rate risk from foreign currency transactions is not significant.

10. Inventory

The composition of the Company's stock at 31 December 2019 and 2018 is as follows:

	Euros	
	31-12-2019	31-12-2018
Commercial stocks	1,173,621	1,014,787
	1,173,621	**1,014,787**

The Company has not made any adjustments for impairment since the net realizable value of the inventories is higher than its acquisition price, which is why no losses have been made under this item in the years 2019 and 2018 .

11. Equity and Own Funds

Share Capital

On 9 April 2015, the Board of Directors of the Company, exercising the delegation of the Sole Shareholder dated 2 October 2014, unanimously agreed to the public new stock offering on the Stock Market.

On 24 April 2015, the Comisión Nacional del Mercado de Valores admitted to trading 15 million shares of the Company's share capital, with a nominal value of 5 euro cents each, which were sold by Kiluva, S.A. at the price of 4.8 euros. Subsequently, on 22 May 2015, the Green Shoe option was executed, expanding the number of shares admitting to trading by 1,097,637, reaching a total of 16,097,637 shares.

As of 31 December 2019, the Company's share capital is represented by 60 ordinary shares of 0.05 euros nominal value each, fully subscribed and paid.

In accordance with communications on the number of corporate actions made before the Comisión Nacional del Mercado de Valores, the shareholders with significant holdings in the Company's share capital, both directly as well as indirectly, higher than 3% of the share capital, as of 31 December 2019 are as follows:

Shareholder	%
Kiluva, SA	72.60
Ferev Uno Strategic Plans	3,97

The Directors of the Company have no knowledge of other shares equal to or higher than 3% of the Company's share capital or voting rights, or that are lower than the percentage established, allowing significant influence to be exercised over the Company.

Distribution of profit and dividends

On 29 April 2019, the Annual General Meeting approved the allocation of the Company's profits for the 2018 financial year, which amounted to 15,687 thousand euros, to dividends, of which 13,200 thousand euros had been distributed as interim dividends for the 2018 financial year. Also approving an additional distribution of dividends amounting to 1,113 thousand euros against unrestricted voluntary reserves, making a total of 16,800 thousand euros for dividends. Likewise, on 29 April 2019, 30 July 2019 and 5 November 2019, the Board of Directors approved an interim distribution of dividends amounting to

3,600 thousand euros, 4,200 thousand euros, and 3,600 thousand euros, respectively, for the profit for the 2019 financial year.

Legal reserve

In accordance with Consolidated Text of Capital Company Law, an amount equal to 10% of the annual profit must be assigned to the legal reserve until said reserve reaches an amount of 20% of the Company's share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital. With the exception of that mentioned above, and while it does not exceed 20% of the share capital, said reserve may only be used to offset losses, provided that there are no sufficient other reserves available for this purpose.

As of 31 December 2019, this reserve has been completely established.

Treasury Shares

As of yearend 2019 and 2018, the Company held company shares in accordance with the following breakdown:

		Euros		
Year	Number of shares	Nominal value	Average acquisition price	Total acquisition cost
2019	50,520	2,526	2.82	142,330
2018	14,000	700	4.58	64,186

As of 31 December 2019, the Company's shares held by it represent 0.08% of the Company's share capital, totalling 50,520 shares with a cost of 142 thousand euros and an average acquisition price of 2.82 euros per share.

The movement in company shares during the 2019 financial years has been as follows:

Number of shares	2019	2018
Start of the financial year	14,000	14,000
Sales	(161,313)	-
Purchases	197,833	-
Yearend	**50,520**	**14,000**

12. Provisions and contingencies

Provisions:

As of 31 December 2019 and 2018, the Company did not have any provisions recorded.

Contingencies

The Company's Directors consider that there are no contingencies that could lead to unregistered liabilities or that could have a significant impact on the attached financial statements.

13. Amounts owed to credit institutions and other financial liabilities

The account balance under "Short-term debts" and "Short-term debts" at 31 December 2019 and 2018 respectively is as follows:

31 DECEMBER 2019

	Euros			
	Amount Initial or Limit	Maturity		
		Current	Non-Current	Total
Amounts owed to credit institutions:				
Financial leases	79,538	-	-	-
Bill discounting facilities	1,000,000	-	-	-
Subtotal of debts to credit institutions:	**1,079,538**	**-**	**-**	**-**
Other financial liabilities	-	6,309	-	6,309
	1,079,538	**6,309**	**-**	**6,309**

31 DECEMBER 2018

	Euros			
	Amount Initial or Limit	Maturity		
		Current	Non-Current	Total
Amounts owed to credit institutions:				
Financial leases	79,538	5,437	-	5,437
Bill discounting facilities	1,000,000	-		-
Subtotal of debts to credit institutions:	**1,079,538**	**5,437**	**-**	**5,437**
Other financial liabilities	-	42,364	-	42,364
	1,079,538	**47,801**	**-**	**47,801**

Outstanding instalments for financial leases at year end 2018 have been paid in full during the 2019 financial year.

