

Annual report 2019



Table of contents

1

Almirall today

- 2 Key highlights
- 4 Global footprint
- 6 Chairman's letter
- 8 Interview with the CEO
- 10 2019 Major milestones

2

Business strategy

- 16 **Almirall means Patients**
Awareness of dermatological diseases
- 19 **Almirall means Dermatology**
Our major therapeutic indications
Covering other therapeutic indications
- 26 **Almirall means Innovation**
Digital Garden, powered by Almirall
Process improvements in Global. Procurement and supply chain
Development of digital applications

3

Financial and stock performance

- 34 **Finance overview**
Growth drivers performance
M&A and corporate operations
- 38 **Consolidated financial statement**
Income Statement
Balance Sheet
Cash Flow
Financial outlook for 2020
- 42 **Stock performance and shareholders**
- 46 **Total tax contribution**

4

Research & Development

- 50 **Innovation is in our core**
Major medical dermatology indications
Building a strong pipeline
Collaborations and partnerships
- 56 **AlmirallShare**
- 58 **Innovation centers**

5

Sustainability and ESG

- 66 **Environment**
Our commitment to the planet
Climate change
- 70 **Social**
Social impact
Employees
Social activities
- 86 **Corporate Governance**
Our values and ethics
Board of Directors
Risk and opportunities management
Board Commissions
Management Board



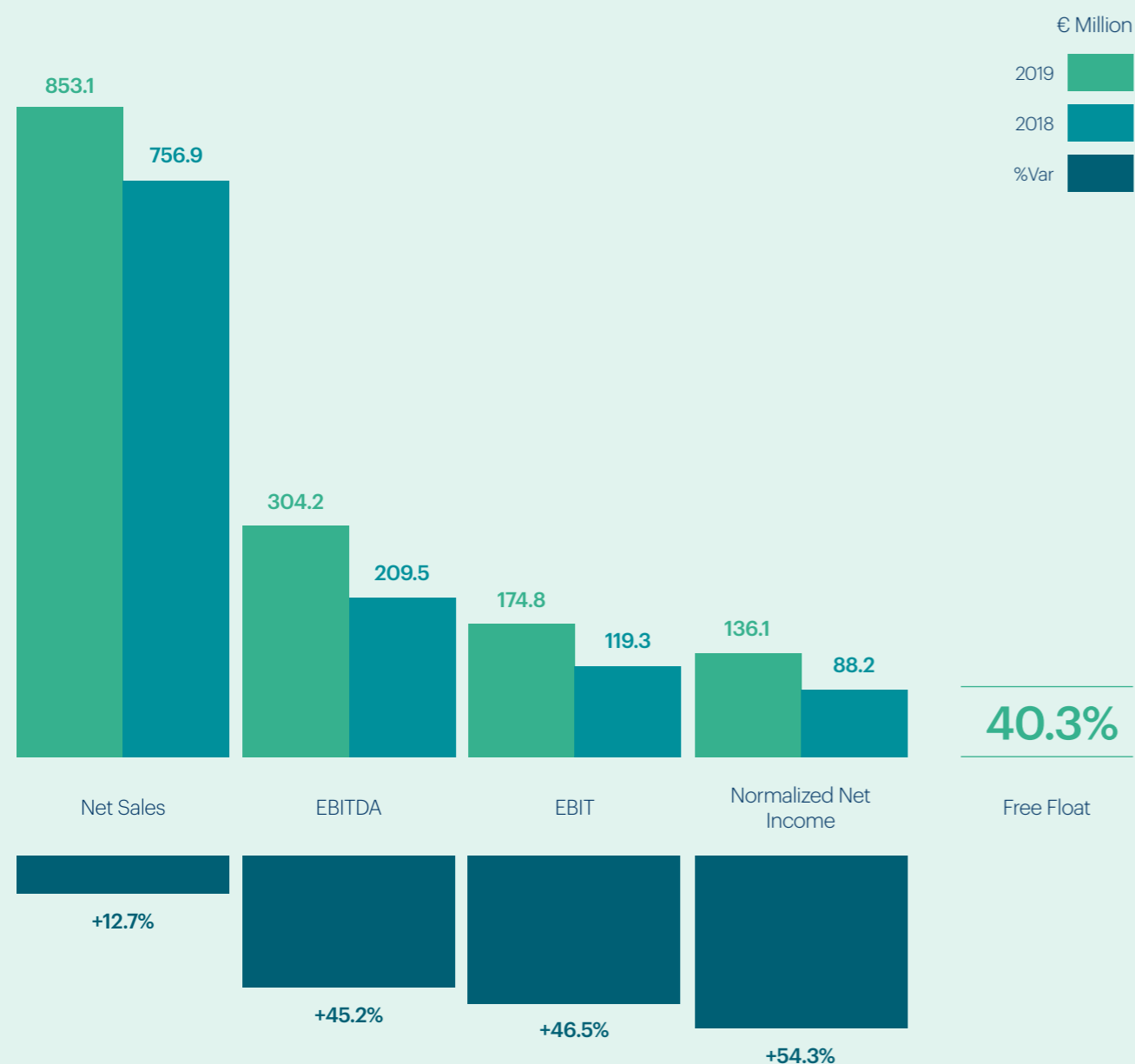
Almirall today

- 2 Key highlights
- 4 Global footprint
- 6 Chairman's letter
- 8 Interview with the CEO
- 10 2019 Major milestones



Key highlights

Total Revenues (€ Million)



Innovation is at our core, focusing our efforts on developing fully innovative treatments that address patients' unmet needs. Several important steps and key R&D partnerships were taken in 2019 to reinforce our promising pipeline, all of which we are certain will result in a more balanced mix of treatments paving the way for future growth.

R&D



Social



Environment



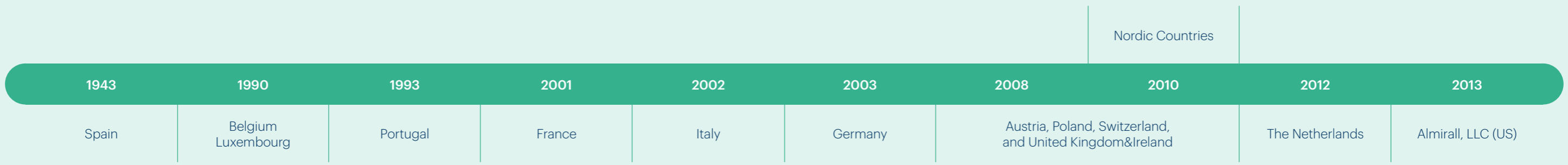
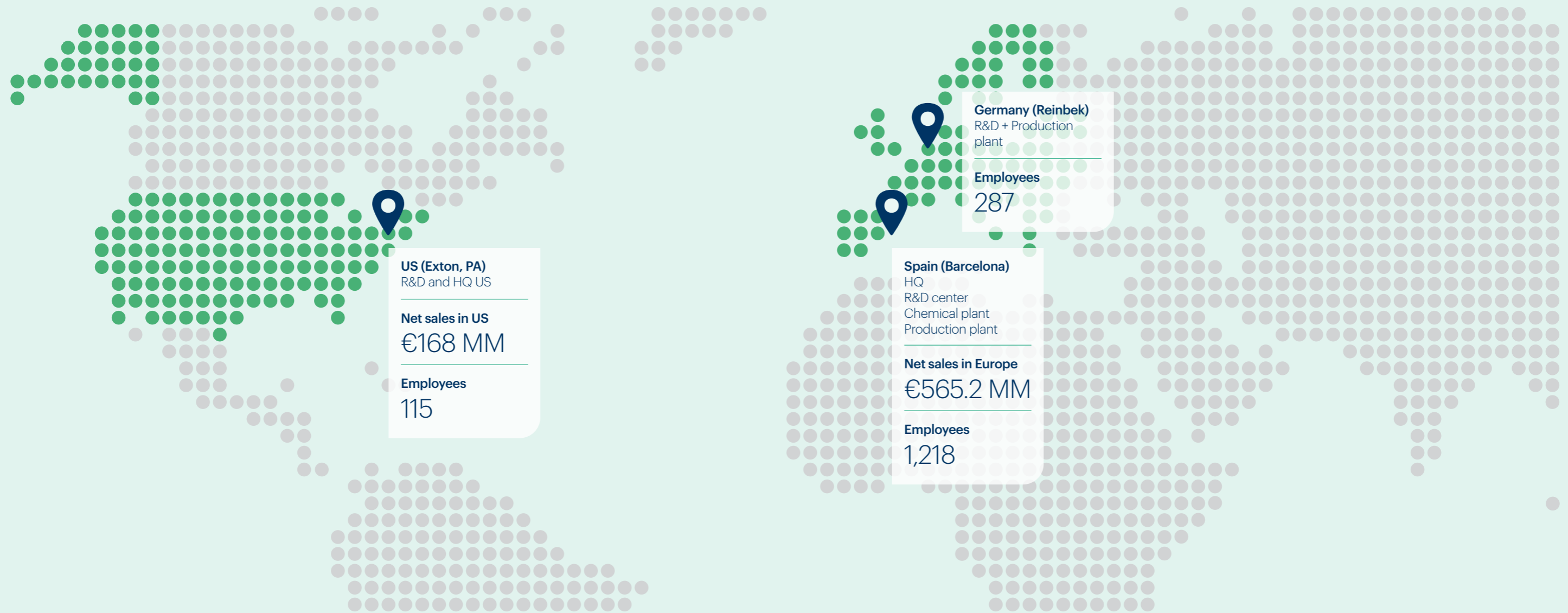
Global footprint

Direct presence in
13 affiliates

Operating in
21 countries

Units of manufactured products
73 million

Presence through partners in
80 countries





Message from the President

Dear shareholders, patients and healthcare professionals,

We are proud of our current evolution: a leading global biopharmaceutical company improving the lives of patients with skin diseases through the most innovative Science. We have focused our efforts on fighting these conditions and helping people lead healthy lives. Our company was founded more than 75 years ago and throughout, science has always been at the core of everything we do. We have over 1700 employees fully committed to helping patients and rely on the key community of health care professionals to achieve this important task.

2019 has been a good year for the business: in comparison to 2018, total revenues grew 12% (€908 MM), net sales 13% (€853 MM) and EBITDA 45% (€304 MM). Our key products continued to show a positive growth momentum, particularly our psoriasis franchise in Europe and our acne business in the USA. These strong sustained results are evidence that we are on the right track to establish a leadership position in medical dermatology, solving unmet needs for patients with skin conditions through breakthrough innovation.

With regard to stock market performance, the Almirall share price increased by 9.5% in 2019 (compared with a rise of 11.82% in the Spanish IBEX 35 index) and the EPS increased by 35%. Our advisors suggested and the board of directors agreed that increasing the free float in the company's shares to over 40% would help to enhance liquidity in the shares as well as promote investor visibility and the diversification of the shareholder base. In order to achieve this but consistent with the Gallardo family's long-term commitment to the company, the family sold 6.3% of the company's shares but retain a 59.7% stake in the company.

Our focus on breakthrough innovation which can make a real difference for both patients and healthcare professionals depends on building a strong R&D pipeline of products with significant market potential. In 2019 we made impressive progress in the late stage pipeline that has reinforced our focus on medical dermatology and its importance for our future growth. This progress has been further strengthened by the completion of three very exciting deals at the very beginning of 2020: the option to acquire Bioniz Therapeutics, a biopharma company, with whom we are taking our first steps in oncodermatology, and the agreements with 23andMe and WuXi Biologics.

There are still a large number of outstanding unmet medical needs in medical dermatology, with many conditions lacking effective and innovative therapies. I am very confident in our ability to find solutions through innovation. This commitment has been backed by the market and key organisations like the biggest worldwide financial multilateral organization, the European Investment Bank, which has provided us with €120 M in funding to develop new therapies for dermatological conditions that lack effective treatment.

We at Almirall feel very honoured that the American Skin Association has recently recognized us as a distinguished Corporate Leader for our purpose and innovations in the field of medical dermatology. This encapsulates our dedication to providing tools, knowledge and science to improve the quality of life of patients.

As a commitment to improve Almirall's societal impact we have recently developed our Sustainability Strategy with further initiatives in which we will be taking important steps during 2020. In the meantime, we have reduced our energy consumption from non-renewable sources, improved our rating in the Carbon Disclosure Project, achieved an accident rate below the sector average, and carried out other projects and collaborations with very relevant positive impacts.

On the closing of this report, we find ourselves in the midst of the global coronavirus (COVID-19) pandemic crisis. As a leader in healthcare, we at Almirall have a duty to care for our employees and society in general, and have taken a number of measures to mitigate its impact and to protect all the people who work at Almirall, patients, healthcare professionals, suppliers and investors. We remain fully committed to minimize the effects of the pandemic might have on our business, and to continue executing actions that help our patients overcome this serious and unexpected crisis, together.

I would like to thank our patients, shareholders, healthcare professionals, investors, employees and all other partners for their trust and continued support.

Jorge Gallardo,
Chairman and President

"We are fully committed to the application of science to provide patients with the best medical solutions"



Interview with the CEO

After refocusing your strategy on medical dermatology, how would you summarize the 2019 business results?

Our 2019 results confirm that we have taken the right decision by focusing our strategy on medical dermatology and addressing patient unmet needs in this field. We have continued to progress with double-digit top-line growth and significant operating leverage but, even more importantly, we are delivering on our purpose: transform the patients world by helping them realize their hopes & dreams for a healthy life. 2019 has been very significant for us in terms of results, patient centricity, dermatology drug development and breakthrough innovation. We have taken very important steps in 2019 where we have clearly reinforced our dermatology strategy. In Europe, Skilarence® and Ilumetri®, part of the psoriasis franchise, showed good performance and in the US, our new product Seysara® is now the number one branded product in the oral acne market, and has increased its penetration considerably in both branded and non-branded markets. As a result we have achieved some very solid financial results and improved Almirall's market competitiveness. But we still have a long way to go.

The market has confirmed Almirall's pipeline as strong and healthy. Would you, as Almirall's CEO, agree with this?

I fully agree and would also add the word 'promising', to better define our pipeline and its strong market potential to build the future of Almirall. Promising too because our pipeline, fully focused on medical dermatology, is progressing as expected. We are delivering on our objective of innovation both from our own strong R&D as well as from in-licensing and strategic collaborations. We have reached some very notable achievements in the late stage pipeline, such as the start of phase III clinical trials for Lebrikizumab for atopic dermatitis, where we expect peak sales of €450MM or Tirbanibulin for actinic keratosis with peak sales expected around €250MM. In January 2020 we announced the option agreement to acquire Bioniz Therapeutics which represents our entry into the field of oncodermatology where we added BNZ-01 for Cutaneous T-cell Lymphoma to the early stage pipeline, which augments our already healthy and strong pipeline.

In what way is innovation a competitive advantage to position Almirall as a biopharmaceutical leader?

Innovation is at the root of Almirall's strategy. It is the only way to find the right medical solutions to address patient's unmet needs. The focus on improving patient's lives provides us a competitive advantage. We hope that will be a differentiator for Almirall when partnering with physicians and our healthcare collaborators. For us, innovation is not limited to conventional R&D for NCE's but also our increasing support for the development of highly innovative biologic products for dermatology, such as Ilumetri. But Innovation must also come through collaborations like the ones we announced in January 2020 with WuXi

Biologics for multiple bispecific antibodies and with 23andMe to license the rights of a bispecific monoclonal antibody. These important partnerships reinforce our early stage portfolio in derma and set us up for the future.

Another way to innovate is by way of digitalization, which is why at Almirall we have recently embarked on an enterprise-wide transformative digital strategy to change our company's culture and allows us to reach our patients more efficiently and quickly. A good example of this is the Digital Garden, our innovation platform that will bring in the most promising start ups together to find solutions and services for medical dermatology in order to tackle some of our key challenges for the future. We see digital transformation as an opportunity that we cannot ignore, nor should anyone in our industry. The better we understand the needs of our patients, the better the solutions we will find. Digital innovation can augment those possibilities when done right.

I also want to highlight AlmirallShare: our open innovation R&D platform designed to establish collaborations with universities, research institutions, hospitals, start-ups and the biopharma industry. To date we have more than 850 scientists registered and over 350 proposals presented for review so far. This has already been materialized in 7 collaborations and two more will start very soon with Academic Research Institutes.

What are the near term challenges and future plans for Almirall?

Almirall believes and works towards a future where empowered patients will have more knowledge and control over their skin health. We continue to find medical solutions for the many patients with unmet needs in dermatology, and we will try to enter new markets and to further establish our share in those in which we have presence. We continually search for the right collaborations and agreements to further improve our R&D capabilities.

Furthermore, as an industry leader, we must also consider how our work impacts society. To this end, we are currently reflecting on a new sustainability strategy to improve our environmental, social and corporate governance (ESG) performance: Almirall is deeply committed to sustainability and intends to model that approach across the organization.

In light of our future aspirations and of our performance in 2019, I want to offer my deepest and utmost appreciation to all the employees of Almirall. None of these achievements would have been possible without them; nor those to come. The COVID-19 crisis obviously creates a lot of uncertainty moving forward. It is currently difficult to predict the length and depth of impact. At Almirall, we carry an important responsibility by doing everything to maintain our production and supply of medicines to patients intact, as well as to protect our employees and their families as good as we can. We are monitoring the situation daily and do our utmost to mitigate the potential impact on our business.

"Advancing in strategic alliances and investing in R&D to find the best solutions will definitely end up improving the well-being of patients"

Peter Guenter,
Chief Executive Officer

2019 Major milestones





Business strategy

16 **Almirall means Patients**

Awareness of dermatological diseases

19 **Almirall means Dermatology**

Our major therapeutic indications

Covering other therapeutic indications

26 **Almirall means Innovation**

Digital Garden, powered by Almirall

Process improvements in Global Procurement and supply chain

Development of digital applications

Our strategy aims to build a leading pharmaceutical company in medical dermatology that improves patients' quality of life

According to a recent Journal of the European Academy of Dermatology and Venereology study ⁽¹⁾, **skin diseases are ranked as the fourth most common cause of human illness**, but many affected people do not consult a physician. At Almirall we are committed to the challenges that the future holds and we want to improve the patients' quality of life. Our strategy is focused on medical dermatology, a very competitive and attractive field with unmet needs and an attractive annual growth potential. Almirall's breakthrough innovation, strategic portfolio, promising pipeline, and approach to strategic collaborations will help to consolidate our global leadership.

Patients are at the heart of Almirall's activities: A purpose that guides the company's growth and global consolidation. Patients come first but through healthcare professionals: our key partners in this objective of transforming the patients' world to improve their quality of life.

We are committed and strive to always provide professionals with effective and innovative solutions. Our research and development activities focus on medical dermatology driven by the commitment to provide innovative and effective solutions to patients with dermatological conditions.

During 2019 our team continued to execute on our strategy and business model, which focuses on developing and providing vital therapies for well-defined subsets of patients and indications. Based on our experience, we try to develop innovative solutions working through all phases of clinical development such as trials, approvals, launches, as well as doctor and patient support. To improve our market, we continue to identify acquisitions and partnership opportunities to improve our market competitiveness and have a positive impact on patients' well being. Skin diseases are complex pathologies with debilitating symptoms that negatively affect the patients' quality of life and carry important psychological implications. Working on patients unmet needs and increasing our engagement with them as well as with healthcare professionals is what motivates us to innovate in search of better solutions to their pathologies. We apply science where it is most needed.

At Almirall we strive every day to find solutions that can be applied to the real world. One of our differentiating factors is our ability to understand patient needs and the solutions they require. We make our scientific knowledge available to others. We are committed to ensuring that current and future generations can and will enjoy a healthy skin, which will have a positive impact on their overall well-being. We believe that a relevant investment in R&D will ensure a balanced and promising pipeline that not only addresses the most critical patient requirements but also reinforces our dermatology leadership.

At Almirall we believe that our work makes sense if we are faithful to our strategic direction:



Drill down on medical dermatology, focusing on patients sub-populations, to address granular unmet needs.



Capturing value through real differentiation.



Business Development and R&D targeting breakthrough innovation, with significant external collaboration.



"Play to win", investing in launch, M&A and capability building to maximize changes of success with an execution focused culture.

Almirall means Patients

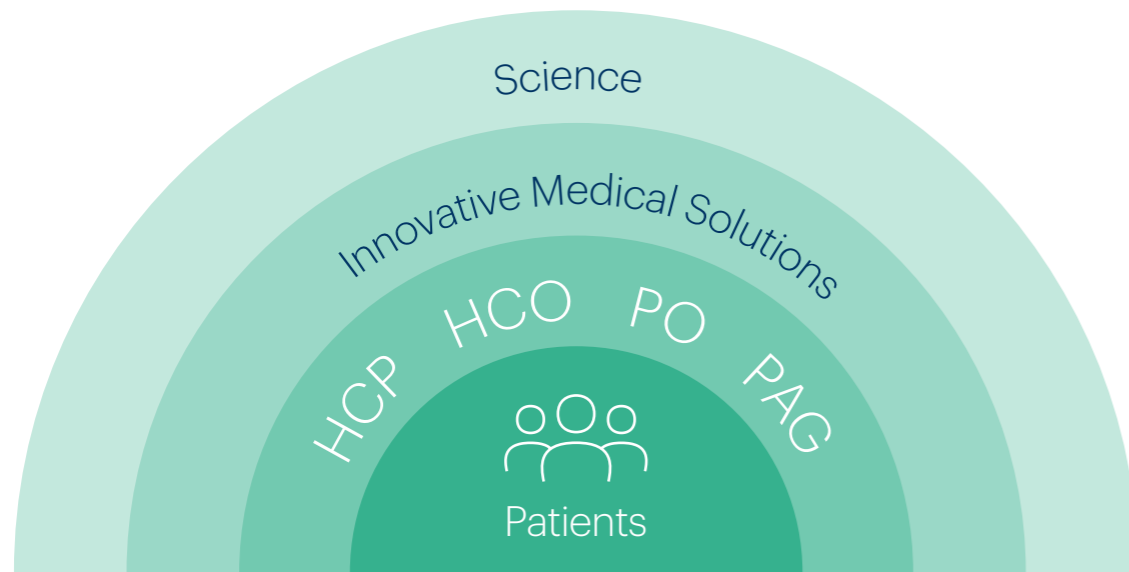
Our noble purpose is patient-centric, guiding our strategy, leadership, culture and mindset. We focus on a unique patient experience, with solutions that offer the highest possible impact. Our focus is on patients' well-being and we do our best to offer them effective solutions, but also to actively engage with them and the healthcare community to better understand their needs. Our operating model, from scientific innovation to clinical development and commercialization, is based on understanding the patient environment to deliver value.

The millions of patients who use our treatments around the world place their trust in Almirall and expect us to be able to provide them with medical solutions that improve their well-being and quality of life. For this reason, during 2019 we maintained an annual production of some 73 million units of product, which is slightly more than in 2018.

We provide medical solutions through science. We research and invest to provide healthcare professionals with innovative treatments that address their needs in the dermatology field. We see patients first and foremost as people and care about their quality of life. This encourages us to raise a greater understanding and social awareness of diseases that are personally distressing, such as psoriasis.

Our relationship with patients and other stakeholders heavily relies on disease awareness, and all our activities in this area are aligned with our strategy to raise awareness about these diseases, their symptoms and consequences and their possible solutions.

