



CNMV  
Markets Directorate General  
C/ Edison 4  
28006 Madrid

Madrid, May 14, 2020

In accordance with article 227 of the recast Spanish Securities Market Act (*texto refundido de la Ley del Mercado de Valores*), is hereby reported the following:

### **OTHER RELEVANT INFORMATION**

According to a decision adopted today by its Board of Directors, Pharma Mar, S.A. has agreed to call the Ordinary General Shareholders' Meeting to be held at the registered office located in Colmenar Viejo (Madrid), Polígono Industrial La Mina, Avenida de los Reyes No. 1, on June 18, 2020 at 12:00 p.m. on second call, as it is not foreseeable to meet the quorum required to hold the meeting at first call that has been scheduled on June 17, 2020 at 12:00 p.m., in the same place. The announcement of the call for the aforementioned Ordinary General Shareholders' Meeting of Pharma Mar, S.A. is attached, which is published today on the Company's corporate website ([www.pharmamar.com](http://www.pharmamar.com)) and will be published tomorrow in the newspaper "ABC".

Also attached are the proposed resolutions of the Board of Directors that will be submitted to the approval of the aforementioned General Meeting, and the Remuneration Policy for the Directors of Pharma Mar, S.A. for the period 2020-2022, which is proposed for approval in item Eighth of the Agenda. As a consequence of the proposal for approval of this new remuneration policy, which, if approved by the General Meeting, would be immediately applicable and would replace and withdraw, regarding the years 2020 and 2021, the Remuneration Policy of the Company's Directors for the period 2019-2021, the Board of Directors has approved today a new Annual Directors' Remuneration Report corresponding to the 2019 financial year, which replaces the one approved by the Board of Directors and communicated to the CNMV on February 26, 2020. The new Annual Remuneration Report corresponding to the 2019 financial year, which has been proposed to the General Shareholders' Meeting for consultative vote in item Seventh of the Agenda, has also been forwarded to the CNMV today through the process enabled for this purpose, and is available to the public on the corporate website of Pharma Mar, S.A.

The aforementioned documents, together with the remaining documentation relating to the Ordinary General Shareholders' Meeting indicated in the notice of call, are available to shareholders at the registered office (Avda. de los Reyes 1, 28770 Colmenar Viejo (Madrid)), at the offices of the Company located in Madrid (Plaza del Descubridor Diego de Ordás, No. 3, 5<sup>th</sup> floor, (CP 28003)) and on the Company's corporate website ([www.pharmamar.com](http://www.pharmamar.com)).

**Pharma Mar S.A.**  
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P.I. La Mina  
28770 Colmenar Viejo  
(Madrid) Spain  
[www.pharmamar.com](http://www.pharmamar.com)

**Annual General Shareholders' Meeting**



Proposed Resolutions

submitted by the Board of Directors

to the decision

of the **General Shareholders' Meeting**

*COLMENAR VIEJO (MADRID), 17 – 18 JUNE 2020*

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## PROPOSED RESOLUTION TO AGENDA ITEM 1

### **Annual Financial Statements, allocation of results and corporate management:**

**1.1. To review and, as the case may be, approve the Annual Financial Statements and Management Reports of Pharma Mar, S.A. and of its Consolidated Group for the fiscal year ended December 31, 2019.**

**1.2. To review and, as the case may be, approve the separate report on the status of consolidated non-financial information for the fiscal year ended December 31, 2019. This report is referred to in section 7 of article 49 of the Commercial Code, which forms part of the Management Report of the Pharma Mar Group.**

**1.3. To review and, as the case may be, approve the proposed application of the Company's results for the year ended December 31, 2019.**

**1.4. To review and, as the case may be, approve the corporate management during the fiscal year 2019.**

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**1.1. To review and, as the case may be, approve the Annual Financial Statements and Management Reports of Pharma Mar, S.A. and of its Consolidated Group for the fiscal year ended December 31, 2019.**

To approve, under the terms set forth in the relevant statutory provisions, the Annual Financial Statements (Balance Sheet, Income Statement, Statement of Changes in Net Equity, Cash Flow Statement and Notes to the Financial Statements) and Management Report of Pharma Mar, S.A. for fiscal year ended December 31, 2019, as well as the Annual Financial Statements (Balance Sheet, Income Statement, Statement of Changes in Net Equity, Cash Flow Statement and Notes to the Financial Statements) and Management Report of its Consolidated Group -except for the non-financial information included in the latter, which is subject to the approval of the General Shareholders' Meeting as a separate point- for the same period.

It is expressly stated that the aforementioned accounting documents have been audited by PRICEWATERHOUSECOOPERS Auditores S.L., whose report, together with all other documents forming part of the Annual Financial Statements, has been made available to shareholders in due course.

**1.2. To review and, as the case may be, approve the separate report on the status of consolidated non-financial information for the fiscal year ended December 31, 2019. This report is referred to in section 7 of article 49 of the Commercial Code, which forms part of the Management Report of the Pharma Mar Group.**

To approve the separate report on the status of consolidated non-financial information for the fiscal year ended December 31, 2019. This report is referred to in section 7 of article 49 of the Commercial Code, which forms part of the Management Report of the Pharma Mar Group.

The status of the non-financial information contained in the aforementioned report has been verified by PRICEWATERHOUSECOOPERS Auditores, S.L., and has been made available to shareholders in due course.

**1.3. To review and, as the case may be, approve the proposed application of the Company's results for the year ended December 31, 2019.**

To approve the proposal for the application of the result for the year ended December 31, 2019 prepared by the Board of Directors at a meeting held on February 26, 2020 and, consequently, distribute the profit for the year 2019, which amounts to SEVENTEEN MILLION SIX HUNDRED FIFTY EIGHT THOUSAND FOUR HUNDRED THIRTEEN EUROS AND SEVENTY-TWO CENTS (€ 17,658,413.72), in the following terms:

(i) To dividends to be distributed among the shares of the Company with the right to receive it at any time: €8,905,971.48. This is equivalent to distributing a fixed dividend of 0.04 euros gross per share for all of the 222,649,287 shares into which the Company's share capital is divided on the date of preparation of the annual accounts.

(ii) To compensate the negative results account from previous years: €8,752,442.24.