Likewise, the Company has bill discounting facilities with a limit of 1,000 thousand euros, which as of 31 December 2019 and 31 December 2018 has not been drawn on.

14. Public Administrations and Tax Situation

The composition of balances with Public Administrations at 31 December 2019 and 2018 is as follows:

	Euros			
	Debit balances		Credit balances	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Current balances:				
Company tax (refund) receivable	2.629.870	5.344.651	-	-
Tax Authorities, debtor/creditor due to IVA (VAT)	4.264	2.453	24.334	50.508
Social Security agencies, creditor	-	-	278.588	124.147
Tax Authorities, creditor due to income tax	-	-	109.793	170.429
Total current balances	**2.634.134**	**5.347.104**	**412.715**	**345.084**

14.1 Reconciliation of accounting profit and taxable base

Corporate Tax is calculated from the book income or accounting profit, obtained by the application of generally accepted accounting principles, which does not necessarily need to coincide with taxable income, understood as the tax base.

The reconciliation of the Company's accounting profit for the financial year ending 31 December 2019 and 31 December 2018 with the Corporate Tax taxable base is as follows:

Year 2019

	Euros		
	Increases	Decreases	Amount
Accounting profit for the period (before tax)	-	-	14,905,971
Permanent differences:			
Arising in the financial year	1,280,564	(13,214,342)	(11,933,778)
Arising in previous financial years	51,272	-	51,272
Temporary differences:			
Arising in the financial year	-	(945)	1,182,281
Arising in previous financial years	1,183,226	(49,918)	(49,918)
Total tax base	**2,515,062**	**(13,265,205)**	**4,155,828**

Year 2018

	Euros		
	Increases	Decreases	Amount
Accounting profit for the period (before tax)	-	-	16,416,074
Permanent differences:			
Arising in the financial year	958,911	(14,344,290)	(13,385,379)
Arising in previous financial years	51,272	-	51,272
Temporary differences:			
Arising in the financial year	-	(945)	62,290
Arising in previous financial years	63,235	(50,367)	(50,367)
Total tax base	**1,073,418**	**(14,395,602)**	**3,093,890**

Permanent differences mainly correspond to the exemption on dividends received from Group companies pursuant to Article 21 of the Companies Act, as of 31 December 2019 and 2018 (Note 8) and, on the other hand, impairments on investments and accounts receivable with Group companies and non-deductible donations have been positively adjusted.

Meanwhile, the temporary differences basically correspond to differences between accounting and tax amortisations of the Company's fixed assets, mainly concerning the photovoltaic panels sold (see note 6), which were fully tax amortised.

Additionally, during the 2019 financial year, the Company made payments on account and withholdings and tax payments on account for Corporate Tax have been carried out for the 2019 financial year amounting to 2,045 thousand euros. On this basis, at yearend the company holds a balance to be recovered from the Tax Authorities amounting to 1,056 thousand euros, which has been registered as a current tax asset. Additionally, as of yearend 2019, an amount of 1,574 thousand euros corresponding to the Corporate Tax settlement for the 2018 financial year was also pending collection (Note 22).

14.2 The reconcilement between income and expenses for Corporation Tax

Reconciliation between accounting profit and Corporate Tax expense is as follows:

	Euros	
	2019	2018
Accounting profit before tax	14,905,971	16,416,074
Permanent differences	(11,882,506)	(13,334,107)
Instalment 25%	755,866	770,491
Deductions	(50,163)	(41,358)
Total tax expense recognised on the profit and loss account	**705,703**	**729,133**

14.3 Breakdown of corporate tax expense or income

The breakdown of the amount recorded for corporate tax corresponding to the 2019 and 2018 financial years is as follows:

	Euros	
	2019	2018
Current tax:		
Continuing operations	988,794	732,114
Deferred tax:		
Continuing operations	(283,091)	(2,981)
Total tax expense	**705,703**	**729,133**

14.4 Deferred tax assets

Deferred tax assets, registered -

Deferred tax assets basically correspond to temporary differences between accounting and tax amortisations of the Company's fixed assets.