We are focused on delivering patient-centered innovative solutions through science



*Health Care professionals (HCP), Health Care Organizations (HCO), Patient Organizations (PO) and Patients Advocacy Groups (PAG)

Key partners

Understanding and supporting patient needs is critical. Therefore actively engaging with them and our core partners is part of our success. Partners such as the healthcare professionals (HCP), healthcare organizations and medical societies (HCO), patient organizations (PO) and patient advocacy groups (PAG) play a key role in our fight to improve skin health. These activities provide Almirall with an invaluable opportunity to listen, learn and share. With this in mind, we took an active role in the most relevant congresses and conferences in 2019 such as the European Academy of Dermatology and Venereology EADV and the American Academy of Dermatology AAD.

These are some of the most relevant medical societies and patient organizations we have engaged with in 2019:

The International Psoriasis Council (IPC)

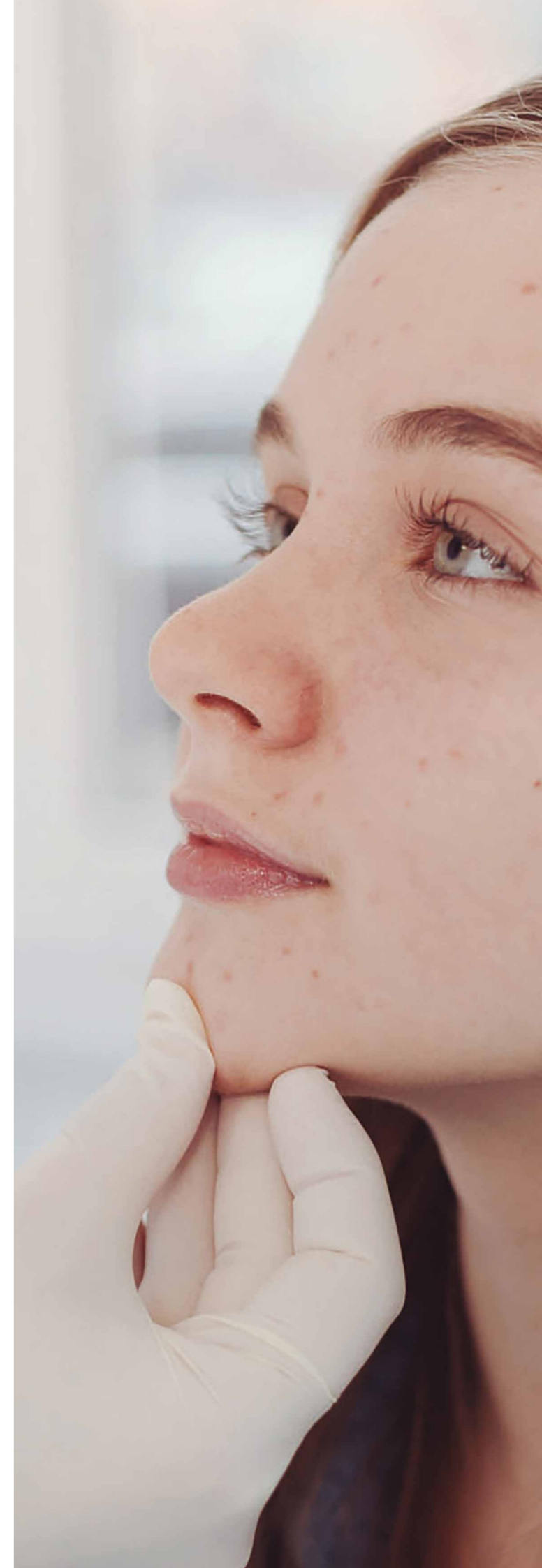
The International League of Dermatological Societies (ILDS)

Psoriasis from Gene to Clinic (Psoriasis G2C)

The International Psoriasis Council (IPC)

The International Federation of Psoriasis Associations (IFPA)

The American Acne and Rosacea Society (AARS)





Ignasi Tort, patient with psoriasis

“Maintaining a positive attitude and choosing a good dermatologist are the keys to successfully dealing with the disease”

Let's get **CONNECTED**

Awareness of dermatological diseases

Our disease awareness campaigns are informative, empowering and evidence-based. They are intended to educate patients, workers and the general public about diseases and how to handle them. Activities are organised in multiple locations to reaffirm our commitment to patients living with dermatological conditions.

In June, Almirall partnered with the **American Acne and Rosacea Society** (AARS) to highlight the importance of acne to global healthcare organisations during the National Acne Awareness Month and to promote interest, awareness and effective management of the disease among the next generation of healthcare professionals so they can better help patients.

As we do every year, Almirall celebrates **World Psoriasis day** on October. On this occasion we worked together with the **International Federation of Psoriasis Associations** (IFPA) to launch this year's "Let's get connected" campaign, in order to raise awareness and disseminate information about the disease. This year a psoriasis patient from Acción Psoriasis, the local Spanish association, came to our Barcelona headquarters allowing us to listen and gain first hand information from him. This patient not only shared with us the impact that the disease has on daily live but also the importance of a positive attitude, taking an active role and trusting the treatments available. We also kicked off a campaign consisting of a video publication under the title "What is it like to live with psoriasis?" through our corporate website and YouTube channel, in which two psoriasis patients shared their psoriasis journey, major challenges on a day-to-day basis as well as their dreams and hopes.

In November, Almirall US sponsored the **National Psoriasis Foundation Walk** in Fort Worth, Texas (US). Company employees took part in the 5km walk, which ended with an event dedicated to listening to inspirational stories from people suffering from psoriasis. Understanding their needs and expectations helps us in the progress being made to find a cure. The day was a great opportunity to enjoy physical activity among co-workers, putting our +YOUFEELFIT physical activity challenge into action, which aims to improve the health of our employees while at the same time carrying out activities that create a positive impact on society. Our involvement in these events is another demonstration of our commitment to our Noble Purpose, seeking the realization of patients' hopes and dreams for a healthy life.

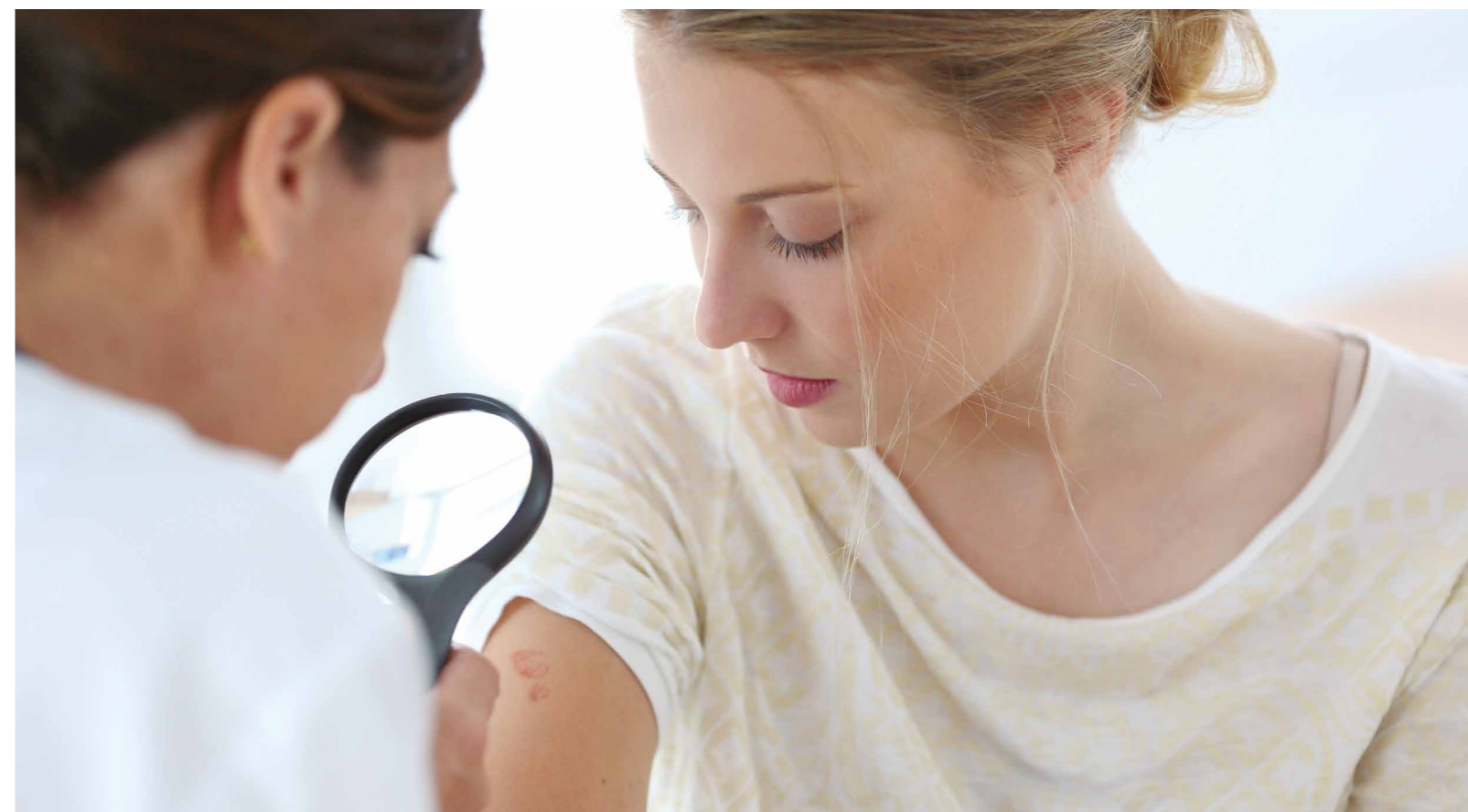
Almirall means Dermatology

At Almirall we are well aware that the emergence of new treatments can radically change the lives of many people suffering from chronic, systemic, incurable, visible skin diseases, with potentially debilitating effects and often with a psychosocial burden. That is the great challenge we have set ourselves and the reason why we focus primarily on medical dermatology.

Under this premise, the backbone of Almirall's activities is to guarantee health and well-being of our patients and their skin, providing our experience and knowledge to design therapies adapted to the needs of the population. Our entire company is committed to offering the widest possible range of treatment options to help reduce the extreme psychosocial burden and physical discomfort that many of these diseases represent for patients. We work hand-in-hand with dermatology professionals to make the science they need to succeed.

Considering the many skin diseases affecting patients, four indications have been carefully selected where we are confident we can have the biggest impact and add valuable solutions to improve the life of those patients. These are: actinic keratosis, atopic dermatitis, psoriasis and acne.

Connecting our Purpose with our Activity: Dermatology



Our major therapeutic indications

Actinic keratosis

Actinic keratosis (AK) is a chronic and a pre-cancerous disease that manifests as skin lesions heralding an increased risk of developing squamous cell carcinoma (SCC) and other skin malignancies, arising primarily due to excessive ultraviolet (UV) exposure. These lesions are predominantly found in fair-skinned individuals, and is an increasing problem for the immunosuppressed.⁽²⁾ There are several established independent risk factors for AK, including advanced age, male gender, and living near the equator. However, the most important risk factor is exposure to UV radiation, which induces genetic mutations in keratinocytes and promotes tumour cell expansion. The main mechanisms of AK formation are inflammation, oxidative stress, immunosuppression, impaired apoptosis, mutagenesis, dysregulation of cell growth and proliferation, and tissue remodelling. Human papilloma virus has also been implicated in the formation of some AKs. Understanding these mechanisms guides the rationale behind the current available treatments for AKs ⁽²⁾⁽³⁾. Almirall offers two topical treatments to fight this pathology: Actikerall™ and Solaraze™.

Actikerall™

It is a skin solution containing a low dose of 0.5% 5-fluorouracil (5-FU) with 10% salicylic acid as active ingredients. It is a once-daily highly effective, topical treatment suitable for both lesion (up to 10) and field (up to 25 cm²) that covers a broad range from slightly palpable to moderately thick hyperkeratotic actinic keratoses (grade I/II).

Solaraze™

It is a topical drug indicated for the treatment of actinic keratosis. It is a gel formulation of diclofenac sodium 3% and hyaluronic acid 10% that allows to treat both the AK lesions and the field (skin around the lesions with sun damage). Solaraze is a treatment that offers good efficacy and tolerability profile in the long-term and with minimum impact on the patient, even patients who have received organ transplants can use it.

In Spain, Solaraze has been the undisputed leader for years, with more than 50% of the market in terms of both values and units.

Rights of Tirbanibulin

Concerning the R&D pipeline for actinic keratosis, Almirall announced positive topline results from two Phase III studies involving Tirbanibulin ointment 1% in late-breaking research: Clinical Trials session at the 2019 American Academy of Dermatology Annual Meeting in Washington, DC.

Tirbanibulin is a first-in-class topical treatment for AK in adult patients, developed by Athenex and licensed by Almirall in late 2017. Tirbanibulin will be the first Almirall

pipeline product to be launched globally, in the US and in Europe. It aims to become the standard of care (SoC) in the AK market for field treatment, due to comparable efficacy, good tolerability and short duration of treatment.

Atopic dermatitis

Atopic dermatitis, or atopic eczema, is a noncontagious, inflammatory, chronically relapsing, and intensely pruritic skin disease occurring often in families with atopic diseases. It is one of the most common skin diseases and among its symptoms are itch, erythema, squames and crusts that appear in different parts of the body ⁽⁴⁾. This condition tends to erupt when exposed to certain factors such as irritants and allergens, and some causes such as emotional stress or infections can make it worse. AD affects up to 20% of children and up to 3% of adults; recent data show that its prevalence is still increasing, especially in low-income countries. First manifestations of AD usually appear early in life and often precede other allergic diseases such as asthma or allergic rhinitis. Individuals affected by AD usually have genetically determined risk factors affecting the skin barrier function or the immune system ⁽⁵⁾.

Cordran® Tape

One of our most prominent treatments for atopic dermatitis is Cordran® Tape (fludrocortide), a topical corticosteroid with long-term efficacy and safety experience.

Rights of Lebrikizumab

In February 2019, Almirall and Dermira, acquired by Eli Lilly in January 2020, entered into an option and license agreement to develop and commercialize Lebrikizumab for atopic dermatitis in Europe. Lebrikizumab is a novel, investigational, monoclonal antibody designed to bind IL-13, which is believed to be a central pathogenic mediator that drives multiple aspects of the pathophysiology of atopic dermatitis by promoting type 2 inflammation and mediating its effects on tissue; some of its symptoms include skin barrier dysfunction, itch, skin thickening and infection.

We believe that targeting IL-13 with Lebrikizumab presents an opportunity to deliver a therapy with a compelling combination of safety, tolerability, efficacy, convenience and ease of use to people living with moderate or severe atopic dermatitis and the healthcare practitioners who care for them.

In October 2019 we announced the initiation of Phase 3 studies evaluating the safety and efficacy of Lebrikizumab, in patients ages 12 and older with this pathology.

Psoriasis

Psoriasis is a chronic, non-communicable, painful, disfiguring and disabling skin disease for which there is no known cure and which has great negative impact on patients' quality of life. This condition involves the skin and nails, and is associated with a number of comorbidities. Skin lesions cause itching, stinging and pain, and are localized or generalized, mostly symmetrical, sharply demarcated, red papules and plaques, and usually covered with white or silver scales ⁽⁶⁾. Psoriasis is considered equally prevalent in both genders and affects an estimated 125 million people of all ages worldwide, regardless of ethnic origin, in all countries ⁽⁶⁾⁽⁷⁾. However, the worldwide incidence and prevalence of psoriasis is poorly understood and further research is required to fill existing gaps in understanding its epidemiology and trends in incidence over time ⁽⁸⁾.

In 2019, we continued to grow our psoriasis franchise, with significant deployments in key markets, representing solid advances in the implementation of our strategy. Today, our psoriasis franchise continues to grow boosted by the strong performance of Skilarence® and Ilumetri® in Europe.

Skilarence®

Skilarence® is an oral formulation based on dimethyl fumarate (DMF) indicated in the treatment of moderate to severe plaque psoriasis in adults who require therapy with a systemic medication. The effect of DMF takes place on the cells of the system, modulating their activity and reducing the production of the substances that are involved in the appearance of psoriasis. Skilarence® was the first and only ester derived from fumaric acid approved by the European Commission for treatment of adults with psoriasis and is currently commercialized in the UK, Germany, the Netherlands, Spain, Italy, Ireland and Switzerland. Our drug has been very well received by health professionals and patients, being the leading product in the DMF market in The Netherlands and Germany, achieving an 80% market

“According to the World Health Organization (WHO) nearly 3% of the world population suffers from psoriasis.” ⁽⁷⁾

share in the latter. In end of 2019, Skilarence has reached the top 2 position in sales with an average 15% market share considering all countries where it is marketed.

Ilumetri®

Ilumetri® (Tildrakizumab) is a humanized, high-affinity IL-23p19 monoclonal antibody that targets the p19 subunit of IL-23, responsible for the survival and expansion of Th17 cells that causes psoriasis. It is a biologic treatment indicated for adult patients with moderate-to-severe plaque psoriasis who are candidates for systemic therapy, and is administered by subcutaneous injection. Its ease dosing regimen (every 3 months during maintenance) offers convenience and quality of life for patients, achieving an improved treatment satisfaction. In October, we announced results of two extension studies confirming the long-term safety of Tildrakizumab and showing high and durable PASI and PGA response rates. In 2019, Ilumetri® has been launched in Austria, Switzerland, Netherlands and Spain, and the rollout continues across Europe.



Acne

Acne is the skin condition most commonly seen by dermatologists. It is estimated to affect 9.4% of the global population at any one time, making it the eighth most prevalent disease worldwide. Epidemiological studies have demonstrated that acne is most common in postpubescent teens, with boys most frequently affected, particularly with more severe forms of the disease.⁽⁹⁾ Acne is an inflammatory condition which has a variety of causes, including blockage of the pores by dead skin cells, and the accumulation or over-production of sebum, an oily substance produced by the sebaceous glands. Bacteria within pores can contribute to pore blockage and inflammation – visible as redness, swelling and pus that may accompany acne spots. The result is acne, the term used to describe emerging blackheads, whiteheads, pimples and cysts. Acne lesions usually appear on the face and neck but can also affect the shoulders and back. Among the factors that can determine who gets acne, and how severely, is heredity. Other factors that can make acne flare up or lead to breakouts, are cosmetics, stress, sweating, foods, medication or hormonal fluctuations ⁽¹⁰⁾.


We aim to provide patients and their dermatologists with a comprehensive portfolio of acne products that treat the full spectrum of the disease, establishing Almirall as a key player in this area. During 2019 the acne portfolio (most of which was acquired in 2018) has been achieving great results in terms of sales and penetration in the US dermatology market, which is the largest in the world.

Seysara®

Seysara® is an innovative tetracycline class oral antibiotic that was specifically designed and studied to treat acne. It is indicated for the treatment of inflammatory lesions of moderate to severe non-nodular acne vulgaris in patients 9 years of age and older. It is taken once daily with or without food, and has proven efficacy, safety and tolerability. Seysara was approved by the U.S. Federal Drug Administration. (FDA) in October 2018, being the first new oral antibiotic tablet for acne in more than 40 years.

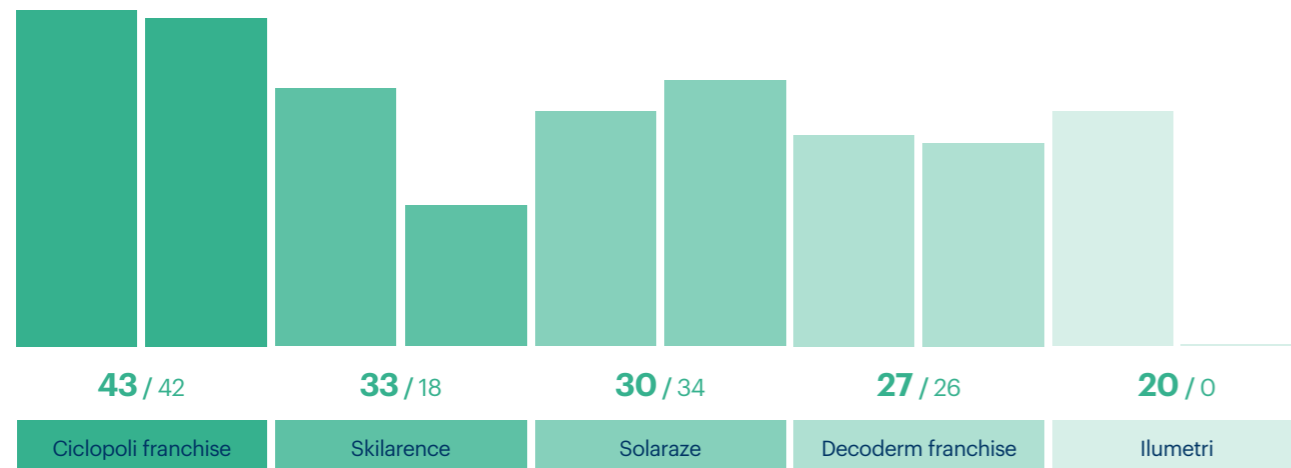
This treatment has been available to patients in the US since January 2019 and had been prescribed to more than 60,000 patients by the end of the year. In December 2019, we published long-term safety data from a 40-week Phase 3 extension in patients 9 years of age and older, showing safety and tolerability results that were consistent with the pivotal 12-week Phase 3 studies. Seysara is one of the thirteen branded products marketed in the USA by Almirall, and has achieved great results in 2019 becoming the number one branded oral antibiotic for the treatment of acne.

Other products marketed by Almirall US are Aczone (dapson) gel 7.5%, Tazorac (tazarotene) Azelex (azelaic acid) and Veltin (clindamycin + tretinoin).



"80 percent of people ages 11-30 have acne outbreaks at least occasionally."⁽¹¹⁾

Top dermatology products by sales in Europe (€ Million) 2019 / 2018



Top 10 leading products by sales worldwide (€ Million)

Product	Therapeutic area	2019	2018	%Var
Aczone	Dermatology	65	24	173.7%
Ebastel franchise	Respiratory	61	55	11.0%
Efficib/Tesavel	Diabetes	50	49	2.0%
Ciclopoli franchise	Dermatology	48	48	(2.0%)
Crestor	LDL cholesterol	34	40	(16.0%)
Skilarence	Dermatology	33	18	78.0%
Sativex	Multiple Sclerosis	31	27	18.0%
Almax	Gastro intestinal	30	34	(12.0%)
Solaraze	Dermatology	30	29	4.0%
Decoderm	Dermatology	27	26	5.0%
Rest of products		445	407	9.3%
Net Sales		853	757	12.7%

Covering other strategic areas

Almirall is focused on medical dermatology and the development of novel therapies in this field. Nevertheless, we produce and successfully market a series of treatments in other therapeutic areas. Our previous experience, our market presence, our R&D and innovation capabilities, strategic agreements and mainly our focus on patients' unmet medical needs allow us to find solutions for other therapeutic areas, such as Central Nervous System (CNS), cardiovascular or gastrointestinal systems, among others. This is the case for the following products, some of which are among our top selling brands.

Crestor and Provisacor®

Crestor and Provisacor, are two trademarks whose active ingredient is rosuvastatin. The rights to both drugs in Spain were acquired at the end of 2017, and they are used in the treatment of hypercholesterolemia and mixed dyslipidemia. It has been demonstrated that rosuvastatin reduces the rates of low-density cholesterol (LDL) and increases those of high-density (HDL), thus having a protective effect against ischemic cardiovascular disease while maintaining a safety profile similar to that of other statins. Both products continue to be among the most prominent and effective for this condition.