The ordinary dividend proposed by the Board of Directors consists of an amount of 0.04 gross euros for each of the shares of the Company with the right to receive it on the date on which the corresponding payment is made, an amount from which the withholding tax that is applicable.

Consequently, the final amounts destined to the distribution of the dividend and to compensate the negative results account from previous years may not coincide with those referred to in sections (i) and (ii) above, and will be determined at the time of the dividend distribution, in depending on the Company's outstanding shares and those held in treasury stock at that time.

The dividend will be paid on June 30, 2020, through Banco Santander, S.A. in accordance with the operating rules of the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, SAU (IBERCLEAR).

**1.4. To review and, as the case may be, approve the corporate management during the fiscal year 2019.**

To approve the corporate management by the Board of Directors of Pharma Mar, S.A. for fiscal year 2019.

## PROPOSED RESOLUTION TO AGENDA ITEM 2

### **To reelect of the Statutory Auditors of the Company and its Consolidated Group.**

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Having ended the one-year period for which PRICEWATERHOUSECOOPERS Auditores S.L. was reelected as Auditor of the Company and its Consolidated Group, to reelect as Auditor of the Company and its Consolidated Group for a period of one year to said company, with registered offices in Madrid, Paseo de la Castellana 259-B, and holding Spanish Tax ID (C.I.F.) B-79031290, and registered in the Special Registry of Statutory Auditors under number S0242.

This resolution was proposed by the Audit Committee and subsequently confirmed by the Board of Directors of Pharma Mar, S.A.

### PROPOSED RESOLUTION TO AGENDA ITEM 3

**To authorize the Board of Directors, with express power of substitution, to buyback treasury stock, by the Company and / or by its subsidiary companies, under the terms provided by current legislation, with express power to proceed its transfer or amortization with reduction of the share capital number, leaving without effect, in the amount not used, the delegation agreed by the General Shareholders' Meetings of previous years.**

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Pursuant to the provisions of Article 146 and related provisions and of Article 509 of the Spanish Capital Corporations Law, it is resolved to authorize the Company's Board of Directors (as well as its subsidiaries), with the express power of substitution in the Executive Committee, in the Chairman or in the Vice Chairman of the Board of Directors, to acquire, during a period of five years from the date of the General Shareholders' Meeting, at any time and as many times as deemed appropriate and by any means permitted by law, the Company's shares, as well as subsequently transfer or amortize them, in accordance with the following provisions and requirements in addition to those provided by the legal provisions in force:

**(a) Means of acquisition**

Acquisitions shall be made through sale and purchase transactions, swap transactions or other means permitted by law, including through securities lending.

**(b) Maximum limit**

Company shares with a par value, in aggregate with shares already held by the Company and its subsidiaries, that does not exceed 10% of the Company's subscribed capital from time to time.

**(c) Acquisition price when onerous**

- (i) Maximum acquisition price: 10% higher than the trading price of the Company's shares in the Spanish Stock Exchange Interconnection System at the time of acquisition.
- (ii) Minimum acquisition price: par value of the Company's shares.

It is agreed to authorize the Company's Board of Directors (and the boards of its subsidiaries), for the period and in accordance with the terms established in the preceding paragraphs to the extent applicable and at arm's length, to acquire the Company's shares using loans.

It is expressly authorized that treasury stock acquired may be used in whole or in part towards (i) its disposal; (ii) their amortization through the consequent reduction of capital; (iii) its delivery to employees, executives or directors (for the purposes provided in Article 146 of the Spanish Capital Corporations Law); and (iv) reinvestment plans for dividends or similar instruments.

To leave without effect the unimplemented portion of Resolution Fourth of the General Shareholders' Meeting held on 26 June 2019, also governing authorization to acquire treasury stock. For clarification purposes, this authorization has been executed and, therefore, remains in force, with respect to the maximum number of

shares subject to the Buy-back program approved by the Board of Directors at its meeting on March 25, 2020, representing approximately 3% of the Company's share capital on the date of the aforementioned resolution of the Board of Directors.

Additionally, it is agreed to reduce the share capital, in order to amortize the Company's own shares that it may keep in its balance sheet (either as a result of its acquisition under the authorization of the General Shareholders' Meeting under this agreement or others), charged to profits or free reserves and for the amount that is convenient or necessary at any time, up to a maximum nominal amount equivalent to that of said treasury shares.

Lastly, it is agreed to delegate the following powers to the Board of Directors:

- (i) To execute the preceding capital reduction agreement, one or more times and within a maximum period of five years, from the date of the General Shareholders' Meeting, carrying out as many procedures, procedures and authorizations as necessary or required by the Capital Companies Law and other applicable provisions and, especially, for, within the term and the limits indicated for said execution, to set the date or dates of the specific reduction or reductions in capital, its opportunity and convenience, taking into account the market conditions, the price, the economic and financial situation of the Company, its treasury, reserves and evolution of the company and any other aspect that influences such decision;
- (ii) to specify the amount of the capital reduction;
- (iii) to determine the destination of the amount of the reduction, either to an unavailable reserve, or to freely available reserves, providing, where appropriate, the guarantees and complying with the legally required requirements;
- (iv) to adapt Article 6 of the Bylaws to the new amount of share capital; and
- (v) to request the exclusion from trading of the amortized securities and, in general, adopt as many agreements as necessary, for the purposes of said amortization and subsequent capital reduction, appointing the persons who may intervene in their formalization.

## PROPOSED RESOLUTION TO AGENDA ITEM 4

**To consolidate and cancel the shares comprising the share capital at the time this resolution is implemented to be exchanged for newly-issued shares in the proportion of one (1) new share for every twelve (12) pre-existing shares. Capital reduction by share redemption. Amendment of article 6 of the corporate bylaws. Delegation of powers.**

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### **1.- Share consolidation**

It is hereby resolved to consolidate and cancel all the shares comprising the Company's share capital at the time this resolution is passed to be exchanged for newly-issued shares in the proportion of one (1) new share for every twelve (12) pre-existing shares, increasing the unit par value of the shares from 0.05 euros to 0.60 euros, without any change in the Company's total share capital amount.

The new issued and outstanding shares will be ordinary shares, represented by book entries, and the company Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("Iberclear") and its participating entities will be responsible for recording the book entries.