The deferred tax assets indicated above have been recorded on the attached balance sheet as the Company's Directors consider, in line with the best estimates of the Company's future results, including certain tax planning measures, that it is likely that these assets will be recovered.

Deferred tax assets, not registered -

At yearend 2019 and 2018, there are no deferred tax assets that are not registered on the attached balance sheet.

14.5 Deferred tax liabilities

The amount registered under the heading "Deferred tax liabilities" as of 31 December 2019 and 31 December 2018 is as follows:

	Euros	
	31-12-2019	31-12-2018
Financial leases	-	292,645
	-	**292,645**

The change in deferred tax liabilities is mainly due to the sale of photovoltaic panels (see note 6), which were fully tax amortised.

14.6 Years pending approval and auditing actions

In accordance with current legislation, tax cannot be considered as definitively settled until the returns submitted have been inspected by the tax authorities or the limitation period of four years has expired. As of 31 December 2019, the Company has the 2014 and following financial years open for inspection for Corporate Tax and the 2016 and following financial years open for the other applicable taxes.

On 12 November 2019, the Company was notified of the start of inspection actions concerning Corporate Tax for the 2014 and 2015 financial years, and Value Added Tax for the 2015 financial year. The inspection procedure is ongoing as of the date that these financial statements were drawn up. The Company's Directors consider, anyway, that the aforementioned taxes have been appropriately settled, consequently, even in the case of discrepancies arising in the interpretation of rules in force due to the tax treatment given to transactions, the resulting contingent liabilities, if materialised, would not significantly affect the attached balance sheet and explanatory notes.

15. Balances with related parties

In addition to the subsidiaries, associates companies, the "key personnel" in the Company's Management (members of its Board of Directors and the Directors, together with their close relatives) are considered to be "related parties" to the Company, as are the entities over which the key personnel in Management may exercise significant influence or have control.

The balances held with group companies and companies related to shareholders or members of the Board of Directors are shown below.

Year 2019

	Euros		
	Current		
	Debtor balance	Creditor balance	
Company	Commercial debts	Other financial liabilities	Commercial transactions
Other Group Companies			
S,A,S, Naturhouse	201,676	-	6,596
Kiluva Portuguesa Lda	61,146	904,484	-
Naturhouse Franchising Ltd, Co,	256,878	-	-
Naturhouse Sp Zoo	263,551	-	-
Naturhouse, S,R,L,	98,271	-	-
Associates			
Zamodiet, S,L,	-	-	8,272
Indusen, SA	-	-	273,841
Giro Fibra S,A,	-	-	56,436
Ichem, Sp,Z,o,o,	-	-	511,558
Laboratorios Abad, S,L,U,	-	-	241
Tartales, SLU	-	84,670	28,545
Parent Company			
Kiluva, SA	-	-	-
	881,552	**989,154**	**885,489**

Year 2018

	Euros		
	Current		
	Debtor balance	Creditor balance	
Company	Commercial debts	Other financial liabilities	Commercial transactions
Other Group Companies			
Naturhouse Gmbh	67,816	-	-
S,A,S, Naturhouse	289,125	1,623,000	11,720
Kiluva Portuguesa Lda	2,475	1,000,000	-
Naturhouse Franchising Ltd, Co,	185,473	-	66,565
Naturhouse Sp Zoo	66,174	-	-
Naturhouse Inc,	96,622	-	-
Naturhouse, S,R,L,	136,458	500,000	-
Associates			
Zamodiet, S,L,	-	-	8,272
Indusen, SA	-	-	276,814
Giro Fibra S,A,	-	-	53,422
Ichem, Sp,Z,o,o,	-	-	531,044
Healthhouse Sun S,L,	30	-	297
Laboratorios Abad, S,L,U,	-	-	457
Tartales, SLU	8,529	-	-
Parent Company			
Kiluva, SA	-	-	-
	852,702	**3,123,000**	**948,591**

The other current financial liabilities as of 31 December 2019 held with Naturhouse S.A.S., Kiluva Portuguesa Lda and Naturhouse S.R.L. correspond to the balance drawn down with said companies through cashpooling accounts that accrue interest at market rates.

