REPORT AT 31 MARCH 2018

Madrid, 26 April 2018

1Q18 MILESTONES

Corporate

- Group revenues amounted to €44.7 million in the first quarter of 2018, compared with €45.5 million in the same period of 2017.
- A shift in orders from the first to the second quarter had an impact on sales at PharmaMar and Genómica.

Oncology

- PharmaMar signed a licensing agreement with Seattle Genetics Inc. under which the latter receives worldwide exclusive rights over certain molecules and antibody-drug conjugates (ADC) for development, production and marketing. Under the terms of the agreement, PharmaMar collected an upfront payment of USD 5 million.

- The ATLANTIS phase III registrational trial in relapsed small cell lung cancer with Zepsyre randomizing 600 patients had recruited 75% of the patients by the end of Q1. We expect to complete enrollment during 3q of this year.

- Following a re-examination requested by PharmaMar in January 2018 in connection with the Opinion issued by the CHMP in December 2017 in which it recommended not authorizing commercialization of Aplidin® for treating multiple myeloma, the CHMP confirmed its initial negative opinion.

Diagnostics

- Genómica has received business license enabling it to operate in China

RNAi

- The HELIX Phase III trial by Sylentis in dry-eye syndrome has enrolled 60% of the patients required to complete the trial.

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1. FIGURES TO MARCH 2018

REVENUES	March 2018	March 2017	
Sales	**36,584**	**41,619**	**-12%**
Biopharmaceutical Area	19,746	24,261	-19%
Oncology Segment	18,390	22,507	-18%
Diagnostic Segment	1,356	1,754	-23%
Consumer Chemical Segment	16,838	17,358	-3%
Royalties			
Oncology Segment	**1,410**	**1,664**	**-15%**
Royalties, licenses and other agreements			
Oncology Segment	**6,581**	**2,189**	**201%**
Services rendered			
Diagnostic Segment	**88**	**0**	
TOTAL REVENUES	**44,663**	**45,472**	**-2%**

(Thousand euro)

Total Group revenues

Net revenues in the Biopharmaceutical segment amounted to €19.8 million in the first quarter of 2018, 19% less than the €24.3 million figure booked in the same period of 2017. The inter-year difference in Yondelis sales (€18.4 million in 1Q18 vs. €22.5 million in 1Q17) is due to a number of factors: sales of the raw material to Yondelis partners Janssen Products and Taiho Pharmaceutical amounted to €1.4 million in 2017 but zero in 2018; additionally, a significant volume of sales to the distributor in Scandinavia has been shifted to the second quarter (accordingly, this effect will balance out as the year advances); moreover, prices were eroded in some European countries and new competitors have appeared in both soft tissue sarcoma and platinum-sensitive relapsed ovarian cancer. Diagnostics sales (€1.4 million in 1Q18 vs. €1.8 million in 1Q17) reflect delays in obtaining the necessary permits for subsidiary Genómica to sell in Brazil; the permits are expected to be obtained in the next quarter.

Revenues in the Consumer Chemicals division amounted to €16.8 million in 1Q18, i.e. 3% less than in the same period of 2017 (€17.4 million). This slight decrease was due mainly to some large retailers delaying the onset of the summer insecticide campaign because of adverse weather conditions. However, this lag will be offset in the second quarter, which tends to concentrate sales of this product category.

Royalty revenues, which arise in the Oncology segment from partners Janssen Products and Taiho Pharmaceutical Co for sales of Yondelis® in the United States, Japan and the rest of the world except the European Union, amounted to €1.4 million in 1Q18 (€1.7 million in 1Q17).

Revenues from licensing and other co-development agreements, which also correspond entirely to the Oncology segment, amounted to €6.6 million in 1Q18, compared with €2.2 million in 1Q17. In 2018, the company signed a licensing agreement with Seattle Genetics Inc. under which Seattle Genetics receives exclusive worldwide rights over certain molecules and conjugated antibodies (ADCs) owned by Pharma Mar, S.A. for the development, production and commercialization of conjugated antibodies. Under the terms of the agreement, the Company received an upfront payment of 5 million dollars (€4.1 million) and may receive other payments if Seattle Genetics carries out clinical development of conjugated antibodies.