The new shares will be of the same series and class and will have the same economic and voting rights as the current shares, in proportion to their par value.

#### **1.1 Effective Date and Exchange Procedure**

Execution of the consolidation resolution (reverse split) and the ensuing bylaw amendments will be made public through announcements in the Official Mercantile Registry Bulletin, on the Company's website and, if considered necessary, in a newspaper of national circulation and in the listing bulletins of the Spanish Stock Exchanges.

The share exchange will take effect on the date set by the Board of Directors ("**Effective Date**") once the consolidation resolution and the ensuing bylaw amendments have been registered in the Company's registration sheet. The Effective Date will be disclosed through the relevant notice of privileged or other relevant information.

Shareholders who have standing as such at the close of the markets on the trading day following the Effective Date pursuant to the book entries maintained by Iberclear and its participating entities will be entitled to receive one (1) new share for every twelve (12) existing shares, with such exchange being made automatically. The new shares will be delivered to the shareholders on the second trading day following the Effective Date.

The share exchange will be carried out in accordance with the procedures established for securities represented book entries, through the corresponding participating entities, in accordance with the instructions issued for such purpose by Iberclear and, in the event an agent has been appointed, by the agent.



## **1.2 Treatment of Fractional Shares**

Any shareholders who, after applying the exchange ratio resulting from the consolidation, are holders of a number of shares not a multiple of twelve (12) may acquire or transfer the necessary shares to obtain a number of shares that is a multiple of the number established in the exchange ratio.

If at the close of the markets on the trading day following the Effective Date as described above any shareholder still holds a number of shares not a multiple of twelve (12), the Company itself will acquire the excess shares. The Board of Directors may appoint an agent if deemed necessary, granting the agent a mandate to acquire excess shares and make the corresponding payments on behalf of the Company.

The acquisition price will be equal to the listing price at the close of the trading day prior to the Effective Date, without the sale transaction involving any additional cost for the shareholders owning said excess shares, with the exception of any expenses or brokerage fees that may be collected from their respective custodians and/or stock brokers.

The amount required to purchase the excess shares will be paid by the Company or by the agent, if so appointed, to the participating entities of Iberclear for payment into the accounts of the shareholders who have their Company shares deposited with such entities. This payment will be made by the Company or the agent and is expected to be made on the second trading day following the Effective Date.

The acquisition of shares by the Company to purchase the fractional shares resulting from the exchange ratio will be carried out by the Board of Directors, authorized by the General Shareholders Meeting to buyback treasury shares, approved under Agenda Item Three.

## **1.3 Application for Admission to Official Trading**

Upon registration with the Mercantile Registry of the public deed formalizing the consolidation of the currently outstanding shares and the exchange thereof for newly-issued shares with a modified par value, the pre-existing shares shall be simultaneously delisted and the new shares shall be admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, on which the stock is listed through the Stock Exchange Interconnection System (Continuous Market), and the necessary procedures and actions shall be carried out and the necessary documents filed with the competent authorities for admission to trading of the new shares issued as a result of the resolution adopted.

It is expressly stated that the Company is bound by those rules in force or which may be laid out in the future on Securities Markets and, in particular, on admission, listing and delisting. For these purposes, pursuant to Articles 1.4.e) and 1.5.d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, the obligation to publish a prospectus does not apply, as the new shares are issued to replace shares of the same class that were already issued, and the issuance does not involve an increase in issued capital.

## **2.- Capital Reduction**

Prior to executing the share consolidation referred to in Section 1 of this resolution, it is hereby agreed that the Company's share capital will be reduced by 0.15 euros by redeeming three (3) treasury shares, each with a par value of 0.05 euros.

The purpose of this capital reduction is to allow for the grouping of the number of shares to allow for the share consolidation in accordance with the provisions of Section 1 of this resolution, such that the total number of pre-existing shares to be grouped is a multiple of the one established in the exchange ratio, i.e., twelve (12).

The capital reduction will be charged to unrestricted reserves, through the allocation of a reserve for redeemed capital in an amount equal to the par value of the redeemed shares, which will only be available subject to the same requirements as those required for the reduction of share capital, in application of the provisions of

Article 335.c) of the Spanish Capital Corporations Law. Consequently, in accordance with said provision, the Company's creditors will not have the right of opposition referred to in Article 334 of the Spanish Capital Corporations Law in relation to the capital reduction.

Consequently, following the capital reduction and immediately before carrying out the share consolidation in accordance with the provisions of Section 1 of this resolution, the share capital is established at an amount of 11,132,464.20 euros, divided into 222,649,284 ordinary shares, each with a par value of 0.05 euros.

The capital reduction must in any case be carried out within six (6) months from the date of this resolution.

### **3.- Amendment of Article 6 of the Corporate Bylaws**

Once the capital reduction provided for in Section 2 and the share consolidation and exchange provided for in Section 1 above have been carried out, Article 6 of the Bylaws, on share capital, will be amended in order to reflect the new par value and number of shares issued. This amendment will be made as follows:

*ARTICLE 6. The share capital is eleven million one hundred and thirty-two thousand four hundred and sixty-four euros and twenty cents (€11,132,464.20), represented by eighteen million five hundred and fifty-four thousand one hundred and seven (18,554,107) shares, each with a par value of sixty cents (€0.60), fully subscribed and paid-in. Share capital may be increased or decreased by resolution of the General Shareholders Meeting subject to relevant applicable provisions. Unpaid subscriptions must be made at the time determined by the Board of Directors, within a period of five years from the date of the resolution approving a capital increase. The form and other circumstances of the payment shall be governed by the provisions of the resolution approving the capital increase. The demand for payment of any unpaid subscriptions shall be notified to the affected parties or be advertised in the Official Mercantile Registry Bulletin. At least one month must lapse between the notification or advertisement date and the payment date.*

