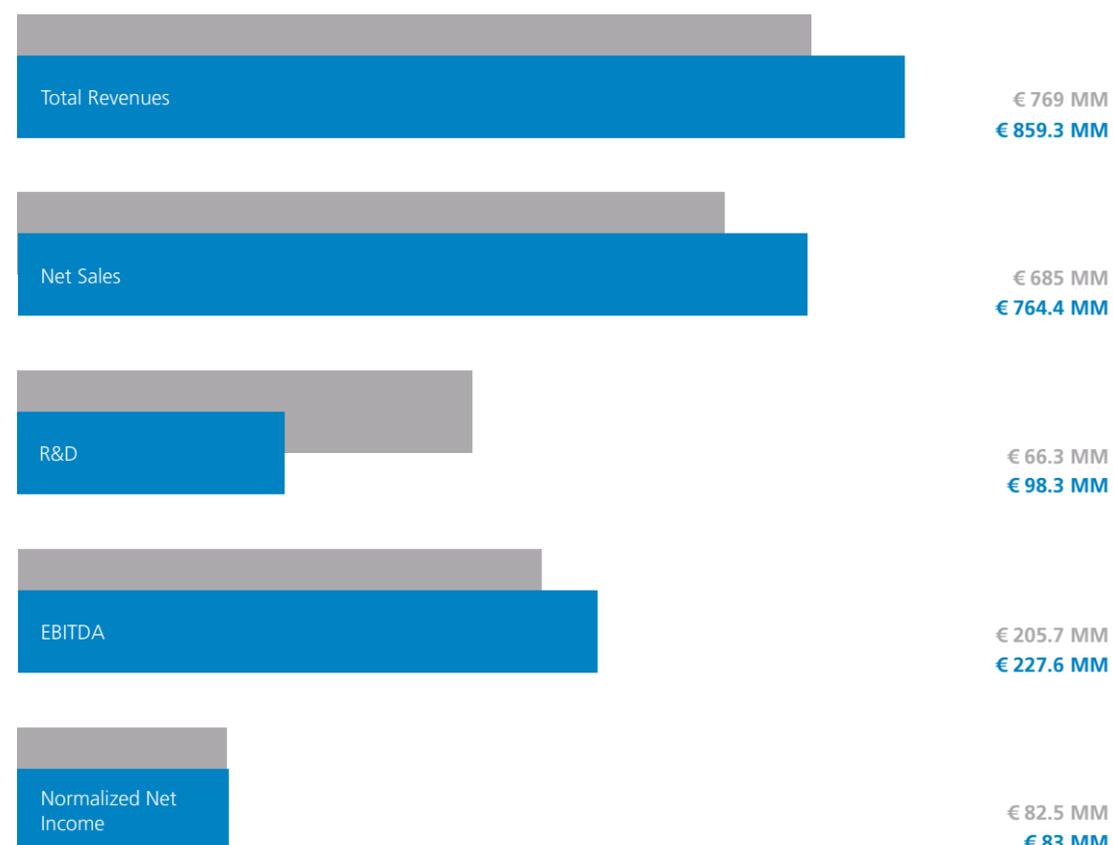




Key indicators

Financial figures

■ 2015
■ 2016



Employees



1,975 Employees
(As at 31 December 2016)

Mission

Our primary purpose

"We apply science to provide medical solutions to you and future generations"

Vision

"To be a leading specialty company with a strong focus on skin health by addressing the needs of healthcare professionals and those they help"

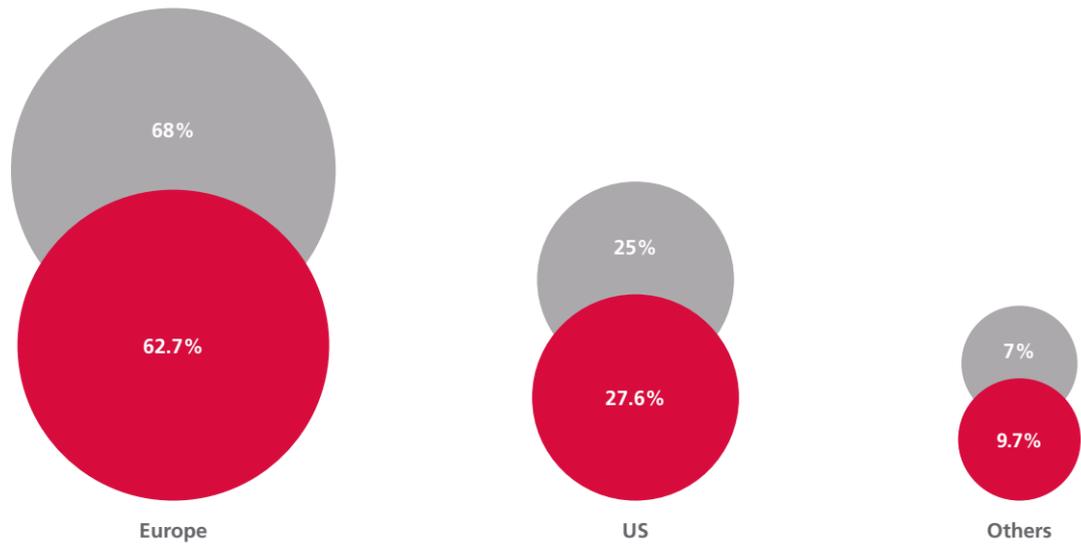
Strategic Direction

We want to focus our resources on:

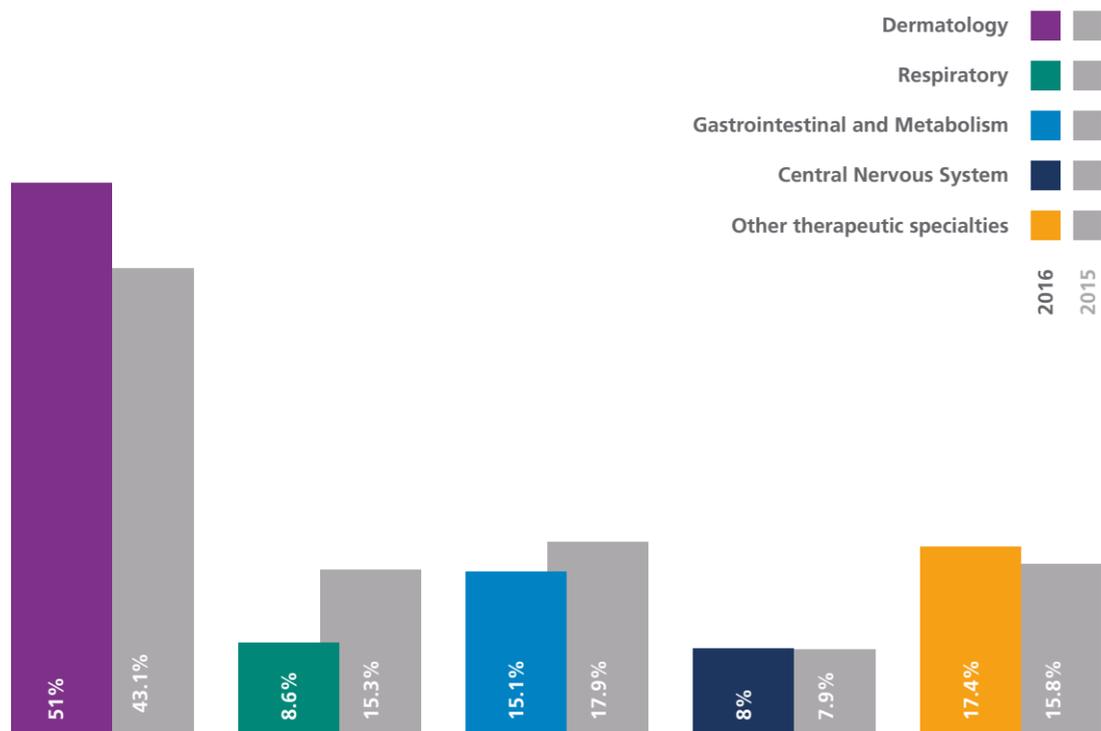
- Accelerating growth in Dermatology and Aesthetics while optimising the value of our current portfolio
- Expanding our portfolio and pipeline in our priority areas through an effective combination of R&D and BD
- Growing our presence in key countries
- Building a competitive advantage through Customer Affinity
- Fostering an organisation with a strong set of Values

Net Sales by geographic area

2015 2016



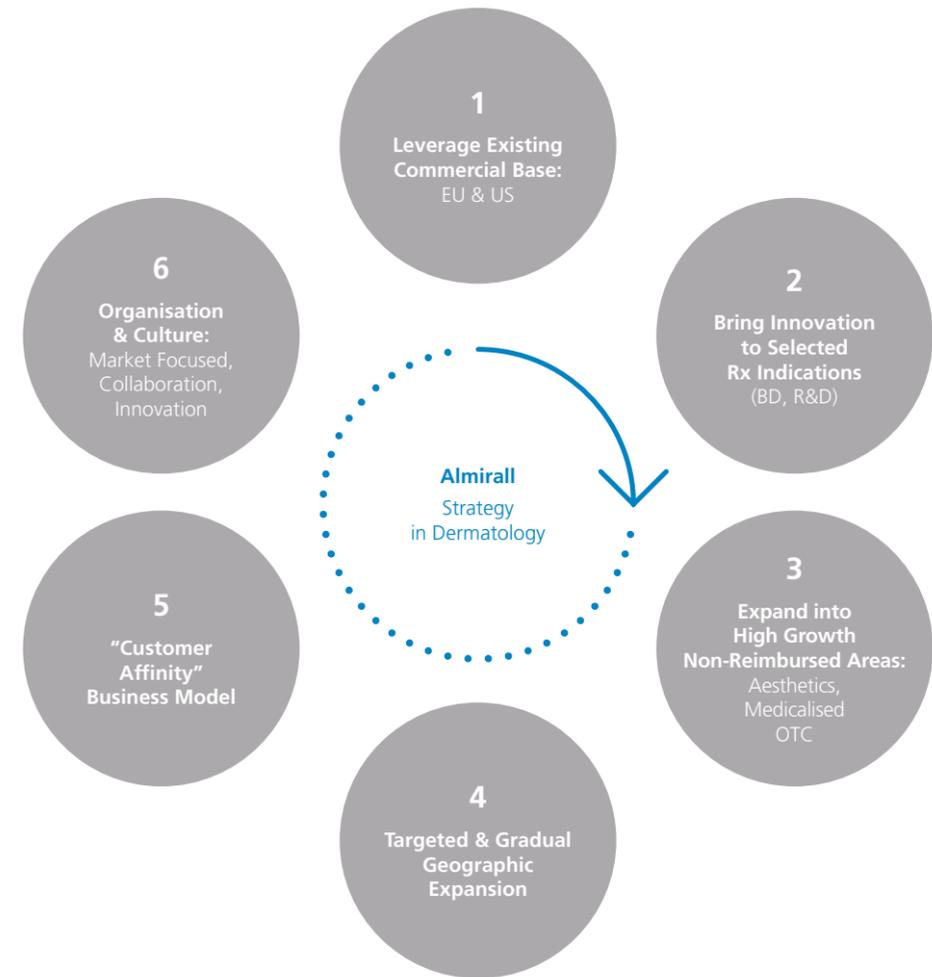
Net Sales by therapeutic area



Introducing 2016

Strategic Elements

Coherence - Strengths - ADVANTAGES



Business Perspective

BUILD

2015– Mid-2016

- Business transformation and organisational realignment
- Dermatology Rx & Aesthetics acquisition(s)

