REPORT AT 30 JUNE 2018

Madrid, 26 July 2018

1H18 HIGHLIGHTS

Corporate

- Group revenues amounted to €107 million in the first half of 2018 (€96.9 million in the same period of 2017).

- The Group's EBITDA amounted to 7 million euros (0.1 million euros in June 2017).

Oncology

- In April, Chugai Pharmaceutical Co. Ltd. gave notice to PharmaMar that it was exercising its right to terminate, without cause and with one year's advance notice, the licensing agreement signed in 2016 covering Zepsyre for Japan. In June, PharmaMar reached an early termination agreement with Chugai, after which PharmaMar recovered all rights to Zepsyre for Japan and will collect, in 2018, a payment of €3 million for early termination of the licensing agreement. All amounts collected by PharmaMar from Chugai during the term of the contract are non-repayable and, consequently, are unaffected by the early termination.
- PharmaMar has applied to the FDA and other competent authorities where it is conducting the ATLANTIS registration trial in order to change the primary endpoint from Progression Free Survival to Overall Survival. ATLANTIS is a pivotal Phase III trial with Zepsyre in small cell lung cancer. This change was requested on the basis of recent Overall Survival data in Phase II trials with Zepsyre (lurbinectedin) as monotherapy against small cell lung cancer, which were presented at the recent American Society of Clinical Oncology (ASCO) meeting in Chicago in June and the cohort B data in combination with doxorubicin
- Pharma Mar, S.A. announced that the Independent Data Monitoring Committee (IDMC) recommended continuing with the ongoing Phase III (ATLANTIS) trial with Zepsyre® in combination with doxorubicin in patients with small cell lung cancer as planned. The IDMC's recommendation came after an analysis of the safety data obtained from the over 500 patients treated to date in the trial.

Diagnostics

- In June, an agreement was signed with NingboMedicore Technology Co., Ltd and Beijing Clear Meid-tech Co., Ltd to register autoclart® plus, CLART ® PneumoVir, CLART® EnteroBac and CLART® SeptiBac with the Chinese authorities (CFDA).

Mª Luisa de Francia
CFO
PHARMA MAR, S.A.
Plaza Descubridor Diego de Ordás, 3
Madrid
Telephone 91.444.45.00

José Luis Moreno
Head of Investor Relations and Capital Markets
PHARMA MAR, S.A.
Plaza Descubridor Diego de Ordás, 3
Madrid
Telephone 91.444.45.00

1. FIGURES TO JUNE 2018

REVENUES	06/30/2018	06/30/2017	
Sales	**82,218**	**88,697**	**-7.3%**
Biopharmaceutical Area	41,670	46,527	-10.4%
Oncology Segment	*38,750*	*43,297*	*-10.5%*
Diagnostic Segment	*2,920*	*3,230*	*-9.6%*
Consumer Chemicals Segment	40,548	42,170	-3.8%
Royalties			
Oncology Segment	**2,250**	**2,773**	**-18.9%**
Licenses and co-developement agreements			
Oncology Segment	**22,357**	**5,412**	**313.1%**
Services Rendered			
Diagnostic Segment	**132**	**41**	**222.0%**
TOTAL REVENUES	**106,957**	**96,923**	**10.4%**

(Thousand euro)

Total Group revenues

Net revenues in the Biopharmaceutical segment amounted to €41.7 million in the first half of 2018, 10.4% less than the €46.5 million figure booked in the same period of 2017. The inter-year difference in Yondelis sales (€38.7 million in 1H18 vs. €43.3 million in 1H17) 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 to just €0.2 million in 2018; 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 (€2.9 million in 1H18 vs. €3.2 million in 1H17) reflect a setback in sales in Latin America which is expected to revert in the coming quarters.

Revenues in the Consumer Chemicals division amounted to €40.5 million in 1H18, i.e. 3.8% less than in the same period of 2017 (€42.2 million). This decline was concentrated basically in domestic insecticides as a result of unusual weather conditions in the spring; 50% of that decline in sales has been recovered in July.

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 €2.3 million in 1H18 (€2.8 million in 1H17), i.e. a reduction of €0.5 million due to commercialization of new products in the United States that compete with Yondelis®.

Revenues from licensing and other co-development agreements, which also correspond entirely to the Oncology segment, amounted to €22.4 million in 1H18, compared with €5.4 million in 1H17.