As a result, **total revenues** amounted to €44.7 million in the first quarter of 2018, compared with €45.5 million in the same period of 2017 (-2%).

Gross margin and EBITDA

The Group's gross margin was 70.5% of total revenues in 1Q18 (73% in 1Q17). (Calculated with respect to sales only, not including royalties or licensing revenues).

Group EBITDA amounted to €-0.9 million in the first quarter of 2018

	March 2018	March 2017
Net income	-1,320	-2,465
Corporate income tax	-2,492	-269
Net financial results	1,066	1,082
Amortisation and depreciation	1,858	1,722
EBITDA	-888	70

(Thousand euro)

(EBITDA: earnings before interest, taxes, depreciation and amortization).

The EBITDA contribution by the business segments is as follows:

	March 2018	March 2017
Oncology Segment	699	2,733
Diagnostic Segment	-626	-4
RNAi Segment	-1,015	-1,224
Consumer Chemical Segment	1,766	197
Not asigned	-1,712	-1,632
TOTAL EBITDA	-888	70

(Thousand euro)

R&D expenditure

R&D expenditure increased from €17.9 million in the first quarter of 2017 to €19.9 million in the first quarter of 2018.

The breakdown of R&D expenditure is shown in the next table:

R&D	March 2018	March 2017	€	%
Oncology Segment	-18,366	-15,964	-2,402	15%
Diagnostic Segment	-521	-426	-95	22%
RNAi Segment	-1,029	-1,285	256	-20%
Consumer Chemical Segment	-27	-345	318	-92%
R&D	**-19,943**	**-18,020**	**-1,923**	**11%**
R&D Capitalised	0	126	-126	
TOTAL R&D NET	**-19,943**	**-17,894**	**-2,049**	**11%**

(Thousand euro)

Increased R&D spending in the oncology segment was due mainly to the ongoing clinical trials with Zepsyre in small cell lung cancer and another series of related preclinical and clinical trials. The Phase III trial is expected to complete recruitment in the third quarter; this, plus other adjustments, will result in a decline in R&D expenditure with respect to the previous year.

Other operating expenses

Other operating expenses (such as marketing, general and administration expenses) declined by 7% year-on-year and this trend is expected to continue in the coming years.

Cash and Debt

As of 31 March 2018, the net cash position (cash + cash equivalents + current financial assets) amounted to €23.6 million (vs. €31.8 million at 2017 year-end). Including non-current financial assets, the total was €24.5 million as of 31 March 2018 (vs. €32.7 million as of 2017 year-end).

For the purpose of comparing balance sheet figures, the Group's total net interest-bearing debt at amortized cost in the last two years is detailed below:

	March 2018	December 2017
Long term financial debt	**70,664**	**73,607**
Bank debt	31,362	33,394
Obligations and bonds	16,466	16,350
Govt. Agencies R&D funding	22,836	23,863
Short term financial debt	**30,655**	**26,395**
Credit facilities	13,613	9,974
Effects and certifications	2,535	2,203
Bank loan	8,702	8,676
Govt. Agencies R&D funding	4,955	4,730
Interest and others	850	812
Total financial debt	**101,319**	**100,002**
Cash and cash equivalents + non current and current financial investments	24,507	32,736
TOTAL NET DEBT	**-76,812**	**-67,266**

(Thousand euro)

Loan repayments (both banks and official authorities) amounted to €3.6 million.

2. BUSINESS PERFORMANCE.

Below is an overview of the group companies' business performance in the first quarter of 2018.

A) Biopharmaceutical area:

1.- Oncology segment: PharmaMar

1.1. The current status of compounds in the clinical development pipeline is described below.

The situation of the trials with Yondelis® in the first quarter of 2018 is as follows:

a)YONDELIS®

Sarcoma

During the first quarter of 2018, a total of 20 clinical trials in soft tissue sarcoma were under way, fifteen of which were actively recruiting.

Ovarian cancer

There are currently nine post-authorization trials under way in this indication, seven of which are actively recruiting.