16. Income and expenses

16.1 Net amount of revenue

The breakdown of net revenues for the years of 2019 and 2018 of the Company is detailed below:

	Euros	
	2019	2018
Sales	17,209,451	18,370,947
Provision of services	2,036,243	2,202,718
	19,245,694	**20,573,665**

"Provision of services" mainly includes royalties billed to the subsidiaries Naturhouse S.R.L., Naturhouse Sp Zo.o, S.A.S. Naturhouse, as well as income from royalties billed to franchisees and income from master franchises in other countries.

The main activities developed by the Company are described in Note 1 of these explanatory notes. A segmentation of activities has not been carried out due to considering that there are activities differentiated by significant amounts which involve the identification of business segments. Moreover, neither the Company nor the Group use information with a distinction between activities in their management.

The distribution of net turnover corresponding to the 2019 and 2018 financial years, distributed by geographical market, is as follows:

	Euros	
	2019	2018
Domestic Market	17,479,380	18,131,830
Export Market	1,766,314	2,441,835
Total sales	**19,245,694**	**20,573,665**

16.2 Supplies

The amount recorded under "Consumption of Merchandise" for the years 2019 and 2018 has the following composition:

	Euros	
	2019	2018
Purchases	6,185,405	5,833,247
Changes in stocks (Note 10)	(158,834)	214,121
Total supplies	**6,026,571**	**6,047,368**

16.3 Breakdown of purchases by origin

The details of the purchases made by the Company during 2019 and 2018, by source, is as follows:

	Euros			
	2019		2018	
	Domestic	Intracommunity	Domestic	Intracommunity
Purchases	3,073,699	3,107,706	3,016,492	2,816,755

16.4 Social security contributions

The account balance for "Social costs" for the 2019 and 2018 financial years has the following composition:

	Euros	
	2019	2018
Social Security paid by the company	1,206,431	1,178,949
Other social expenses	169,694	89,435
	1,376,125	**1,268,384**

16.5 Financial income and expenses

The financial income and expenses for the 2019 and 2018 financial years have been as follows:

	Euros			
	2019		2018	
	Incomes Financial	Expenses Financial	Incomes Financial	Expenses Financial
Due to debts with Group companies	-	(15,700)	-	(1,578)
Debts with third parties	-	(27,151)	-	(29,337)
Shares in equity instruments, Group companies and associates/Dividends	13,214,342	-	14,344,290	-
Marketable securities and other financial instruments with third parties	61	-	139	-
	13,214,403	**(42,851)**	**14,344,429**	**(30,915)**

17. Transactions with related companies

The transactions carried out by the Group with related companies during the 2019 and 2018 financial years are as follows:

Company	Euros	
	2019	2018
Sales, provision of services and other revenues>		
Group companies		
Naturhouse Franchising Ltd	71,432	92,316
Naturhouse S.R.L.	1,904,820	1,398,168
Naturhouse, Sp zo.o.	882,088	864,721
Kiluva Portuguesa – Nutriçao e Dietetica Lda.	406,232	27,165
Naturhouse GmbH	25,212	32,102
S.A.S. Naturhouse	2,517,861	2,598,243
Naturhouse Inc.	5,379	8,102
Total revenues	**5,813,024**	**5,020,817**
Sales of fixed assets		
Parent Company		
Kiluva, SA	-	209,500
Related Companies		
Tartales, SLU (Note 6)	1,678,488	-
Total sales of fixed assets	**1,678,488**	**209,500**
Purchases:		
Group companies		
S.A.S. Naturhouse	5,655	10,143
Naturhouse S.R.L.	135	2,105
Naturhouse Sp. Zo.o	5,192	-
Kiluva Portuguesa – Nutricao e Dietetica Lda.	168,386	-
Related Companies		
Laboratorios Abad, S.L.U.	59,107	53,213
Indusen, SA	1,210,690	1,363,613
Ichem Sp. Zo.o	2,737,599	2,557,893
Girofibra, SL	304,687	241,456
Total purchases	**4,491,451**	**4,228,423**
Services received:		
Group companies		
Naturhouse Franchising Ltd	183,836	272,165
Naturhouse, GmbH	120,000	60,000
Related Companies		
U.D. Logroñés, SAD	265,700	193,600
Healthouse Sun, S.L.	8,718	52,948
Luair, S.L.U. (directly or indirectly)	411,470	308,688
Leasing and Insurance		
Tartales, SLU	536,732	389,187
Casewa, S.A.U.	103,020	-
Total services received	**1,629,476**	**1,276,588**
Financial expenses		
S.A.S. Naturhouse	9,799	1,578
Naturhouse, S.R.L.	5,901	-
Total financial expenses	**15,700**	**1,578**

Likewise, the Company received from its subsidiaries and associates a total dividend amounting to 13,214 thousand euros during the 2019 financial year (14,344 thousand euros during the 2018 financial year). (Note 8).