As a result of the early termination by Chugai Pharmaceutical Co. of the licensing agreement for Zepsyre in Japan, which was signed with PharmaMar in December 2016, the obligations assumed by PharmaMar under that agreement are considered to have concluded.Accordingly, the part of the upfront payment received from Chugai when the contract was signed in December 2016 (€30 million) whose recognition as revenue had been deferred on the basis of progress with the clinical trials that the Company had undertaken to conduct, which amounted to €12.7 million as of the date of early termination (€2.4 million had been recognized in the first quarter of 2018), was recognized as revenue on the date of termination of the agreement since the payment by Chugai in the past was not repayable under any circumstances. As a result of the early termination of the licensing agreement, PharmaMar will collect €3 million in additional revenues.

In the first quarter of 2018, the company signed a licensing agreement with Seattle Genetics Inc. under which the latter receives exclusive worldwide rights over certain molecules and conjugated antibodies (ADCs) owned by Pharma Mar, S.A. for the development, production and commercialization of the conjugated antibodies. 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 the conjugated antibodies.

Consequently, **total revenues** amounted to €107 million in the first half of 2018, compared with €96.9 million in the same period of 2017 (+10.4%).

Gross margin and EBITDA

The group's gross margin was 69% in the first half of 2018 (71% in the same period of 2017). (Calculated with respect to sales only, not including royalties or licensing revenues).

Group EBITDA amounted to €5.3 million in the first half of 2018.

	06/30/2018	06/30/2017
Net Result	3,042	(7,453)
Income Tax	(1,974)	709
Net Financial Income	2,224	2,389
Depreciation and Amortization	2,033	3,588
TOTAL	**5,325**	**(767)**
Indemnities	1,723	850
EBITDA	**7,048**	**83**

(Thousand euro)

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

The EBITDA contribution by the business segments is as follows:

	06/30/2018	06/30/2017
Oncology	11,009	2,118
Diagnostic	(1,606)	(303)
RNAI	(2,653)	(2,629)
QGC	4,184	4,872
Not asigned	(3,886)	(3,975)
EBITDA	**7,048**	**83**

(Thousand euro)

R&D expenditure

R&D expenditure increased from €36.9 million in the first half of 2017 to €40.5 million in the first half of 2018.

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

R & D	06/30/2018	06/30/2017
Oncology Segment	(36,198)	(33,889)
Diagnostic Segment	(1,581)	(825)
RNAi Segment	(2,613)	(2,397)
Consumer Chemicals Segment	(97)	(311)
- Capitalization R&D	0	497
TOTAL R & D	**(40,489)**	**(36,925)**

(Thousand euro)

The increase in the oncology segment is due basically to clinical trials with Zepsyre: Atlantis trial, Phase I trial in Japan (+€1.4 million), and Phase IV trials with Yondelis (+€0.8 million).

The increase in the diagnostics area was due to investment in point-of-care diagnostics by Genómica.

Other operating expenses

As a result of the European Medicines Agency's non-approval of Aplidin and the fact that the results of the CORAIL trial (Zepsyre in platinum-resistant ovarian cancer) were insufficient, the Company implemented a cost-cutting programme whose impact is not visible in the financial statements for the first half, which reflect the cost of activities that cannot be halted immediately and also certain indemnities arising as a result of those cuts. As a result, those expenses declined by 0.5% year-on-year. The effect of the cost-cutting programme will be more visible in the coming quarters.

Cash and Debt

As of 30 June 2018, the net cash position (cash + cash equivalents + current financial assets) amounted to €18.9 million (vs. €31.8 million as of 2017 year-end). Including non-current financial assets, the total was €19.9 million as of 30 June 2018 (vs. €32.7 million as of 2017 year-end).

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

	06/30/2018	12/31/2017
Long term interest bearing debt	**67,243**	**73,607**
Bank debt	28,835	33,394
Govt. agencies: R&D funding (interest free debt)	16,478	16,350
Obligations and bonds	21,930	23,863
Short term interest-bearing debt	**42,620**	**26,395**
Credit facilities	24,353	9,974
Effects and certifications	3,583	2,203
Bank loan	8,715	8,676
Govt. agencies: R&D funding (interest free debt)	4,930	4,730
Interest and others	1,039	812
Total financial debt	**109,863**	**100,002**
Cash & cash equivalents + no current and current financial investments	**19,910**	**32,736**
TOTAL NET DEBT	**(89,953)**	**(67,266)**

(Thousand euro)

The Group' net debt as of 30 June 2018 was €22.7 million higher than at 2017 year-end, due to a number of factors: indemnities related to the reduction in operating costs, the cash flow effect in the consumer chemicals companies, whose net cash flow is negative in the first half of the year and positive in the second half, and the repayment of interest-bearing debt.

The Group is confident of maintaining revenues close to the 2017 figure and it is also working actively to obtain new licensing agreements and additional funding from a range of sources in order to end the year with net debt closer to last year's figure.