GROW

Mid-2016 –2018

- Expand and leverage pipeline (external & internal)
- Medicalised OTC
- Geographic expansion

WIN

Beyond 2018

- Increasing levels of innovation in Dermatology
- Further geographical expansion

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Strategic review

Message from the President
Interview with the CEO
2016 highlights



Jorge Gallardo
President

Message from the President

Dear Shareholders,

2016 was a decisive year for Almirall. Our vision to become a leading Dermatology player has continued to be consolidated. With hard work by our team, we have laid a solid foundation on which to establish our mission of applying science to provide medical solutions to you and future generations.

The results have been encouraging. We have seen Total Revenues grow by 11.7%, a strong Net Sales growth of 11.6%, and sustained improvement in profit margins. Net Sales in Dermatology grew by 32.1%. Dermatology now accounts for 51% of our Total Net Sales, up from 43% in 2015. Thanks to this solid set of results we have delivered above guidance and our Net Income will allow us to pay a dividend during this year.

In 2015, we sought opportunities and pursued strategic agreements that bore fruit in 2016, making this a year of expansion in which we have been able to bring in new companies with their own products and R&D portfolios, while making substantial progress with our own internal pipeline. A good example is the case of the Poli Group Holding acquisition, which includes an R&D structure with proprietary formulation technology, three pipeline projects in Phase III, and a promising product portfolio that broadens our global reach.

Also noteworthy is our acquisition of ThermiGen, as it expands our access to Aesthetics, and the licence agreements on the development and commercialisation of PAT-001 from Patagonia Pharmaceuticals and tildrakizumab from Sun Pharma, our global collaboration with Nuevolution for the development of its RORyt small molecule inhibitor programme for Dermatology diseases and Psoriatic Arthritis and, finally, our exclusive collaboration agreement with Mercachem to identify and develop oral cytokine blockers for the treatment of inflammatory skin diseases.

Apart from the three Phase III projects mentioned previously, we are currently preparing the registration dossier of a new product, the aforementioned biological product (tildrakizumab) and have recently presented the dossier for dimethyl fumarate (DMF), both for the treatment of Psoriasis. Likewise, we also have a product in the registration phase for Actinic Keratosis. For the medium to long-term, we have one new chemical entity for Pemphigus Vulgaris, and one reformulation starting Phase II for Ichthyosis.

As we implement our plan, we are committed to providing the necessary economic support for all the new products. To sharpen our competitive edge, the adoption of a growth-oriented mindset is imperative and we are focused on streamlining operations and reallocating resources to ensure the successful launch of our new growth drivers.

This strategy is being carried out at every level, as we bring our Corporate Governance in line with our new goals. As we expand our Board of Directors, we welcome the addition of Seth J. Orlov, Chairman and Professor at the New York University Dermatology Department, and Georgia Garinois-Melenikiotou, a recognised international executive with valuable experience in managing consumer brands, OTC products, and luxury cosmetics.

As we greet the future, we are challenging ourselves to grow and change, creating new opportunities for the years to come. 2017 is expected to be full of vital, exciting work with the preparation for upcoming launches, the continued growth of our current portfolio, and our expansion into Aesthetics.

From the Gallardo family and our exceptional team, thank you for your interest and investment in Almirall.

Yours sincerely,

Jorge Gallardo
President

“2016 is a year of expansion in which we have been able to bring in new companies with their own products and R&D portfolios, as well as new in-licensed products, while making substantial progress with our own internal pipeline.”



Eduardo Sanchiz
Chief Executive Officer

“The key is to understand the challenges patients and their doctors face and to better listen so we are always adapting our products and services to their needs”

Interview with the CEO

How has Almirall progressed in the new strategic direction during 2016?

First of all, by surpassing the financial guidance: we grew Sales and Revenues by close to 12% and delivered an EBITDA above expectations, with 10.6% growth, representing 29.8% of Sales. Secondly, by continuing to bring in new Dermatology products and companies through our corporate development efforts; thirdly, by continuing to make progress with our own pipeline and, finally, by moving forwards in developing new capabilities in this area.

What has been done to expand Almirall’s Dermatology portfolio of existing and new products?

When it comes to existing and growing businesses, the addition of Poli Group and ThermiGen has boosted our top line, as have new product launches like Veltin® and Altanax® in the US. The acquisition of Poli Group also brought three projects in clinical stage which we are now moving into Phase III both in Europe and in the US. Redirecting our R&D efforts has already allowed us to move an NCE into Phase I and to initiate a large number of early-stage projects in Discovery. We have also made progress with our dimethyl fumarate for Psoriasis and filed it for registration in Europe. To this we have to add the in-licensing of tildrakizumab for Psoriasis in Europe and of PAT-001 for Congenital Ichthyosis globally.

How is Almirall preparing to accommodate future new product launches and an expanded research portfolio?

We are bringing new experienced people to our organisation and we anticipate growing budget requirements in R&D and supporting new product launches. For that reason, we recently ran an exercise to improve the way we use our resources and to reallocate them to new needs. This is not easy to do: it can be painful and requires every employee to use a great deal of good judgement and discipline. I think we are also making good progress in this direction.

What actions has the company taken during the year to mobilise the organisation in the new direction?

We have dedicated a lot of time and effort to internal communication, stressing the key elements of the new strategic direction, reinforcing our new vision, discussing the stages of the journey, setting priorities and objectives based on new needs, addressing cultural changes linked to the new situation and bringing in new talent to supplement existing capabilities. We have had a lot of activity to address this important question and to all of the above we need to add important initiatives to sensitise our employees about the needs and the situation of patients with skin diseases or who wish to improve their skin health. The key is to understand the challenges they and their doctors face and to better listen so we are always adapting our products and services to their needs. I will give you an example: during our “Shared Skin Initiative”, different members of my team including myself wanted to experience first hand what these diseases are like—how they affect one’s physical, mental and social health. The results were so insightful! The experience has strengthened our resolve and motivation to make more headway in this new direction.

2016 highlights

08 February	Almirall closed an agreement to acquire 100% of the share capital of Poli Group Holding, obtaining a Dermatology-focused R&D structure with proprietary formulation technology (HPCH) and three clinical-stage Dermatology products.
09 February	Almirall closed the acquisition of ThermiGen, LLC, entering the Aesthetic market and gaining a commercial platform with significant growth potential in multiple indications, as well as unique radio-frequency technology solutions for Aesthetics Dermatology and Plastic Surgery.
19 May	Almirall and Bicosome entered into a collaboration and sublicense agreement for the development of Bicosome® technology, a unique and differentiated platform for skin delivery that facilitates the release of active ingredients to the skin.
19 May	Almirall's ThermiGen and Sinclair entered into a US distribution agreement for Silhouette Instalift®, providing access for this product to the world's largest Aesthetic market.
24 June	Almirall's "Shared Skin Initiative" won a Silver Lion Award in the Best Internal Communications & Employee Engagement category at the Cannes Lions International Festival of Creativity.
30 June	The EFPIA Transparency Code came into force and Almirall committed to safeguarding the interests of patients, clinicians, medical research, and the pharmaceutical industry by making public the Transfers of Value related to our collaborations with healthcare professionals (HCP) and healthcare organisations (HCO).

22 July	Almirall announced a global license agreement for Patagonia's lead product (PAT-001), a treatment for Congenital Ichthyosis that has been granted an Orphan Drug Designation by the FDA.
27 July	Almirall and Sun Pharma entered into a license agreement for tildrakizumab for Psoriasis in Europe, adding a novel biologic for the treatment of moderate-to-severe plaque Psoriasis to our extensive Dermatology portfolio.
28 September	At the European Academy of Dermatology and Venereology (EADV) Congress, Almirall announced Phase III trial results for two potential Psoriasis therapies, LAS41008 (dimethyl fumarate, DMF) and tildrakizumab.
03 October	
12 December	Almirall entered into a global strategic collaboration with Nuevolution, obtaining rights to their RORyt inhibitor programme for inflammatory skin diseases as well as Psoriatic Arthritis.
21 December	Almirall signed an exclusive collaboration agreement with Mercachem to identify and develop oral cytokine blockers, novel small molecule therapeutics for inflammatory skin diseases.



Finance and stock performance

2016 Financial Highlights
Functional Income Statement
Balance Sheet
Cash Flow
Almirall on the Stock Exchange

2016 Financial Highlights

In the challenging environment of 2016, results were at the top end of the range given in our financial guidance.