Sativex®

Sativex, a medicinal drug derived from the Cannabis Sativa plant, is the first modulator of the endocannabinoid system of its kind containing two main active ingredients, THC (tetrahydrocannabinol) and CBD (cannabidiol). Sativex is indicated as a treatment to spasticity in multiple sclerosis (MS) and is administered as an oromucosal spray. The neuromuscular manifestations of this disease include muscle stiffness in the body, extremities and trunk, spasms and recurrent and painful cramps.

Spasticity due to MS can be very painful and has a high impact on simple daily activities. The composition of Sativex and, in particular, its ratio of THC:CBD 1:1, was defined after clinical studies, obtained through a rigorous manufacturing process that ensures its safety, quality and standardization. We have placed great emphasis on highlighting the effectiveness of Sativex through clinical studies with cannabis-based products. So far, this treatment has been approved in 20 countries and is already commercialized and reimbursed in 9 other European countries including Germany, Spain and Italy, with Portugal being the last to join the list in September 2019.

Almax®

Heartburn and gastric acidity are one of the most common gastrointestinal complaints. Many people suffer from the symptoms relatively frequently and the number of affected people is expected to continue to grow mainly due to eating habits that favour its appearance. Almax is the result of our R&D efforts and is one of the oldest products in our portfolio. Its active ingredient is almagato and is indicated for the symptomatic relief and treatment of gastric acidity and heartburn in adults and children over 12 years.

Ebastel®

Allergic rhinitis and conjunctivitis resulting from an allergic reaction are extremely common. These often benign conditions require an active treatment that has to be effective, safe and well tolerated, and histamine H1-receptor antagonists are often considered as first-line treatment. Ebastine (Ebastel®, Kestin®, Evastel®, Estivan®) is an oxypiperidine-containing antihistamine that can effectively treat the symptoms associated with allergic rhinitis and chronic urticaria. Ebastine offers the following benefits: extended efficacy, 24 hours coverage, relief of all symptoms.

Almirall's commitment to patients goes beyond the dermatology area.

Almirall means Innovation

The Pharmaceutical industry, like many others, is undergoing an in-depth transformation and, in order to remain competitive in the long run, innovation must be established as a core asset of Almirall's strategy. Establishing new approaches towards the launch of new medicines and the operation of our day-to-day business is essential. This is not limited to any specific step in the chain, but end-to-end, ranging from drug discovery, to production, clinical studies and go-to market activities.

In addition, we are increasingly using digital resources in our operations to transform activities and enable more efficient processes throughout the entire value chain. This increases speed and reliability and also allows us to develop digitally-enabled solutions that tap into new value pools.

Almirall is actively embracing the vast digital potential to transform medicine and research, as well as to engage with patients in a manner that is meaningful and valuable to them. We aim to create new tools and technologies to provide solutions to go beyond our medicines, to improve the speed of diagnosis of skin conditions, and to help patients and physicians monitor the progress of treatments.

Digital transformation



What:

Use of new technologies, approaches and insights derived from data to change how we are working and innovating, in order to integrate digital initiatives within core company strategies, covering Almirall's end-to-end value chain.



Why:

In order for us to remain competitive, a company like Almirall needs to transform the company from the way drugs are developed and produced to the way we bring those products to market.



How:

Implementing new approaches through four pillars:

- **Commercial innovation:** Bringing digital innovation to our go-to-market models we will be able to differentiate our products and launches, enhancing the support we provide to HCPs and patients, and improving patients' quality of life.
- **R&D and manufacturing innovation:** Bring efficiencies to drug development in terms of time and cost and impact healthcare decision making through real world data, in order to position Almirall as a state of the art innovation engine in dermatology.
- **External communications and digital outreach:** Develop digitally-enabled business models that tap into new value pools, producing the right impact on communications activities.
- **Data and analytics:** Build a robust data foundation for all areas within Almirall, which delivers actionable insights to the business. We aim to leverage and utilize the strength of data to drive clinical results and to drive a digital and data mindset across the organization.

Based on this identified need, Almirall has focused its efforts during 2019 on initiating an end-to-end digital transformation of the organization. Advanced data management and the application of digital tools will substantially improve how we interact with patients and other stakeholders.

Real-world evidence (RWE) is the evidence derived from the analysis and/or synthesis of real-world data (RWD) collected both prospectively and retrospectively from observations of routine clinical practice. It can be used to understand patterns of care and the burden of disease, assessing the effectiveness of current therapies using existing data, refining or supplementing evidence from conventional trials of new medicines or providing new evidence on the relative effectiveness of new medicines. ⁽¹²⁾

Real-world data is needed to assess patient outcomes and ensure they receive proper treatment and this is where digital solutions can improve patient engagement, enhance adherence and provide a platform for better doctor-patient communication and care management. In 2017 it was estimated that 97% of companies would increase their use of real-world patient data over a 3 year period for more accurate decision making. ⁽¹³⁾ Today, there is a growing demand for technologies and approaches that bring real-world data to all phases of clinical care, as medicines and healthcare become increasingly complex.

Digital health and its applications are advancing rapidly and increasingly integrated into the health context at all levels. Healthcare providers and patients now have access to medical records on the move, and expect the same level of service and depth they receive from other industries, such as wellness or consumer electronics. Medical professionals are increasingly using quantitative diagnostic applications that help them save time and increase safety in both diagnosing conditions and prescribing medicines, while allowing them to monitor treatments and evaluate their effectiveness.

Digital innovation is fundamentally changing way we work, live and utilize healthcare.



Digital Garden, powered by Almirall

The **Digital Garden** is a medical dermatology digital accelerator program, the purpose of which is to support the go-to-market and growth of startups which are aiming to sort out some of the challenges faced today in medical dermatology through the use of innovative services and technologies in the area of digital health. It was launched in November 2019.

In October, we launched the call for innovation for our Digital Garden where over 40 start-ups showed their interest by submitting an application for a chance to gain access to our programme. We selected four start-ups, all of them specializing in digital innovation in medical dermatology. We offered this First Harvest the opportunity to accelerate their projects over nine months at the Barcelona Health Hub. The chosen start-ups were announced in late November at the Frontiers Health 2019 event in Berlin.

Foster alignment with Almirall business to de-risk identification / adoption of solutions that address real challenges with greatest ROI.

Shape promising emerging technologies using Almirall data and systems to ensure seamless fit to Almirall systems.

Stimulate an internal cultural shift by cultivating an agile workforce with high digital acuity, bringing in-house a startup mentality.

Feed the digital pipeline with emerging technologies from innovative entrepreneurial sources.



Our goals

These four startups will participate in a 9-month mentoring program starting in January 2020 which will be hosted at the headquarters of the Barcelona Health Hub, at the Sant Pau Hospital in Barcelona. In addition, the Digital Garden, will be supported by around fifty experts from Almirall who will share their experience with the start-ups, and bring those learnings back to Almirall with the aim to positively impregnate the company with a startup mentality and approach. In addition, the acceleration program includes the opportunity to leverage leading hospitals in Barcelona as a test bed for digital pilots, with potential access to healthcare professionals and patients. The Digital Garden is not requiring a contribution from the start-ups, but rather will be providing pre-seed funding based on milestones agreed between Almirall and the start-ups.

This process resulted in reduced process complexity and administrative workload. Some of the benefits of this huge transformation include: gaining efficiency, traceability and transparency, increasing and enhancing reporting & compliance, facilitating faster and safer decisions while reducing risks, as well as improving data quality and accuracy.

Our digital transformation project with the P2P solution of SAP Ariba was awarded the **SAP Quality Award 2019** for having been developed in only 12 weeks, involving 800 users and 4,000 suppliers from 13 countries. This award recognizes the excellence and quality of the project, both in the implementation and use of SAP technology, and show Almirall's clear progress towards its digitalization.

Process improvements in Global Procurement and supply chain

As part of our global digital strategy, Almirall's Procurement area accomplished major transformations during 2019 as a result of deploying five different solutions to manage the procurement processes; these are:

Suppliers' homologation, segmentation and performance management

Tenders management

Contract life-cycle management

Purchase-to-pay (P2P) process

Spend analysis



Stocking and delivery-time service levels are key aspects for any pharmaceutical company. To anticipate possible stock-out situations, we created a **Stock Out Alert system** based on the availability reports of over-the-counter and prescription drugs provided by the Spanish Information Center of Drugs (CIMA).

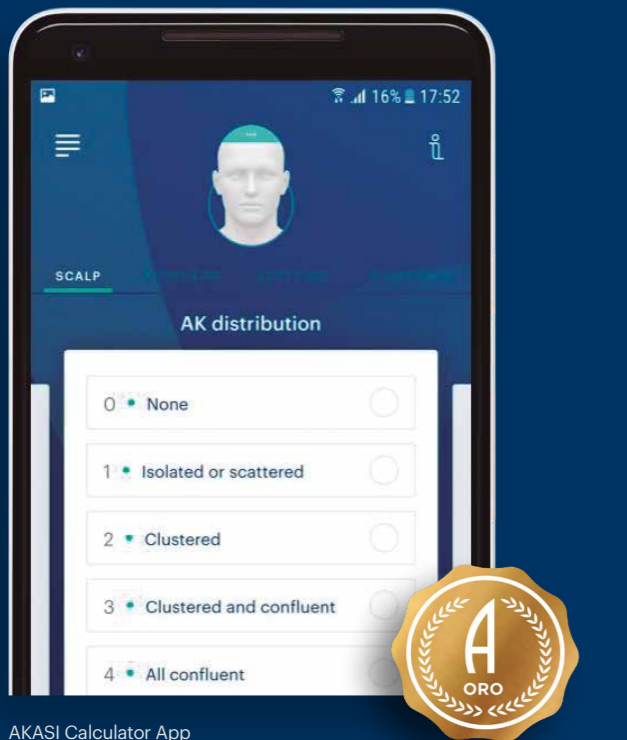
This system enables us to alert Almirall's stakeholders every time a competitor runs out of stock in order to anticipate sales peaks that could eventually generate a stock-out of our products. This project is a good example of the data culture within Almirall, highlighting our skills in combining data from external sources with data from other areas of the company. We intend to extend the learnings from this successful pilot to additional external sources including the Agenzia Italiana del Farmaco (AIFA) in Italy, the Food and Drug Administration (FDA) in the US or the Specialist Pharmacy Service (SPS) in the UK.

Development of digital applications

In line with the increasing need of quantitative diagnostic applications to help evaluate the effectiveness of treatments and to assist professionals in monitoring them, we launched the Akasi Calculator app in late 2018 as an innovative application to evaluate the severity of actinic keratosis in the head. The **Akasi Calculator** digital application is the first to use the Actinic Keratosis Area and Severity Index, developed by members of the European Association of Dermato-Oncology (EADO).⁽¹⁴⁾ This application, which is CE certified as a medical device, is aimed at healthcare professionals to help monitor the evolution of the disease both in daily clinical practice and in clinical trials.

This application was introduced at the 27th EADV Congress (European Academy of Dermatology and Venerology) in Paris, and at the 14th EADO Congress (European Association of Dermato-Oncology) in Barcelona. Healthcare professionals can identify the AKASI index range of patients, entering the numerical values of the clinical signs according to the scales provided. The application uses this information to calculate the degree of severity of actinic keratosis of patients in a simple, intuitive and fast manner.

In June 2019, this project was awarded the Aspid Health and Pharmacy Advertising Awards in the e-Health category, medicine or medical devices aimed at healthcare professionals. Visit akasicalculator.com for more information on the AKASI app.



At Almirall we also developed a digital application for patients in our clinical studies. The **Skincare app** has been available since the end of 2019 and thanks to it our patients can send data and receive interactive content about their progress through their mobile phone. The implications in terms of convenience and cost of digital monitoring are significant. Patients can not only send data anytime and anywhere using their phones, but also receive educational content that allows them to adopt healthy habits.

This is another innovative development to place patients at the heart of everything we do and allow Almirall to continuously improve the quality of its products based on actual patient needs. Skincare works with patients to learn together, and gives us the opportunity to check if the application increases the level of patient satisfaction and engagement and consequently, a greater adherence to the treatments under study.

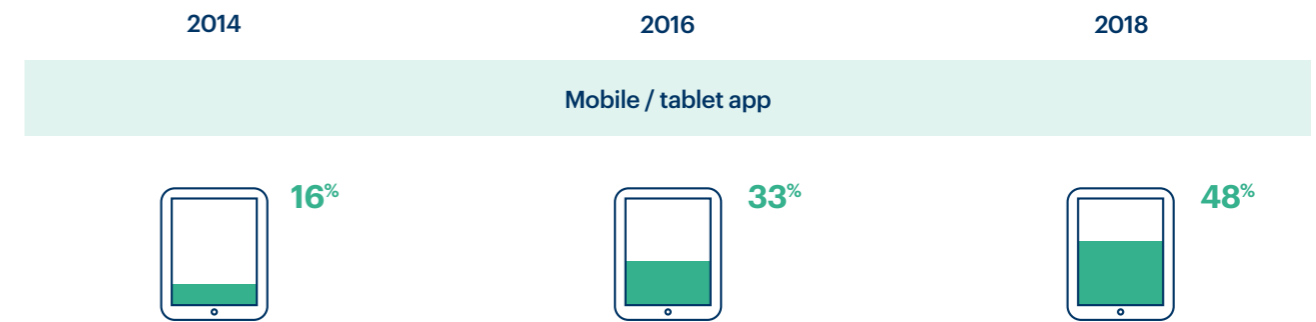
This app was presented during the Clinical Innovation Partnership and Clinical Trials Europe congresses held in Berlin and Barcelona with remarkable interest from the audience and is the latest demonstration of our ability to create novel concepts that will help us improve the health of patients taking part in the clinical studies of Almirall.

All these tools, programs and advances are proof of Almirall's commitment to the digitalization of our internal processes and how we relate to patients and the rest of our stakeholders. We are inspired by challenges and use these new technologies to create value and offer innovative solutions that contribute to the goal of being a leading pharmaceutical company focused on medical dermatology.

"Digital health is poised to play a larger role in engaging patients in self-care as smartphone ownership is rising globally."⁽¹⁵⁾

"The global mHealth apps market was valued at approximately USD 8.0 billion in 2018 and is expected to generate around USD 111.1 billion by 2025, at a CAGR of around 38.26% between 2019 and 2025."⁽¹⁶⁾

Significant increase in use of health apps and wearable devices⁽¹⁷⁾





Financial and stock performance

- 34 Finance overview**
 - Growth drivers performance
 - M&A and corporate operations

- 38 Consolidated financial statement**
 - Income Statement
 - Balance Sheet
 - Cash Flow
 - Financial outlook for 2020

- 42 Stock performance and shareholders**

- 46 Total tax contribution**

Finance overview

(Million €)

Total Revenues	Net Sales	EBITDA
908.4 (+12.0% vs 2018)	853.1 (+12.7% vs 2018)	304.2 (+45.2% vs 2018)
EBIT	Normalized Net Income	Cash Flow from Operating Activities
174.8 (46.5% vs 2018)	136.1 (+54.3% vs 2018)	276.1 (+92.8% vs 2018)
R&D Expenses	Cash Position	Net Debt
92.2 (+5.3% vs 2018)	117.4 (+31.1% vs 2018)	455.0 (-78.0% vs 2018)

2019 was a strong performance year for Almirall. Total revenues grew 12%, reaching €908.4 MM with net sales of €853.1 MM (+13%). EBITDA increased to €304.2 MM (+45%), delivering on the upgraded guidance provided at H1, and following good performances from key brands and improved product mix driving an increase in gross margin.

In Europe, where net sales increased by 6% vs 2018, our growth continued strong, led by the good performance of two psoriasis products, Skilarence® and Ilumetri®, which delivered good results in the countries where they were launched. Additionally, in the US, our Net Sales increased by 54.5% vs 2018, driven in part by the good progress of Seysara®.

In terms of our pipeline, 2019 has been a transformative year, one which we believe will be a key enabler of future growth.

There was encouraging progress on the transformation of the R&D pipeline both by in-house as well as in-licensing assets. By the end of 2019, we announced the initiation of phase III of Lebrikizumab (atopic dermatitis), to evaluate the safety and efficacy in patients with moderate-to-severe atopic dermatitis. The registration for Tirbanibulin (actinic keratosis) was completed in March 2020 both in the US and the EU. In addition, Terbinafine and Finasteride were both submitted to the EMA in July and September, respectively.

During 2019 we continued to leverage opportunities that increased critical mass in key markets while remaining focused on incremental external opportunities to generate sustainable value for shareholders and further boost growth prospects.

Growth drivers performance

Almirall is a dermatology-focused specialty company with a portfolio in which medical dermatology represents 47% of Net Sales. Following our strategic decision taken a few years ago, during 2019 we took additional steps to strengthen this strategic commitment to medical dermatology, as shown by the following figures, where we can see an increase of 12.7% in total net sales and a significant increase of 30% in the total medical dermatology assets.

Growth drivers continue to show positive momentum. In Europe, our psoriasis franchise growth continues to be driven by the performance of Ilumetri® and Skilarence®. In the US, Seysara® performed strongly and a revised co-pay card program has been implemented to optimize profitability from January 2020 onwards.

Dermatology sales			
€MM	2019	2018	%Var vs LY
Total Sales	853.1	756.9	12.7%
Dermatology Sales	399	307	29.9%
% Derma Sales vs Total	46.7%	40.5%	

In terms of the geographic sales breakdown, we can see how Almirall's portfolio has transformed following the acquisition of the medical dermatology portfolio in the US and the subsequent launch of Seysara® in January 2019. This transaction significantly increased our medical dermatology sales in this key geography.

% Total Net Sales 2019 by Geography	2019	2018
Europe	66%	71%
US	20%	14%
Rest of the world	14%	15%



Skilarence®

Skilarence® is an oral systemic formulation for the treatment of patients with moderate-to-severe chronic plaque psoriasis. In 2019 good initial market penetration was achieved and significant market share capture was seen in Germany and The Netherlands. Skilarence® is currently marketed in the UK, Germany, and the Netherlands, Spain, Italy, Ireland and Switzerland and it achieved Net Sales of €33 MM in 2019. We expect a more moderate growth rate in 2020 and going forward.

Ilumetri®

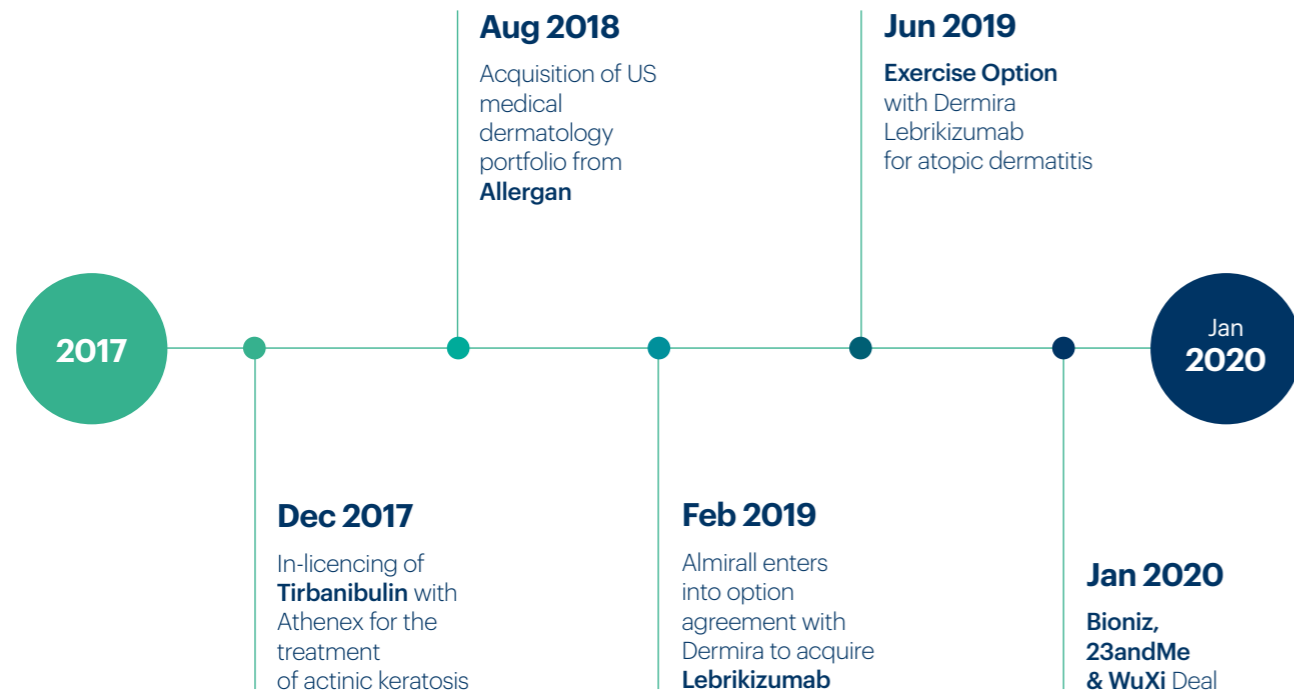
Ilumetri® is an anti-IL-23p19 high-affinity humanized monoclonal antibody indicated for the treatment of adult patients with moderate-to-severe plaque psoriasis. In 2019 there were additional launches in Austria, Switzerland, the Netherlands and Spain, which garnered net sales of €20 MM. Ilumetri® delivered good patient penetration in the biologics market in Germany, increasing the number of patients to 1,309 by the end of the year. Its rollout continues in the EU during 2020 with launches in Italy, Belgium, Czech Republic and France.

Seysara®

In January 2019 in the US, Almirall launched Seysara®, an innovative oral antibiotic derived from tetracycline, and specifically designed for the treatment of acne in patients 9 years of age and older. Seysara® finished the year with €23 MM of Net Sales and 6% volume market share in December 2019. Up to 6,200 dermatologists prescribed the drug and a total of 204,090 prescriptions were written in 2019. A revised co-pay card program has been implemented to optimize profitability from January 2020.

M&A and corporate operations

Almirall has shown its commitment to dermatology with several agreements in 2019 and early 2020, including the license agreement with Dermira for Lebrikizumab, the agreements with 23andMe and WuXi Biologics and the option agreement with the US biotech Bioniz Therapeutics Inc.



Rights of Lebrikizumab

In June 2019 Almirall exercised the option with Dermira following review of the positive topline results from Phase 2b study of Lebrikizumab. We believe that this product has the potential to be the best-in-disease for atopic dermatitis with a market potential analogous to the psoriasis market. Phase III has been started slightly ahead of schedule in October 2019 with Lebrikizumab having the potential to be the third biologic in the market, where we see the product having a substantial market opportunity. In Europe we are expecting peak sales of around €450 MM.

Rights of Tirbanibulin

In March 2019, Almirall and Athenex announced positive top-line results from two phase III studies of ALM14789 (KX2-391) for actinic keratosis.

On March 3, 2020 the European Medicines Agency (EMA) accepted the filing of Marketing Authorization Application (MAA) for Tirbanibulin. Also in early March 2020 we announced the Federal Drug Administration (FDA) acceptance for filing of the US New Drug Application (NDA). If approved by the EMA and the FDA, Tirbanibulin could be an important step towards significant improvement in the treatment of actinic keratosis both in Europe and in the US. We are looking forward to launching Tirbanibulin in the US and Europe in the first half of 2021, with projected peak sales in excess of €250 MM.

BNZ01

In January 2020, Almirall entered into an option agreement to acquire a pharmaceutical compound under development from Bioniz Therapeutics, a clinical stage biopharmaceutical company. Through this collaboration, Almirall continues to execute on its strategy to develop and grow our R&D pipeline with new treatment modalities to address highly underserved diseases within oncology and immunodermatology.