The Directors of the Company and its tax advisers, consider that the transfer prices are adequately justified on the basis of a report issued by the above parties, and therefore consider that there are no significant risks, in this sense, that they could lead to significant liabilities in the future.

As of the date of drawing up these financial statements, the Parent Company has updated the transfer pricing report corresponding to the 2018 financial year together with its tax advisors, which includes the main transactions that the Company performs with its related companies:

- Royalties from the sale of brands

- Support services to the management (management fees).

- Sale of products

- Purchase of products

- Financial operation: Liquid asset management

The report does not include limitations, cautions or significant safeguards, except for the characteristics inherent to this type of work. Furthermore, in order to examine whether the prices agreed between the related parties as a result of the above-described transactions comply with applicable regulations and in order to determine its suitability to market values, the following methodology has been used depending on each kind of transaction:

- Obtaining comparable examples, i.e. comparing the circumstances of transactions related to the circumstances of transactions between independent persons or entities that may be comparable (comparable uncontrolled price method "CUP").

- On the other hand, the transactional net margin method ("TNMM") has also been applied. Under this method, the objective profitability indicators obtained by independent entities performing the same activity under similar circumstances has been analysed.

- Finally, the resale price method ("RPM") has also been used, where a margin is subtracted from the selling price of a good or service applied by the reseller itself, in identical or similar operations with independent persons or entities, or, in the absence thereof, the margin that independent persons or entities apply to comparable transactions, performing, where applicable, the necessary corrections for equivalence and taking into account the particularities of the transaction.

In the particular case of product purchases from related companies, the analysis provides a comparison of the gross margin on sales (both through owned as well as franchised centres) in purchases from related companies compared to that obtained in purchases made from comparable independent companies, among others. Based on these analyses it was determined that these operations are in accordance with the market value.

This report has been issued in relation to transactions with affiliate companies in 2018. The Directors believe that there have been no relevant or significant changes in transfer pricing during the 2019 financial year, consequently, they believe that they are duly backed up.

18. Remuneration and other benefits for the Board of Directors and Senior Management

During 2019 the current Directors of the Company accrued compensation in fixed allowance and fees for attending meetings of the Board of Directors amounting to 316 thousand Euros (316 thousand Euros). Likewise, a member of the Board of Directors has provided services to the Company amounting to 61 thousand euros during the 2019 financial year (61 thousand euros during the 2018 financial year). In addition, the members of the Board of Directors with executive positions have received the remuneration stated in the following paragraph. On the other hand, in the current financial year and in the financial year of 2018, no member of the Board of Directors has any advances, guarantees or other commitments in the area of pensions or life insurance contracted with the Directors. The current Directors of the Company were appointed during the year 2014, except for one of them who was appointed during the year 2017 to replace another member who stood down from their position.

The compensation received in the year 2019 by the senior executives of the Company amounted to 2,218 thousand euros for salaries and wages and services (1,488 thousand euros were received by members of the Board of Directors in the development of their executive positions). The Senior Management of the Company has received no remuneration for other services. In the 2018 financial year, the remuneration received by the Company's Senior Management amounted to 2,098 thousand euros (1,606 thousand euros received by members of the Board of Directors in the development of their executive positions).

At the close of the 2019 and 2018 financial years, the Company's Senior Management body is composed of the following persons:

Categories	2019		2018	
	Men	Women	Men	Women
Senior Management	7	1	6	1

As of yearend 2019 and 2018, there were no advances, loans granted, life insurance or pension obligations.

The Board of Directors consists of six men and one woman at the end of 2019 (six men and one woman at the end of 2018).

The Company has signed a civil liability policy for directors and executives to cover the members of the Board of Directors, the CEO and all directors of the Naturhouse Group with a cost amounting to 5 thousand euros in 2019 (5 thousand euros in 2018).

19. Information relating to conflicts of interest by the Directors

As of year-end 2019, neither the members of the Board of Naturhouse Health, S.A. nor any persons related to them as defined by the refunded Spanish Corporate Law, have communicated to the other members of the Board of Directors any situation involving direct or indirect conflict that they or persons related to them, as defined by Spanish Corporate Law, may have with the Company's interests.