### **4.- Delegation of Powers to the Board of Directors**

It is hereby agreed that the Board of Directors will be delegated, as extensively as permitted by law, and with the power of substitution in favor of the Executive Committee or the Chairman or Vice-Chairman of the Board of Directors, the powers to (i) execute these resolutions within a period of six (6) months and to set the terms and conditions for the share consolidation and exchange and for the capital reduction within the limits established by the General Shareholders Meeting, including, in particular, the power to select the Effective Date, or to decide not to execute these resolutions if the Board of Directors, on a reasoned basis, believes that doing so could be detrimental or contrary to the Company's interests, in which case such information shall be disclosed as a notice of privileged or other relevant information; and (ii) notwithstanding any existing delegations or powers of attorney, to carry out any actions and formalities that may be necessary or appropriate to ensure the execution and success of the share consolidation, increase in par value and capital reduction, including in particular, but not limited to, the following powers:

- (a) to draft, notify and manage any document, publication or certification required in relation to the process of share consolidation and capital reduction;
- (b) to amend Article 6 of the Company's Bylaws, on share capital, to adapt such provision to execution of the share consolidation and capital reduction;
- (c) to carry out all necessary procedures to ensure the new shares are registered in Iberclear's accounting records in accordance with the legally established procedures;
- (d) to process, at the time deemed appropriate, applications and management before the Spanish Securities Market Commission, the Governing Companies for the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, the Stock Exchange Society, Iberclear and any other body, organization, or public or private registry, national or foreign, of the admission to trading of all the shares comprising the share capital on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, as well as their contracting through the Stock Exchange Interconnection System (Continuous Market) and the simultaneous delisting of pre-existing shares that have been canceled, as well as to carry out such

procedures, actions, declarations or steps as necessary or convenient for the purposes of, *inter alia*, obtaining authorization, verification and listing of the share;

- (e) to draft and publish any announcement relating to the share consolidation and capital reduction as necessary or convenient, including notices of privileged or other relevant information, announcement in the Official Mercantile Registry Bulletin, announcement on the Company's website, and releases in the press or in the listing bulletins of the Spanish Stock Exchanges;
- (f) to carry out such actions as necessary or convenient to execute and deliver the share consolidation and capital reduction before any public or private entities and organizations, Spanish or foreign, including actions relating to the declaration, supplementation or correction of defects or omissions that could prevent or hinder the full effectiveness of the above resolutions;
- (g) to determine, where appropriate, which entities shall participate in the process, coordinating the operation (in particular, appointing and granting a mandate to an agent in the terms expressed above) and, in general, all criteria to be followed in the process;
- (h) to draft and sign any commitments, agreements, contracts or any other type of documents, in the terms deemed appropriate, with any entity related in any way to the operation;
- (i) to execute any public and private documents that may be appropriate for full or partial execution of the share consolidation and capital reduction, including the power to carry out any acts that may be appropriate in relation to the above resolutions in order to ensure registration in the Mercantile Registry and in any other registers, including, in particular but not limited to the powers to appear before a notary public to execute the public deeds and notarial acts necessary or convenient for this purpose; to correct, rectify, ratify, interpret or complement the resolutions and to formalize any other public or private document that may be necessary or convenient to ensure full registration of the resolutions passed by the General Shareholders Meeting, without requiring a new resolution;
- (j) to make any payments in relation to the share consolidation and acquisition of excess shares, as well as the payment of any expense or fee, in particular those related to registration of the share consolidation and capital reduction in the Mercantile Registry, agent and lawyers fees, and any other tax or expense that may arise in relation to the share consolidation and capital reduction; and
- (k) in general, the power to carry out any acts and execute any public or private documents that may be necessary or appropriate in the opinion of the Board of Directors or, as the case may be, its appointee(s), for the full effectiveness and compliance with the foregoing resolutions.

## PROPOSED RESOLUTION TO AGENDA ITEM 5

**To approve a Plan for the year 2021 of free delivery of shares of the treasury stock of Pharma Mar, S.A. to the employees and executives of the Group companies in order to promote their participation in the share capital and encourage their permanence in the Group**

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In order to promote the participation of the employees and managers of the Group companies in the share capital of Pharma Mar, SA, and encourage their permanence in the Group, it was agreed to approve a plan of free delivery of the treasury stock of Pharma Mar, S.A. (hereinafter, the "Plan") for year 2021 by the Group companies, under the same conditions for all employees and managers.

The Plan will be directed and offered under equal conditions to all employees and managers who are taxpayers of the Personal Income Tax of the following companies of the Pharma Mar Group: Pharma Mar, S.A., Sylentis, S.A. Sociedad Unipersonal and Genomica, S.A. Sociedad Unipersonal.

The shares destined for the Plan will come from the treasury stock of Pharma Mar, S.A. that is owned at the time of execution of the Plan.

The Board of Directors will design and apply the Plan based on the conditions and within the limits established below.

### **1.- BENEFICIARIES, CONTENT OF THE PLAN AND SUBJECTIVE LIMITS**

- 1.1.- BENEFICIARIES. The employee or manager, to be a beneficiary of the Plan, must be active at the time of its execution, have a minimum of six (6) months as an employee or manager at any of the Group companies as of December 31, 2020 and have communicated to your current employing company the maximum amount of your salary that you wish to apply to the purchase of treasury shares of Pharma Mar, SA at normal market price.
- 1.2.- CONTENT OF THE PLAN. Simultaneously and in addition to the purchase of treasury shares of Pharma Mar, S.A. For the employee or manager with part of his salary, each employer company will deliver to the employee or manager under the Plan, simultaneously with said purchase, a number of free shares of the treasury stock of Pharma Mar, S.A. which will be equal to the whole number, rounded by default, as a result of applying a percentage (hereinafter the "Percentage"), previously determined by the Board of Directors of Pharma Mar, S.A. which will be equal for all employees or managers, to the number of shares actually purchased with said part of their salary, which, if applicable, will have to have been adjusted and reduced against the maximum amount requested if the value of the free shares to be delivered to the Employee or manager exceeds the subjective maximum limits mentioned in section 1.3 below or the number of free shares to be delivered to all Group employees or managers as a whole exceeds the maximum limit in section 2 below.
- 1.3.- SUBJECTIVE LIMITS. The market value of the free shares delivered to each employee or manager will be limited to a maximum of 12,000 euros and, together with the other remuneration in kind received in 2021, may not exceed 30% of their total salary payments in accordance with the Article 26.1 of the Workers' Statute Law.

The members of the Board of Directors of Pharma Mar, S.A. will not be considered as beneficiaries, even if they occupy management positions in any of the Group companies.