Under the terms of the agreement, Almirall made an initial payment of \$15 MM to Bioniz in exchange for an option to acquire all Bioniz outstanding shares. If Almirall elects to exercise its option, the company will pay an option-exercise fee of \$47 MM in sequential tranches in the following years. Almirall will make additional payments upon the achievement of certain development, regulatory and commercial milestones.

External auditors' report

PriceWaterhouseCoopers PWC, the external auditors, issued a report on February 21, 2020 on Almirall, S.A. and Subsidiaries (Almirall Group) Consolidated annual accounts for the year ended December 31, 2019, with a favorable opinion.

More information at cnmv.es and almirall.com where all the aforementioned reports are available.



Consolidated financial statements

Income Statement

The highlights of the Group's Income Statement at December 31, 2019 were:

Total revenues reached €908.4 MM in 2019 versus €811 MM in 2018, a 12% increase, boosted by the good performance of growth products in Europe and the US, together with our recent launches and a full year of our US portfolio acquired from Allergan in September 2018.

Gross profit of €603.9 MM in 2019 versus €529.2 MM in 2018, shows a positive evolution of the gross margin achieving 70.8% over Net sales vs 69.9% in 2018, driven by a favorable product mix and good performance of key products.

R&D spend accounted for €92.2 MM in 2019 (€87.6 MM in 2018), higher in absolute terms due to Phase IV studies for Skilarence® & Ilumetri® but lower as a percentage of net sales (10.8% in 2019 vs 11.6% in 2018).

Selling, general and administrative (SG&A) expense without depreciation and amortization declined 6.1% due to savings from aesthetic business and despite continued investment in new launches.

EBITDA increased a remarkable 45% to €304.2 MM delivering on the upgraded guidance provided at H1, and following good performance from key brands and improved product mix (35.7% over net sales in 2019 vs 27.7% in 2018).

2019 had an effective **tax rate** of 17%. In 2018, Corporate Income Tax was lower due to deferred tax assets coming from the 2018 acquisition of Allergan portfolio.

Normalized net income was €136.1 MM compared to €88.2 MM in 2018. As a result there was a strong increase (+53%) of the Normalized EPS to €0.78€ vs € 0.51€ in 2018.

Income Statement (€MM)	2019	2018	% Var
Total Revenues	908.4	811.0	12.0%
Net Sales	853.1	756.9	12.7%
Other Income	55.3	54.1	2.2%
Cost of Goods	(249.2)	(227.7)	9.4%
Gross Profit	603.9	529.2	14.1%
% of sales	70.8%	69.9%	
R&D	(92.2)	(87.6)	5.3%
% of sales	(10.8%)	(11.6%)	
SG&A	(394.1)	(372.0)	5.9%
% of sales	(46.2%)	(49.1%)	
SGA w/o Amort. & Dep. Depreciation	(281.0)	(299.1)	(6.1%)
% of sales	(32.9%)	(39.5%)	
SGA Amort. & Dep. Depreciation	(113.1)	(72.9)	55.1%
Other Operating Expenses	1.9	(4.4)	(143.2%)
EBIT	174.8	119.3	46.5%
% of sales	20.5%	15.8%	
Amort. & Dep.	129.4	90.2	43.5%
% of sales	15.2%	11.9%	
EBITDA	304.2	209.5	45.2%
% of sales	35.7%	27.7%	
Gains on sale of assets	(3.0)	0.4	n.m.
Other costs	(10.8)	(7.6)	42.1%
Impairments	(7.9)	(25.2)	(68.7%)
Net financial income (expenses)	(21.6)	(11.9)	81.5%
Profit before tax	131.5	75.0	75.3%
Corporate income tax	(22.3)	2.7	n.m.
Discontinued Operations	(3.2)	-	n.m.
Net Income	106.0	77.7	36.4%
Normalized Net Income	136.1	88.2	54.3%

Balance Sheet

The bullets below highlight the key figures of the Group's Balance Sheet at December 31, 2019:

The increase in intangible assets to €1,157.2 MM from €1,121.2 MM in 2018 is mainly driven by the payments to Dermira linked to the license agreement for Lebrikizumab, as well as additional milestone payments to Athenex linked to the Tirbanibulin license.

Financial assets include the fair value of milestones and royalties to be collected from AstraZeneca. Decrease amounting to €39.1 MM is due to reclassification to short term under Accounts Receivable.

Financial debt has decreased €55.7 MM, mainly due to the cancellation of the Revolving Credit Facility offset by the European Investment Bank loan.

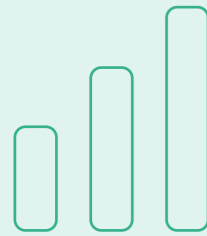
Net debt has decreased to €455 MM with a leverage of 1.5x EBITDA to net debt at the end of the year, which gives the Company maximum flexibility for additional M&A activity going forward.

Balance Sheet (€MM)	2019	2018	Var
Goodwill	316.0	316.0	-
Intangible Assets	1,157.2	1,121.2	36.0
Property, Plant, and Equipment	117.4	115.2	2.2
Financial Assets	103.2	142.3	(39.1)
Other Non-Current Assets	269.3	280.4	(11.1)
Total Non-Current Assets	1,963.1	1,975.1	(12.0)
Inventories	106.4	92.3	14.1
Accounts Receivable	203.1	192.8	10.3
Cash & Cash Equivalents	117.4	86.3	31.1
Other Current Assets	49.8	43.0	6.8
Total Current Assets	476.7	414.4	62.3
Total Assets	2,439.8	2,389.5	50.3
Shareholder's Equity	1,280.2	1,191.7	88.5
Financial Debt	493.0	548.7	(55.7)
Non-Current Liabilities	350.5	407.6	(57.1)
Current Liabilities	316.1	241.5	74.6
Total Equity and Liabilities	2,439.8	2,389.5	50.3

Cash Flow

The Company has significantly increased its operating cash flow, generating €276.1 MM in 2019, in line with EBITDA growth and boosted by milestones from AstraZeneca, primarily in Q4, partially offset by timing of collection of US Accounts Receivable.

Cash Flow (€MM)	2019	2018
Profit Before Tax	128.3	75.0
Depreciation and Amortization	129.4	90.2
Impairment (reversals) / Losses	7.9	25.2
Change in Working Capital	(32.4)	19.4
Other Adjustments	61.5	(72.0)
CIT Cash Flow	(18.6)	5.4
Cash Flow from Operating Activities (I)	276.1	143.2
Interest Collections	0.2	0.4
Ordinary Capex	(19.8)	(17.4)
Investments	(126.9)	(581.5)
Divestments	1.9	8.0
Business combination payments	-	(17.5)
Cash Flow from Operating Activities (II)	(144.6)	(608.0)
Interest Payment	(6.6)	(2.6)
Dividend Payment	(24.1)	(22.7)
Debt Increase (Decrease)	(69.8)	296.1
Cash Flow from Operating Activities	(100.5)	270.8
Cash Flow generated during the period	31.0	(194.0)
Free Cash Flow (III) = (I) + (II)	131.5	(464.8)



Financial outlook for 2020

We are undergoing a strategic transformation driven by innovative launches, in particular our European psoriasis franchise with key products such as Skilarence® and Ilumetri®, and by Seysara® in the US. Despite a number of expected challenges in 2020 we remain very optimistic as to the continued strong growth and transformation of this business going forward.

In terms of 2020 Guidance, we expect net sales to grow at low- to mid-single digit and EBITDA to reach between €260-€280 MM. We estimate a steady increase in sales, as products continue their rollout across Europe and the US strategy for Seysara®.

Our priorities in capital allocation for 2020 are:

Firstly, to invest in new product launches, building our European psoriasis franchise and the US acne franchise and preparing Tirbanibulin and Lebrikizumab launches.

Secondly, as a pharma company, we are fully focused on strengthening our R&D pipeline. We will transform the R&D pipeline both by proprietary research and by in-licensing assets.

Thirdly, we will keep remunerating our shareholders with a secure and stable dividend. At the Annual General Meeting, the Board of Directors will propose a gross dividend of €0.203 per share (scrip dividend).

Finally, we will focus our M&A efforts on accretive deals that will reinforce our core business and geographies, as well as bring a critical mass to further leverage our fixed-cost base.

Stock performance and shareholders

Almirall's share price gained 9.5% during 2019 and the total market capitalization surpassed €2.5 billion at the end of 2019. Almirall's share price reflected a solid execution of the medical dermatology strategy both in launches and rollouts, as well as the evolution and expectations of the R&D pipeline and the various key agreements achieved during 2019.

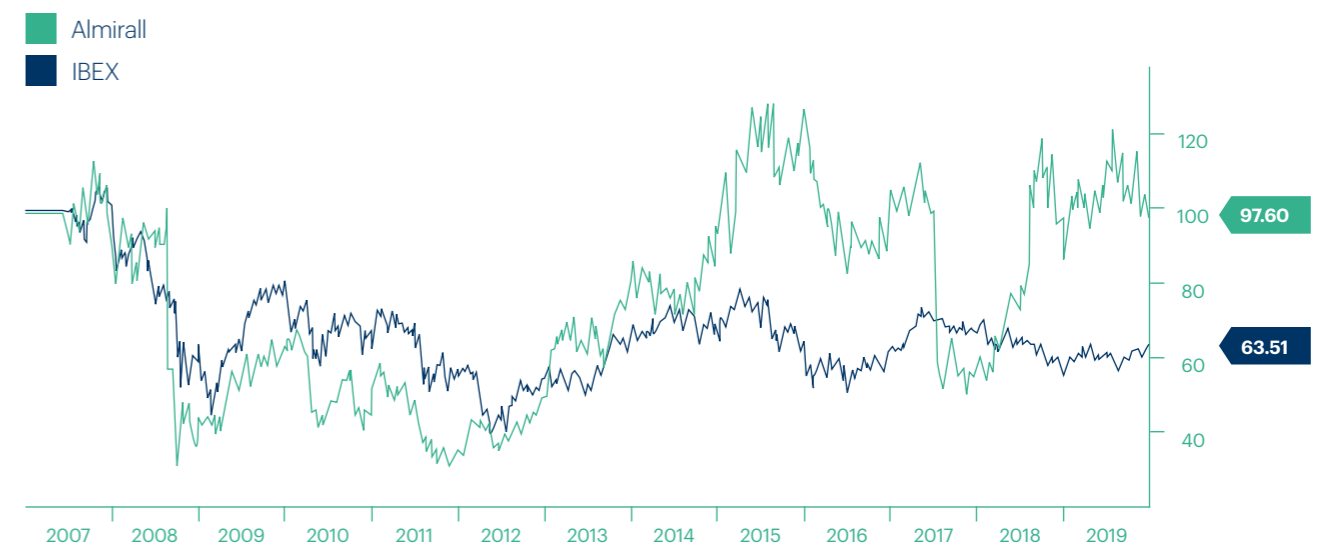
Almirall share price in 2019. Main indicators

Year closing (€)	14.64
Highest intraday level (€)	18.50
Lowest intraday level (€)	13.03
Annual volume (number of shares)	70,716,222
Average daily volume (number of shares)	277,318
Actual annual volume (€)	1,088,513,307
Daily average volume (€)	277,318
Trading days	255
Number of shares	174,554,820
Free Float	40%
Market Capitalization (€ Dec 31 st 2019)	2,555,482,564

Almirall share price performance

Month	Trading days	Closing price	Highest	Date	Lowest	Date	Daily average
January	22	14.80	15.55	25-01	13.03	2-01	14.63
February	20	15.40	15.77	12-02	14.71	1-02	15.25
March	21	15.20	16.21	6-03	14.67	25-03	15.27
April	20	14.36	15.72	2-04	13.97	12-04	14.58
May	22	15.42	15.87	13-05	14.52	9-05	15.14
June	20	16.24	16.29	28-06	14.72	4-06	15.56
July	23	16.44	18.14	29-07	16.04	31-07	16.89
August	22	17.32	17.39	30-08	15.73	15-08	16.64
September	21	16.05	17.44	2-09	15.14	16-09	15.99
October	23	16.82	17.20	24-10	15.02	4-10	16.02
November	21	15.42	18.50	11-11	14.50	21-11	15.29
December	20	14.64	15.61	5-12	14.06	19-12	14.95

Comparison of Almirall share price vs IBEX-35 in 2019



Consensus rating as of 31 st December 2019		
BUY	HOLD	SELL
70%	24%	0%

Share capital and dividends

2019 Ordinary General Shareholders' Meeting, held on May 8, 2019, approved a dividend of €35.3 MM. The dividend was paid on July 15, 2019.

According to Standard & Poor's and Moody's, below are the credit ratings for Almirall at the end of 2019: Standard & Poor's BB-, outlook stable; Moody's Ba3 outlook stable. No relevant changes occurred during 2019.

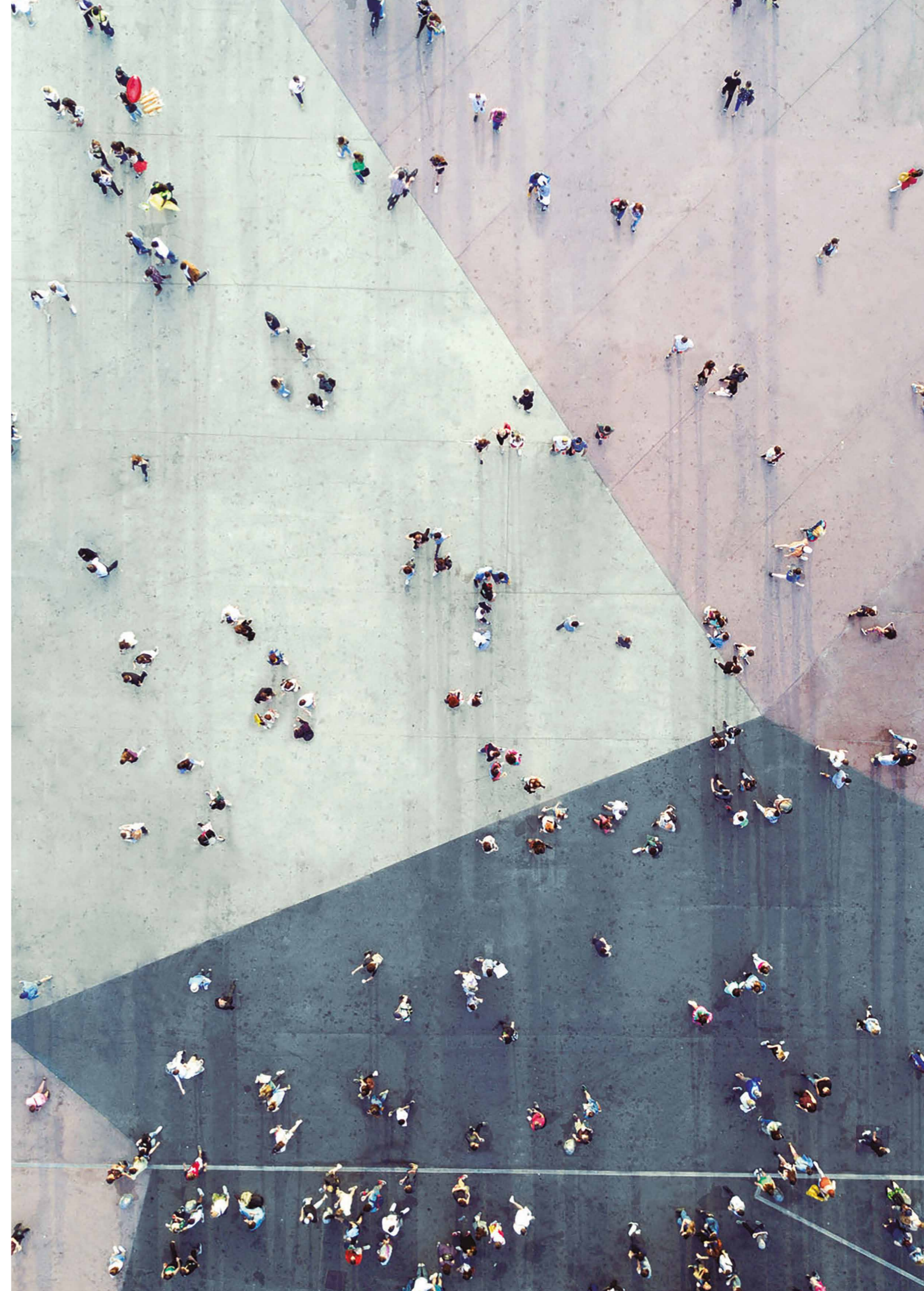
Agency	Rating	Outlook
Standard & Poor's	BB-	Stable
Moody's	Ba3	Stable

Shareholders

In November 2019 the majority shareholders of Almirall gave a mandate to increase the free float above 40% with the intention of increasing the liquidity of the stock as well as promoting investor visibility and diversification of the shareholder base. Eleven million shares, representing 6.3% of the company, were sold. After the private placement of this stake, the remaining 59.7% is held by the majority shareholders, Grupo Corporativo Landon, S.L. (Gallardo Family) who have reiterated their support and confidence in the Company and their intention to remain as key shareholders of the Company.

The following table details the information in the official registries of the Spanish Securities Commission, at December 31, 2019, regarding the majority Almirall S.A. shareholders, both direct or indirect, holding shares over 3%.

Name or company name of direct shareholders	Number of shares (€MM) Dec 31 st 2019	Shareholding in Almirall (%)
Grupo Plafin S.A.	71.42	40.92
Grupo Corporativo Landon S.L.	32.83	18.81



Total Tax Contribution (TTC)

The main purpose of Almirall's tax strategy is to guarantee strict compliance of applicable tax regulations and to secure adequate oversight of the tax policy carried out by its dependent companies in all countries in which Almirall operates, currently in Spain, Germany, US, Italy, Switzerland, France, Austria, Luxembourg, Portugal, United Kingdom, Denmark, Sweden, the Netherlands, Belgium, Poland and China, by seeking maximum legal security, contributing to compliance of the business strategy in the short, medium and long term, and maintaining a position of collaboration and transparency with the respective Tax Authorities.

In May 2014, the Board of Directors of Almirall agreed to adhere to the Code of Good Tax Practices, which includes a series of recommendations aimed at achieving the application of the tax system through cooperation between the Tax Administration and the entities. Said adhesion is aligned with the principles and guidelines for action in tax matters established in Almirall's tax strategy.

We are also sensitive to our responsibility in the economic development of the territories in which we operate, helping to create economic value by paying taxes, both on our own account and those collected from third parties.

The Total Tax Contribution measures the total impact of the payment of taxes by a company. This valuation is made from the point of view of the total contribution of the taxes paid to the different Tax Administrations directly or indirectly as a consequence of the economic activity of the Company.

We distinguish between taxes that represent a cost for Almirall and the taxes that we collect:

Taxes borne are those taxes that Almirall has paid to the Tax Administrations of the different countries in which Almirall operates. These taxes are those that have supposed an effective cost for Almirall, as for example the Corporate Income Tax.

Taxes collected are those taxes that have been paid in as a result of Almirall's economic activity, without involving a cost for the Company apart from management costs.

In this regard, the withholdings withheld on workers as a consequence of the employment income they receive constitutes an illustrative example.

Following OECD methodology for the Total Tax Contribution on cash basis accounting, Almirall's Total Tax Contribution (TTC) in 2019 reached 118,327 thousand euros (86,366 thousand euros in 2018).

(1) It includes taxes that are an effective cost to the company (basically includes corporate income tax, local taxes, other taxes and employer's social security contributions)

(2) It includes taxes that do not affect the result but are collected by Almirall on behalf of the Tax Administration or are paid by third parties (basically includes net value added tax, withholdings of employees and third parties, and employee's Social Security contributions)

(3) EU-5 includes Spain, Germany, Italy, France and United Kingdom.

In 2019 taxes borne for the purposes of the Total Tax Contribution account for 45.0% of the Net Income of Almirall Group.

Almirall's Total Tax Contribution, 2019 (thousand euros)

	31 December 2019			31 December 2018		
	Taxes borne (1)	Taxes collected (2)	Total	Taxes borne (1)	Taxes collected (2)	Total
EU-5 (3)	37,833	57,736	95,569	28,366	36,293	64,659
Rest of Europe	5,281	6,994	12,275	4,347	10,414	14,761
USA	4,531	5,935	10,466	650	6,272	6,922
Rest of the World	11	6	17	12	12	24
Total	47,656	70,671	118,327	33,375	52,991	86,366



Research & Development

50 Innovation is in our core

Major medical
dermatology indications

Building a strong
pipeline

Collaborations
and partnerships

56 AlmirallShare

58 Innovation centers

Innovation is in our core

On Almirall we focus our long-term growth strategy on not in delivering innovative products that address patient's unmet needs. To accomplish this, we use science to better understand diseases and select the best therapeutic approaches to treat them.

Our efforts are devoted to medical dermatological conditions, ranging from large indications, such as psoriasis and atopic dermatitis, to more niche indications, where treatments are scarce or even absent. Science and Innovation help us to achieve our aim, as we use the most appropriate therapeutic approach, such as new chemical entities, biologics or other innovative platforms, to address the challenges posed by each specific disease.

Almirall's own R&D capabilities are reinforced with alliances and collaborations with players across all phases of the R&D cycle, to foster the generation of medical solutions to improve the life of patients: we partner with pharmaceutical and biotechnology companies, scientific academic institutions, health care professionals and patient advocacy groups among others. Joining forces helps us to better address patient's needs.

We use multiple channels to constantly search for external opportunities with the potential to boost our innovation strategy. Our Business Development team maintains a broad network of contacts with the main innovation hubs and associations. This is complemented with the use of digital resources and platforms, such as AlmirallShare, to ensure identification of the most valuable collaborations and opportunities.

Significant efforts and resources are devoted to achieve our ambitions. We regularly invest between 10 and 12% of our annual sales in progressing our pipeline, with the help of more than 260 people based in our three R&D sites located in Spain, Germany and the US.

These Almirall R&D efforts help to improve the lives of millions of people worldwide in more than 70 countries and equip Health Care Providers with an increasing range of therapeutic options for their patients.

The discovery and development of new drugs is a lengthy, expensive and complex process that involves different kinds of risks (scientific, operational, commercial among others). Only a small percentage of the molecules investigated result in successful and valuable products. In order to reduce the time and cost it takes to deliver new treatments, innovative ways to develop faster, cheaper, more secure, with additional safety and efficacy, more accessible and closer to patients real needs. To achieve this, we are focusing our efforts on further engaging with patients and other stakeholders to improve data analysis, digitalizing processes and increasing the number and depth of our collaborations around the chosen indications.

Almirall believes that data will be of critical importance in order to remain at the forefront of innovation. The better we use data, the more we will be able to have a personalized pharmaceutical approach. The big applications of data analytics will be in research, particularly in how to discover new medicines delivering precision in treatment.

In particular, Real World Data is expected to become as or more important than clinical trials, and personalized medicine is also becoming a priority for Almirall. To harness these approaches we rely on Big Data and Artificial Intelligence, and continue to collaborate with start-ups like the ones through our Digital Garden initiative.

As a result, we have an attractive and vibrant R&D pipeline with projects progressing at all phases of the R&D cycle. These are mainly focused on Dermatology, together with an interest in leveraging the expertise we have built in the management and relief of pain.

Throughout, our own R&D capabilities are complemented with M&A, Business Development, partnering and collaboration activities to help achieve our goal of becoming a global leader capable of bringing the right medical solutions to bear, in order to improve the lives of patients suffering from skin diseases.