		Total Revenues
		€ 859.3 MM
Net Sales	EBITDA	EBIT
€ 764.4 MM	€ 227.6 MM	€ 127.3 MM
Net Income	Normalised Net Income	Cash Flow from Operating Activities*
€ 75.5 MM	€ 83 MM	€ 105.1 MM
R&D Expenses	Cash and Cash equivalents	Net Cash Position
€ 98.3 MM	€ 466.7 MM	€ 73.8 MM

(*Without M&A and In-licensing activities)

External auditors' report

The external auditors' report issued by PriceWaterhouse Coopers on 24th February 2017 contains an unqualified positive opinion on the Consolidated Financial Statements for 2016, which include the following documents:

- Consolidated Balance Sheet as at 31st December 2016.
- Consolidated Income Statement.
- Consolidated Statement of Comprehensive Income.
- Consolidated Statement of Changes in Equity.
- Consolidated Cash Flow Statement.
- Notes to the Consolidated Financial Statement.

The full content of the 2016 Consolidated Financial Statement, the notes to the accounts and the auditors' report can be found at www.cnmv.es and at www.almirall.com.

Almirall's strong growth during 2016 resulted in the company delivering results above its guidance. Dermatology was the key driver of growth, with an increase of 32% compared to 2015, and this therapeutic area now accounts for 51% of Net Sales.

A number of major events took place in 2016 with significant M&A activity such as the closing of the agreement to acquire Poli Group Holding, the licensing-in and launch of Veltin[®] and Altabax[®], a global licensing agreement with Patagonia Pharmaceuticals for the treatment of Congenital Ichthyosis and the licensing-in of tildrakizumab, our first biologic, for the treatment of chronic plaque Psoriasis. These accomplishments strengthen Almirall's position as a leading Dermatology player. Furthermore, the closing of the agreement to acquire ThermiGen and the distribution agreement with Sinclair place Almirall in a very good position in the Aesthetics arena.

These transactions will boost growth in the coming years and reinforce Almirall's specialty pharmaceutical model. The company's net cash position of €73.8 million was lower compared with the previous year due to important transactions; however this was offset by the positive effect of the milestone received in relation to the AstraZeneca transaction and the operating activities of the company.

The company's strong cash position will allow for additional inorganic growth in order to consolidate our leading position in Dermatology.

2016 Net Sales growth was 11.6% at €764.4 million and the contribution of Dermatology was instrumental in achieving these figures. The maintenance of the position of Acticlate[®], despite the challenging environment in the US market, and the launch of Veltin[®] and Altabax[®], Ciclopoli[®] and ThermiGen all contributed to the increase in Net Sales.

SG&A represented 53% of sales versus 51.7% in 2015. However, excluding depreciations, SG&A grew slower than sales, and in terms of percentages, was reduced from 43.1% in 2015 to 41.9% in 2016. We also saw an important level of EBITDA margin, representing 30% of sales, despite significant investments behind product launches in the US, and R&D.

Normalised Net Income reached €83 million whilst Net Income was €75.5 million.

Cash Flow from operating activities totalled €105.1 million, which was lower than the previous year due to the smaller amount of milestones related to the AstraZeneca transaction.

Almirall's performance was excellent throughout 2016. Furthermore, the transactions completed during the year were fully aligned with our strategy.

Our priority is to continue to deliver a solid performance in line with shareholder expectations and to continue with M&A projects that can deliver sustained shareholder value. We closed a total of eight transactions in 2016 with the highlight being the acquisitions of Poli Group Holding and ThermiGen.

Dermatology grew by 32% and currently accounts for 51% of Net Sales

Functional Income Statement

In 2016, Almirall Total Revenues reached €859.3 million, which represents an 11.7% increase on the previous business year. This figure includes Net Sales and Other Income.

Other Income was €94.9 million, an increase of 13% vs 2015.

By regions, the group's sales increased in Europe (17.3%) and the US (25.1%). On a global level, the Acne franchise doxycycline (Acticlate® and Monodox®) and Veltin® (tretinoin) stands out as Almirall's top seller (€109.2 million).

R&D expenses rose to €98.3 million, due to new development projects and M&A transactions which reinforce our pipeline for the future.

SG&A amounted to €404.8 million. Excluding depreciations, SG&A grew slower than sales and in terms of percentages, was reduced from 43.1% in 2015 to 41.9% in 2016.

In 2016 versus the previous year, Total Revenues increased by 11.7%, Sales grew by 11.6%, whilst EBITDA rose by 10.6%.

The improved financial results in comparison to 2015 was mainly due to the contribution of Dermatology, new acquisitions and new launches of our US affiliate.

Corporate Income Tax in 2016 was below that of 2015.

Net Income was €75.5 million, whilst Normalised Net Income was €83 million, an increase of 0.6% vs. the previous year.

➤ **Almirall's Total Revenues reached €859 million, boosted by the Dermatology business in the US.**



2016 Functional Income Statement (€ Million)	2016	2015	% Var
Total Revenues	859.3	769.0	11.7%
Net Sales	764.4	685.0	11.6%
Other Income	94.9	84.0	13%
Cost of goods	(227.5)	(214.5)	6.1%
Gross Profit	536.9	470.5	14.1%
% of sales	70.2%	68.7%	
R&D	(98.3)	(66.3)	48.3%
% of sales	(12.9%)	(9.7%)	
SG&A	(404.8)	(354.3)	14.3%
% of sales	(53.0%)	(51.7%)	
SG&A w/o Depreciation	(320.5)	(295.3)	8.5%
% of sales	(41.9%)	(43.1%)	
Depreciation	(84.3)	(59.0)	42.9%
Other Op. Expenses	(1.4)	(2.5)	(44.0%)
EBIT	127.3	131.4	(3.1%)
% of sales	16.7%	19.2%	
Total Depreciation	100.3	74.3	35.0%
% of sales	13.1%	10.8%	
EBITDA	227.6	205.7	10.6%
% of sales	29.8%	30.0%	
Restructuring Costs	(26.6)	(7.8)	n.m.
Net Financial Income / (Expenses)	(19.0)	4.4	n.m.
Other	10.9	44.6	(75.6%)
Profit Before Tax	92.6	172.6	(46.3%)
Corporate Income Tax	(17.1)	(40.8)	(58.1%)
Net Income	75.5	131.8	(42.7%)
Normalised Net Income	83.0	82.5	0.6%
Earnings Per Share (€)	0.44€	0.76€	
Normalised Earnings Per Share (€) (1)	0.48€	0.48€	

(1) Number of shares at the end of the period

Balance Sheet

The following paragraphs highlight the most noteworthy aspects of the group's Balance Sheet at 31st December 2016.

The increase in intangible assets (from €412.7 million to €993 million) was mainly due to the revaluation of Polichem and ThermiGen, and also includes the licence from Sun Pharma deal on Psoriasis.

Financial assets and accounts receivable refer to potential future milestones and royalties.

The increase in non-current liabilities (€452.3 million to €609.5 million) was due to deferred tax liabilities.

During the year, the company's performance reinforced our already strong financials.

The Financial Debt with credit institutions amounted to €321 million, arising from the long-term bank loan to finance the acquisition of Aqua Pharmaceuticals.

Almirall recently announced the decision to redeem all outstanding 4.625% senior notes due 2021 issued on March 27, 2014. It has entered into a revolving credit facility agreement for a maximum amount of €250 million over a 4 year period with an average interest rate lower than 1%.



2016 Balance sheet (€ Million)	2016	% of BS	2015
Goodwill	432.8	15.4%	347.3
Intangible Assets	993.0	35.2%	412.7
Property, Plant and Equipment	132.3	4.7%	127.8
Financial Assets	194.4	6.9%	180.6
Other Non Current Assets	327.5	11.6%	316.8
Total Non Current Assets	2,080.8	73.8%	1,385.2
Inventories	91.0	3.2%	87.1
Accounts Receivable	130.6	4.6%	121.0
Cash & Cash Equivalents	466.7	16.6%	868.0
Other Current Assets	50.2	1.8%	71.0
Total Current Assets	738.5	26.2%	1,147.1
Total Assets	2,818.5		2,532.3

Shareholders' Equity	1,520.3	53.9%	1,462.6
Financial Debt	321.0	11.4%	319.7
Non Current Liabilities	609.5	21.6%	452.3
Current Liabilities	367.7	13.0%	297.8
Total Equity and Liabilities	2,818.5		2,532.3