## **2.- OBJECTIVE SCOPE**

Up to a maximum of 500,000 shares, free or not, will be awarded in the Plan for all employees and managers of the Group companies.

If the resulting total number of shares to be delivered, after the application to each employee or manager, where appropriate, of the subjective limits of section 1.3 above, exceeds said maximum limit of 500,000 shares, the excess will be prorated, proportionally reducing the number of shares to be received by each employee or manager, reducing in equal proportion those purchased with their salary, so that, without modification of the Percentage, the number of shares to be delivered as a whole does not exceed the maximum figure indicated.

## **3.- OTHER CONDITIONS**

The Board of Directors will determine the Percentage mentioned in 1.2 above, which will be the same for all employees and managers and will be communicated together with the offer of the Plan so that each employee or manager can adopt the decision they deem most convenient.

The Board of Directors will establish the appropriate conditions so that the Plan also fulfills its purpose of loyalty to its beneficiaries, setting the terms of permanence necessary to be able to dispose of the actions, as well as the consequences of the beneficiary's failure to comply with the conditions of the Plan, which They may include the loss of all or part of the free shares delivered.

Likewise, the Board may determine the guarantees that the beneficiaries must constitute on the delivered shares, in order to ensure compliance with the Plan.

The Board of Directors is also authorized to delegate in favor of the Executive Committee or the director or person that it deems appropriate, the powers conferred by virtue of this agreement that are legally delegable.

This proposed resolution has been promoted by the Appointments and Compensation Committee and subsequently assumed by the Board of Directors.

## PROPOSED RESOLUTION TO AGENDA ITEM 6

### **Examination and, where appropriate, approval of an extraordinary and selective bonus in favor of the Chairman of the Board of Directors on the occasion of the transaction with Jazz Pharmaceuticals, Plc.**

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That the Appointments and Compensation Committee has proposed to the Board of Directors to grant an extraordinary and punctual bonus to certain executives and employees of the Company who have been key to the signing last December 2019 of the exclusive license agreement signed between the Company and Jazz Pharmaceuticals Ireland Limited, a company owned by Jazz Pharmaceuticals Plc., to market in the United States the anti-tumor compound lurbinectedin for recurrent small cell lung cancer (the "Agreement").

After examining the proposal of the Appointments and Compensation Committee and in view of the importance for the Company of signing the Agreement, as evidenced in the aforementioned proposal, the Board of Directors proposes to the General Shareholders' Meeting of the Company, approve the following extraordinary and punctual bonus in favor of Mr. José María Fernández Sousa-Faro, Chairman of the Company's Board of Directors:

- (i) 889,710 euros (equivalent to 100% of their gross fixed remuneration for the fiscal year 2019) for the subscription of the Agreement; and, as the case may be,
- (ii) 889,710 euros (equivalent to 100% of his gross fixed remuneration for the fiscal year 2019), if the lurbinectedin compound is approved, conditioned or not, by the FDA (United States Food and Drug Administration) in the framework of the accelerated approval procedure requested by the Company.

Payment of the extraordinary bonus will be made in cash. The Company will set the terms and the rest of the terms of the bonus in a letter of extraordinary bonuses to be signed between the Company and the Chairman of the Board of Directors.

## PROPOSED RESOLUTION TO AGENDA ITEM 7

**To submit the Annual Report on Compensation of Directors of Pharma Mar, S.A. for fiscal year 2019 to an advisory vote (Art. 541.4 of the Spanish Capital Corporations Law).**

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To approve, on an advisory basis, the Annual Report on Compensation of Directors of Pharma Mar, S.A. for fiscal year 2019, the full text of which was made available to the shareholders, together with all other documents related to the General Shareholders' Meeting, as from the time the notice of call was published. A copy of said text is attached to the minutes as a Schedule.

## PROPOSED RESOLUTION TO AGENDA ITEM 8

### **To approve Pharma Mar, S.A.'s Directors' Compensation Policy for 2020-2022.**

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To approve, in accordance with the provisions of Article 529 novodecies of the Spanish Capital Corporations Law, Pharma Mar, S.A.'s Directors' Compensation Policy for fiscal years 2020, 2021 and 2022, which will replace and invalidate, in relation to the fiscal years 2020 and 2021, the Directors' Compensation Policy for the period 2019-2021 that was approved by the General Shareholders' Meeting of the Company on June 28, 2018.

The text of Pharma Mar, S.A.'s Directors' Compensation Policy for the fiscal years 2020, 2021 and 2022 has been made available to shareholders since the publication of the notice of call for the Meeting together with the specific report of the Appointments and Compensation Committee, which is incorporated into the minutes as an Annex.



## PROPOSED RESOLUTION TO AGENDA ITEM 9

**To authorize the Board of Directors to interpret, remedy, supplement, implement, execute and develop the resolutions adopted by the General Meeting, both to record such resolutions in a public deed and to substitute the powers entrusted thereto by the General Meeting.**

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Notwithstanding the authorizations granted in the preceding resolutions, authorize the Board of Directors, with the fullest powers required by law, with express power of substitution in favor of the Executive Committee or any Director or individual as deemed appropriate, to interpret, remedy, supplement and implement all of the above resolutions adopted by the General Meeting.

Empower the Chairman of the Board of Directors, Mr. José María Fernández Sousa-Faro; the Vice Chairman of the Board of Directors, Mr. Pedro Fernández Puentes; the Secretary of the Board of Directors, Mr. Juan Gómez Pulido; and the Vice Secretary of the Board of Directors, Ms. María Concepción Sanz López, such that any of them, indistinctly, may record the resolutions passed by the General Meeting in this session in a public deed and may execute any public and private documents necessary or convenient in order to implement said resolutions, including the power to apply for the partial registration, amendment and remedy of the content thereof to the extent necessary to bring them in line with the verbal or written requirements of the Mercantile Registry or of any other administrative bodies or authorities. Furthermore, the aforementioned individuals are expressly authorized, on the same joint and several basis, to make the required registration of annual financial statements and other applicable documents with the Mercantile Registry.