Innovation and leadership are part of Almirall's DNA

10.8%
of net sales
dedicated to R&D

260
employees in R&D

15%
of our workforce

Major medical dermatology indications

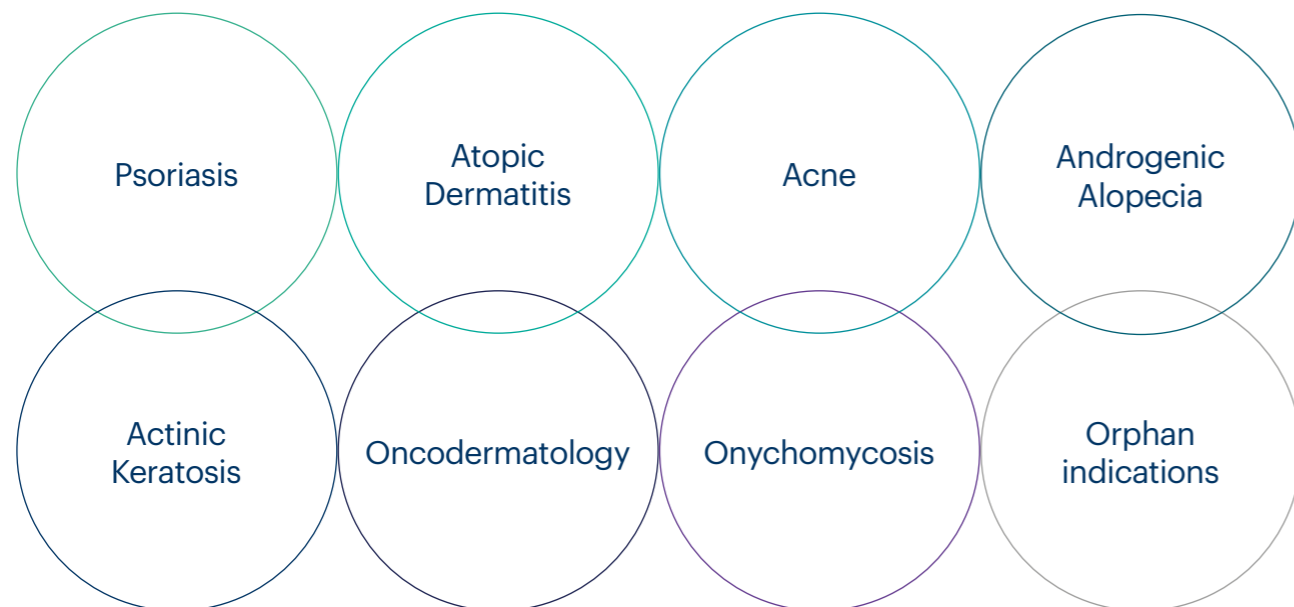
Medical Dermatology is a vast and rapidly evolving field. We have selected those indications where significant unmet medical needs provide a strong and attractive commercial potential.

This can derive from specific niches in large indications, such as psoriasis and atopic dermatitis. But also from smaller, currently underserved conditions, such as the large number of rare diseases that affect the skin, where valuable and impactful opportunities can be found.

We take advantage of our deep knowledge in new chemical molecules with therapeutic potential, together with our increasing commitment to biologics and other therapeutic modalities, to address each specific need using the most appropriate approach.

Matching the most significant therapeutic areas with our wide range of capabilities we have selected the indications highlighted below to focus our current R&D efforts on: psoriasis, atopic dermatitis, acne, androgenic alopecia, actinic keratosis, oncodermatology, onychomycosis and orphan indications.

Putting the focus on



Building a strong pipeline

At Almirall, we have the capabilities and experience to manage all phases of research and development, with the continuous support from our network of partners, and the ongoing learning of the regulatory procedures in both the EU and the US.

Our pipeline reflects and strengthens our strategy to blend innovation coming from in-licensing deals and collaborations with our in-house R&D.

2019 has been a very active and promising year in terms of pipeline progression and R&D collaborations, resulting in a balanced mix of treatments that constitute a strong and healthy foundation to drive further growth.

These were the most significant advances in 2019:

- Almirall signed a license agreement with Dermira acquiring exclusive rights in Europe for **lebrikizumab**, an anti-IL13 monoclonal antibody for the treatment of atopic dermatitis. Late in 2019, a phase III program evaluating its safety and efficacy as a monotherapy for patients aged 12 and older with moderate to severe dermatitis was started. At the beginning of 2020, Dermira was acquired by Eli Lilly. This represents an endorsement of Almirall's international expansion strategy and opens up new possibilities for our company.

- Important progress updates on **tirbanibulin** ointment, also known as ALM 14789, for the treatment of actinic keratosis (AK) were announced in March 2019, at the American Academy of Dermatology annual meeting. Almirall and Athenex announced positive topline results from two Phase III studies of Tirbanibulin ointment 1%. The excellent clearance rate, short treatment duration, and low incidence of severe local skin reactions provide evidence that this novel mechanism of action may indeed be an important development in the AK treatment landscape. Almirall announced the EMA and FDA acceptance for the filing of Tirbanibulin in early 2020 and we expect the launch in the US and EU in the first half of 2021.

- The regulatory dossiers for **terbinafine** (ALM 12834) for onychomycosis and **finasteride** (ALM 12845) for androgenic alopecia were submitted to the European Medicines Agency for registration in July and September

2019, respectively. The first one is a medicated nail lacquer indicated as a topical treatment for mild to moderate fungal infections of the nails, while Finasteride is a cutaneous spray that has been demonstrated to be safe and effective in the treatment of androgenic alopecia.

- Negotiations conducted through the last part of the year led to the signature, at the beginning of 2020, of an option agreement to acquire Bioniz Therapeutics and establish a research agreement to expand its innovative pipeline in medical dermatology. This agreement will grant global rights to **BNZ-01**, an inhibitor that selectively blocks the activity of three cytokines of the same family: IL-2, IL-9 and IL-15. BNZ-01 is currently in phase 1/2 development for refractory cutaneous T-cell lymphoma and has the potential to be of use in other relevant dermatological indications.

Indication	Project	Phase I	Phase II	Phase III	Registration
Actinic Keratosis	Tirbanibulin ALM14789	[Progress bar]			
Atopic Dermatitis	Lebrikizumab ALM17923	[Progress bar]			
Cutaneous T-Cell Lymphoma	BNZ-01	[Progress bar]			
Androgenic Alopecia	Finasteride ALM12845	[Progress bar]			
Onychomycosis	Terbinafine ALM12834	[Progress bar]			

Collaborations and partnerships

We continually look to identify collaborations and partnerships that support our business goals, enhance our R&D capabilities, and expand our portfolio and pipeline in our priority areas. These interactions allow us to share efforts, risks, and resources to discover new medical treatments in the field of medical dermatology. Some of our collaborations are the result of long-term relationships and others are new efforts. In 2019 we have added a number of new initiatives to that list. Among the most significant ongoing interactions we can mention are:

23andMe

At the end of 2019, Almirall and 23andMe, the leading consumer genetics and research company, signed an agreement allowing Almirall to in-license worldwide rights for 23andMe's bispecific monoclonal antibody designed to block all three members of the IL-36 cytokine subfamily, which is associated with multiple inflammatory diseases, including various dermatological conditions.

Bioniz Therapeutics, Inc.

At the end of the year, Almirall entered into an option agreement to acquire Bioniz Therapeutics, Inc. a clinical stage biopharmaceutical company based in Irvine, California, which develops first-in-class peptide treatments that selectively inhibit multiple cytokines to treat immuno-inflammatory diseases and T-cell malignancies.

WuXi Biologics

In December 2019, Almirall and WuXi Biologics reached an agreement to obtain highly innovative bispecific antibodies for the treatment of dermatological diseases, including atopic dermatitis, using WuXi Biologics' proprietary antibody platform WuXiBody™.

Dermira

In June 2019, Almirall exercised its option to license rights to develop and commercialize Lebrikizumab, an anti-IL-13 antibody for the treatment of atopic dermatitis and certain other indications in Europe. Almirall's decision followed positive topline results reported by Dermira, acquired by Eli Lilly in January 2020, in March 2019 from a Phase 2b dose-ranging study that showed all three doses of Lebrikizumab met the primary endpoint, and demonstrated dose-dependent improvements across a range of signs and symptoms of moderate-to-severe atopic dermatitis, compared to placebo. The findings suggest that Lebrikizumab has the potential to be a best-in-disease therapy for people living with moderate-to-severe atopic dermatitis.

HitGen Ltd.

In March 2019, Almirall announced a research collaboration with HitGen Ltd. to establish an advanced platform based on HitGen's extensive library, of nearly 400 billion compounds to identify leads for new targets addressing atopic dermatitis.

Barcelona Supercomputing Centre

In December 2018, we started a collaboration to identify unprecedented target-disease associations on dermatological indications using a number of large-scale public data sources in combination with the unique expertise and outstanding technological capabilities of the Barcelona Supercomputing Centre (BSC).

X-Chem

Also in December, 2018 Almirall signed a collaborative research and license agreement with X-Chem, Inc. for the development of oral compounds for patients suffering from dermatological diseases. X-Chem, Inc. is a company focused on applying its industry-leading DNA-encoded library (DEX™) drug-discovery engine to the generation of novel small molecule therapeutics.

SilicoDerm

Almirall and the Electronic and Atomic Protein Modeling Group (EAPM) of the Life Sciences Department of the Barcelona Supercomputing Center-National Supercomputing Center (BSC-CNS) have been collaborating since September 2018. The aim of the project is to develop new high-performance computational methodologies to facilitate the identification of active compounds, which will reduce the development time of new drugs for the treatment of inflammatory skin diseases.

Evotec

Almirall and Evotec entered into a research collaboration in September 2018 to develop first-in-class therapeutics to treat dermatological diseases through a new approach that disrupts cell signaling. This partnership combines Almirall's leading expertise in dermatological diseases with Evotec's cutting-edge drug discovery and pre-clinical development to provide substantial benefits for patients.

Athenex

In December 2017, Almirall entered into a strategic partnership with Athenex to develop and commercialize Tirbanibulin ointment, a topical medicine product for the treatment of actinic keratosis and other skin conditions, in the US and Europe, including Russia. In March 2019, the results from two Phase III studies of Tirbanibulin were presented at the Late-Breaking Research Program during the 2019 American Academy of Dermatology Annual Meeting.

Leo Pharma

In 2017 we announced a collaboration between Almirall and Leo Pharma aiming to advance understanding of skin diseases by setting a new standard for skin sampling through the development of a painless and minimally invasive method. This project will enable accurate and comprehensive biomarker analysis in clinical trials and exploratory research. This collaboration continues to progress and is unique in that it is the first time leading dermatology players join forces in research to advance the understanding and treatment of skin diseases.

Nuevolution

In December 2016 Almirall and Nuevolution signed a collaboration agreement focused on the identification and development of innovative RORγt inhibitors with best-in-class potential for the oral and topical treatment of dermatological diseases and psoriatic arthritis.

Mercachem

Almirall and Mercachem announced in December 2016 the signing of an exclusive discovery collaboration focusing on the development of oral cytokine blockers for the treatment of inflammatory skin diseases. Under this agreement, Mercachem will perform iterative optimization campaigns towards the identification of oral cytokine blockers for Almirall to develop further.

AstraZeneca

Almirall signed an agreement with AstraZeneca in 2014 that has allowed us to better develop our assets and expertise in respiratory, and also to better balance the costs, risks and returns of the respiratory business while retaining an important economic interest in its future success. In October 2019 it was finally announced that Duaklir® was available in the US and therefore in compliance of this key milestone Almirall received 100M\$ once the first commercial sale took place.

At Almirall we believe that collaborating with our partners is key to creating breakthrough innovation

Collaboration process

1

Proposal submission in
www.sharedinnovation.almirall.com

2

Submissions will
be handled following
all applicable local
Compliance requirements

3

Proposal evaluation
and selection

AlmirallShare

AlmirallShare is our open innovation R&D platform, launched back in 2017 with the clear objective of facilitating an open collaboration environment in dermatological research and, by doing so, fostering the discovery of innovative solutions in this field. A blended ecosystem of science, innovation and creativity shared with experts all over the world and Almirall expertise and capabilities. It was designed to interact with different reference centers in dermatology and advance breakthrough research in this field, offering funding and scientific support to the selected proposals.

This successful initiative has had four calls for proposals so far and it is responsible for 50% of the private-public collaborations of Almirall. Since its launch, more than 850 scientists have subscribed to the platform and have submitted nearly 300 proposals.

Four new collaborations in 2019:

The collaborative project led by Dr. M. Freeley and Dr. P. Leonard from the **School of Biotechnology of Dublin City University** aims to identify novel therapeutic targets on skin-homing T-cells that could be useful in discovering new treatments for inflammatory skin disorders, such as psoriasis and atopic dermatitis.

The Institut d'Investigacions Biomèdiques August Pi i Sunyer (IDIBAPS), through his Principal Investigator Prof. F. Lozano from the immune receptors of the innate and adaptative system group, will work in cooperation with Almirall to analyze the immunomodulatory properties of soluble human CD6 (shCD6) in experimental models of inflammatory skin diseases.

The partnership with EvoBiotech, a spin-off of the **University of Turin** led by Prof. Dr. G. Camussi, will assess the use of therapeutic activity of extracellular vesicles (EVs) derived from mesenchymal stem cells (MSCs) on atopic dermatitis.

Researchers led by Prof. Y. Poumay from the **Namur Research Institute for Life Sciences (Narilis)**, at the University of Namur (Belgium), are exploring the involvement of novel receptors and signaling pathways in the phenotypic alterations of keratinocytes in atopic dermatitis, investigating their potential relevance for this disease and treatments.

Two new collaborations with Academic Research Institutes will be added to the seven projects already initiated since the creation of AlmirallShare

What we offer

Your idea + AlmirallShare = Reinventing skin health



Closeness

Helping on project implementation



Collaboration

Fair partnership and open communication



Support

We make your project happen



Trust

Your idea is safely managed

This project, as we like to describe it, brings Science and creativity together. The main objective is to open up the innovation process to foster collaboration projects with partners worldwide, to share opportunities and knowledge with the scientific community in a structured, open, agile, and transparent manner, as well as to identify innovative solutions to dermatological needs and challenges. AlmirallShare aims to reach out to scientists at universities,

public or private research institutions, hospitals, start-ups, biotechnology community and even other pharmaceutical companies to address challenges such as the identification of therapeutic targets and experimental disease models, the development of new therapeutic treatments and novel technologies in medical dermatology. Almirall has, so far, made four Calls for Proposals (CFPs) that have been published in www.sharedinnovation.almirall.com

Innovation Centers

Almirall currently has two full R&D centers in Europe and one regulatory activities center in the US. Almirall has built and acquired the infrastructure needed to succeed in innovation.

In addition, two chemical plants (located in Sant Celoni and Sant Andreu) and two pharmaceutical plants (in Sant Andreu and Reinbek) produce our medicines safely and efficiently: 56 million units of finished Almirall products are manufactured each year; they are fully prepared for future launches, and provide the active ingredients and development drugs needed for non-clinical and clinical studies for R&D.

The R&D organization, with 260 employees, is distributed in three different sites:

1. R&D Center in Sant Feliu de Llobregat (Barcelona, Spain). This is Almirall's flagship location with over 27,000 square meters dedicated to drug discovery, preclinical, clinical, and pharmaceutical development, with the capacity to develop new chemical entities. A large part of our R&D is conducted from bench to bedside at this cutting-edge center, which opened in 2006, just outside Barcelona.

2. R&D and Plant Center in Reinbek (Germany). With over 60 years of experience in formulations for dermatology, our experts at this facility work to find new topical treatments for skin diseases.

3. R&D Center and HQ in Exton, Pennsylvania (US). Almirall, LLC is our US-based specialty pharmaceutical company. We acquire, develop and market dermatological treatments at this facility. It is the headquarters of our operations in the US, with a particular focus on clinical and regulatory activities.





Sustainability and ESG

66 Environment

Our commitment to the planet
Climate change

70 Social

Social impact
Employees
Social activities

86 Corporate Governance

Our values and ethics
Board of Directors
Risk and opportunities management
Board Commissions
Management Board

At Almirall we are committed to creating sustainable and long-term value for our stakeholders, integrating environmental, social and ethical issues into our strategy and decision-making process. ESG in our company is not a mere declaration of intent, but is present in our daily activities and at all levels of the organization, from the Board of Directors and Management down to our professional teams, and in all interactions with our stakeholders.

Almirall's sustainability strategy firmly complies with the following goals:

Maximize value creation for patients and other stakeholders.

Promote ethical behavior increasing business transparency.

Identify, prevent and mitigate any risks caused by our activities.

Purchase-to-pay (P2P) process.

In order to implement our sustainability strategy, we first identify our stakeholders and interact with them through different communication channels and tools to find out how our activities can affect or be affected by them, and what the most relevant issues are for them in their relationship with Almirall.

Thanks to this dialogue, based on transparency and trust, we can identify their expectations and interests, and integrate them into our strategies as well as our decision-making and management systems, to develop responses that will benefit everyone.

Compliance with our Code of Ethics is at the heart of our Governance and all our activities at Almirall. It acts as a guiding vector for our commitment and responsible action and defines our Sustainability Policy, establishing the basic and specific principles of actions in this area and also how we interact with our stakeholders.

Our Chief Executive Officer is responsible for supervising the coordination of all activities related to Sustainability and, especially, for proposing the corporate strategy and programmes, establishing management and control measures as well as reviewing ESG programmes and initiatives. The ESG Committee reports to the CEO of Almirall.

The main functions of the ESG Committee include:

Coordinate and assist the different departments of Almirall, especially those that directly assume responsibility in the daily management of actions related to Sustainability.

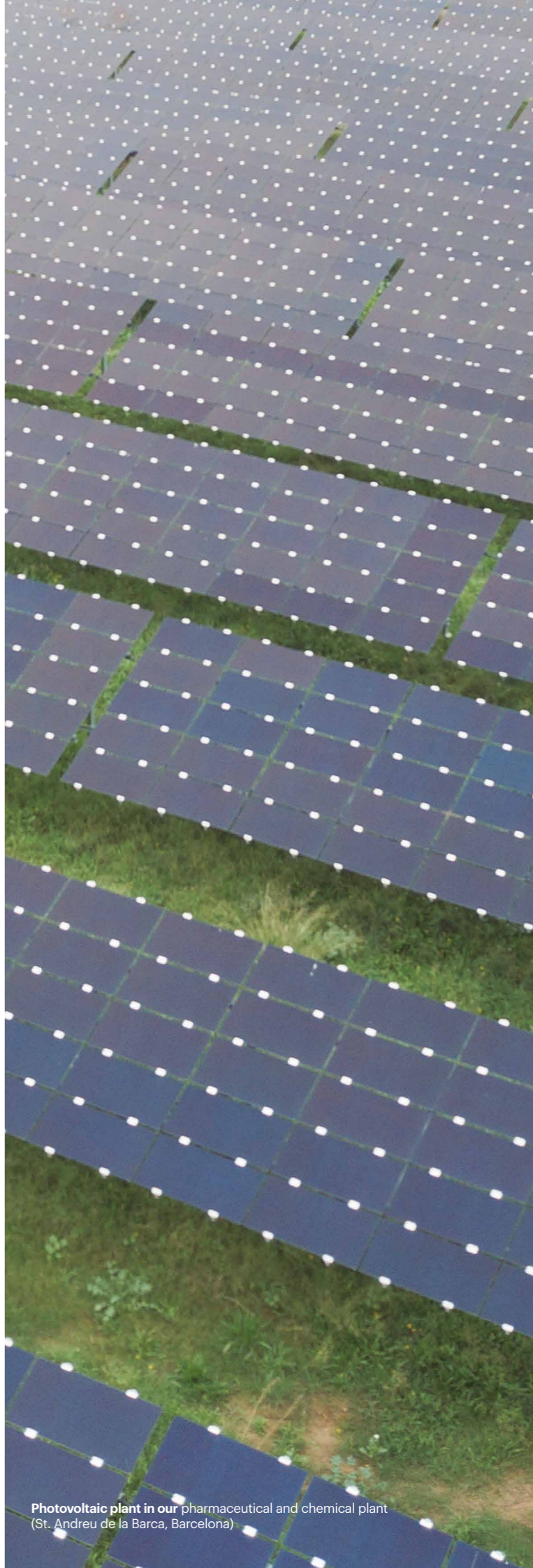
Maintain and update the inventory of activities in progress and/or carried out during each financial year.

Monitor and control the applicable action plans approved by the Board of Directors and the achievement of its goals.

Prepare the proposal for the corresponding Annual Sustainability Report to be submitted to the Board of Directors for approval.

Periodically report to the CEO on the relevant aspects that have arisen during the execution of the supervision and coordination functions of said ESG activities.

Stakeholders' value-chain



Photovoltaic plant in our pharmaceutical and chemical plant (St. Andreu de la Barca, Barcelona)

Business integrity and transparency

Integrity and transparency are essential parts of our Sustainability and we are committed to them in all our processes and activities in an exercise that goes beyond regulatory compliance. In this exercise of transparency and always in a clear and coherent manner, we collect, treat, construct and provide true, relevant, understandable, complete, useful and accessible information on our activities to all our stakeholders, as we believe this is the best way to generate trust and credibility in our company and at the same time it is a differentiating element in the market. We are accountable to Almirall's stakeholders and provide information through different channels and resources, talking to them and making it easier for them to understand our company's business model.

The following mechanisms ensure the highest standards of corporate integrity:



Code of Ethics



Transparent relationships with stakeholders



Patient and employee safety



Supplier Relationship Management



Data protection

In line with our commitment to transparency, we adhere to the **European Federation of Pharmaceutical Industries and Associations (EFPIA) Code of Practice** as well as those of country Member Associations, such as Farmaindustria in Spain, and country legislations in place. We disclose payments of transfers of value, direct or indirect, made to HCPs and HCOs for activities such as advisory boards, meetings, counseling, travel or accommodation, in compliance with policies established for interactions with healthcare professionals and patient organizations.

Protecting the privacy of our stakeholders is paramount to Almirall and we base our actions on a firm commitment to comply with the regulatory framework that is applicable to our business.

For that reason, Almirall implements a Privacy Compliance Program that strives to strengthen the data protection culture and the protection of stakeholder privacy. Through this program we ensure that we meet the following responsibilities:

To inform and advise the organization and all the employees who process personal data of their obligations according to GDPR and other applicable data protection laws.

To monitor Almirall's compliance with the applicable data protection laws, in addition to Almirall's policies and standard operating procedures in relation to protection of personal data.

To provide advice when requested, regarding data privacy impact assessments and monitor performance in accordance with the applicable laws.

To cooperate with and act as the point of contact for the Supervisory Authorities.

To boost privacy awareness within the organization and its integration in our corporate culture.

Environment

Our commitment to the planet

We are committed to improve our energy and environmental performance throughout our business, and continue to develop our corporate strategies that include a migration towards a more comprehensive concept of environmental protection and the fight against climate change.

At Almirall, we go beyond environmental legislation and regulations compliance and are inspired by the best international practices in this area since there is a greater good than mere regulatory compliance: the protection of our planet.

After obtaining in 2018 the certificate of compliance with the ISO 14001:2015 standard for Environmental Management Systems, TÜV Rheinland has revalidated in 2019 the effectiveness of the company's environmental management, something that has been done periodically since 2004 in Spain and since 2013 in Germany. In the same audit, Almirall's Energy Management System was also certified under the 50001:2018 standard, which replaced the previous version that had been implemented since 2013 in the Spanish plants and since 2016 in our German plant. This management system helps us to further reduce our impact on the environment during the execution of our R&D activities, the manufacture of active pharmaceutical ingredients, as well as the manufacture and wholesale of pharmaceutical products.