20. Environmental information

Given the activities in which the Company is engaged, it has no liabilities, expenses, assets, provisions or contingencies of an environmental nature that could be significant in relation to the assets, financial position and results of the Company. For this reason, specific breakdowns are not included in these consolidated notes.

21. Other information

21.1 Personnel

The average number of employees during the years 2019 and 2018, broken down by category, is as follows:

Categories	Number of employees	
	2019	2018
Senior Management	8	7
Rest of Senior Staff	5	5
Administrative and technical staff	14	21
Commercial, sales' staff and operators	180	183
	207	**216**

Likewise, the gender distribution of the Company at the end of the years 2019 and 2018, broken down by category, is as follows:

Categories	2019		2018	
	Men	Women	Men	Women
Senior Management	7	1	6	1
Rest of Senior Staff	6	-	5	-
Administrative and technical staff	7	7	5	16
Commercial, sales' staff and operators	16	157	19	164
	36	**165**	**35**	**181**

As of 31 December 2019 and 2018, there were no people employed with disabilities equal to or above 33%.

21.2 Audit fees

During the 2019 and 2018 financial years, the fees for audit services and other services provided by the auditor of the Company's financial statements, Deloitte, S.L., have been as follows:

	Services Provided by the Lead Auditor	
	Year 2019	Year 2018
The Company's audit services (individual and consolidated)	117,000	115,200
Other verification services (*)	1,500	1,250
Total auditing and related services	**118,500**	**116,450**
Tax services	-	-
Other services	-	-
Total Professional Services	**118,500**	**116,450**

(*) The Other verification services section includes a report on agreed procedures (same item as in the 2018 financial year).

21.3 *Information on the average payment period to suppliers*

The information required by the Third Additional Provision of Law 15/2010 of 5th July (as amended by the Second Final Provision of Law 31/2014 of 3rd December) is detailed below, drawn up according to the ICAC Resolution of 29th January 2016 on the information to be included in the explanatory notes to financial statements in connection with the average payment period to suppliers in commercial operations.

	Days	
	31-12-2019	31-12-2018
Average payment period to suppliers	39.13	44.33
Ratio of paid operations	37.64	43.65
Ratio of operations pending payment	53.91	65.16

	Euros	
	31-12-2019	31-12-2018
Total payments made	14,529,376	10,606,256
Total outstanding payments	1,471,344	345,365

In accordance with the ICAC Resolution, in order to calculate the average payment period to suppliers, commercial operations corresponding to delivering goods or providing services accrued from the date of entry into force of Law 31/2014 of 3 December have been taken into account.

For the sole purpose of providing the information required by this Resolution, suppliers includes trade creditors for debts with suppliers of goods or services included under "Trade creditors and other accounts payable" and "Suppliers, related companies" of the current liabilities of the consolidated balance sheet.

"Average payment period to suppliers" is understood to be the time that elapses from the delivery of goods or the provision of services by the supplier and material payment for the operation.

The maximum legal payment period applicable to the Company in the 2016 financial year under Law 3/2014 of 29 December, establishing measures to combat late payment in commercial transactions, is 30 days, although this may be extended by agreement between the parties without, in any case, a period of longer than 60 calendar days being agreed.

21.4 Modification or termination of contracts

There has been no conclusion, modification or early termination of any contract between the Company and any of its shareholders, Directors or persons acting on their behalf that affects transactions falling outside the Company's ordinary course of business or that has not been carried out under normal conditions.

21.5 Guarantees

As of 31 December 2019, the Company had commercial bank guarantees granted amounting to 546,627 euros, of which 523,218 euros are guarantees granted to the subsidiary Naturhouse, Inc., which allow it to operate in large shopping centres in the United States.

22. Subsequent events

On 31 January 2020, the Company terminated the liquidity contract signed with Renta 4 for failing to meet the expectations of increasing the share’s liquidity in the 2019 financial year.

Additionally, on 11 February 2020, the Company recovered 1,502 thousand euros corresponding to Corporate Tax for the 2018 financial year, which was pending return by the Tax Authorities.

With the exception of the above, there have been no significant subsequent events between the close of 31 December 2019 and the date these financial statements were drawn up.