2. BUSINESS PERFORMANCE.

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

A) Biopharmaceutical area:

1.- Oncology segment: PharmaMar

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

a) YONDELIS®

Sarcoma

In the first half of 2018, Yondelis was involved in 21 Investigator Initiated Studies in Europe for treating soft tissue sarcoma. Sixteen of those studies are actively recruiting.

Ovarian cancer

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

Other indications

Data is being analysed from 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), to evaluate the activity and safety of Yondelis® in malignant pleural mesothelioma (MPM).

b) 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, 565 of the planned 600 patients have been recruited.

The Independent Data Monitoring Committee (IDMC) has recommended continuing with the trial unchanged after an analysis of the safety data obtained from the 500 patients treated to date in the trial.

In connection with this trial, PharmaMar has applied to the FDA and other competent authorities where it is conducting the ATLANTIS registration trial in order to change the primary endpoint from Progression Free Survival to Overall Survival. This change was requested on the basis of recent Overall Survival data in Phase II trials with Zepsyre (lurbinectedin) as monotherapy against small cell lung cancer, which were presented at the recent American Society of Clinical Oncology (ASCO) meeting in Chicago in June and cohort B of the combination trial with doxorubicin.

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 cohort and the breast cancer with the BRCA 1/2 mutation cohort. 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 were presented at the annual meeting of the American Society of Clinical Oncology (ASCO), held in Chicago on 1-5 June 2018.

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 was presented at the annual meeting of the American Society of Clinical Oncology (ASCO), held in Chicago on 1-5 June 2018.

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

Phase I trial in Japan

This trial, designed to ascertain the dosage for Zepsyre™ in Japanese patients, is still in the active enrollment phase. The preliminary results of this trial were presented at the annual meeting of the American Society of Clinical Oncology (ASCO), held in Chicago on 1-5 June 2018.

c) 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.

d) 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

Genomica reported €3.1 million in revenues in the first half of 2018, compared with €3.3 million in the same period of 2017, due to the decline in sales in Latin America, which the company expects will reverse by year-end.

In contrast, sales in the Middle East and Asia increased by 39% to €238 thousand after the distributors in that region obtained the pertinent registrations. Sales increased by 3% in Europe.

As a result, exports amounted to €1.24 million in 1H18, compared with €1.29 million in the same period of 2017, and accounted for 42% 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, revenues increased by 9% to €1.47 million (€1.34 million in the first half of 2017).

The company's strategy of focusing R&D on point-of-care diagnostics is advancing as expected, resulting in an increase in R&D expenditure to €1.6 million in the first half of 2018 (from €0.8 million in the same period of 2017).

In June, an agreement was signed with NingboMedicore Technology Co., Ltd and Beijing Clear Meid-tech Co., Ltd to initiate the registration of autoclart® plus, CLART ® PneumoVir, CLART® EnteroBac and CLART® SeptiBac with the Chinese authorities (CFDA).

3.- RNA interference: Sylentis

During the first half of 2018, research and development continued on existing lines of RNA interference (RNAi), and new lines of research are being pursued in topical treatment of 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 241 patients (i.e. 80% of the total) had been enrolled in the various participating countries at the end of June.

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)

Net revenues in the first half amounted to €11.3 million, in line with the same period of the previous year.

Average prices of raw materials (oil and titanium dioxide) increased by 3.8% year-on-year, which increased the cost of sales and reduced margins; margins were also affected by the 16.2% year-on-year increase in exports (which have lower margins).

Xylazel reported €0.9 million in net profit and €1.4 million in EBITDA.

With a view to the fourth quarter, negotiations are under way to place products directly in individual big box retailers and also to have our products included in chain-wide catalogs. Final preparations are being made to launch innovative products that will expand our range and offset the seasonal pattern of sales. They are expected to be available in the fourth quarter.

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

Zelnova-Copyr's combined sales declined by 5.3% in the first half of 2018, to €29.2 million (from €30.8 million in the same period of 2017). Sales of insecticides, both own-brand and white-label, were negatively impacted by anomalous weather conditions in the spring, which was Spain's wettest spring since 1965 and the fourth-wettest since the beginning of the 19th century, according to Spain's national weather agency, AEMET. Other product lines performed well, particularly the OTC pharmaceutical products launched early in the year, which registered 53% growth in the domestic market. This line of business has been enhanced by expanding the portfolio and restyling the ZZ brand image. The air freshener segment also performed well: +10%. Both lines are important for the company's future.

In particular, Copyr increased revenues by 4.0% year-on-year. Recent organizational and business changes made at this subsidiary resulted in a significant increase in sales, particularly in the Ecological Agriculture division, which attained €3.3 million (+12% year-on-year) and has doubled sales in the last five years to account for 25% of Copyr's revenues.