Sustainable use of resources, including energy efficiency and the reduction of electricity and gas consumption in our facilities, which are our main sources of energy, is of great importance to us. Since 2016, we have installed photovoltaic panels at the chemical plant in Sant Celoni (300 kW) and at the pharmaceutical plant in Sant Andreu de la Barca (800 kW). We furthermore entered into a contract at our facilities in Spain and Germany to purchase electricity from renewable sources with Guarantee of Origin. All these initiatives result in a lower impact on our carbon footprint and therefore a smaller impact on climate change.

As for water consumption and wastewater discharges, our processes are designed to contribute to their progressive minimization. Our operational centers have facilities to treat waste water and the related parameters are well below legal limits.

Our products are manufactured with sustainability in mind following an eco-design perspective, from the R&D stage to distribution, in order to reduce their environmental impact.

Waste is managed in such a way that as little as possible is generated and that the waste produced has a correct and sustainable end. In the case of recoverable waste, we manage its recycling or reuse, and if not, it is disposed of or eliminated in accordance with current regulations. We are also responsible for managing the waste of our patients, so we adhere to the Integrated Management and Collection of Packaging System (SIGRE) in Spain, and the corresponding management systems in other countries.

We respect and protect the biodiversity of the places where we have established our operational centers, and we have established emergency plans to minimize any environmental impact that could occur.

Energy consumption evolution 2017-2019

Energy consumption (MWh)	2017	2018	2019
Natural Gas	22,896	22,509	21,741
Company electricity	29,750	28,615	27,142
Renewable energy	262	402	1,505

Environmental performance:

Reduction of energy consumption between 2017-2019: 5%

5% of Almirall's energy consumption comes from the self-generation of electricity from the photovoltaic panels installed in Sant Andreu and Sant Celoni

Wastewater: In all Almirall centers the average of the parameters is at minimum below 70% of the legal limit

Reduction of diffuse emissions of Volatile Organic Compounds (VOCs) in the period 2017-2019: 75%



Climate change

At Almirall we believe that climate change is one of the greatest challenges and risk to humanity today, and for that reason we strongly support the Paris Agreement and want to be part of the solution by doing everything we can to keep the rise in average global temperature well below 2°C above pre-industrial levels. Our operations are a source of greenhouse gas emissions; we assume that responsibility and take appropriate measures to reduce our impact on the planet. This commitment to climate change influences and will influence Almirall's strategy and policies, business decisions and investments, the management system and the objectives of the organization.

In this sense, Almirall bases its climate change strategy on two main pillars. The first is the reduction of our carbon footprint and the second is the important role the company wants to play in preventing and minimizing the damage that climate change can cause on people's health.

Our climate change strategy has established the objective to reduce greenhouse gas emissions by 21% in the year 2025 compared to 2014, which represents a reduction of 3.355 metric tons of CO2 released into the atmosphere.

Since 2015 we have been very involved in our sustainable mobility plan, which aims to contribute to reducing our CO2 emissions with actions related to the way our workers move around. Examples of this are the flexible benefits plan for the use of public transport, the promotion of the use of hybrid and electric vehicles, training sessions on road safety and sustainable driving, the installation of electric chargers in company car parks, or the creation of areas for parking bicycles and electric scooters, among others. We are currently preparing a car pooling program for our employees to be implemented in 2020.

In an exercise in transparency, since 2014 at Almirall we have been responding to the Carbon Disclosure Project (CDP) questionnaire which measures the transparency and performance on climate change of listed companies. This also helps us to understand best practices and compare ourselves with our peers, both nationally and globally, across a wide range of material factors. Almirall's rating in the 2019 CDP report increased from C-Awareness to B-Management level. Among other aspects, it has been key to establishing a GHG emissions reduction objective with a 2025 horizon and steps to achieve it.

The risks and opportunities arising from climate change are also taken into account at Almirall in order to establish our strategy, anticipating its potential effects and minimize their impact or preparing to respond to new needs that future patients may have due to the effects of global warming on people's health.

GHG emissions trend between 2017 and 2019

Greenhouse gas emissions:

CO2 (t)	2017	2018	2019
Scope 1	4,959	4,840	4,925
Scope 2 (market based)	1,694	0	0
Scope 2 (location based)	9,889	9,687	7,952

Results and emission reductions achieved

Carbon Disclosure Project level achieved in 2019:

B-Management

Reduction of GHG emissions (location based) compared with 2014:

19%

Reduction of GHG emissions (market based) compared with 2014:

37%

Social

Almirall is a socially responsible company with a voluntary commitment to society. The company responds to the demands made by society, achieving an operational balance while at the same time generating competitiveness.

The patient is at the center of everything we do and we strive to create new products that contribute to improving their lives through research, innovation and the strictest compliance with ethical and legal standards.

We maintain a fluid dialogue with patient organizations (POs) and patient advocacy groups (PAGs), making our knowledge available to them and collaborating on projects of mutual benefit. Through this dialogue we obtain a holistic view of patients and direct information about their specific needs, the conditions of their disease, as well as the social and emotional barriers they face, allowing us to empathize with their situation and detect potential new fields of investigation.

This feedback and our scientific knowledge are used to obtain the safest and most effective drugs and medical devices that maximize the positive impact on patients. We use state-of-the-art technology and production techniques to manufacture products that patients can trust. Our strong focus on patients and our ability to understand their goals and the solutions they need make us unique.

Our responsible commitment is extended to the suppliers and contractors in our value chain, in such a way as to encourage relationships based on integrity, transparency and mutual trust, always ensuring that suppliers meet the same standards as we do in our organization.

The talent of our team is key in our business success as a company. We are committed to continuously improve the skills, abilities and level of responsibility and motivation of everyone at Almirall, while at the same time taking care of their working conditions and safety with the utmost dedication. As a result, we favor the achievement of competitiveness, business efficiency and employee welfare objectives.

Disease awareness campaigns are carried out for society, patients and healthcare professionals. In this way, patients are made aware of how to control their symptoms and improve their quality of life, and the general population is sensitized to the impact that diseases have on patients.

We work with different entities to promote healthy habits and study the impact of diseases, among others. We are also committed to disease prevention in developing countries and are actively involved in global multi-stakeholder initiatives.

Social impact

Improving patients' lives

Product labeling and drug safety

Our main concern is the safety of the hundreds of thousands of patients who place their trust in our products. That is why we have the highest commitment to make sure that our medicines are safe throughout their product lifecycle. Strict quality controls are applied in all our processes ensuring that the products we market comply with the applicable regulations, guidelines, good practices, codes and standards.

When new products are being developed, we ensure compliance with different codes such as Good Laboratory Practices (GLP), Good Clinical Practices (GCP), and Good Pharmacovigilance Practices (GVP). We are regularly audited by the health authorities and we comply with Good Pharmacovigilance Practices (GVPs) through the whole life of the product.

We continuously monitor the benefits and risks of Almirall products and stay alert to detect possible unwanted effects of our medicines. We provide multiple communication channels through which patients or healthcare professionals can contact us to request information about the medicines or to report adverse effects. In the event that a patient, or third party, has reported an adverse reaction to one of our products, their data will be protected by our Global Drug Safety Privacy Policy.

Our product packaging and labels are designed to ensure safe use in compliance with international regulations and guidelines. Safety information received in relation to Almirall products is regularly reviewed to ensure that labels provide the most up-to-date information. Safety monitoring is an on-going activity during the whole product life cycle to ultimately protect consumers and patients.

Clinical studies and Data

Clinical trials are crucial in order to identify the safety of new drugs, clinically validate their efficacy, and know their cost effectiveness. At Almirall we have a Good Clinical Practice Policy which is applied to all the clinical trials we carry out, from the design and preparation phases, the experimental phase, to the evaluation and reporting of the results.

All our trials are managed effectively in terms of time and quality, based on internationally accepted scientific and ethical standards and in accordance with the requirements of the local authorities in the countries where they are carried out and following European guidelines and directives, such as the Declaration of Helsinki and its amendments, the Good Clinical Practices of the International Conference on Harmonisation and the FDA's Good Clinical Practices regulations included in title 21 of the Code of Federal Regulations, or other international requirements.

With these controls, patients volunteering for clinical trials are assured of their safety, privacy and confidentiality, and their rights are protected. Our protocols are evaluated and approved internally to ensure their ethical acceptability and scientific validity. We transparently inform volunteers about the details of our trials, such as what the study is for, the expected benefits and disadvantages, or their right to stop being part of the trial, among others. To improve patient engagement and increase patient experience in clinical trials, we have created a mobile application, SKINCARE, through which participating patients can communicate in real time with the research teams assessing their contribution to the trial and their daily experience. At the same time, the research teams have access in real time to patient data reported in the app.

We are committed to the transparency of clinical trial results and publish them in a manner consistent with national laws and regulations governing the privacy of participants' personal data and the protection of intellectual property rights. We also disclose trial results in publicly recognized databases such as Clinicaltrials.gov and EudraCT, and since 2014 we have processes and put systems in place to handle requests for study data from qualified drug and indication scientists and medical researchers.

During 2019, Almirall, as sponsor and in collaboration with Almirall Partners, has maintained active more than 20 trials in the follow indications: Psoriasis, Actinic Keratosis, Atopic Dermatitis, Acne Vulgaris, Androgenic Alopecia and Onychomycosis.

"According to the paper published by the British Medical Journal in late 2018, Almirall is 100% in compliance with the requirement on reporting study results on the EU Clinical Trials Register." ⁽¹⁸⁾

Knowledge exchange with healthcare professionals

Almirall and healthcare professionals (HCP) share a clear objective: to take care of patients. Close collaboration with these professionals and with healthcare organizations (HCOs) is key to ensure proper use of available therapies by patients, and also for us to innovate and develop new products. This collaboration is based on the principles of information and knowledge exchange, integrity, respect, transparency, and strict compliance with legal requirements.

HCP experience is very valuable to us, as it provides us with knowledge in areas of unmet medical needs, possible therapeutic solutions and the response of patients to treatments. Thanks to them, we research and develop our products with a clear understanding of patient needs.

Among the health professional organizations, we want to highlight the collaboration with the **International Psoriasis Council (IPC)**, the **European Academy of Dermatology and Venereology (EADV)**, the **American Academy of Dermatology (AAD)**, the **International League of Dermatological Societies (ILDS)** and **Psoriasis from Gene to Clinic (Psoriasis G2C)**.

On a local level, as an example of promoting knowledge and collaboration with healthcare professionals and their organizations, Almirall sponsored in December 2019 the **2nd Meeting of Experts in Health Management and Health Economics**, organized by the UPF Barcelona School of Management. At this event, healthcare managers, evaluators and pharmacists from top Spanish hospitals and public health managers analyzed innovative purchasing experiences in the hospital environment and discussed future challenges in the health system from an economic perspective.

The 12th Skin Academy Medical Forum organized by Almirall was held in April 2019 in Barcelona and was entitled "Long-term management of complex chronic skin diseases". More than 700 dermatologists coming from Europe and the United States attended the event and discussed the latest treatments and innovations for psoriasis, actinic keratosis, alopecia and onychomycosis as well as the most recent studies and their relevance in everyday clinical practice. Since its first edition the Skin Academy has become renowned for its consistently high level of scientific exchange and medical education.

We also organized the 7th edition of our continuous medical education **MS Experts Summit** in Barcelona, which took place from May 24 to 26. The subject covered this year was "Significant patterns in the control of multiple sclerosis symptoms," which featured a panel of international experts who analyzed the latest challenges and developments associated with the treatment of the disease from a holistic and multidisciplinary approach, focused also on its symptoms.

We provide various knowledge repositories with up-to-date information and publications for each one of our therapeutic areas in order to assist in everyday clinical practice. The **AlmirallMed** portal puts our science and experience at the service of HCP training and the health of their patients; it contains information on Almirall's products and also on the latest scientific evidence. The **Club de la Farmacia** portal is an initiative of Almirall created with the aim of listening, training and informing personnel from the Pharmacy Office. This portal offers a space where pharmacy professionals can access current events in their field of expertise, while at the same time get training and learn about best practices. We offer a wide variety of innovative

tools so that the professionals of the Pharmacy Office can provide the best pharmaceutical advice and care to their patients. El Club de la Farmacia is driven by the proximity to patients and health professionals, the value of science and constant innovation. With these initiatives we also promote optimal implementation of treatments as well as safe and efficient practices.

Responsibility across the value chain

At Almirall we interact with a large number of suppliers and external collaborators who are an extension of our own responsibilities and a fundamental factor in successfully fulfilling our commitments to the health community. Our procurement process ensures the supply of goods and services in the required conditions, according to our technical and commercial requirements. We seek quality, rigor, commitment and excellence in a supplier, as a source of support for our activity.

Our supplier relations are based on the principle of contractual good faith, and we demand reciprocity and transparency from the supplier in the provision of services and information on its technical and financial solvency.

We also encourage ethical and responsible practices throughout our supply chain, ensuring that suppliers meet the same high standards as we do within our organizations by applying the principles set forth in the Almirall Suppliers' Code of Conduct, which must be acknowledged and accepted by suppliers as part of their qualification process. We provide our suppliers with fair, honest and respectful treatment, always within the applicable regulations.

In addition, we have a Supplier Relationship Management program to evaluate these practices and responsibilities. The program defines our relationship with suppliers and fosters collaboration with key partners who have been assessed and who are at the forefront of the pharmaceutical industry. We assess and certify our suppliers using and ensuring the strictest sustainability criteria which have been also included as an important element during the sourcing process (tenders), and implement individual action plans according to the results of each supplier's scorecard and the potential risks identified during the assessment. The ultimate goal is for all our major suppliers to adhere to ethical, environmental and good governance standards.

Our suppliers are expected to comply with the following standards:

Ethics:

anti-corruption and anti-bribery, fair competition, trade controls, responsible marketing, business integrity, privacy, intellectual property, product safety, animal welfare.

Labour:

working conditions, freedom of association, non-child or forced labour, non-abuse and non-harassment, working time, wages, non-discrimination, fundamental human rights, social security.

Health and safety:

minimum standards of protection, safety processes, emergency preparedness and response, hazard information, environmental permits, pollution prevention, waste and emissions, climate change.

Quality:

product specifications and safety, audits.

Management:

compliance with the law and the contract in force, information to subcontractors and request for their compliance with the Code, allocation of appropriate resources, continuous improvement, information recording, reports on non-compliance with the Code.

During 2019 Almirall's Procurement area has carried out an extensive digital transformation, previously explained in this report, which has brought us multiple benefits in the management of our processes and which also results in a greater contribution to promote sustainability and environmental impact reduction. These benefits include mitigating risks in our purchases, reducing paper waste for both us and our suppliers, and making it easier for our suppliers to comply with our Code of Conduct.



MS Experts Summit
Prof. O Aktas / Prof. Feinstein / Dr. JM García-Domínguez



Employees



1,765
Number of employees



821 (46.5%)
Men



944 (53.5%)
Women



24
Different nationalities



13.5
Average seniority



70.0%
% Experts in Pharma industry

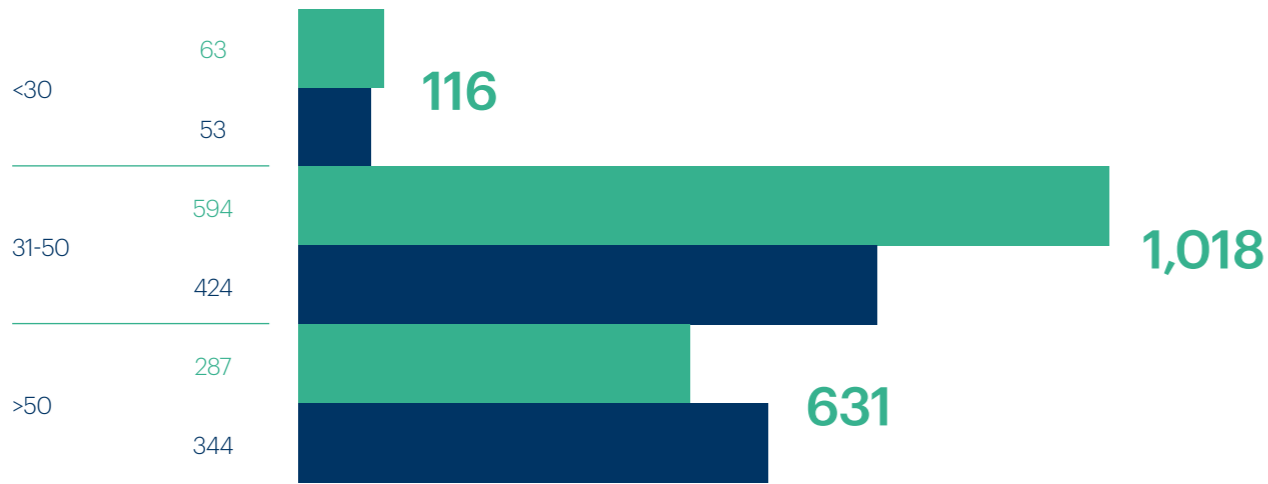
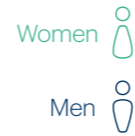


20.4
Training hours per employee



97.0%
Permanent/indefinite employment relation

Age distribution of employees



At Almirall we are committed to our employees. We are proud of each and every one of our team members: they are an asset to the success of our company. Our objective is to attract, engage and retain exceptional professionals aligned with our Noble Purpose and values. Our Corporate Values underpin everything we do, which are reflected in our behaviour and help us to achieve our goals.

We are also committed to people development and professional growth within our organisation, which has been demonstrated. Almirall has earned the prestigious **Top Employers Certification Award** in 2019 for the eleventh year in a row.

Culture and values

Our work culture at Almirall is continuously reinforced by our Noble Purpose that puts patients at the heart of everything we do, seeking to transform their world by helping them realize their hopes and dreams for a healthy life. It inspires us to give the best of ourselves; it is what gives meaning to our efforts and our daily work.

We have shared our Purpose within the team, held workshops to better understand its meaning, and heard various patients' testimonies and personal experiences on how they live with their condition. Understanding patients disease is the driving force behind further efforts to find solutions that help transform patients' lives.

Our values are a guide to achieving our objectives and how we want to be perceived by our stakeholders.

They are the lever to continue strengthening an agile, collaborative, entrepreneurial and courageous culture, resulting in a competitive advantage through innovation.

Our entire team shares our strong Corporate Values and strives to reinforce its commitment in order to continue being a leading, responsible, transparent and long-lasting company. Having committed people strengthens us as a company that cares about its employees.

We have a business culture based on the principles of compliance, continuous improvement, and responsibility to our stakeholders. Our conduct is underpinned by integrity and all those who are part of Almirall must comply with our Code of Ethics.

Why / Noble Purpose

Transform the patients' world by helping them realize their hopes & dreams for a healthy life



Talent Development and Leadership

Our talent development strategy is founded on two cornerstones:

Employee centricity:

Employees are primarily responsible for their development and growth. Therefore, employees have a series of tools and programs that help facilitate their development experience at Almirall.

Self-awareness Program:

Self-awareness is a key driver and the starting point of any development journey. As a first step in the employee's professional growth, we provide a self-development program that makes employees aware of their strengths and development opportunities.

My Development:

Once the employees have a vision of what they should reinforce and further develop, they can establish their development goals in an individual action plan called MyDevelopment agreed upon with their manager. This plan leverages the 70/20/10 methodology.

My Contribution:

This is our performance evaluation process that helps define the path required to achieve our goals. These goals combine business needs and corporate values with our strengths and challenge us as a team. Employees and managers hold frequent meetings throughout the entire process that are very important to build a mindset of continuous feedback and give them the opportunity to share their impressions during the year.

My Learning Plan:

A training plan has been established with different learning programs that are aligned with our purpose, strategy and values. Team members identify their training needs and include them as development actions within their MyDevelopment.

This plan also includes a roadmap that allows us to build on the leadership capabilities of each employee taking into account their seniority in the organization to further develop them as leaders.

Leaders are key in developing talent within their teams

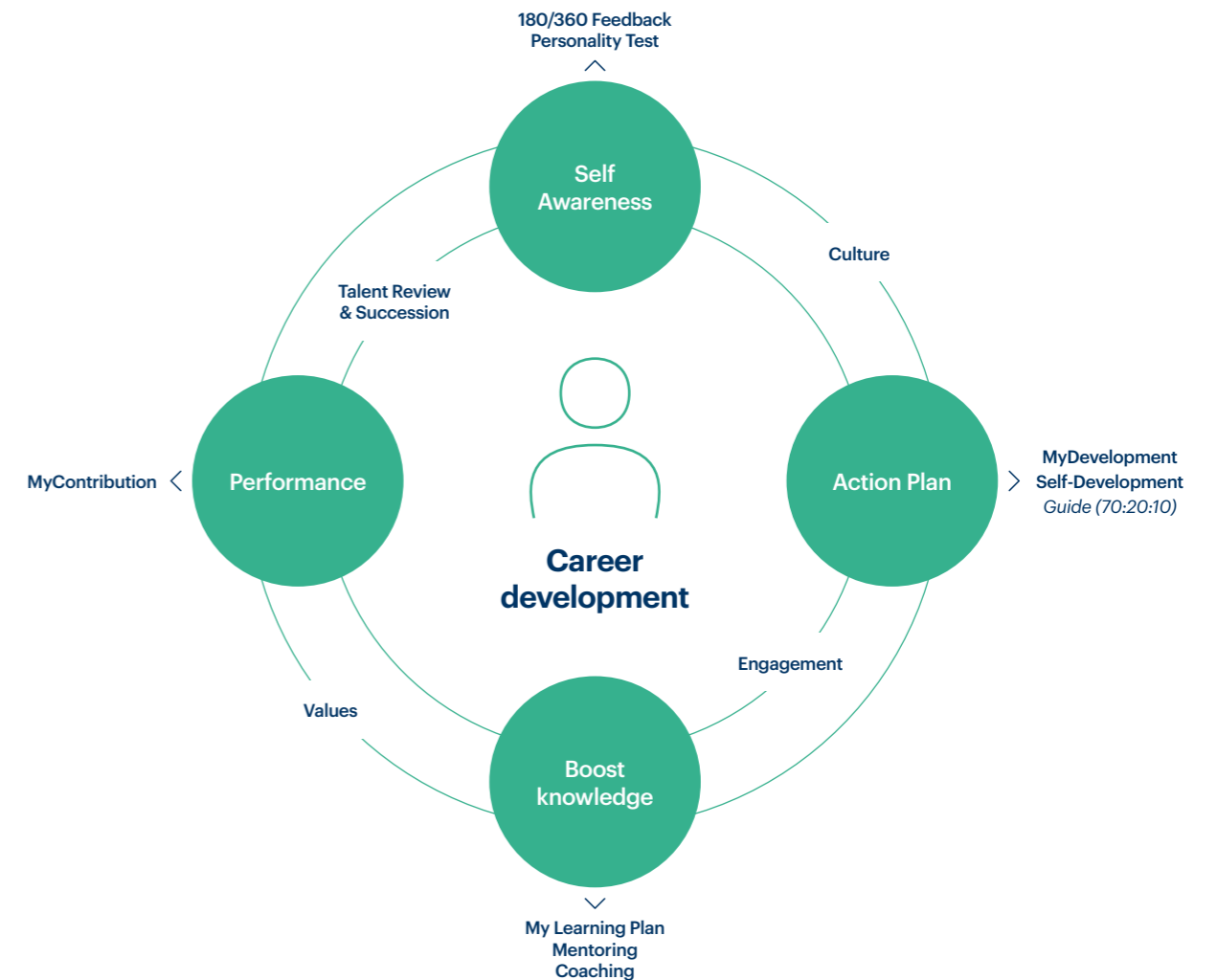
Leaders invest a lot of time in developing their teams, while fostering in-house talent and offering new growth opportunities for our employees. We are consolidating a robust talent review and succession planning process where managers:

- Identify their business challenges and organizational needs.
- Identify pivotal positions and potential successors for the future.
- Identify employees with potential and development opportunities. These are added to their MyDevelopment in order to strengthen their growth.