Other indications

Recruitment continues in the ATREUS Phase II trial promoted by the Mario Negri Institute for Pharmacological Research (IRCCS) in cooperation with the Department of Medical Oncology at San Gerardo Hospital (Monza, Italy), whose aim is to evaluate the activity and safety of Yondelis® in malignant pleural mesothelioma (MPM).

b) APLIDIN®

Multiple Myeloma

At a meeting held at the EMA on 21 March 2018 to re-examine the Aplidin® dossier, the CHMP confirmed its negative opinion with regard to approving Aplidin® for treating relapsed/refractory multiple myeloma.

T cell lymphoma

The registration trial with Aplidin® as monotherapy in patients with angioimmunoblastic T-cell lymphoma continues recruiting at centers in Spain, the Czech Republic, Italy and the United States. The trial will include 60 patients at approximately 25 centers in Europe and the US. To date, 14 patients have been recruited.

c) ZEPSYRE® (Lurbinectedin)

Small-cell lung cancer

Recruitment is continuing at a good pace for the ATLANTIS pivotal Phase III trial that compares the activity and safety of the combination of PM1183 (lurbinectedin), a drug of marine origin, plus doxorubicin, vs. topotecan or CAV (cyclophosphamide, adriamycin and vincristine) for treating patients with small cell lung cancer who have relapsed after a first round of platinum treatment. Recruitment is currently ongoing in Europe, the United States, Latin America and the Middle East. To date, 465 of the planned 600 patients have been recruited.

Combination trials

As regards Phase I combination trials, recruitment was completed for the combinations with doxorubicin, cisplatin, capecitabine and paclitaxel with or without bevacizumab.

A communication with updated efficacy data in breast cancer in combination with capecitabine has been accepted for presentation at the annual meeting of the American Society of Clinical Oncology (ASCO) in Chicago (1-5 June 2018).

Recruitment continues on schedule for the Phase I trial in combination with irinotecan.

Phase I trial in Japan

This important trial, designed to ascertain the dosage for Zepsyre™ in Japanese patients in order to continue with clinical development in that country, is still in the active enrollment phase. A communication with the preliminary results of this trial has been accepted for presentation at the annual meeting of the American Society of Clinical Oncology (ASCO) in Chicago (1-5 June 2018).

Basket trial in advanced solid tumors

Recruitment is continuing for the Phase II trial with Zepsyre® as monotherapy in indications chosen on the basis of the drug's action mechanism or on the basis of its activity as observed in previous combination trials. Those indications are small cell lung cancer, neuroendocrine tumors, carcinoma of the head and neck, germ cell cancer, endometrial cancer, bile duct cancer, cancer of unknown primary, Ewing sarcoma and breast cancer with BRCA 1/2 mutation. Recruitment is ongoing for the small cell lung cancer and breast cancer cohorts. The trial is being conducted in Spain, France, Belgium, the United States, Germany, Italy, Switzerland and the United Kingdom. Efficacy data in small cell lung cancer and Ewing sarcoma will be presented at the annual meeting of the American Society of Clinical Oncology (ASCO) in Chicago (1-5 June 2018).

d) PM184

The Phase I dose escalation trial assessing the combination of PM184 with gemcitabine continues recruitment on schedule. This trial is being conducted at two centers: one in Spain and the other in the United States. Enrollment will be focused on specific diseases where clinical benefit has been observed, such as non-small cell lung cancer, breast cancer, and head and neck tumors.

Colorectal cancer

This Phase II trial in colorectal cancer enrolled its first patient on 5 February 2018 and has enrolled 12 patients to date.

e) PM14

Recruitment continues for the clinical development program with this new molecule. The main endpoint of this trial is to identify the optimal dose for administration of PM14 in patients with advanced solid tumors, and to define the compound's safety profile and assess its pharmacokinetics and pharmacogenetics in treated patients. The trial is being conducted at Vall d'Hebron hospital (Barcelona), Doce de Octubre hospital (Madrid) and Institut Gustave Roussy (Paris); it is expected to enroll approximately 50 patients with a confirmed diagnosis of advanced solid tumor for which there is no standard treatment available.