## Pharma Mar, S.A.'s Directors' Compensation Policy for 2020-2022

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### 1.- Introduction

In accordance with the provisions of Article 529 novodecies of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*) (implemented by Law 31/2014, of 3 December, amending the Spanish Capital Corporations Law for the improvement of corporate governance), Article 14 of the Board of Directors Regulations of Pharma Mar, S.A. (hereinafter "**Pharma Mar**" or the "**Company**") establishes that the Appointments and Compensation Committee has the authority to submit the directors' compensation policy to the Board of Directors, who shall submit said policy to the approval of the General Shareholders' Meeting.

Accordingly, the Board of Directors has, at the proposal of the Appointments and Compensation Committee, resolved to submit this Directors' compensation policy of Pharma Mar for fiscal years 2020-2022 (the "**Compensation Policy**"), the contents of which comply with the aforesaid article of the Spanish Capital Corporations Law, to the General Shareholders' Meeting. If approved by the General Shareholders' Meeting, the Compensation Policy will replace and invalidate, with respect to 2020 and 2021 fiscal years, the directors' compensation policy for the Company for the 2019-2021 period, which was approved by the General Shareholders' Meeting of the Company on June 28, 2018 within the seventh item on the agenda. Any modification or replacement of the Compensation Policy contained in this document during the period 2020-2022 shall require a new approval of the General Shareholders' Meeting in accordance with the law in force.

The Compensation Policy makes a distinction between the compensation system for directors in their condition as such and the compensation system for executive directors performing executive duties. Compensation of directors for their condition as such is compatible with all other professional or labor compensation items to which the directors may be entitled by virtue of other executive or advising duties that, as the case may be, they perform for the Company and which are separate from the supervisory and collective decision-making duties inherent in their position as directors.

### 2.- General Principles of the Compensation Policy

The Compensation Policy seeks to bring the policy in line with the interests of its shareholders, prudent risk management, and moderation and balance, taking into account at all times that the quality and commitment of its Board members is essential in order to successfully implement the Company's strategy. Compensation should incentivize dedication without compromising independence.



In order to achieve this, the general principles of the compensation policy for directors in their condition as such are as follows:

- External competitiveness: motivating compensation that helps attract and retain directors while simultaneously ensuring their independence.
- Internal fairness: compensation that rewards directors for their level of responsibility and effective dedication.
- Lack of variable compensation components, thus encouraging unbiased decision making.
- Moderation: by analyzing market benchmarks.
- Transparency.

In addition, the principles applied in the compensation policy for executive directors, for performance of their executive duties, are as follows:

- Alignment of the executive directors' compensation policy with the Company's strategy.
- The different compensation components have been developed such that fixed compensation represents a significant part of total compensation and variable compensation rewards the achievement of the strategic goals of the Company and its Group.
- Alignment with the compensation established in comparable companies (as regards both size and sector of activity).

The aforementioned compensation principles comply with the provisions established generally for capital corporations in the new Article 217.4 of the Capital Corporations Law on the reasonableness of the compensation of board members and the adequacy of compensation in light of the Company's size, relevance and financial position. These principles are also aimed at promoting profitability and sustainability in the long term of the Company, while simultaneously preventing excessive assumption of risk and compensation for unfavorable results.

### **3.- Compensation policy for directors in their condition as such for 2020-2022 (paragraph 1, Art. 529 septdecies Spanish Capital Corporations Law)**

Compensation components:

The Compensation Policy establishes that directors shall be compensated for their condition as such (i) by virtue of fixed annual compensation and (ii) through allowances for attendance at the meetings of the Board of Directors and its Committees.



In this regard, Article 37 of the Company's Bylaws establishes the following:

*"The compensation system for Directors in their condition as such shall include fixed annual compensation and attendance allowances for attending the meetings of the Board of Directors or its Committees.*

*The Board of Directors shall set annual fixed compensation for each Director, taking into account for such purpose the Director's respective duties and responsibilities, including as the chairman or as a member of any Committees, or as the Coordinating Director, as well as all other objective circumstances deemed relevant.*

*The Board shall also set the amount of attendance allowances for attending the meetings of the Board and its Committees."*

As compensation for their condition as Company director, each Board member shall receive fixed annual compensation aimed at sufficiently compensating them for the responsibility and dedication required in their position.

Those directors who also serve as members of the various Committees (Executive Committee, Audit Committee and Appointments and Compensation Committee) shall receive additional fixed compensation for their dedication to said Committees, with higher weightings for the Chairman of the Audit Committee and of the Appointments and Compensation Committee. Compensation received by members of the Executive Committee shall take into account the additional activities and duties undertaken by its members.

The position of coordinating director shall also receive fixed annual compensation.

Directors shall receive an attendance allowance to compensate for their personal and effective attendance at the meetings of the Board of Directors and its Committees.

In addition, Article 37 of the Company's Bylaws establishes the following:

*"It is expressly authorized that compensation of some or all of the members of the Board of Directors may include the delivery of Company shares or share option rights, or may be linked to share value, if so determined by the General Meeting, which shall set the maximum number of shares that may be allocated to this scheme in each fiscal year; the exercise price or method for calculating the exercise price of the share options; the share value that, as the case may be, is used as a benchmark; and the term of the plan. The General Meeting may delegate the determination of any aspects related to this type of compensation to the Board of Directors.*



*The Company shall also contract a civil liability insurance policy for the Directors and executives."*

The Compensation Policy does not establish for any director a compensation system linked to share value or that involves the delivery of shares or share option rights.

The Company has contracted a civil liability insurance policy for the directors and executives. In 2019 the total amount of this insurance premium amounted to 182 thousand euros. For 2020, at the date of preparation of this Compensation Policy, it is not expected to make any changes to the clauses of the subscribed policy, therefore, it is estimated that the premium to be paid will be similar to that paid in 2019.

#### **4.- Compensation policy for directors performing executive duties for 2020-2022 (paragraph 1 Art. 529 octodecies Spanish Capital Corporations Law).**

Article 37 of the Company's Bylaws establishes the following in this regard:

*"The additional compensation to be received by Directors for carrying out executive duties, including severance pay for early removal and any other amounts to be paid by the Company as insurance premiums or contributions to savings systems, must be in compliance with the compensation policy approved by the General Meeting."*

This compensation is independent from compensation applicable thereto by virtue of their general monitoring and group decision making duties arising from their status as a director – including compensation received for serving as the Chairman of the Board of Directors, or as a member or other officer on any of its Committees– of the Company or any Group company.