The goal of our **Talent Development and Leadership strategy** is to build a diverse team with multiple skills and face the challenges of creating optimal and innovative solutions for patients.

The outcome of each training program helps employees and their managers to have meaningful conversations and review / establish a development plan in MyDevelopment.

Type of training	Hours (H)
Technical training	23,483
Values & Competences training	8,436
Language training	1,668
Office technology training	2,276
Total	35,863



Leadership Path

To develop the fundamental leadership capabilities to be a successful Almirall Leader.





We care about our employees at Almirall

Health promotion and flexible working environment

The Engagement Survey was re-launched in late 2019 to analyze the impact of the action plans implemented and the evolution of our engagement level. The survey had an extraordinarily high level of participation with very positive results, reflecting a significant increase in the commitment of our employees and widespread advances in our culture that support and facilitate our sustainable growth.

We listened to our employees and identified several actions to be implemented, focusing on different aspects such as improving their quality of life and developing a work environment where corporate values are reflected on a daily basis.

Our key initiatives:

Turn it Flex was launched in 2019. Its main objective is to give more flexibility at work and manage our schedule. It includes a series of measures to make our working hours more flexible, allowing employees to benefit from a better balance between their personal and professional lives.

In order to promote and encourage a more collaborative and innovative environment that allows for greater agility, efficiency and flexibility, we defined a new space model in our offices. The **Flexible Work Place** project (to be implemented in 2020 at Almirall headquarters) takes our cultural evolution even further and is already a reality at our production center in Sant Andreu de la Barca.

Consistent with our raison d'être to improve people's health and well-being, at Almirall we have implemented various initiatives aimed at promoting the health of our employees and creating healthy working environments. To this end, we provide our employees with access to gyms and medical services at our facilities, as well as restaurants and cafeterias with special menus.

We kicked off a physical activity challenge this year called the **+YOUFEELFIT Challenge**. It is supported by a digital solution; employees may voluntarily walk, run, cycle or swim, individually and in teams. It was designed to improve their health and quality of life while practicing these sports. Our participants accumulate "Almirometers", which will be converted into money at the end of the challenge. This money is then transformed into financial donations for non-profit organizations in order to positively impact our society. These donations are consistent with our Noble Purpose and serve to increase the commitment of our employees. In addition, participants also learn about nutrition, emotional and physical health while having fun, socializing and engaging in sports.

These initiatives complement existing ones that benefit not only our employees but also their families. These include financial assistance in the event of marriage/partnership and birth or adoption of children, flexible compensation plans or school, day-care or special education benefits, etc.

Promotion of health and balanced nutrition

- Access to gyms at our facilities
- Special menus at our restaurants and cafeterias
- On-site medical services
- +YOUFEELFIT physical activity challenge

Work-life balance

- Flexible schedule timeline
- Kindergarten and school allowance
- Flexible Work Place project

Economic welfare Financial aid measures

- Flexible benefits plan for the use of public transport
- Mobility plans
- Parking for bicycles and electric scooters

Check-ups

- 1,192 medical check-ups for employees (11% increase vs 2018).
- 313 occupational risk prevention assessments (16% increase vs 2018)
- 1,575 participants in health promotion campaigns

Accident rates

- Global accident ratio: 6.7 accidents worldwide / 1000 workers, 69% below the level of the pharmaceutical sector
- Severity index of accidents 85% below the level of the Industry Sector

Improvement measures

- 476 corrective and improvement actions on HSE management executed (48% increase vs 2018) and 6,809 hours of training in safe, health and environment

Occupational health and safety

The health and safety of our professionals is one of our main concerns at Almirall. We are dedicated to the prevention of accidents at work and occupational diseases; we evaluate possible risks, manage them comprehensively and create a healthy working environment.

We are committed to implementing all necessary measures to improve our occupational health and safety performance in order to protect the life and health of employees and visitors to our facilities and workplaces. We annually review and assess compliance with applicable legal requirements on occupational risk management and environmental issues.

In 2019 we were audited by TÜV Rheinland to certify our occupational health and safety management system under the new ISO 45001:2018 standard, with excellent results. The auditors highlighted the robust context analysis and evaluation of expectations carried out, the corporate strategy on climate change, the awareness campaigns, the definition and deployment of the

annual HSE objectives, or the high level of participation of professionals, among others. This certification (in combination with other management systems at Almirall) guarantees our level of excellence while also enabling a continuous improvement process.

As proof of this excellence in management, we have achieved a low accident rate in our offices and operating centers in Spain: significantly lower than the average for companies in the pharmaceutical sector and which we hope to reduce even further.

During the year we have carried out multiple campaigns to look after the health of our employees and promote healthy practices among them. In addition to the health monitoring activities carried out by our medical services, we have promoted campaigns for the prevention of prostate cancer, early detection of colorectal cancer, detection of thyroid abnormalities, skin care, vaccination and heart care, with a large number of participants.

Social activities

At Almirall we assume our role as responsible and active corporate citizens, and as such we must focus on the society in which we carry out our activities. We seek to make and therefore we seek to make contributions that cause the greatest positive impact on our society through different activities carried out in the countries and local communities where we operate. We support the creation of alliances, programs and initiatives for community improvement and society development that are aligned with our strategic objectives: to create value and help build better communities.

Numerous collaborations are carried out with healthcare systems and institutions for psoriasis, multiple sclerosis and atopic dermatitis, and with healthcare systems and institutions, in win-win scenarios in which awareness campaigns are carried out, aimed especially at patients and HCPs in order to facilitate certain changes that promote healthy lifestyles and encourage prevention strategies.

As part of the commitment to society through Almirall's Sustainability program, we focus our efforts on advancing causes related to education and awareness of the diseases we fight against, carrying out multiple campaigns, events, presentations, sponsorships, etc. with the aim of making society, patients, HCP's, our workers and the media more aware of these diseases, their causes, symptoms and possible treatments.

We are also involved in the economic and social development of the local communities where our operational centers are located and in facilitating access to healthcare services.

Creating better solutions through collaboration

At Almirall we believe in open dialogue and transparent communication with healthcare systems and institutions. They play an active role in the health care ecosystem, and are a key driving force in making health care more patient-centric, as they can draw on the experiences and knowledge that patients bring to them. Similarly, health administrations also provide us with that knowledge of the patient that would otherwise be difficult for us to obtain.

Therefore, we consider both entities as key stakeholders because they make it easier for us to know the patient's perspective and thus be able to develop new and better solutions for their diseases and contribute to improving their quality of life. The relationships we build with these stakeholders are based on mutual respect and trust and always from an ethical and transparent perspective.

In 2019 we worked with various POs dedicated to different diseases. We contributed through the organization **Acción Psoriasis** with an annual donation that has allowed us to be actively involved in updating their online guide of the available treatments for the disease while also taking part in events of the association. Due to our strong commitment with POs, we started the **Healthy Habits Project** this year in collaboration with Acción Psoriasis. A project that aims to create a guidance on the healthy habits of psoriasis patients in terms of diet/nutrition, physical activity and emotional management, and which is endorsed by a committee of experts conformed by dermatologists, nutritionists, patients and POs, among others. A healthy habits report will be created as a result of an experts' survey of psoriasis patients and its subsequent analysis. This will be published and advertised appropriately to provide patients with information to improve their relationship with the disease and their quality of life.

Also in the field of psoriasis, we have worked with the **Universitat Internacional de Catalunya** (UIC) supporting its Psoriasis Observatory, which aims to better understand patients with this disease, study the impact it has on patients' personal, social and family lives, and understand the role of the disease in the current market. With these collaborations, we seek to have a better understanding of this skin disorder and also to identify the gaps that need to be covered to guarantee a better quality of life for all psoriasis patients.

With regard to multiple sclerosis, we have made specific donations to 6 Spanish POs to sponsor several actions and events, including the **World and National Multiple Sclerosis Day** as well as awareness campaigns and workshops. Additionally, we are now working with the national PO for MS to create a committee of experts that will develop an Associate Symptomatology Guide for sclerosis that may help patients and physicians to early-detect all the symptoms caused by this disease. Our focus with all these collaborations and projects is on implementing awareness campaigns that help MS patients to improve their quality of life.

In terms of collaboration with the Local Health Administration, we have been promoting the prevention and health promotion programme for resident doctors (MIR) together with **Fundación Galatea** since 2009. This entity was created by the Council of Medical Associations of Catalonia with the support of the Department of Health, and aims to promote healthy lifestyles among HCPs as well as encourage prevention strategies in the face of the risks derived from the exercise of their profession. The programme we promote consists of seminars, information sessions and online courses for these professionals.

We have carried out projects that were of mutual interest to the Regional Health Administration (Health Services of the Autonomous Communities), including different workshops, training and awareness in dermatological and cardiovascular diseases with Primary and Specialized Care Units, as well as workshops and awareness campaigns for patients in multiple sclerosis with the specialized medicine units. These projects covered the entire healthcare chain, (macro/meso/micro managers and health professionals) and have been carried out in hospitals and foundations linked to the Regional Health Authorities

2019 key figures Fundación Galatea Collaboration

On-site activities

29 activities	545 students
107 lecture hours	9/10 student appraisal

On-line activities

Tutors 258	Residents 175
8.5/10 Student appraisal	

Raising disease awareness

At Almirall we want to support patients by providing them with as much information as possible about their illness. The responsible dissemination of rigorous information is key to increasing disease awareness. The more patients know about their condition and treatment, the more likely they are to apply the prescribed therapy, because they understand the consequences of not doing so.

Providing accurate information on treatments and medicines that can be used for each type of disease is part of our commitment to our stakeholders, especially patients, medical professionals and the media. For example, in line with this commitment and in light of the increase in the supply of cannabis-based products and their liberalization in some countries for medical uses without clinical evidence of their effectiveness, benefits or GMPA manufacturing standards, we at Almirall are committed to educating governments, physicians and patients on the benefits of Sativex: a clinically tested and approved pharmaceutical product. This treatment significantly improves spasticity symptoms in patients with multiple sclerosis (MS), is approved by European regulators, manufactured with the highest standards of quality control and produced with state-of-the-art technology that ensures its purity, potency and stability. We have raised awareness of the effectiveness of this drug and its differences compared to cannabis-based products, through collaborations with multiple opinion leaders in medicine and our participation in presentations at medical forums such as the **11th Congress of the European Pain Federation (EFIC)** held in Valencia, or the **35th Congress of the European Committee for Treatment and Research in Multiple Sclerosis (ECTRIMS)** in Stockholm.

In order to raise awareness of multiple sclerosis, we celebrated the **World Multiple Sclerosis Day** in May with an awareness campaign for our employees on what it entails to live with MS, the consequences of the disease on patients and how the symptoms affect their daily life.

We also joined the **GAEM Foundation's** "I take my steps" campaign. GAEM is a patient foundation dedicated to raising awareness of multiple sclerosis and promoting biomedical research to cure this neurological disease

of autoimmune origin. Two hundred employees and collaborators of Almirall "donated their pedals" for multiple sclerosis totaling 8,000 km, which translated into a donation to the Foundation. This donation will be used to continue developing their project, to provide information about multiple sclerosis to patients and their environment, and to continue raising awareness in society about what it means to live with the disease.

In addition to the awareness actions already mentioned in this report, our corporate website provides abundant information on dermatological conditions, respiratory diseases or the spasticity of multiple sclerosis, explaining what they are, how to know if the person suffers from them, types of treatment, advice and how to contact patient associations. We also offer online training on dermatology for the media with basic information to increase the knowledge of this specialty, and we have a channel through which to receive information on Almirall's latest initiatives.

Engaging with local communities

At Almirall we are fully aware of our environment and support the development of society in the various countries where we operate, taking into account their specific needs.

As a demonstration of Almirall's solidarity and commitment to society, we successfully executed the **ISA project** (Almirall Solidarity Index) at the Sant Andreu de la Barca plant. This project consists of making donations to four NGOs, the amount of which was indexed to the achievements of that plant.

The initiative was proposed by two workers from the production line. Once it was up and running, the workers shortlisted seven NGOs that could qualify to the criteria sought by Almirall. These collaborators also became ambassadors for these entities, explaining the mission of the NGO to their colleagues so as to obtain the maximum number of votes possible for their NGOs when the voting period began. Four selected entities dedicated to improving the lives of people with different disabilities and their families, and also for people with mental illness, emerged from this vote.

This project helped employees increase their awareness and encouraged them to carry out their daily tasks with a focus on results; the outcome was increased performance as individuals and as a team. But above all, it is a project that allowed them to give greater meaning to their daily lives, knowing that their dedication and daily effort has a very positive impact on their environment by helping their NGOs of choice or that of their colleagues.

We also work with various non-profit organisations to promote activities, offer services and finance projects that we consider fundamental for the social development of the most disadvantaged populations and regions.

Access to health

We collaborate directly and/or indirectly on specific programmes in emerging and developing countries, as well as in areas of humanitarian crisis, including direct financial contributions and donations of medicines.

Since 2017 Almirall has been a partner in the **Access Accelerated Global Initiative**. This project is a first-of-its-kind, multi-stakeholder collaboration focused on improving non-communicable disease (NCD) prevention and care. Over 20 biopharmaceutical companies are involved, helping to overcome a variety of access barriers to NCD medicines in 136 low-income and lower-middle income countries. Access Accelerated supports multi-stakeholder dialogue and on-the-ground work through 106 public health programs.

These objectives are pursued through different strategies such as community awareness and linked to care, financing, health safety delivery and strengthening, license agreements, regulation and legislation, manufacturing, medicine donation, product development research, and supply chain.

We also work closely with healthcare systems, exploring innovative ways to help patients get access to our medicines. Furthermore, we apply value-based pricing to secure the timely availability of cost-effective new treatments to cover unmet needs.

The main goals of Access Accelerated program are:

Develop a common, collaborative body of knowledge on barriers to NCD prevention, treatment and care.

Strengthen ongoing efforts by bringing together critical information on patient needs, government priorities and local strategies in low-middle-income countries.

Spur new actions by identifying gaps, challenges and opportunities for improvement.

Share information on programmatic efforts as a resource for our current and future partners.

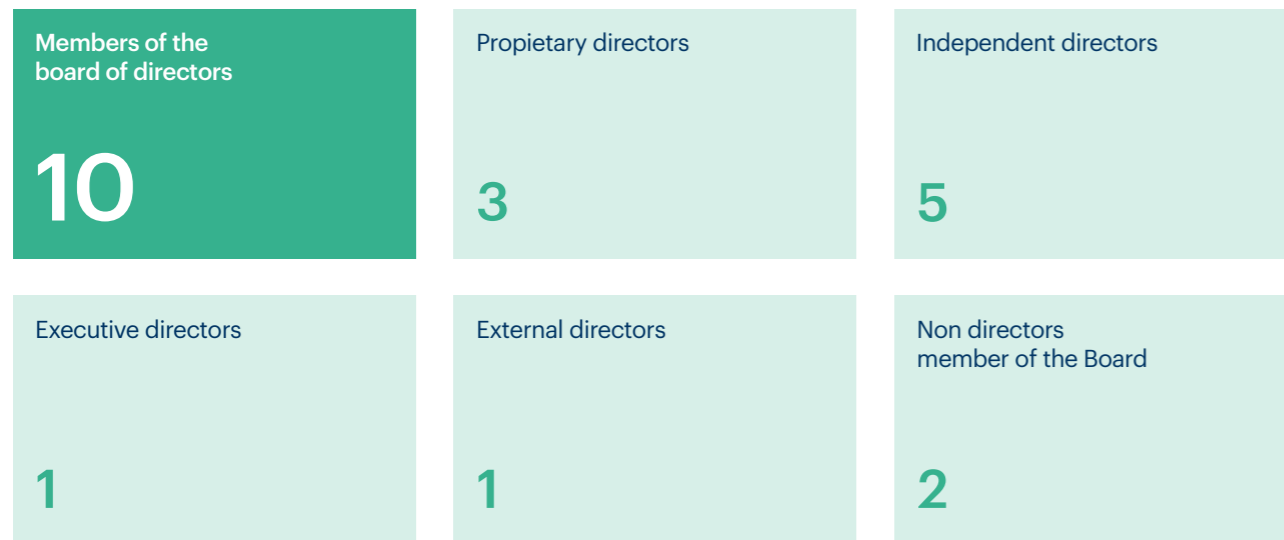


Corporate Governance

A diverse and experienced governance

Board of directors

2019



Management Board



Almirall's corporate governance is driven by our Noble Purpose, as it reflects our reason why and our essence, today and for future generations. We want to ensure that both Almirall's management model and the decisions made by the Board of Directors and its commissions are geared towards preserving the long-term interests of our stakeholders and guarantee the sustainability of the company. Accountability, openness, attention to the shareholders' interests and assurance of clear responsibilities are crucial to that process.

Our purpose and our values are guaranteed with the systems put in place to ensure we are complying not only with the strongest laws and regulations. We try to stay a step ahead in terms of transparency to earn the trust of patients and healthcare providers as well as the rest of stakeholders.

Our values and ethics

Almirall's values are the basis on which we are building a unique organization in which we feel empowered as key players in the evolution of the company but even more importantly these are the values that are fully reflected in our Code of Ethics, which guides everything we do as employees and reinforces our stakeholders' trust in us. It includes the rules and procedures that guide the conduct of our employees, along with the ethical standards that apply to our business activity and our relationships with all our stakeholders, including suppliers, HCPs, HCOs, patient organizations, patients advocacy groups, hospitals, academic institutions, scientific companies, regulators, authorities, shareholders, investors, the media and even competitors.

We have a solid compliance system in place not only to make sure that all the affected parties comply with our Code of Ethics but also to promote the communication, training, monitoring and awareness of behaving with the highest integrity standards and transparency and consequently avoiding any legal breaches. The purpose of the Legal Risk Control Policy is to provide the organization with a system of legal risk control (compliance), based on risk prevention and management. This Policy allows verification of compliance with the applicable regulations framework, by identifying the necessary communication mechanisms and evaluation of the information, treatment of it for decision making and definition and implementation of corresponding action/reaction plans.

We comply with all applicable laws and regulations in all countries in which we operate and use numerous channels as well as a robust whistleblower system to communicate effectively with our employees. By adopting controls and measures that prevent manipulation or modification, we protect the integrity of information, while promoting maximum transparency in reporting on business performance and activities, its non-financial risks and opportunities, and the social impacts in the locations where we operate. At Almirall, we work hard to build trust and long-term sustained value for all our stakeholders, not just our shareholders.

Board of Directors

The Board of Directors carries out its functions with a unity of purpose and independence of judgment, ensuring equal treatment of all shareholders and guided by their fiduciary duty of care to the Company. It also ensures that in its relations with stakeholders, the Company respects the laws and regulations, fulfilling its obligations and contracts in good faith, respecting the customs and good practices of the sectors and territories where it exercises its activity and observing those additional principles of social responsibility that it would have voluntarily accepted.

In 2019, ten directors sat on the Board, plus two non-members, the Secretary, Mr. José Juan Pintó Sala, and Vice-secretary, Mr. Joan Figueras Carreras. Daniel Bravo Andreu, Proprietary Director, and Juan Arena de la Mora, Independent Director, both left the Board in 2019, and Enrique de Leyva Pérez joined the Board as an Independent Director. More information about the Board of Directors and the Board Commissions is available on Almirall's website.

Members at 31 December 2019

Dr. Jorge Gallardo Ballart

Chairman and Proprietary Director

Dr. Jorge Gallardo holds a Degree in Industrial Engineering from the Escuela Técnica Superior de Ingeniería Industrial in Barcelona, and has been Chairman of Almirall since 1988, having previously held various management positions in the company (including that of Chief Executive Officer until 2011) since his incorporation in 1965. He was Chairman of the EFPIA (European Federation of Pharmaceutical Industries and Associations) from 1998 to 2017. He was also Chairman of Farmaindustria from 1993 to 1995, and more recently from 2002 to 2004, and is currently Vice Chairman. Dr. Gallardo also belongs to the Boards of Directors of Grupo Plafin, S.A., and Grupo Corporativo Landon S.L.

Mr. Gerhard Mayr

Independent Director

Mr. Mayr holds a Degree in Chemical Engineering from the Swiss Federal Institute of Technology, and an MBA from the Stanford Graduate School of Business. He joined Eli Lilly & Company in 1972 as a sales representative and retired in 2004 as Executive Vice President of Global Pharmaceutical Operations, holding management positions in the US, Europe, the Middle East, Asia and Latin America. In addition, he was President of Lilly International and President of Lilly Intercontinental. He has been Chairman and Board Member in several companies and organizations.

Dr. Seth J. Orlow

Independent Director

Dr. Orlow holds a Bachelor of Medicine and PhD in Molecular Pharmacology from the Albert Einstein College of Medicine of Yeshiva University (US) and a Bachelor of Science in Biomedical Sciences from Harvard College (US). He has been Senior consultant to Pharos Advisors, Chairman and Professor of Dermatology at New York University School of Medicine and Member of the Advisory Board of Provectus Pharmaceuticals, Inc. In the past, Dr. Orlow was, among others, a partner at Easton Capital Partners, co-founder of Anaderm Research Corporation, and a director of Protez Pharmaceuticals and Transave. He also belongs to the Board of Directors of R2 Technologies, Inc.

Sir Tom McKillop

Vice-chairman and External Director

Sir Tom McKillop began his career at ICI where he held various positions before being appointed Technical Director. In 1992 he was appointed deputy CEO and in 1994 he became CEO of Zeneca Pharmaceuticals, leading the merger of Astra and Zeneca in 1999, and becoming CEO of AstraZeneca plc until retiring at the end of 2005. Until 2009, he was the Chairman of the Royal Bank of Scotland and a Non-Executive Director of BP. He has been Chairman or non-executive director of various other healthcare companies and received numerous academic awards and honorary degrees.

Mrs. Karin Louise Dorrepaal

Independent Director

Mrs. Dorrepaal has a Degree in Medicine from the Free University of Amsterdam, and holds an MBA from the Rotterdam School of Management. In 1990 she joined Booz Allen Hamilton, Management Consultants, where she remained until 2004, being appointed Vice President in 2000. She specializes in the pharmaceutical industry and has advised large companies on strategy, sales, marketing and supply chain issues. In 2004 she was appointed to the Board of Executive Directors of Schering AG. Following the acquisition of this company by Bayer AG, Ms. Dorrepaal left her position. Currently she is on the Board of Directors of Gerresheimer AG, Paion AG, the Kerry Group plc. and several non-listed companies.

Mrs. Georgia Garinois-Melenikiotou

Independent Director

Mrs. Garinois-Melenikiotou holds a Degree in Mechanical Engineering from the National Technical University of Athens, and Master's in Management from the Massachusetts Institute of Technology. She is the Executive Vice President of Corporate Marketing at the Estée Lauder Companies, Inc., and Board Member of the MIT Sloan School of Management and Operating Partner at Talomon Capital LTD. Before joining Estée Lauder in 2010, Ms. Garinois-Melenikiotou held various management positions up to Global President at Johnson & Johnson, where she remained for 27 years and worked in seven countries.