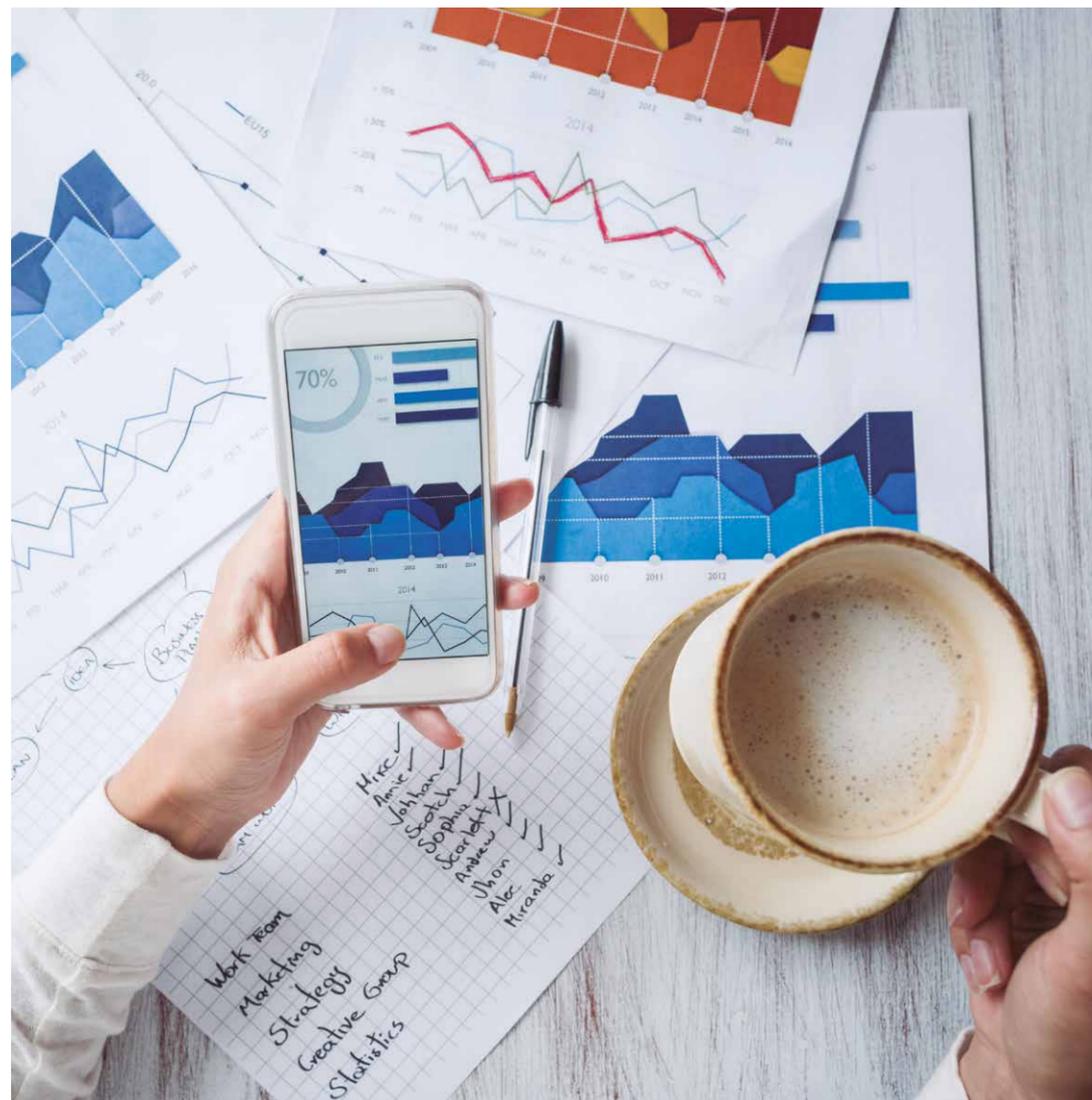
Cash Flow

As regards Cash Flow, there was a decrease in Free Cash Flow generation due to eight transactions closed in 2016 and operating Cash Flow dropped in comparison to the previous year.

It is also important to highlight our positive impact on Working Capital thanks to the consistent and continuous control of the main KPIs.

Financial outlook for 2017

The outlook for 2017 is good, a year that will be driven by the continued reshaping of Almirall. We anticipate Total Revenues to grow at a low to mid single-digit rate, with a similar level of growth expected for Net Sales. We also expect to deliver growth in EBITDA of mid-single digits versus 2016.



Cash Flow € Million	2016	2015
Profit Before Tax	92.6	172.6
Depreciation and Amortisation	100.3	74.3
Change in Working Capital	8.7	(23.3)
Restructuring Payments	(23.7)	(23.3)
Other Adjustments	(54.1)	25.7
Tax Cash Flow	(18.7)	(55.1)
Cash Flow from Operating Activities (I)	105.1	170.9
Financial Income	1.2	2.8
Investments	(80.5)	(56.6)
Divestments	13.4	64.0
Payments of Capex Suppliers	(3.1)	0.2
Changes in Scope of Consolidation	(388.3)	(15.9)
Cash Flow from Investing Activities (II)	(457.3)	(5.5)
Interest Payments	(15.2)	(15.4)
Dividend Distribution	(33.0)	(35.0)
Debt Increase/ (Decrease)	(0.9)	(1.4)
Cash Flow from Financing Activities	(49.1)	(51.8)
Cash Flow generated during the period	(401.3)	113.6
Free Cash Flow (III) = (I) + (II)	(352.2)	165.4

Almirall on the Stock Exchange

At the close of 2016, Almirall's share price was quoted at €14.76, which translates as a -20.77% decline over the period.

Almirall's share price was negatively affected by the challenging environment in the US in 2016. Despite this, Almirall performed better than other US Dermatology companies, due to the performance of our US affiliate and the different transactions carried out during 2016, in line with the company's new strategy.

Healthcare was an average sector at the start of 2016 and again at mid-year; however by year-end it was below average compared to other sectors, with a yearly decrease of -10.25%.

In terms of the main indices in 2016, the UK's FTSE 100 grew by 14.43%, S&P 500 by 9.95% and Germany's DAX Xetra grew by 6.87%. On the other hand, the Dow Jones fell by -2.98% and the IBEX 35 by -2.01%. This negative performance was mainly driven by geopolitical uncertainties.

Almirall's share price experienced an overall decrease despite the company's strong performance and the delivery of full year results above Guidance.



Capitalisation, volume and prices.

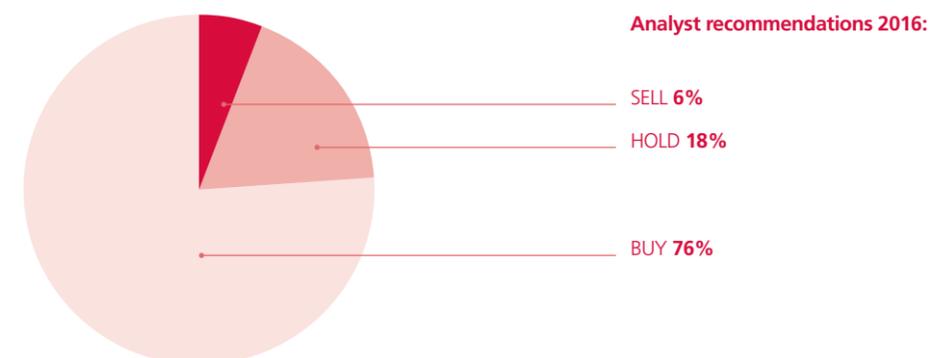
Almirall closed 2016 with a share price of composed of 173 million shares. As a result, Almirall's market capitalisation in 2016 totalled €2,552,758,531.

In 2016, the highest price at the close of trading for an Almirall share was €18.92, which was recorded on 5th January, whilst the lowest recorded price was €12.13 on 27th June.

As far as trading volumes are concerned, the total volume in 2016 amounted to €921,325,623.25.

Almirall share price in 2016: main indicators	
Year closing (euros)	14.76
Highest intraday level (euros)	18.92
Lowest intraday level (euros)	12.13
Annual volume (number of shares)	63,436,302
Average daily volume (number of shares)	246,833
Actual annual volume (euros)	2,552,758,531
Daily average volume (euros)	9,932,913
Trading days	257
Number of shares	172,951,120

Target Price: The average Target Price at the end of 2016 was €17.29 per share (based on target price from key analysts)



Performance of Almirall Share prices on the stock exchange							
Month	Trading days	Closing price	Highest	Date	Lowest	Date	Daily average volume (Shares)
January	20	17.73	18.92	5-01	16.85	28-01	61,656,445.09
February	21	15.59	17.95	2-02	15.51	29-02	96,439,200.91
March	21	14.77	17.05	4-03	14.63	22-03	113,609,294.04
April	21	14.35	15.20	4-04	13.81	18-04	91,402,753.91
May	22	14.20	14.50	31-05	12.88	18-05	120,848,588.01
June	22	13.41	15.08	1-06	12.13	27-06	81,781,634.11
July	21	14.37	14.85	27-07	12.92	18-07	66,798,348.54
August	23	13.67	14.73	15-08	13.31	29-08	49,900,474.02
September	22	13.69	13.98	5-09	13.14	27-09	49,076,996.43
October	21	13.11	13.93	3-10	12.86	13-10	52,044,121.19
November	22	13.91	14.88	14-11	12.80	4-11	87,764,665.49
December	21	14.76	14.88	28-12	13.16	8-12	50,003,101.51

Share capital and dividends

Almirall began trading on the Spanish Stock Exchange on 20th June 2007. At the 2016 AGM, the Board of Directors proposed continuing its policy of paying out dividends, aligned with the Business Development strategy.

A gross dividend of €0.19 per share or €33 million was approved at the Ordinary General Shareholders' Meeting in May 2016 and the dividend was paid on 1st June 2016.

Other highlights from 2016 include the closing of the acquisition of Poli Group Holding, the licensing-in and launch of Veltin® and Altabax®, the closing of the acquisition of ThermiGen, the licensing-in of tildrakizumab and the agreement between Sinclair and ThermiGen, all of which strengthened the company's position as a leading player in Dermatology.

According to Standard & Poor's and Moody's, the current credit rating for Almirall is: Standard and Poor's BB, Moody's Ba3; outlook STABLE. Standard and Poor's yearly review published in September 2016 included the rating upgrade from BB- to BB, and outlook unchanged: STABLE.

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

Shareholders

According to the information in the official registries of the Spanish Securities Commission, the majority of Almirall S.A. shareholders, whether direct or indirect, with a shareholding of over 5% as at 31st December 2016 were as follows:

Name or company name of direct shareholders	Number of shares 31/12	Shareholding in Almirall (%)
Grupo Plafin S.A.	71,428,815	41.30%
Todasa S.A.	43,831,004	25.34%





Research and development

Our R&D
Our pipeline

Our R&D

As we strengthen our position in Dermatology, R&D will drive our efforts to identify unmet patient needs and develop innovative solutions that significantly improve patients' lives.

Our approach to R&D

Almirall firmly believes that research and development is the key to long-term success in our industry. As we strengthen our position in Dermatology, R&D will drive our efforts to identify unmet patient needs and develop innovative solutions that significantly improve patients' lives.

As we select and pursue new ideas, Almirall works closely with all three constituents of the market—patients, prescribers, and payers—to identify the unmet needs of patients. The voice and needs of patients and other stakeholders are all too often peripheral to the R&D process. At Almirall, we are putting our stakeholders first, by making their needs and concerns the engine that drives our R&D.

Doctors look to Almirall as a company that is highly-focused, with a commitment to providing support through diagnosis, treatment, and follow up. Not only do we have the R&D team and capabilities in place to design and produce vital medicines, we also have the vision needed to build a pipeline that ensures our longevity in the market. Our R&D resources are carefully allocated, balancing work with new molecules, reformulations, and always looking for new repositioning opportunities.

In addition, our team is fully committed to working together to find new opportunities and ways to collaborate with key stakeholders. We complement our own capabilities by establishing partnerships with public and private organisations, academic research teams, and biotechnology companies all over the world. We are also collaborating with external talent by creating a network of experts in academia and hospitals.