Madrid, 28 February 2020

ANNEX I TO THE NATURHOUSE HEALTH, S.A. ANNUAL REPORT 31 DECEMBER 2019

Group company equity instruments in the 2019 financial year

Company	Capital	Premium and other Net equity	Net profit for the period	Holding % Direct	Holding % Indirect	Shareholder
Housediet S.A.R.L. (1) 75 rue Beaubourg 75003 Paris (France)	200,000	134,628	(2,593)	100%	-	Naturhouse Health S.A.
Kiluva Portuguesa –Nutriçao e Dietetica, Lda (1) Avenida Dr. Luis SA, 9 9ª Parque Ind Montserrate Fraçao "M" Abruhneira 2710 Sintra (Portugal)	49,880	993,893	222,048	28% - -	- 43% 29%	Naturhouse Health S.A. Naturhouse S.R.L. S.A.S. Naturhouse
Ichem Sp. Zo.o (2) ul. Dostawcza 12 93-231 Lodz (Poland)	186,854	11,476,792	974,703	25%	-	Naturhouse Health S.A.
Naturhouse Belgium S.P.R.L. (1) Rue Du Pont-Gotissart 6 Nijvel, Waals Brabant, 1400 Belgium	100,000	(408,186)	(200,094)	-	100%	S.A.S. Naturhouse
Naturhouse Franchising Co, Ltd (1) 33 church road, Ashford Middlesex (Great Britain)	352,609	(124,554)	(96,341)	33% -	- 67%	Naturhouse Health S.A. Naturhouse S.R.L.
Naturhouse, Gmbh (1) Rathausplatz, 5 91052 Erlangen (Germany)	500,000	(587,236)	(40,140)	56% -	- 44%	Naturhouse Health S.A. S.A.S. Naturhouse
Naturhouse, Sp. zo.o. (2) Ul/Dostawcza, 12 93-231 Lozd (Poland)	88,094	1,621,064	1,107,401	100%	-	Naturhouse Health S.A.
Naturhouse S.R.L. (2) Viale Panzacchi, nº 19 Bologna (Italy)	100,000	432,956	3,725,084	100%	-	Naturhouse Health S.A.
Naturhouse Inc. (1) 1395 Brickellave 800 STE Miami FL (U.S.)	1,265,524	(1,219,918)	(794,236)	100%	-	Naturhouse Health S.A.
Nutrition Naturhouse Inc. (3) Rue de la Gauchetière Ouest Montreal Quebec (Canada)	-	-	-	-	100%	S.A.S. Naturhouse
Naturhouse d.o.o. (1) Ilica 126, City of Zagreb (Croatia)	101,754	(194,710)	(42,523)	-	100%	Naturhouse Sp. zo.o.
S.A.S. Naturhouse (2) 12, Rue Philippe Lebon Zone de Jarlard, 81000 Albi, France	100,000	(3,409,597)	8,538,215	100%	-	Naturhouse Health S.A.
Zamodiet México S.A. de C.V. (1) Boulevard Interlomas, nº 5 L4 Lomas Anahuac (Mexico)	930,047	(903,049)	-	79%	-	Naturhouse Health S.A.
Name 17 S.A. de C.V. Doctor Balmis, 222 Mexico City (Mexico)	221,204	(64,730)	(40,861)	51%	-	Naturhouse Health S.A.

Euros: Capital, Premium and other Net equity, Net profit for the period.

(1) Financial statements not required to undergo external review available as of 31 December 2019.

(2) Audited financial statements as of 31 December 2019.

(3) Company being formed, pending formalisation.