2.- Diagnostics Genómica

Genómica reported €1.4 million in revenues in the first quarter of 2018, compared with €1.8 million in the same period of 2017. This decrease in sales, which took place in exports, is mainly due to two factors: firstly, the delay in obtaining the necessary authorizations for sales in Brazil by subsidiary Genómica Brasil Consultoria e Intermediaçao, LTDA, which was incorporated in December 2018; and, secondly, a specific one-time impact of firm orders being shifted to the next quarter.

As a result, exports amounted to €491 thousand in 1Q18, compared with €737 thousand in the same period of 2017, and accounted for 34% of total revenues.

In Spain, adjusting for the effect of the Castilla-La Mancha Regional Government's campaign for prevention and early detection of cervical cancer, commercial revenues increased by 13% to €774 thousand (€686 thousand in 2017). Including the amount corresponding to that program, domestic revenues increased by 3% to €904 thousand in 2018 (vs. €873 thousand in 2017).

R&D spending on the Lab-on-a-chip project is advancing as planned, as part of the company's focus on Point-of-care testing.

During the first quarter, the institutional inauguration of the Chinese subsidiary took place at the Spanish Embassy's Trade Office in Beijing; Genómica is the first Spanish company in its industry to establish in China.

3.- RNA interference: Sylentis

During the first quarter of 2018, research and development continued on existing lines of RNA interference (RNAi), and new lines of research are being pursued in treating diseases of the retina, such as age-related macular degeneration and diabetic retinopathy.

Enrollment continues for the HELIX Phase III trial with Sylentis product Tivanisiran for treating dry-eye syndrome; the trial is designed for 300 patients and is being conducted in six European countries: Spain, Germany, Italy, Estonia, Slovakia and Portugal. A total of 176 patients had been enrolled at the end of the first quarter in the various participating countries.

Clinical development of Bamosiran for treating glaucoma continued in combination with commercial drug Latanoprost.

B) Consumer chemicals:

1.- Xylazel (varnishes and paints for protecting wood and metal)

Revenues in the first quarter declined to €5.0 million (vs. €5.2 million in the same period of 2017) as a result of a number of factors: very adverse weather conditions in the first quarter; the fact that Easter was very early this year; and the reduction in stocks as a result of the recent merger of DIY big box retailers Leroy Merlin and AKI (ADEO Group).

Xylazel reported €79 thousand in net profit and €273 thousand in EBITDA.

Costs increased by 2.8% with respect to 2017, mainly because of the increase in the average prices of raw materials (petroleum derivatives and titanium dioxide).

With a view to the next quarter, negotiations are underway to place products directly in individual big box retailers and also to have our products included in chain-wide catalogs. Work is also under way to expand the range of products offered to traditional customers, and individual agreements are being reached with key accounts. These developments provide for optimism with regard to sales in the coming quarters.

2.- ZelnovaZeltia and Copyr (household insecticides, air fresheners and other household products)

In the first quarter, combined sales by Zelnova-Copyr amounted to €11.8 million, compared with €12.1 million in the same period of 2017 (-2.8%). This slight decline is attributable fundamentally to the fact that two large domestic retailers delayed the onset of the summer insecticide sales campaign due to adverse weather conditions. This temporary effect will be offset in the second quarter, when sales of this product class tend to be concentrated. The new OTC pharmaceutical product line launched early in the year is performing well, with sales up 57%; this line of business has received commercial support by expanding the portfolio and restyling the ZZ brand image, the effects of

which will become more evident as the year advances. Air fresheners (+1%) and household cleaning products (+12%) are also performing well.

Prices of the main raw materials (butane, metal) show slightly rising trends. Nevertheless, the Company is actively seeking more competitive sources worldwide, and productivity improvements in all areas has made it possible to keep costs in line with previous years.

Accordingly, normalized combined EBITDA exceeded last year's figure with an improvement in the margins.