Mr. Enrique De Leyva Pérez

Independent Director

Mr. De Leyva holds a Degree in Civil Engineering from the Engineering School of Madrid and an MBA from Columbia Business School, where he was a Fulbright Scholar and specialized in Finance and Accounting. He has developed his career in top-level companies such as Unión Fenosa and McKinsey & Company in various executive positions and countries (including the UK and US), and is currently one of the founding partners of Magnum Industrial Partners, a leading Iberian private equity firm. He also belongs to the Boards of Directors of Indra as well as several portfolio companies of the Magnum funds.

Mr. Antonio Gallardo Torrededía

Proprietary Director

Mr. Antonio Gallardo holds a degree in Business Science from the University of Barcelona and an Executive MBA from the University of Chicago. He also has a Master's degree in Marketing from ESADE. He developed his first professional stage in Akzo Nobel during 7 years, reaching the position of Marketing Director, and in 1999 he joined Almirall as Area Manager. Later he was Director of Pharmacy Marketing, after which he joined the medical visit network as Area Manager and later as Division Chief. In 2008 he left Almirall to continue in the family business, where he took charge of the real estate area.

Mr. Carlos Gallardo Piqué

Proprietary Director

Mr. Carlos Gallardo holds a Degree in Industrial Engineering from the Polytechnic University of Catalonia and MBA from Stanford University (US). With extensive experience in the pharmaceutical sector, he has held management positions at Pfizer and Almirall, mainly in the areas of Licensing, Business Development and Country Management. He was General Manager of Almirall's subsidiary in the UK and Ireland. Previously, he worked in the automotive sector as an expert and manager of industrial organization. In 2014 Mr. Carlos Gallardo founded CG Health Ventures where he serves as the Managing Director. CG Health Ventures builds digital health companies and invests in early stage health technology companies globally.

Mr. Peter Guenter

Chief Executive Officer

Mr. Guenter holds a Master's Degree in Physical Education from the Faculty of Medicine and Health Sciences of the University of Ghent (Belgium). He has developed a large part of his professional career at Sanofi, where he has held various management positions, the last of which was Executive Vice President and General Manager, Global Diabetes and Cardiovascular. Previously, he held various other senior positions within Sanofi (formerly Sanofi Aventis and Sanofi Synthelabo). Prior to that, he worked for Ciba Geigy and Smithkline Beecham. Since 2018 Mr. Guenter has been a member of EFPIA Board (European Federation of Pharmaceutical Industries and Associations). He is an independent non-executive board director at Galapagos since 2019.

Risk and opportunities management

The company operates in a sector with considerable risk with regard to the return on R&D investments and the competitive landscape within the therapeutic area in which we play. Pharmaceuticals is a highly regulated industry and the company is subject to decisions by health authorities and others on product approvals, pricing, promotional practices, quality, and pharmacovigilance, and needs to comply with environmental and other standards of good practice.

Almirall's risk management system is based on an annual risk map, which prioritizes the most relevant risks in the company's global risk map. This system, coordinated by Internal Audit, is prepared on the basis of the consolidation of the analysis and assessment of events, risks, controls and mitigation action plans carried out by the business and support units that make up the different areas of the company. For risks of a fiscal nature, there is also a fiscal committee for their control, management and minimization. All risks that may have a relevant impact on the achievement of the company's objectives are evaluated. Therefore, strategic, operational, financial, fiscal, technological, regulatory and reporting risks resulting from both external and internal factors are considered.

The Risk Management Committee, which is functionally linked to the Audit Commission, is responsible for the development and implementation of the risk management system, as it directly addresses an essential responsibility of the Board of Directors itself.

The relevant risk factors that can impact the business are:

- Price reductions or volume limitations for existing products and difficulties in obtaining the prices or reimbursement conditions requested for new releases due to decisions by the health authorities, with the consequent impact on sales forecasts.
- Erosion of turnover and loss of market share due to the progressive entry of generics.
- Cyber-attacks or security incidents that allow access to sensitive confidential information or cause an interruption of business activities.
- Impairment of intangible assets and goodwill due to net income flow lower than expected in some business.
- R&D Pipeline not sufficiently balanced and differentiated in its different phases to feed the product portfolio.

The Annual Corporate Governance Report contains additional details regarding Almirall's Risk System.



1

2

3

4

5

6

7

8

9

10

11

- Sir Tom McKillop**
Vice-Chairman and External Director
- Mr. Gerhard Mayr**
Independent Director
- Mrs. Karin Louise Dorrepaal**
Independent Director
- Dr. Seth J. Orlow**
Independent Director

- Dr. Jorge Gallardo Ballart**
Chairman and Proprietary Director
- Mrs. Georgia Garinois-Melenikiotou**
Independent Director
- Mr. Enrique de Leyva**
Proprietary Director
- Mr. Carlos Gallardo Piqué**
Proprietary Director

- Mr. Antonio Gallardo Torrededía**
Proprietary Director
- Mr. Peter Guenter**
Chief Executive Officer
- Mr. José Juan Pintó Sala**
Secretary

Board Commissions

There are three Board Commissions: the Audit Commission, the Nominations and Remuneration Commission, and the Dermatology Commission. Each Commission operates with clearly defined functions and is regularly reviewed to ensure that its members meet its stated goals to the best of their ability

- The Audit Commission is responsible for conducting reviews of the periodic financial information reported and for ensuring compliance with all legal requirements and the correct application of accounting standards. It also monitors internal auditing systems, internal controls and risk management practices, in addition to liaising with the external auditor.

- The Nominations and Remuneration Commission monitors the selection process and remuneration policy of the company's directors and senior management.

- The Dermatology Commission checks, discusses and promotes the strategy in the derma field, the activities related to the implementation of this strategy and the key projects not only in R&D but also in business development

Audit Commission

Almirall implements both an internal audit function and a yearly external audit process to guarantee the integrity and accuracy of all the financial information it reports. One of the key functions of this Commission is the company's risk management. Commission members supervise a risk management project that has been in place for many years. Through this project, all operational risks are assessed comprehensively and other risks such as reputational risk, sustainability risk or information security risk are managed. Other functions of the Audit Commission include the development of crisis management protocols, the strengthening of the company's Business Continuity Plan and the provision of specific training.

The Audit Commission brings together all its members on a quarterly basis to review the periodic financial information to be submitted to the stock exchange authorities, as well as the information that will be approved by the Board of Directors are included in the annual filings. In addition to the periodic meetings, the Commission must meet on

request of any of its members or whenever convened by its Chairman, as established in the Regulations of the Board. The Chairman is required to call meetings when it is deemed necessary for the proper discharge of the Commission's functions, as well as when the issuance of a report or the adoption of a proposal is requested.

The table below shows the members of the Commission at 31 December 2019:

Mrs. Karin Dorrepaal (Chairman)
Mr. Enrique de Leyva Pérez (Member)
Mr. Antonio Gallardo Torrededía (Secretary)

Nominations and Remuneration Commission

The Nominations and Remuneration Commission is responsible for formulating and reviewing the criteria to be followed for the composition of the management team of the company and its subsidiaries and for the selection of candidates, evaluating the skills, knowledge and experience required by the Board of Directors and the management of the company, ensuring compliance with the remuneration policy established by the company and the transparency of remuneration, and reporting on transactions that involve or may involve conflicts of interest. It meets quarterly, whenever the Board or its Chairman requests a report, needs a proposal for its adoption, or considers it necessary for the proper execution of its functions. It must report on its activities at the first plenary session of the Board of Directors following the Commission's meetings and send a copy of its meeting minutes to all the members of the Board. Depending on its needs and for the adequate performance of its functions, the Commission may seek the advice of external experts.

The table below shows the members of the Commission at 31 December 2019:

Mr. Gerard Mayr (Chairman)
Mrs. Georgia Garinois-Melenikiotou (Member)
Sir. Tom McKillop (Secretary)

Dermatology Commission

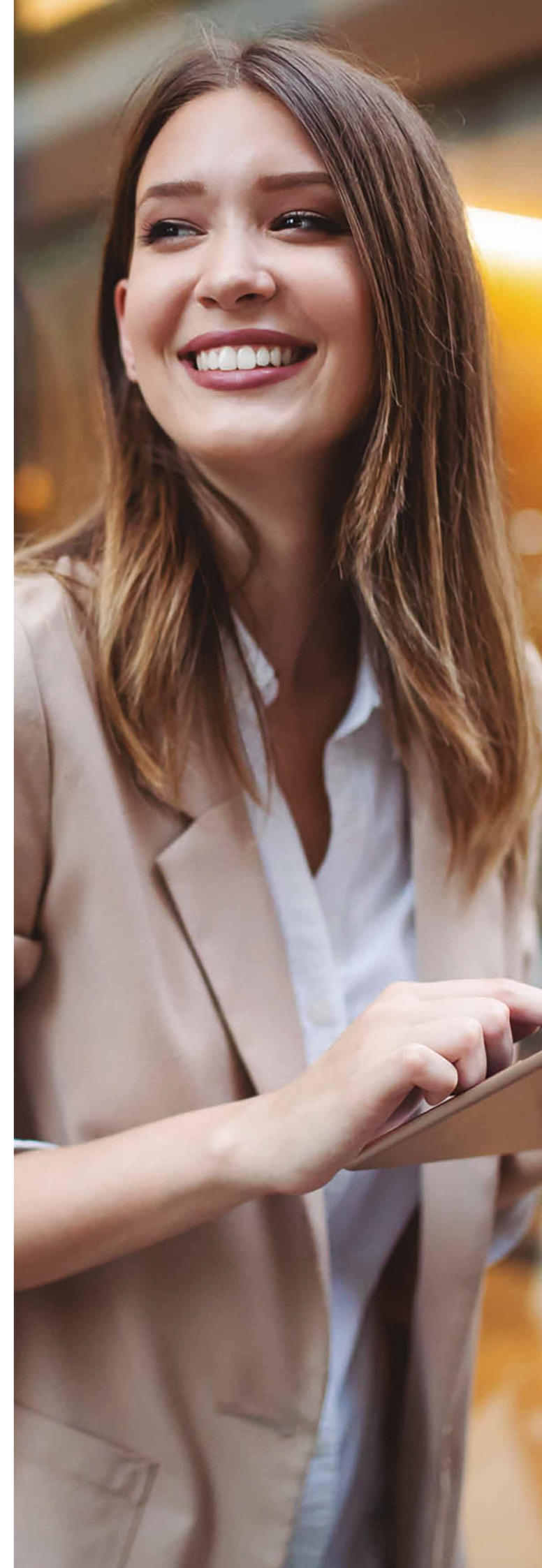
The Dermatology Commission is responsible for reviewing, discussing and promoting the strategy in dermatology, the activities related to the implementation of such strategy and the key projects in dermatology both in research and development and in business development, with the aim of proposing the discussion and approval, if necessary, of the above-mentioned projects within the Board of Directors. This Commission holds quarterly meetings and takes minutes of all, distributing copies to all members of the Board of Directors to facilitate discussion of the Commission's proposals and reports, and may seek external advice when deemed necessary.

The table below shows the members of the Commission at 31 December 2019:

Dr. Seth J. Orlow (Chairman)
Mrs. Georgia Garinois-Melenikiotou (Member)
Mr. Peter Guenter (Secretary)
Mr. Carlos Gallardo Piqué (Member)

Corporate Compliance Committee

At Almirall we have a compliance policy that provides the organization with a system for monitoring legal risks and is applied uniformly throughout the company. Its main objective is to verify and supervise compliance with the regulations (legal, contractual and internal) that affect Almirall and to evaluate and control the potential liabilities the company and/or its directors, board members or legal representatives could be subject to as a result of non-compliance. This Committee is also responsible for reviewing reports on legal risks and, if necessary, approving the implementation of measures to remedy them. Its members are the Chairman of Almirall (who also serves as the Committee Chairman), the Chief Executive Officer, the Executive Vice President of Global Business Operations, the Executive Vice President of Research and Development and CSO, the Executive Vice President of Finance and CFO, the Vice President of Human Resources, the Vice President of Legal, the Director of Internal Audit and the General Counsel, who also serves as the Committee Secretary.



Almirall's Management Board is the company's leading day-to-day governing body reporting to the Chief Executive Officer, and represents the main organizational areas. It defines the long-term goals and the strategies for the company and sets forth the principles and directives for the resulting corporate policies, develops and deploys managerial staff, allocates resources and decides on the company's financial steering and reporting. The Management Board's mission encompasses the following responsibilities:

- To manage the company and any strategic decisions of the company that are not expressly reserved to the Board of Directors, according to the responsibilities and general guidelines established by the Board of Directors and/or delegated by the Board to the CEO.
- To manage the organization according to the responsibilities and general guidelines established by the Board of Directors and/or delegated by the Board to the CEO.
- To take routine organizational decisions that are not expressly reserved to the Board of Directors or delegated to another committee, body, or person.
- To take organizational extraordinary decisions that are not expressly reserved to the Board of Directors or delegated to another committee, body, or person.
- To maximize the work environment and the strategic value of management policies for Almirall employees.

The Management Board comprises ten members and is chaired by the Executive Director, Peter Guenter. The last two executives to come on board are Volker Koscielny as Chief Medical Officer (effective as of December 2019), and McClellan as Chief Financial Officer (effective as of November 2019). They both report directly to CEO Peter Guenter.

Management Board

Peter Guenter

Chief Executive Officer

Mr. Guenter holds a Master Degree in Physical Education from the Faculty of Medicine and Health Sciences of the University of Ghent (Belgium). He has developed a large part of his professional career at Sanofi, where he has held various management positions, the last of which was Executive Vice President and General Manager, Global Diabetes and Cardiovascular. Previously, he held various other senior positions within Sanofi (formerly Sanofi Aventis and Sanofi Synthelabo). Prior to that, he worked for Ciba Geigy and Smithkline Beecham. Since 2018 Mr. Guenter is member of EFPIA Board (European Federation of Pharmaceutical Industries and Associations). He is an independent non-executive board director at Galapagos since 2019.

Alfredo Barón de Juan

Executive Vice President Global Commercial Operations

Mr. Barón de Juan received a Bachelor of Science Degree in Biology from the UIB, MBA from ESADE Business School and a General Management Program (PDG) from IESE Business School. He is responsible for the commercial strategy, commercial operations and development of Almirall. Most recently he served as Regional Director for Europe, being accountable for the development of Almirall's commercial structures in Europe and the establishment of partnerships in the geographies under his responsibility. Before joining Almirall in 2000 he held a number of marketing positions in the Spanish subsidiary of Parke Davis, Warner Lambert and Pfizer.

Dr. Bhushan Hardas

Executive Vice President R&D, CSO

Dr. Bhushan Hardas is a dermatologist by training and an MBA in health care management. He was trained at Kings College London, University of Michigan and his extensive professional experience includes ten years at Merz Pharmaceuticals in the US with his last position there as Senior VP and CSO North America and Global Head of R&D for Dermatology. Afterwards and for three years he has served as Chief Medical Officer (Devices) and Global Head of R&D Dermatology and Medical Aesthetics for Allergan, based in Irvine, California. He has extensive experience and knowledge in dermatology and medical aesthetics towards generating innovative projects as well as providing expert advice on potential business development opportunities and external innovation

Eloi Crespo Cervera

Senior Vice President Industrial Operations

Mr. Crespo holds a Degree in Organic Chemistry from the University of Barcelona, and an Interuniversity Master of Business Administration (MBA) from the Universitat de Barcelona, Universitat Autònoma of Barcelona and Universitat Politècnica of Catalunya. He joined Almirall in 1997 in Purchasing, where he held different positions as Purchaser, Manager, and Director; in 2010 he assumed responsibility in a new area to become Industrial Director and since 2018 is Senior VP Industrial Operations.

Amita Kent

Senior Vice President Legal
Global Chief Compliance & Data Privacy Officer

Ms. Kent holds a Bachelor of Science in Biology and Physics (BSc) from the Dalhousie University and a Bachelor of Laws (LLB) from the University of Windsor in Canada. She has over 30 years of experience working in pharmaceutical companies, with expertise in global marketing strategies, business development, compliance, data privacy, FCPA, litigation, regulatory and competition matters. Before joining Almirall, she held VP positions in companies including Merck, Pfizer, Schering-Plough, Pharmacia and Novopharm.

Esteve Conesa Panicot

Senior Vice President Human Resources

Mr. Conesa holds a Degree in Psychology from the University of Barcelona. He joined Almirall in 2002 as Project Leader HR Organizational Development, and since then he held several positions in the company including HR Business Partner Industrial Operations, Head of Corporate Recruitment and Development, People & Organizational Development Director and Chief HR Officer US Operations until in 2018 when becoming Senior VP Human Resources.

Dr. Francesca Domenech Wuttke

Chief Digital Officer

Dr. Wuttke holds a Ph.D. in Pharmacology from Weill Cornell Graduate School of Medical Sciences and a BA from Cornell University College of Arts and Sciences. Dr. Wuttke brings with her broad drug development and healthcare expertise, with over 20 years of clinical, commercial, strategic and transactional experience. She has worked with diverse organizations including start-ups, consulting, large and specialty pharma as well as academia. Most recently, she led European investments as Managing

Director for the MSD Global Health Innovation Fund, LLC., and worked at Novartis where she managed the strategy and commercialization for the existing portfolio of cell therapy assets. Since 2019 she is the Chief Digital Officer of Almirall where she is developing and executing an end-to-end company-wide digital transformation.

Mike McClellan

Executive Vice President Finance, CFO

Mr. McClellan holds Bachelor degrees in Accounting and Economics from the University of Missouri. He is an experienced financial executive and has leveraged his skills to drive strong business and financial performance in roles of increasing scope, responsibility and geographic reach mainly in the Pharmaceutical industry. Before joining Almirall in 2019, he was most recently CFO of Teva Pharmaceuticals and had also spent many years with Sanofi after starting his career in public accounting.

Dr. Volker Koscielny

Chief Medical Officer

Dr. Koscielny is Medical Doctor from the Freie Universitaet Berlin and holds a Business and Managerial Economics MBA from the University of Durham. He has a solid clinical, academic and scientific background, experience managing large teams and a results-oriented mentality. Before joining Almirall he held different positions in companies like Celgene, GlaxoSmithKline, Pfizer, Servier or Boehringer Ingelheim. As a member of the Management Board, he leads the Medical Affairs and Medical Innovation strategy, providing guidance and a strong medical perspective as a partner to the R&D and commercial teams.

Joan Figueras Carreras

Corporate Director, General Counsel

Mr. Figueras holds a Bachelor's Degree in Laws from the Universitat de Barcelona and joined Almirall in 1993 as Senior Director of Legal Department, working in that position until 2013. Since then he is General Counsel of the company and Vice-Secretary of the Board of Directors. From 2007 he also acts as Secretary of the Management Board.

References:

- (1) **Wiley. "Skin diseases are more common than we think." ScienceDaily. ScienceDaily March 20, 2019.**
Available at: <https://www.sciencedaily.com/releases/2019/03/190320102041.htm>
[Accessed 23 February, 2020]
- (2) **Chia A., Dodds A., Shumack S. (2014). Actinic Keratosis: Rationale and Management.**
Available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4065271/>
[Accessed 23 February, 2020]
- (3) **Ji Hyun L., Young Bok L., Yong Gyu P. (2018). Association between Height and Actinic Keratosis: A Nationwide Population-based Study in South Korea.**
Available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6052058/>
[Accessed 23 February, 2020]
- (4) **Darsow U., Ulrike R., Ständer S. (2014) Itch: Mechanisms and Treatment.**
Available at: <https://www.ncbi.nlm.nih.gov/books/NBK200925/>
[Accessed 23 February, 2020]
- (5) **Nutten S. (2015). Atopic Dermatitis: Global Epidemiology and Risk Factors.**
Available at: <https://pubmed.ncbi.nlm.nih.gov/25925336-atopic-dermatitis-global-epidemiology-and-risk-factors/>
[Accessed 23 February, 2020]
- (6) **Global report on Psoriasis. World Health Organization.**
Available at: https://apps.who.int/iris/bitstream/handle/10665/204417/9789241565189_eng.pdf?sequence=1&isAllowed=y
[Accessed 23 February, 2020]
- (7) **Psoriasis is a Serious Disease Deserving Global Attention. A report by the International Federation of Psoriasis Associations.**
Available at: <https://ifpa-pso.com/wp-content/uploads/2017/01/Brochure-Psoriasis-is-a-serious-disease-deserving-global-attention.pdf>
[Accessed 23 February, 2020]
- (8) **Ashcroft D.E., Griffiths C.E., Parisi R., Symmons D., (2012). Global Epidemiology of Psoriasis: A Systematic Review of Incidence and Prevalence.**
Available at: https://www.researchgate.net/publication/231213800_Global_Epidemiology_of_Psoriasis_A_Systematic_Review_of_Incidence_and_Prevalence
[Accessed 23 February, 2020]
- (9) **Bhate K., Tan J. K. .L (2015) A Global Perspective on the Epidemiology of Acne.**
Available at: <https://pubmed.ncbi.nlm.nih.gov/25597339-a-global-perspective-on-the-epidemiology-of-acne/>
[Accessed 23 February, 2020]
- (10) **Acne.**
Available at: <https://dermatology.ca/public-patients/skin/acne/#!/skin-hair-nails/skin/acne/stage-of-acne/vspustule.%20shtml>
[Accessed 23 February, 2020]
- (11) **Types of acne and how to treat them.**
Available at: <https://www.healthline.com/health/beauty-skin-care/types-of-acne>
[Accessed 23 February, 2020]
- (12) **What is real-world evidence (RWE)?**
Available at: <https://rwe-navigator.eu/use-real-world-evidence/rwe-importance-in-medicine-development/>
[Accessed 23 February, 2020]
- (13) **Industry Research Shows 97% of Companies to Increase Use of Real-world Patient Data for More Accurate Decision-making.**
Available at: <https://markets.businessinsider.com/news/stocks/industry-research-shows-97-of-companies-to-increase-use-of-real-world-patient-data-for-more-accurate-decision-making-1007150491>
[Accessed 23 February, 2020]
- (14) **Casari A., Dirschka T., Gupta G., Malvey J., Micali G., Pellacani G., Schmitz L., Stratigos A.J., Athens AK Study Group. (2017). A proposed scoring system for assessing the severity of actinic keratosis on the head: actinic keratosis area and severity index.**
Available at: <https://www.ncbi.nlm.nih.gov/pubmed/28401585>
[Accessed 4 April, 2020]
- (15) **Landman A., Singh K., (2017) Key Advances in Clinical Informatics.**
Available at: <https://www.sciencedirect.com/topics/medicine-and-dentistry/mobile-health>
[Accessed 23 February, 2020]
- (16) **Global mHealth Apps Market Will Reach USD 111.1 Billion By 2025: Zion Market Research.**
Available at: <https://www.globenewswire.com/news-release/2019/01/24/1704860/0/en/Global-mHealth-Apps-Market-Will-Reach-USD-111-1-Billion-By-2025-Zion-Market-Research.html>
[Accessed 23 February, 2020]
- (17) **Accenture 2018 Consumer Survey on Digital Health.**
Available at: <https://www.accenture.com/us-en/insight-new-2018-consumer-survey-digital-health>
[Accessed 23 February, 2020]
- (18) **Curtis H., Bacon S., DeVito N., Goldacre B., Fleminger J., Heneghan C., Irving F., (2018). Compliance with requirement to report results on the EU Clinical Trials Register: cohort study and web resource.**
Available at: <https://www.bmj.com/content/362/bmj.k3218>
[Accessed 12 March, 2020]

almirall.com @

Almirall in

Almirall Pharma You Tube

feel the Science.

almirall.com