The compensation system applicable to Pharma Mar's executive directors was developed in conformity with the mercantile law in force and with the Bylaws. Said system includes the following provisions:

##### *4.1. Fixed compensation*

The fixed compensation of the executive directors is closely linked to their responsibility, professional experience and leadership within the organization and is in line with that provided in the market for comparable companies, both in terms of size and sector of activity.

The Appointments and Compensation Committee, comprised exclusively of non-executive directors, is responsible for, in accordance with Article 14 of the Board of Directors Regulations, proposing individual compensation and other contracting conditions for executive



directors of the Company to the Board of Directors, as well as for ensuring compliance therewith.

The contract governing the performance of the Executive Chairman's duties and responsibilities is commercial in nature and includes those clauses generally found in these types of contracts. Said contract was approved by the Board of Directors of Zeltia, S.A. on 26 February 2015 at the proposal of the Appointments and Compensation Committee, in which Pharma Mar was thereby subrogated as a result of the merger by absorption between Zeltia and Pharma Mar.

Fixed compensation of the Executive Chairman for 2020 amounts to 896.8 thousand euros. In fiscal years 2021 and 2022 said amount is expected to be revised in accordance with the evolution of the Consumer Price Index for the preceding year (2020 and 2021, respectively).

As regards the Executive Vice Chairman, fixed compensation for performing its executive duties, currently under an employment contract (compensation independent from that received for performing general monitoring and group decision making duties as a mere director –including compensation for membership on the Board of Directors or as a member or other officer on any of the Committees of the Company or its Group companies) for fiscal year 2020 will be 266.9 thousand euros. In fiscal years 2021 and 2022 said amount is expected to be revised in accordance with the evolution of the Consumer Price Index for the preceding year (2020 and 2021, respectively).

#### *4.2. Short-Term variable compensation*

Only the Executive Chairman shall receive short-term variable compensation in 2020, 2021 and 2022.

Variable compensation, when based on indicators that directly reflect the positive performance of the Company, ensures that compensation of top executives is aligned to the Company's success.

The maximum short-term variable compensation for the Executive Chairman in 2020 may be up to 50% of the fixed compensation established for said fiscal year, meaning a potential maximum of 448,4 thousand euros. In 2021 and 2022, maximum variable compensation will maintain the same potential maximum percentage of 50%, which will be applied to the fixed salary for the relevant fiscal year.

Variable compensation in each fiscal year is calculated based on quantitative and qualitative indicators, which are assigned a specific weighting.

Said annual variable compensation includes two tranches. The first tranche is regulated and includes quantitative targets that refer to sales figures, income, etc. The second tranche is discretionary and will be determined by the Board of Directors in view of criteria referring to strategic momentum, focus of R&D investments, attendance at international conferences, presentations and roadshows, creating shareholder value and/or other criteria that may be considered indicative of their individual performance and of the Company's performance.

On an annual basis, the Board of Directors, at the proposal of the Appointments and Compensation Committee, establishes the indicators to be applied in the fiscal year and the weighting of each indicator in the overall calculation of variable compensation. Likewise, at the end of the fiscal year, the Appointments and Compensation Committee assesses achievement of the previously established targets. This assessment is submitted to the approval of the Company's Board of Directors.

In 2020, 2021 and 2022, 20% of the total variable compensation percentage (50%) will pertain to the rule-based tranche and 30% to the discretionary tranche.

#### *4.3. Other compensation elements*

The Executive Chairman and Executive Vice Chairman are the beneficiaries of a life insurance-savings insurance policy. This involves a defined contribution. The Company makes an annual contribution of €12,000 for each one of the Executive Directors. The contingencies covered include retirement and death.

As regards the Executive Chairman, the Company undertakes, during the validity of its contract for the provision of executive services, to make an annual contribution of €12,000. Upon termination of the aforementioned contract, the Company will stop making such contributions, although accumulated capital (which as of December 31, 2019 amounted to 318 thousand euros) will be held in favor of the Executive Chairman until such time as an insured event occurs (death or retirement), unless the termination thereof was a result of (a) the unilateral voluntary withdrawal of the Executive Chairman, not followed by the immediate retirement thereof, or (b) a serious breach of the Executive Chairman's obligations that has been legally declared as such, in which cases the accumulated capital shall pertain to the Company rather than the insured.

As regards the Executive Vice Chairman, the Company shall continue to make annual contributions as long as said Executive Vice Chairman continues to provide the services to the Company (excluding those services provided in its condition as a director) or to its subsidiaries and up until his/her retirement, regardless of the directors age at the time of retirement. The accumulated capital pertaining to the insured (which as of December 31, 2019 amounted to 342 thousand euros) shall be held to its benefit until such time as an insured event occurs



(retirement or death), regardless of whether the Company has stopped making contributions to the benefit of the insured at any given time, with the exception of legally mandated removals or voluntary resignation, not including retirement, in which case, the accumulated capital shall pertain to the Company rather than the insured.

The Executive Chairman and Executive Vice Chairman receive the following benefits as welfare compensation:

- Accident insurance, under the collective policy for Company employees.
- Health insurance, under the collective policy for Company employees.
- Full annual medical check-up (only for the Executive Chairman).

On the other hand, the Company provides the Executive Chairman with a representative office at the operating headquarters, communications equipment, payment instruments, support staff, and a company vehicle sufficient for the duties performed thereby.

The Company's Bylaws expressly state that compensation of directors, including executive directors, may include the delivery of shares in the Company or of share option rights, or may be linked to share value, if so determined by the General Shareholders' Meeting, which shall set the maximum number of shares that may be allocated to this scheme in each fiscal year; the exercise price or method for calculating the exercise price of the share options; the share value that, as the case may be, is used as a benchmark; and the term of the plan.

The Compensation Policy does not establish for any executive director a compensation system linked to share value or that involves the delivery of shares or share option rights.