We are confident in our ability to bring new and vital medicines through the R&D process, and to make a tangible difference in the lives of historically underserved patients. Our optimism stems from the vast potential that resides in our three main assets: our team, our R&D centres, and our comprehensive approach.

In 2016, Almirall dedicated 12.9% of Net Sales to R&D	277 employees in R&D
1 st pharmaceutical company in Spain in R&D investment*	1 st Dermatology prescription drug company in Germany the 4 th in Europe and the 5 th in the US*

*Source: Global Innovation 1000 Ranking by Strategy& 2015.

**Source: IMS Retail Sales, EU-5 Markets, ATC Class 2014 "D" RX Without Stelara

Our multinational and **multidisciplinary team of 277 researchers** works to understand disease pathogenesis and unmet needs, to identify and validate new ideas and to put them into practise in our research programmes and development projects. In 2016, **Almirall dedicated 12.9% of Net Sales to R&D**, and our R&D team accounts for 14% of our total workforce. This investment stems from our long-standing belief that R&D is the main driving force in our industry for creating innovative medicines of the future, valued by patients, prescribers, and payers alike.



Our R&D centres

We now have three full R&D centres in Germany, Switzerland and Spain, and a small group in the US dedicated to clinical and regulatory activities. Our diverse and dynamic portfolio of projects provides our scientists with a unique opportunity to develop their talents and skills, while working to make a real difference in patients' lives in an exciting environment at the forefront of innovation.



Sant Feliu de Llobregat, Spain

Our flagship R&D centre houses departments involved in all of the different phases of R&D and has established an impressive track record discovering and developing new chemical entities (NCEs). With a surface area of over 27,500m² our centre is equipped with the most advanced technology and houses all the development capabilities required to get a new medicine approved by the regulatory authorities.

Reinbek, Germany

Located on the outskirts of Hamburg, this centre boasts seven decades of experience in Dermatology R&D. With a specialisation in developing new topical formulations for the treatment of skin diseases, the team is able to take full advantage of its close proximity to a state-of-the-art topical drug manufacturing facility.

Lugano, Switzerland

This group developed the Polichem product portfolio (notably Ciclopoli[®], a nail lacquer for Onychomycosis) and is currently working on three HPCH-based reformulations in Phase III for Onychomycosis, Nail Psoriasis, and Androgenetic Alopecia. Now fully integrated, this team of almost 20 people carries important responsibilities in the global development programmes of those three projects.

Exton, Pennsylvania, US

This R&D group is based at Aqua Pharmaceuticals' headquarters and focuses on clinical and regulatory activities. The small but very experienced team is primarily responsible for maintaining the Aqua product portfolio and developing lifecycle management opportunities. In addition, they contribute to global R&D development programmes.

Strategic Disease Areas

Through our understanding of science and the market, we have identified 15 diseases of interest in Dermatology. With many skin diseases afflicting patients, we have carefully selected therapeutic areas where we know we can have the biggest impact and add the most value for patients with unmet needs. This encompasses a number of the more common illnesses, but also includes some extremely rare diseases currently lacking any effective treatment. Because of the extreme psychosocial burden and physical discomfort that many of these illnesses represent, our entire company is inspired to provide the widest possible array of treatment options to improve the quality of life of our patients.



Acne	Actinic Keratosis	BCC*, SCC**
Rosacea	Androgenic Alopecia	Cutaneous Lupus
Atopic Dermatitis	Hyperhidrosis	Cutaneous T-Cell Lymphoma
Psoriasis	Warts	Alopecia Areata
	Onychomycosis	Pruritus & Urticaria
		Bullous Diseases

*Basal Cell Carcinoma/** Squamous Cell Carcinoma

Our pipeline

Almirall's pipeline is diversified and robust, with Dermatology products in all phases coming from both our internal R&D and recent acquisitions and licensing agreements. The breadth and depth of our pipeline—in terms of the phases, diseases, patient needs, and formulations represented—so soon after the start of our new strategy, is a measure of our commitment to Dermatology. Almirall has evolved into a highly specific Dermatology company with the resources and capabilities to focus on high unmet needs.

Our goal is to be strong in translational research, to develop novel models to study a new treatment's efficacy in the laboratory, and to identify biomarkers and predictors of clinical efficacy. Thus, we aim to close the gap between preclinical work and clinical development. Our focus is on reformulation and repositioning, allowing our R&D team to respond more quickly to the needs of patients by taking a drug from another indication into Dermatology, or by improving the current presentation of an existing Dermatology treatment. However, our presence at the forefront of science has meant a continued commitment to new chemical entities (NCEs), too. The higher intrinsic risk of developing NCEs is offset by the significantly greater potential value in the long run, intellectual property benefits, and a more sustained expected lifecycle for these products.



As we look to the future and push forward in our research, we will strike a balance between these two approaches—shorter-timeline repositioning and reformulation versus the longer process of pursuing new molecules—to ensure the versatility, future profitability, and longevity of our pipeline.

Phase I/II: Looking to the medium term, we have a new molecular entity (ADP31415) from in-house R&D in Phase I for Pemphigus Vulgaris, an orphan autoimmune disease with an extremely high unmet need. Also, we have a Phase I program (ADP13612) for the treatment of Rosacea.

Almirall also acquired the global commercialisation rights for US-based Patagonia's lead product (PAT-001), a long-awaited treatment for Congenital Ichthyosis, a family of rare skin disorders affecting around 100,000 and 160,000 patients in the US and Europe, respectively. Both ADP31415 and PAT-001 have been granted Orphan Drug Designation by the US Food and Drug Administration (FDA).

Phase III: There is a promising pipeline of projects on the horizon. With the acquisition of 100% of Poli Group Holding, Almirall has obtained a sophisticated R&D structure focused on Dermatology. The Phase III pipeline projects are three reformulated dermatological products for Onychomycosis, Nail Psoriasis, and Androgenetic Alopecia, three diseases with a high unmet need and vast market potential, all based on hydroxypropyl chitosan (HPCH), a patented formulation technology.

Registration: In the immediate term, we are preparing the registration dossier and subsequent launch of two new products to treat Psoriasis. In 2016, Almirall signed a licensing agreement with Sun Pharma for the development and European commercialisation of the biologic tildrakizumab, a remarkably promising and efficacious treatment for moderate-to-severe Psoriasis, coming in 2018. LAS41008 (dimethyl fumarate, DMF), which results from our own R&D, is a treatment for moderate-to-severe Psoriasis that has demonstrated results in a Phase III clinical trial with the expected launch planned for 2017. Phase III data for both treatments were presented at the 25th European Academy of Dermatology and Venereology (EADV) in September 2016.

Finally, we have two smaller opportunities with in-house products in the registration phase: ADP18998 for Actinic Keratosis, and LAS41010 for Atopic Dermatitis, a high-burden disease with few treatment options.

Program	Indication	Early Development	Phase II	Phase III	Registration
LAS41008 (DMF)	Psoriasis	—————			
LAS41010	Atopic Dermatitis	—————			
Tildrakizumab	Psoriasis	—————			
ADP18998	Actinic Keratosis	—————			
P3058	Onychomycosis	—————			
P3073	Nail Psoriasis	—————			
P3074	Androgenetic Alopecia	—————			
PAT001	Ichthyosis	—————			
ADP31415	Pemphigus vulgaris	—————			
ADP13612	Rosacea	—————			



Business performance in 2016

Our Dermatology focus
Corporate operations
Business year sales

Our Dermatology focus

2016 has been a year of progress and growth for our Dermatology strategy. Our Business Development team continues to be very active in assessing and pursuing opportunities. Through our product development, acquisitions, and licensing agreements, we are strengthening our presence in existing markets and filling out our portfolio and pipeline. Our team is fully prepared and aligned to support Dermatology as our core business moving forward and to work together to make Almirall a leading specialty pharmaceutical company and key player in Dermatology and Aesthetics.

In 2016, Dermatology was, again, our key growth driver, with US launches boosting our portfolio and solid performance by our acquired Polichem products and ThermiGen in Aesthetics. In September 2016, at the European Academy of Dermatology and Venereology (EADV) conference in Vienna, Phase III results were presented for two of our anticipated potential Psoriasis therapies, dimethyl fumarate (DMF) and tildrakizumab.

Our approach

The skin is the largest organ of the body, covering a surface area of two square meters. It is the human body's first line of defence. It helps regulate body temperature and acts as a complex sensory organ. The skin also performs an important interpersonal function as an expression of beauty, communication, personality, and identity^{1,2}.

Skin diseases present a great variety of symptoms and signals that can have an immense impact on a patient's daily quality of life and require topical, systemic, or even aesthetic treatments. This applies not only to physical symptoms. Due to the visible component that often accompanies these conditions, there is an additional emotional and social burden for patients. Lack of awareness of the nature of many of these diseases can lead to the stigmatisation of those who are already suffering, adding a layer of complexity for healthcare professionals.

From a medical standpoint, Dermatology is an exciting area to work in, because doctors are extremely receptive to new treatments that fulfil the high level of unmet needs of their patients and ease their suffering. Healthcare professionals look for trusted companies that listen and advocate for their patients' needs from the test tube to the marketplace.

At Almirall, we focus our worldwide efforts on five core diseases—Actinic Keratosis, Acne, Rosacea, Atopic Dermatitis, and Psoriasis—while also pursuing important therapies and molecules for rare diseases and those with particularly unmet needs, such as Ichthyosis and Pemphigus Vulgaris.

Many dermatological conditions are complex and difficult to treat. For this reason, Almirall provides solutions to our clients by assembling a product range and pipeline that will help dermatologists address all stages of core pathologies as well as differing levels of severity.

The past year, our R&D efforts have worked hand-in-hand with acquisitions and licensing agreements to make certain that we are covering our core pathologies in a comprehensive manner.



Working closely with healthcare professionals

As we look to the future, we will continue to work closely with doctors to make sure that we are providing the support, advocacy, and education needed to serve their patients and achieve excellence in their work.