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

The overall outcome as positive: €1.57 million profit from €1.21 million in the same period of the previous year.

The Company is confident that insecticide sales will recover in the remainder of the summer and that the launch of a new line of air fresheners in the fourth quarter will considerably enhance sales in the second half in year-on-year terms, with the result that it will attain its revenue and earnings targets by year-end. In July, it had already recovered 50% of the aforementioned decline in sales.

BALANCE SHEET *(Thousand euro)*	06/30/2018	12/31/2017
ASSETS		
Non-current assets	**92,688**	**94,543**
Property, plant & equipment	31,333	31,207
Investment properties	6,071	6,119
Intangible assets	18,382	20,212
Goodwill	2,548	2,548
Long-term financial assets	963	977
Deferred tax assets	33,393	33,482
Current assets	**97,930**	**93,178**
Inventories	25,901	23,904
Customer and other receivables	48,249	31,388
Current financial assets	4,270	7,671
Other current assets	4,833	6,126
Cash & cash equivalents	14,677	24,089
TOTAL ASSETS	**190,618**	**187,721**

BALANCE SHEET *(Thousand euro)*	06/30/2018	12/31/2017
EQUITY		
Shareholders' equity	**30,024**	**26,866**
Share capital	11,132	11,132
Share premium	71,278	71,278
Treasury shares	(3,413)	(4,470)
Revaluation and other reserves	11	13
Retained earnings and other reserves	(48,985)	(51,087)
Minority interest	**(3,890)**	**(3,881)**
TOTAL EQUITY	**26,134**	**22,985**
LIABILITIES		
Non-current liabilities	**69,908**	**81,626**
Financial debt	67,243	73,607
Non-current deferred revenues	1,911	7,234
Other non-current liabilities	754	785
Current liabilities	**94,577**	**83,111**
Supplier and other accounts payables	41,097	37,436
Financial debt	42,620	26,395
Provisions for other liabilities & expenses	6,129	6,232
Current deferred revenues	57	10,221
Other current liabilities	4,674	2,826
TOTAL LIABILITIES	**164,485**	**164,736**
TOTAL LIABILITIES AND EQUITY	**190,618**	**187,721**

INCOME STATEMENT		
Thousand euro	**06/30/2018**	**06/30/2017**
Revenues:		
Product Sales	82,218	88,697
Co-development	22,357	5,412
Licensing agreements	2,250	2,773
Other income	132	41
	106,957	**96,923**
Cost of sales	(25,429)	(26,049)
Marketing & commercial organisation expenses	(23,393)	(23,088)
General and administration expenses	(10,568)	(10,344)
Research & development expenses	(40,489)	(36,925)
Other operating expenses	(4,665)	(5,370)
Other operating revenues	879	498
Net operating profit (loss) (EBIT)	**3,292**	**(4,355)**
Net financial results	**(2,224)**	**(2,389)**
Result from continuing operations	**1,068**	**(6,744)**
Corporate income tax in the period	1,974	(709)
Profit (Loss) for the year	**3,042**	**(7,453)**
Profit for the year	3,042	(7,453)
Attributable to owners of the parent	**3,050**	**(7,443)**
Attributable to minority interest	(8)	(10)

CONSOLIDATED CASH FLOW STATEMENT	06/30/2018
TOTAL NET OPERATING CASH FLOW	**(20,303)**
Income before taxes	**1,069**
Profit before tax from continuing operations	1,069
Adjustments for:	**6,179**
Amortisation and depreciation	3,557
Other adjustements	2,622
Changes in working capital:	**(28,135)**
Other cash flow from operations:	**585**
Financial expenses	34
Financial revenues	(2,368)
Income tax received	2,919
TOTAL NET INVESTING CASH FLOW	**1,485**
Investments payments:	**(1,955)**
Purchases of property, plant & equipment and intangible assets	(1,951)
Other financial assets	(4)
Disvestment receipts:	**3,440**
Purchases of property, plant & equipment and intangible assets	118
Other financial assets	3,322
TOTAL NET FINANCING CASH FLOW	**9,406**
Collections and (payments) in connection with equity instruments:	**(428)**
Acquisition	(586)
Disposal	159
Collections and (payments) in connection with financial liabilities:	**(6,434)**
Issue	508
Refund and amortization	(6,942)
Other financing cash flow:	**16,268**
Other financing receipts / (payments)	16,268
TOTAL NET CASH FLOW	**(9,412)**
Net increase / (decrease) in cash and cash equivalents	(9,412)
Beginning balance of cahs and cash equivalents	24,089
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	**14,677**