#### *4.4. Contract conditions of the Executive Chairman*

A brief description of the clauses governing duration and causes of termination of the agreement, severance pay, exclusive dedication and full availability is provided below:

In relation to the Executive Chairman, the contract for the provision of executive services between the Company and the Executive Chairman shall remain in force for as long as such individual holds the position of Chairman of the Board of Directors and top executive of the Company, bearing in mind the following:

- A. The contract may be terminated by mutual agreement of the parties, by unilateral voluntary resignation of the Executive Chairman, for causes attributable to the Company, or as a result of the death, legal disability, declaration of total permanent disability or



severe disability, or inability or temporary inability to perform their senior management duties for a period greater than one year.

- B. The Executive Chairman shall have the right to receive a severance payment equivalent to 1.5 times the gross annual Regulated Compensation (defined as the arithmetic mean of the total amount of annual fixed compensation, annual variable compensation and attendance allowances accrued during each of the two full fiscal years immediately preceding the contract termination date) if its contract as the top executive is terminated:

1) by unilateral voluntary termination by the Company (i) by resolution of the Board of Directors, (ii) removal or non-reappointment of the Executive Director as a director by the General Shareholders' Meeting, or (iii) in the event of total or partial revocation, as the case may be, of the authorities delegated thereto by the Board of Directors or of the powers granted thereto by the Company. Nevertheless, the removal of a director who is subsequently and immediately appointed as a director or the full or partial revocation of the aforementioned authorities and/or powers where analogous authorities and/or powers are subsequently and immediately granted shall not result in termination of the contract. In the event of termination of the contract by the sole unilateral will of the Company, as expressed by a resolution of the Board of Directors or by the total or partial revocation of powers or duties delegated to the Executive Chairman, advance notice of three months shall be required and the Company may release the Executive Chairman from carrying out its duties during said period, although it shall continue to pay the applicable compensation.

2) In the event of (i) substantial amendment of duties or conditions for providing the services by the Executive Chairman with respect to those governed in the contract or when, by any other means, its duties as top executive of the Company are deemed null or are substantially affected, de facto or de jure, or if, for any other cause, his/her dignity is impaired or the Company breaches the provisions of the contract; or (ii) if there is a succession of the Company or a significant change in ownership thereof that has the effect of changing the composition of its governing bodies or the content and focus of its primary activity.

- C. As regards agreements on exclusivity and full availability, the Executive Chairman shall dedicate its full professional activity to the Company and its dependent Group companies. Unless the Board of Directors, following a report of the Appointments and Compensation Committee, has granted its prior and express consent therefor, the Executive Chairman shall refrain from carrying out any professional activity beyond the Pharma Mar Group, whether directly or indirectly, for third parties or to his/her own benefit, even if the relevant activity is not in competition with the business of any Group company. By way of exception, the Executive Chairman may carry out those other professional activities that are

compatible with his/her commitment to full availability to provide services to the Company, dedicating the time and effort necessary for the effective and diligent performance of his/her duties. Notwithstanding the above, the Executive Director may perform, whether remunerated or not, teaching and research activities at Universities and public or private schools; attend professional conferences and seminars; carry out positions in foundations or business or professional associations related to the area where the Company operates; or carry out positions as an independent director in other companies, provided the provision of such activity (i) has been previously notified to the Appointments and Compensation Committee, and (ii) does not have a material effect on the full dedication of the Executive Director nor interferes with the performance of his/her duties to the Company or, in any other case, that has been authorized by the Board of Directors.

#### *4.5. Contract conditions of the Executive Vice Chairman*

As regards the Executive Vice Chairman, his/her relation with the Company as of the date of this report is an employment relationship entered into for an indefinite term, such that the indemnities and advance notice requirements applicable in the event of termination of said employment relationship shall be as provided in applicable employment regulations.

### **5.- Maximum annual compensation to be paid to the directors as a whole**

*Pursuant to Article 37 of the Company's Bylaws, "The maximum annual compensation for the Directors as a whole based on their condition as such shall be approved by the General Meeting in the compensation policy and shall remain in effect until such time as an amendment thereto may be approved."*

For these purposes, the maximum annual compensation to be paid to all the directors on their condition as such (i.e. directors of Pharma Mar, S.A.) in 2020 shall be Euros 2,500,000 (paragraph 1, Art. 529 septdecies Spanish Capital Corporations Law). This maximum annual amount will also apply for fiscal years 2021 and 2022 as long as its modification by the General Shareholders' Meeting of the Company is not approved.

This maximum compensation amount to be paid to the directors on their condition as such has been calculated considering a number of eleven directors.

Said maximum amount includes: (i) fixed annual compensation for membership on the Board of Directors, (ii) fixed annual compensation for the positions of Chairman and for the members of the Board Committees, (iii) additional compensation applicable to the coordinating director,

and (iv) attendance allowance per director for attending the meetings of the Board of Directors and of its Committees.

In order to determine the maximum global amount of the annual compensation for the directors as a whole, for their non-executive and executive functions, the following compensation items for the executive directors shall be added to the above-mentioned amount (Euros 2,500,000):

- (i) Fixed compensation for the Executive Chairman and the Executive Vice Chairman, described in section 4.1 above of this Compensation Policy and updated, as the case may be, in the Annual Report on Compensation of Directors.
- (ii) Short-term variable compensation for the Executive Chairman, described in section 4.2 above of this Compensation Policy, which provides the quantitative targets corresponding to the regulated tranche, and the criteria for determining the tranche of discretionary nature.
- (iii) Long-term savings systems, described in section 4.3 above of this Compensation Policy, and supplemented by the annual contributions made by the Company for each of the Executive Directors, which are specified in the Annual Report on Compensation of Directors.
- (iv) Other compensation, described in section 4.3 above of this Compensation Policy and whose specific annual compensation are described in the Annual Report on Compensation of Directors.
- (v) Additionally, in the event that the termination of the relationship with the Executive Chairman should proceed, the compensation described in section 4.4 above of this Compensation Policy may be paid.

## **6.- Compensation Policy Term**

The Company shall apply this Compensation Policy for fiscal years 2020, 2021 and 2022. Any amendment or substitution of the Compensation Policy during said term shall require the prior approval of the General Shareholders' Meeting in accordance with current laws in force.

In any case, this Compensation Policy will be understood without prejudice to other extraordinary bonuses that the Company may agree to grant to directors during the years 2020, 2021 and 2022.