Raising awareness and collaborating with healthcare professionals

Partnering with dermatologists to ensure that we are providing vital solutions aligned with their needs is the key to success in Dermatology. We continually work with the International Psoriasis Council (IPC). In 2016, we participated in a meeting that brought together over 20 professional organisations from around the world and enabled Almirall to meet with the most important key opinion leaders. We are currently collaborating with the IPC on publications and programmes to promote advocacy.

Our presence at congresses such as the European Academy of Dermatology and Venereology (EADV) and the American Academy of Dermatology (AAD) has also been well received and productive, not only to present the results of our research and development, but also to connect with doctors and position Almirall as an advocate for the diseases they have dedicated their lives to treating.

Almirall also supports and collaborates in the ongoing work of the Skin Academy, an international and interdisciplinary Dermatology initiative driven by clinical experts dedicated to developing education and awareness programmes in Dermatology. The annual Skin Academy meeting was held in March and brought together dermatologists from around the world—Austria, Germany, Italy, the Nordic countries, Poland, Portugal, Spain, Switzerland, the UK, and the US—to receive training, learn about the latest therapeutic and technological advances in the field, and share day-to-day clinical stories.



Adding value every step of the way

Almirall offers a range of solutions for dermatological conditions: prescription, over-the-counter, and aesthetic treatments. To safeguard the best possible therapy outcomes, we are also dedicated to helping doctors improve patient adherence and success rates through our Treatment Adherence Observatory and IMPACT (Improving Patient Commitment to Treatment) programme. The unique challenges presented by skin diseases make it particularly important to reassure dermatologists and payers that our company will follow through on and supports efforts to increase adherence. We are defining these principles in a global sense and then applying them by brand, as needed, to provide tools for doctors and patients.

However, our efficacy and commitment to adherence goes deeper than providing information and education. It is integrated into the way we pursue new and existing medicines. The following steps in the R&D and product-development strategy is designed to strengthen patient commitment to treatments:

- **We work** with dermatologists to improve the usefulness of existing, tried-and-tested medicines through reformulations that improve the application, delivery system, treatment interval, and/or comfort for the patient.
- **We look** for opportunities to expand existing treatments to new markets and areas.
- **We explore** ways to extend the lifecycle of a medicine by converting it into a new treatment through repositioning.
- **We pursue** acquisitions that strategically enhance our portfolio.

Therapeutic focus

Our current focus

In 2016, we strengthened our commitment to providing comprehensive treatment options for our five core pathologies. Through strategic acquisitions, licensing agreements, and R&D, we made solid progress in filling out our product offering and pipeline to address different levels of severity (from mild to moderate to severe) of these diseases, and to alleviate symptoms that affect patient's quality of life and treatment satisfaction.

Actinic Keratosis

Actinic Keratosis is a skin disease that manifests as spots or raised lesions of a rough and scaly appearance on areas of the body exposed to the sun³. Chronic sun exposure is the cause of almost all Actinic Keratosis and the probability of developing Actinic Keratosis is greatest in old age and with fair-skinned people⁴. Prevalence increases as people become older, particularly after 60 years of age⁴. 40-60% of squamous cell carcinomas begin as untreated Actinic Keratosis and may advance to invade the surrounding area³. Our current focus is on providing different types of topical treatments. There is already one product for Actinic Keratosis in the registration phase.

Acne

Acne is a skin condition characterised by overactive sebaceous glands which can cause the formation of comedones (non-inflammatory blackheads or whiteheads) and more moderate-to-severe inflammatory pustules and nodules. It generally manifests on the visible, sensitive skin of the face, upper back, chest, shoulders, and neck^{5, 6, 7}. Acne tends to appear in adolescence, but can continue throughout adulthood and is frequently linked to hormonal changes or other conditions that trigger excess sebum production^{8, 9, 10}. It can be a painful and debilitating disease in both a physical and psychosocial sense, with the potential to negatively affect the social life, self-esteem, and emotional well-being of sufferers¹¹. Symptom management is important. Severe lesions can lead to scarring^{12, 13, 14}.

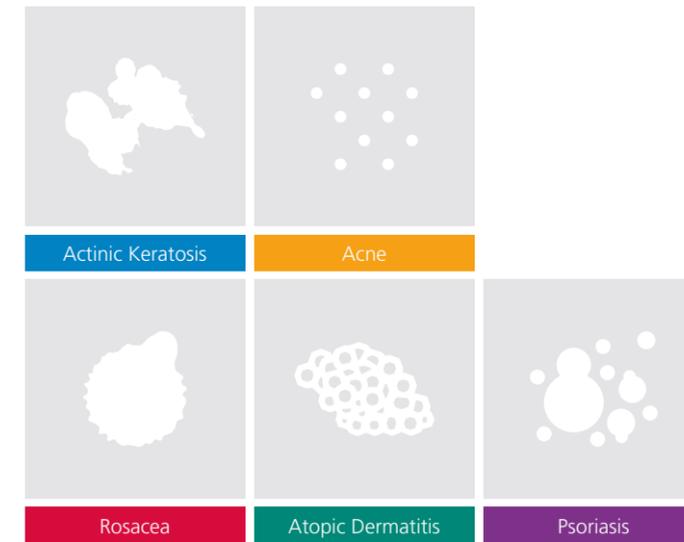
Our approach to treating this challenging disease includes a range of treatment options from topical treatments for mild-to-moderate Acne to systemic therapies for severe Acne.

Rosacea

Rosacea is a chronic skin disease that can cause flushing and redness, typically of the face, bumps, and spider-like veins. Over time, flare-ups can progress and the skin may take on a roughened, orange peel texture¹⁵. Due to its highly visible nature, Rosacea takes a particularly heavy toll on patients. As of yet, there is no cure¹⁶. Almirall is committed to pursuing Rosacea therapies and currently offers a topical treatment that alleviates not only the signs of Rosacea, but also addresses the stinging and burning sensation that often accompanies the disease. Looking to the future, in our pipeline, we also currently have one treatment in early development for Rosacea.

Atopic Dermatitis

Also known as Eczema, this chronic skin disorder is characterised by intense itching, dry, flaky skin, and inflammation. It is one of the most common inflammatory skin diseases, affecting both children and adults^{1, 2}, with intense itching being the most troubling symptom for many patients. Because of this, it can lead to psychological comorbidities such as anxiety and depression¹⁷. Almirall already has a treatment for mild-to-moderate Atopic Dermatitis and another topical product in the registration phase.



Our promising Psoriasis franchise

The past year has brought about a solidification of our strategy to develop a comprehensive Psoriasis franchise. Psoriasis affects more than 125 million people worldwide, with the majority remaining undiagnosed or untreated¹⁸. Plaques appear as raised areas of skin, which can be itchy or painful and can produce cracking and bleeding¹⁹. Existing treatment options still leave many patients suffering from a debilitating, chronic disease with comorbidities such as Psoriatic Arthritis, Nail Psoriasis, cardiovascular disease, and depression, among others²⁰. Many systemic treatments have unacceptable side effects, toxicity, unfavourable cost considerations, and diminishing results. Doctors recognise that early treatment is extremely important and instrumental in improving patient prognosis, reducing comorbidities, and enhancing quality of life^{18, 19}. For this reason, they are particularly engaged in actively pursuing new, cost-effective therapies for their patients.

Our existing pipeline and product mix has been filled out with acquisitions and licensing agreements which ensure that Almirall will serve as a reference point and trusted source of treatments and information for dermatologists treating every aspect of Psoriasis. Our treatment paradigm starts with topical medications for mild cases, moving to systemic therapies for moderate-to-severe Psoriasis, which makes up 40% of the Psoriasis patients treated by dermatologists.

Almirall has two therapies in development that aim to respond to the existing demand and satisfy the abovementioned unmet needs: oral LAS41008 (dimethyl fumarate, DMF) and a biological IL-23p19 inhibitor (tildrakizumab). Both therapies have shown positive results in Phase III trials for the treatment of adults with moderate-to-severe chronic plaque Psoriasis.

The DMF molecule is a known and recognised first-line therapy in Germany and shows great promise as a Europe-wide treatment option for moderate-to-severe Psoriasis patients.

In 2016, Almirall signed a licensing agreement with Sun Pharma to develop and lead the introduction of tildrakizumab in Europe. This molecule has been called the 'ultimate biologic' and became one of the first IL-23p19 inhibitors to demonstrate positive results in Phase III clinical trials for the treatment of moderate-to-severe plaque Psoriasis. Long-term data was presented at the AAD Annual Meeting and its European filing is planned for 2017. This molecule has the potential to offer a highly competitive advantage, given that doctors are eagerly awaiting a treatment for moderate-to-severe cases that will allow their most affected patients to return to a routine of normalcy and productivity.

In addition, in fourth quarter, Almirall and Nuevolution entered into a strategic collaboration to develop ROR γ t inhibitors for the treatment of inflammatory dermatological diseases and Psoriatic Arthritis. We also signed an exclusive collaboration agreement with Mercachem to identify and develop oral cytokine blockers, novel small molecule therapeutics for inflammatory skin diseases.

Rare diseases and diseases with high unmet needs

Almirall is also interested in developing orphan drugs for as-yet untreatable rare diseases. In Phase I and Phase IIa, we have the following molecules and therapies in development: PAT-001 for the treatment of Ichthyosis (an often genetic condition characterised by dry, scaly, or flaky skin) and ADP31415 for Pemphigus Vulgaris (an autoimmune disorder with painful, chronic blistering).

In our pipeline, we have promising Phase III reformulations of HPCH to treat Onychomycosis (nail fungus)—a disease affecting 10-15% of the population, representing a large underserved market—and Androgenetic Alopecia (male pattern baldness), a condition with an extremely high unmet need and market potential.