BALANCE SHEET *(Thousand euro)*	03/31/2018	12/31/2017
ASSETS		
Non-current assets	**93,461**	**94,543**
Property, plant & equipment	31,111	31,207
Investment properties	6,071	6,119
Intangible assets	19,301	20,212
Goodwill	2,548	2,548
Long-term financial assets	947	977
Deferred tax assets	33,483	33,482
Assets classified as held for sale and discontinued operations	**0**	**0**
Current assets	**92,188**	**93,178**
Inventories	26,847	23,904
Customer and other receivables	36,510	31,388
Current financial assets	7,674	7,671
Other current assets	5,271	6,126
Cash & cash equivalents	15,886	24,089
TOTAL ASSETS	**185,649**	**187,721**

BALANCE SHEET *(Thousand euro)*	03/31/2018	12/31/2017
EQUITY		
Shareholders' equity	**25,532**	**26,866**
Share capital	11,132	11,132
Share premium	71,278	71,278
Treasury shares	(4,544)	(4,470)
Revaluation and other reserves	10	13
Retained earnings and other reserves	(52,344)	(51,087)
Minority interest	**(3,886)**	**(3,881)**
TOTAL EQUITY	**21,647**	**22,985**
LIABILITIES		
Non-current liabilities	**78,574**	**81,626**
Financial debt	70,665	73,607
Non-current deferred revenues	7,135	7,234
Other non-current liabilities	774	785
Current liabilities	**85,428**	**83,111**
Supplier and other accounts payables	37,778	37,436
Financial debt	30,654	26,395
Provisions for other liabilities & expenses	4,510	6,232
Current deferred revenues	7,712	10,221
Other current liabilities	4,774	2,826
TOTAL LIABILITIES	**164,002**	**164,736**
TOTAL LIABILITIES AND EQUITY	**185,649**	**187,721**

INCOME STATEMENT		
Thousand euro	**03/31/2018**	**03/31/2017**
Revenues:		
Product Sales	36,584	41,619
Co-development	6,581	2,189
Licensing agreements	1,410	1,664
Other income	88	0
	44,663	**45,472**
Cost of sales	(10,830)	(11,144)
Other operating revenues	491	352
Marketing & commercial organisation expenses	(10,083)	(10,601)
General and administration expenses	(5,151)	(5,268)
Research & development expenses	(19,943)	(17,894)
Other operating expenses	(1,893)	(2,569)
Net operating profit (loss) (EBIT)	**(2,746)**	**(1,652)**
Net financial results	**(1,066)**	**(1,082)**
Result from continuing operations	**(3,812)**	**(2,734)**
Corporate income tax in the period	2,492	269
Profit (Loss) for the year	**(1,320)**	**(2,465)**
Profit for the year	(1,320)	(2,465)
Attributable to owners of the parent	**(1,316)**	**(2,460)**
Attributable to minority interest	(4)	(5)

CONSOLIDATED CASH FLOW STATEMENT	03/31/2018
TOTAL NET OPERATING CASH FLOW	**(8,747)**
Income before taxes	**(3,811)**
Profit before tax from continuing operations	(3,811)
Adjustments for:	**1,173**
Amortisation and depreciation	1,858
Other adjustements	(685)
Changes in working capital:	**(7,896)**
Other cash flow from operations:	**1,787**
Financial expenses	15
Financial revenues	(1,147)
Income tax received	2,919
TOTAL NET INVESTING CASH FLOW	**(679)**
Investments payments:	**(777)**
Purchases of property, plant & equipment and intangible assets	(773)
Other financial assets	(4)
Disvestment receipts:	**98**
Purchases of property, plant & equipment and intangible assets	70
Other financial assets	27
TOTAL NET FINANCING CASH FLOW	**1,223**
Collections and (payments) in connection with equity instruments:	**(96)**
Acquisition	(145)
Disposal	49
Collections and (payments) in connection with financial liabilities:	**(3,076)**
Issue	508
Refund and amortization	(3,585)
Other financing cash flow:	**4,395**
Other financing receipts / (payments)	4,395
TOTAL NET CASH FLOW	**(8,203)**
Net increase / (decrease) in cash and cash equivalents	(8,203)
Beginning balance of cahs and cash equivalents	24,089
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	**15,886**