Group company equity instruments in the 2018 financial year

Company	Euros					
	Capital	Premium and other Net equity	Net profit for the period	Holding %		Shareholder
				Direct	Indirect	
Housediet S.A.R.L. (1) 75 rue Beaubourg 75003 Paris (France)	200,000	149,712	(15,085)	100%	-	Naturhouse Health S.A.
Kiluva Portuguesa –Nutriçao e Dietetica, Lda (1) Avenida Dr. Luis SA, 9 9ª Parque Ind Montserrate Fraçao "M" Abruhneira 2710 Sintra (Portugal)	49,880	993,893	341,128	28% - -	- 43% 29%	Naturhouse Health S.A. Naturhouse S.R.L. S.A.S. Naturhouse
Ichem Sp. Zo.o (2) ul. Dostawcza 12 93-231 Lodz (Poland)	185,056	10,887,501	2,395,622	25%	-	Naturhouse Health S.A.
Naturhouse Belgium S.P.R.L. (1) Rue Du Pont-Gotissart 6 Nijvel, Waals Brabant, 1400 Belgium	100,000	(426,684)	(181,595)	-	100%	S.A.S. Naturhouse
Naturhouse Franchising Co, Ltd (1) 33 church road, Ashford Middlesex (Great Britain)	335,372	(176,531)	(35,953)	33% -	- 67%	Naturhouse Health S.A. Naturhouse S.R.L.
Naturhouse, Gmbh (1) Rathausplatz, 5 91052 Erlangen (Germany)	500,000	(447,662)	(133,794)	56% -	- 44%	Naturhouse Health S.A. S.A.S. Naturhouse
Naturhouse, Sp. zo.o. (2) Ul/Dostawcza, 12 93-231 Lodz (Poland)	87,181	935,437	1,082,120	100%	-	Naturhouse Health S.A.
Naturhouse S.R.L. (2) Viale Panzacchi, nº 19 Bologna (Italy)	100,000	477,238	3,585,590	100%	-	Naturhouse Health S.A.
Naturhouse Inc. (1) 1395 Brickellave 800 STE Miami FL (USA)	1,241,651	(617,930)	(574,422)	100%	-	Naturhouse Health S.A.
Nutrition Naturhouse Inc. (3) Rue de la Gauchetière Ouest Montreal Quebec (Canada)	-	-	-	-	100%	S.A.S. Naturhouse
Naturhouse d.o.o. (1) Ilica 126, City of Zagreb (Croatia)	102,125	(149,584)	(45,291)	-	100%	Naturhouse Sp. zo.o.
S.A.S. Naturhouse (2) 12, Rue Philippe Lebon Zone de Jarlard, 81000 Albi, France	100,000	(2,876,154)	9,673,579	100%	-	Naturhouse Health S.A.
UAB Naturhouse (1) Konstitucijos pr. 7 09308 Vilna (Lithuania)	193,131	(193,131)	(21,337)	-	100%	Naturhouse Sp. zo.o.
Zamodiet México S.A. de C.V. (1) Boulevard Interlomas, nº 5 L4 Lomas Anahuac (Mexico)	930,047	(903,049)	-	79%	-	Naturhouse Health S.A.

(1) Financial statements not required to undergo external review available as of 31 December 2018.

(2) Audited financial statements as of 31 December 2018.

(3) Company being formed, pending formalisation.

Declaración de responsabilidad del Consejo de Administración de Naturhouse Health, S.A. conforme al artículo 8 apartado b) del capítulo I del Real Decreto 1362/2007, de 19 de octubre, por el que se desarrolla la Ley 24/1988, de 28 de julio, del Mercado de Valores, en relación con los requisitos de transparencia relativos a la información sobre los emisores cuyos valores estén admitidos a negociación en un mercado secundario oficial o en otro mercado regulado de la Unión Europea.

Con fecha 28 de febrero de 2020 hemos formulado las cuentas anuales de Naturhouse Health, S.A. correspondientes al ejercicio anual terminado el 31 de diciembre de 2019.

En este sentido manifestamos que, hasta donde alcanza nuestro conocimiento, las mencionadas cuentas anuales elaboradas con arreglo a los principios de contabilidad y consolidación aplicables, tal y como éstos se describen en las memorias de las cuentas anuales, ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados de Naturhouse Health, S.A. correspondientes al ejercicio anual terminado el 31 de diciembre de 2019, tomados en su conjunto, y que el Informe de gestión que acompaña las mencionadas cuentas anuales incluyen un análisis fiel de la evolución y de los resultados empresariales y de la posición de Naturhouse Health, S.A .a 31 de diciembre de 2019, tomada en su conjunto, junto con la descripción de los principales riesgos e incertidumbres a que se enfrentan.

Que las Cuentas Anuales del ejercicio cerrado a 31 de diciembre de 2019 -comprensivas del Balance, Cuenta de Pérdidas y Ganancias, estado de flujos de efectivo y estado de cambios en el patrimonio neto y la Memoria- y el Informe de Gestión, constan en 55 hojas de papel común, por una sola cara, numeradas correlativamente de la 1 a la 55, siendo firmadas de la 1 a la 54 por el Secretario del Consejo de Administración y la hoja número 55 por la totalidad de los consejeros asistentes a la reunión. El Informe Anual de Gobierno Corporativo está contenido en 59 hojas de papel común, por una sola cara, numeradas correlativamente de la 1 a la 59, siendo firmadas por el Secretario del Consejo de Administración más una hoja adicional que firman la totalidad de los consejeros asistentes a la reunión.

Félix Revuelta Fernández	Vanesa Revuelta Rodríguez	Kilian Revuelta Rodríguez
Rafael Moreno Barquero	José María Castellano Ríos	Pedro Nueno Iniesta

Ignacio Bayón Marine