Our move to Aesthetics

Aesthetics improve lives by helping people look and feel their best. People are increasingly turning to nonsurgical and non-invasive aesthetics treatments for the face and body to achieve gradual, natural results. Nonsurgical procedures now account for 87% of the market, compared to 44% in 1997. The market is expanding to younger consumers looking to take preventive measures. Men are also increasingly open to Aesthetics. The total market growth in Aesthetics from 2013-2015 was 14%, with 18% growth in 2015.²¹

After entering the Aesthetic market with the acquisition of ThermiGen, Almirall is positioning itself to be a leading company in this area in the medium term. A move to Aesthetics offers Almirall the opportunity to diversify our portfolio, broaden our footprint, introduce a private stream of revenue, and leverage the credibility we have earned as

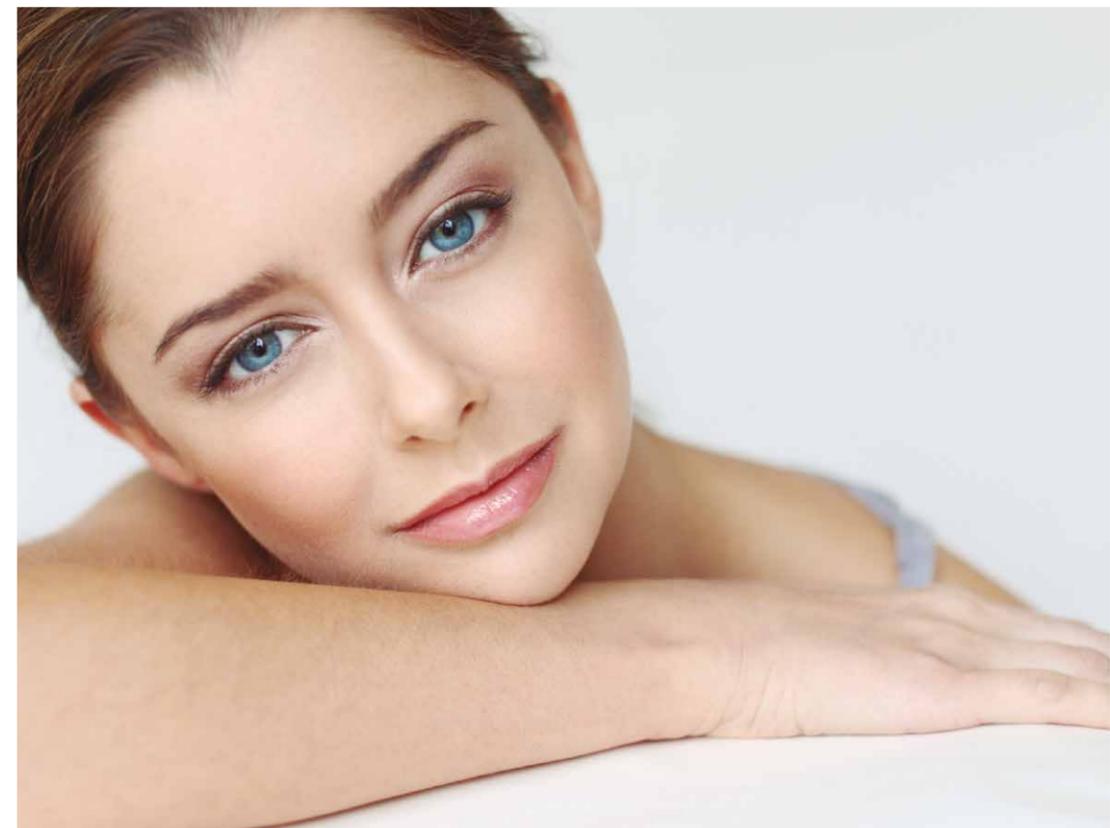
an established pharmaceutical company with a unique heritage. Our valuable scientific expertise and commitment to specialising in medical Dermatology will set us apart as a serious player with potential for longevity in this field.

In certain markets, Dermatology and Aesthetics have traditionally worked in relative isolation from one another, but we believe there is an opportunity to collaborate. Increasingly, dermatologists and aesthetics professionals learn from one another and often work in tandem to meet the needs of patients and treatment seekers. Treatments are performed by a diverse range of practitioners, from plastic surgeons to dermatologists and aesthetic physicians. As a pharmaceutical Dermatology company, Almirall is uniquely positioned to inspire confidence and bring weight to its role as an educator and advocate.

In 2016, we acquired ThermiGen and its 'science of heat' radio-frequency technology used for body and face treatments. Body shaping is the fastest growing market in nonsurgical Aesthetics, with a total growth rate of 31% from 2013-2015 and 46% growth in North America during the same period²².

We are taking further steps to enlarge our portfolio and provide valuable products to professionals in the Aesthetics field. The development of our key opinion leader network is particularly important and we are moving forward. For example, in September 2016, we participated for the first time in the annual Five Continent Congress (5CC) in Barcelona, which offered a valuable opportunity to strengthen ties with key opinion leaders in Aesthetics.

Internally, our Aesthetics team is connecting with employees through informational initiatives to introduce the Aesthetic area and in particular the ThermiGen technology to our workforce.



Corporate Operations

Almirall's plan to become a key player in the global Dermatology market continued to fall into place in 2016, with the successful execution of an ambitious licensing and mergers and acquisitions strategy. After laying the groundwork in 2015 with a series of strategic capital investments, our position as a company at the forefront of innovation was strengthened by seizing opportunities that will increase market access, sharpen our corporate focus on Dermatology and global expansion, and generate returns in the medium to long term.

M&A Activities

In early 2016, Almirall closed on the cash acquisition of 100% of ThermiGen, LLC for an enterprise value of \$82 million, greatly expanding our access to the Aesthetics Dermatology and Plastic Surgery markets. ThermiGen is a US-based medical Aesthetics company with a proven track record of fast growth and an experienced management team. Their development of radio-frequency technology solutions—known as “the science of heat”—offers a promising non- and minimally invasive aesthetic application with significant growth potential in the years to come.

In February, Almirall exercised its call option to acquire 100% of Poli Group Holding. With this deal, Almirall has secured a sophisticated Dermatology-focused R&D structure with proprietary formulation technology in the shape of hydroxypropyl chitosan (HPCH) to treat Nail Psoriasis, three clinical-stage pipeline projects, and a promising product portfolio that extends our global reach.

As part of the M&A programme and corporate vision, in March 2016 Almirall decided to divest its Mexican affiliate to a German family-owned pharmaceutical company, the Grünenthal Group.

Business Development

The remainder of the key business development operations for 2016 comprised collaboration and licence agreements that enhance the profitability and future prospects of our portfolio and pipeline.

In May, our acquisition of ThermiGen bore immediate fruit as we negotiated a strategic-marketing collaboration agreement with Sinclair Pharma for the exclusive four-year distribution rights of Silhouette Instalift® in the US market. This move will provide exclusive access for a nonsurgical aesthetic procedure to the single largest Aesthetic market in the world.

Almirall and Bicosome signed a collaboration and sublicense agreement for the development of the breakthrough Bicosome® technology in topical drug delivery, already used and validated in the cosmetic market. Bicosome's differentiated technology paired with Almirall's development expertise will lead to novel, more effective dermatological products.

In July, through our US affiliate, Aqua Pharmaceuticals, we negotiated a global licence agreement with Patagonia Pharmaceuticals for the development and commercialisation of PAT-001, a new medicinal treatment containing isotretinoin. This treatment was granted an Orphan Drug Designation by the FDA (Food and Drug Administration) for Congenital Ichthyosis in 2014.

With the aim of adding to our growing Dermatology portfolio, Almirall and India-based Sun Pharma entered into a licence agreement on the development and commercialisation of tildrakizumab for Psoriasis in Europe. Phase III studies of this novel biologic have recently been completed with very positive results.

In December, Almirall entered into a global strategic collaboration with Nuevolution, obtaining rights to their RORγt inhibitor programme, which identifies and develops novel small-molecule therapeutics for inflammatory skin diseases as well as Psoriatic Arthritis.

And finally, at the end of the year, we signed an exclusive discovery collaboration agreement with Mercachem to identify and develop oral cytokine blockers which are novel small molecule therapeutics for inflammatory skin diseases.



2016 Business year sales

In 2016, Dermatology continued to drive growth in both Europe and the US and accounted for nearly half of Almirall's Net Sales, resulting in Total Revenues of €859.3 million, representing an increase of +11.7% compared to €769 million in 2015, of which Net Sales amounted to €764.4 million, with the remaining €94.9 million coming from Other Income.

Delivering on our new strategic direction while also focusing on business development was a priority for 2016. Our strong financial performance in the year resulted in growth in Total Revenues and Net Sales.

As such, we continued to focus on our strategic Dermatology brands such as Solaraze® and Actikerall® for Actinic Keratosis; Balneum®, an emollient treatment designed for specific needs; Acticlate®/Monodox® for severe Acne; Cordran® for steroid-respondent dermatoses; Xolegel® for Seborrheic Dermatitis; Verdeso® for Atopic Dermatitis; Decoderm® for the treatment of inflammatory or allergy-related skin diseases and Ciclopoli® for Onychomycosis. Our Dermatology portfolio was also boosted by the promising initial uptake of Veltin® and Altabax® since the US launch in July 2016, as well as a good performance by ThermiGen and the products acquired from Polichem.

Net Sales in Dermatology

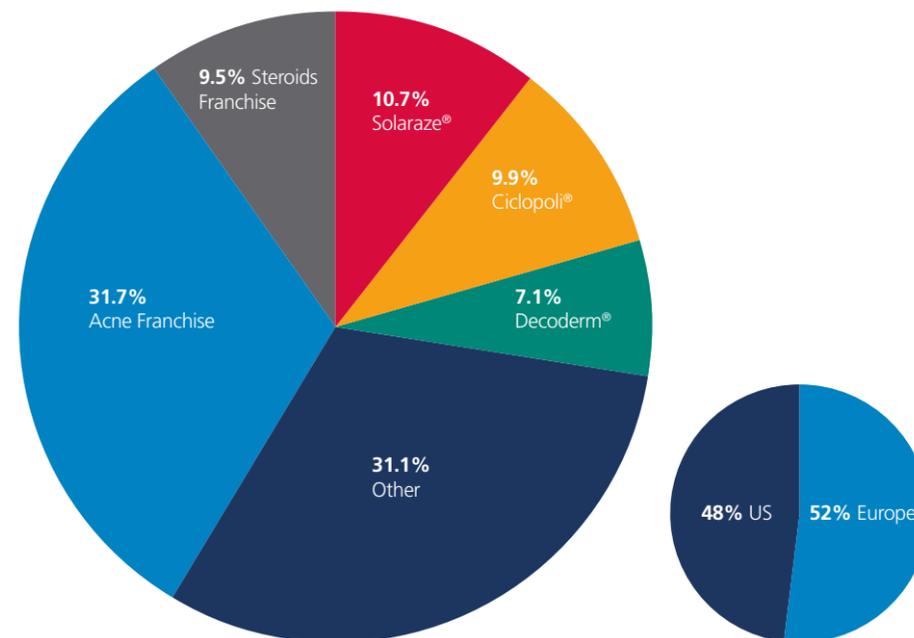
Dermatology Net Sales grew by +32.1% in 2016. This therapeutic area now accounts for 51% of Almirall's Total Net Sales, an 18.4% increase compared to like-for-like sales in 2015. The company will use its strong cash position to continue to fund growth opportunities in this direction.

Total Dermatology prescription Net Sales were up +19.1% and European Dermatology prescription sales were a key growth driver, up +23.4% and representing 46% of our total Dermatology business, boosted by the Actinic Keratosis franchise and Ciclopoli®. Dermatology prescription drug sales in the US grew at +10.1%, boosted by the launch of Veltin® and Altabax® in the last half of 2016.

As a result of our shift in focus to Dermatology, other therapeutic areas accounted for a smaller percentage of Total Net Sales: Respiratory (8.6%), Gastrointestinal and Metabolism (15.1%), Central Nervous System (8%) and other therapeutic areas (17.4%).



2016 Dermatology Rx: Net Sales Performance	
Europe	Net Sales (€ Million)
Solaraze®	37.0
Ciclopoli®	33.9
Decoderm®	24.4
Other Europe	83.7
US	Net Sales (€ Million)
Acne Franchise	109.2
Steroids Franchise	32.8
Other US	23.1
Total Dermatology Rx	344.2



Balanced product portfolio

In 2016, our top ten brands represented 54.5% of Total Net Sales. We continue to develop a portfolio that is balanced in terms of the products represented and increasingly aligned with our Dermatology strategy. New additions to the top ten from the Dermatology area included Ciclopoli® from our Poli Group acquisition and ThermiGen, with sales reaching €76.9 million.

The development of our OTC products was also noteworthy, with 2016 sales in Spain coming in at €49,794, that accounts for 27.5% this year.

The balance of sales of our own products was also quite positive (77%) in comparison with products from other companies via licensing agreements (23%).

Top 10 selling products		
Products	Proprietary/In-licensing	€ thousand
Oral Acne franchise (doxycycline)	Proprietary	94.1
Ebastel® and others (ebastine)	Proprietary	56.3
Tesavel® & Efficib® (sitagliptin)	In-licensing	47.3
ThermiGen	Proprietary	38.5
Ciclopoli (ciclopirox)	Proprietary	38.5
Solaraze® (diclofenac sodium)	In-licensing	37.0
Almax® (almagate)	Proprietary	25.6
Decoderm® and others (fluprednidene)	Proprietary	24.4
Cordran® (flurandrenolide)	Proprietary	22.5
Airtal® and others (aceclofenac)	Proprietary	22.0
Sativex® (tetrahydrocannabinol)	In-licensing	18.8
Others	Proprietary / In-licensing	339.4
Total Net Sales		764.4

Net Sales by geographical area

In 2016, we strengthened our presence in our core markets. Our product portfolio continued to be well-distributed geographically: 62.7% of sales in Europe, 27.6% in the US and the remaining 9.7% in other areas. Total Dermatology Sales were balanced nearly equally between the US (51.2%) and Europe (45.9%).

Sales perspectives 2017

Almirall is dedicated to the ongoing transformation of our company into a leading Dermatology player. By focusing all our resources on funding our growth drivers and new products, we can assure a solid economic future for these promising opportunities. In particular, we are looking forward to new launches by Aqua Pharmaceuticals, the growth of the ThermiGen portfolio and the introduction of two new products for Psoriasis.

The outlook for 2017 is positive. We look forward to a year driven by the continued reshaping of Almirall. We anticipate a low to mid single-digit rate of growth for both Total Revenues and Net Sales. We also expect to deliver mid single-digit growth in EBITDA in comparison with 2016.





Corporate Responsibility

Our approach
People
Planet
Priorities in Corporate Governance

Our Approach

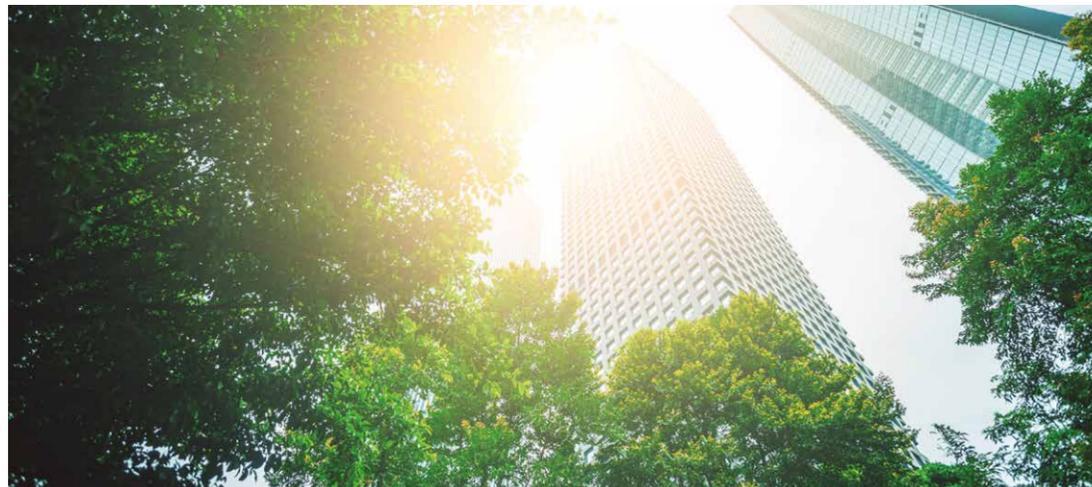
Managing Corporate Responsibility at Almirall

Achieving our goals is as important to Almirall as the manner in which we do so. Ours is a science-based business that provides medical solutions to healthcare professionals, their patients, and future generations. We aim to achieve our strategic objectives by doing what is right, by acting with integrity, and, of course, by complying with current regulations. To be successful in the long term, we must deliver sustainable growth and value for our stakeholders and take into account what they demand and expect from us.

In 2015, we carried out an internal diagnosis to boost our positioning regarding Corporate Responsibility practices and measure the internal perception of the company's maturity when integrating these practices into governance, strategy, operations, value chain, and daily decision-making. This work included in-person interviews with executive directors and other representative managers and enabled us to assess our Corporate Responsibility performance and identify areas of improvement.

In 2016, we took additional steps to strengthen our performance and decided to set the future Corporate Responsibility strategy of the company, which will contribute to creating value for our company and our stakeholders.

To prioritise our work, we engaged with our main international stakeholders in order to understand their expectations, needs, and concerns. Thus, we interviewed a large number of individuals inside and outside the company including healthcare professionals, academic institutions, patient organisations, employees, investors, partners, suppliers, non-governmental organisations, and authorities. During the interview process, we asked our stakeholders to indicate which issues were important to them and how we could drive excellence through our Corporate Responsibility efforts. This process was less of an accounting exercise than a strategic one, designed to both understand the impact of our activities and to articulate priorities. By embedding this feedback into our strategy and our daily business, we will be able to address our stakeholders' issues and develop long-term solutions.



Materiality process

Step1	Step2	Step3
Preparing our assessment	Identifying priorities and compiling expectations	Setting the leading priorities
Confirm methodology, process, and criteria to assess the relevance of key Corporate Responsibility topics.	Identify the key corporate business risks and opportunities through interviews with senior executives from the key functional areas.	Map the most relevant economic, environmental, and social topics that impact stakeholders and are critical to Almirall.
Select and refine economic, environmental, and social topics.	Compile stakeholder expectations, needs, and concerns through in-person interviews.	Plan an ongoing proactive engagement to answer stakeholders' expectations.
Identify key stakeholders.		

This research revealed the most significant economic, environmental, and social topics that impact our stakeholders and are critical to our company. Almirall is now building a Corporate Responsibility strategy based on the main results of the materiality assessment. Furthermore, we are working on a governance structure that will oversee our Corporate Responsibility strategy and coordinate related activities across the company.

In 2016, we participated in a Corporate Social Responsibility (CSR) rating to assess the quality of our company's CSR management system. The assessment focused on 21 issues based on international CSR standards such as the Global Compact Principles, the International Labour Organization (ILO) conventions, the Global Reporting Initiative (GRI) standard, the ISO:26000 standard, and the CERES principles. We obtained a score considered "advanced" and demonstrated our proactive CSR approach by implementing policies and concrete actions on major CSR issues.

Sustainable sourcing

Our Corporate Responsibility does not end with us. We are committed to closing the loop with our collaborators and suppliers, and ask our partners to meet criteria aligned with our Corporate Responsibility commitment.

This year, we have begun work with a partner to establish a process that will vet and certify all of our suppliers according to the strictest Corporate Responsibility criteria, applying ethical, environmental, and good governance standards. This has already been implemented with our most important suppliers.

Behave in accordance with our values and ethical guidelines

At Almirall, we are committed to meeting high ethical standards and complying with all applicable local, national, and international laws wherever we do business.

Our **Code of Ethics** states Almirall's expectations toward employees and sets the ethical standards that apply to our business activity and our relationships with all our stakeholders, including employees, healthcare professionals, hospitals, academic institutions, scientific companies, patient organisations, authorities, shareholders, investors, partners, competitors, suppliers, and the media. The Code of Ethics is a crucial tool in ensuring that all of us at Almirall make an ongoing effort to behave in accordance with strict ethical guidelines and that the company as a whole complies with the ethical standards it embodies. In 2016, employees completed mandatory training to ensure they understand the Code of Ethics, including how to voice their compliance concerns regarding business practises or behaviour.

Since 2013, we have implemented a **Whistleblowing Channel** to encourage reporting of any potential breach of the Code of Ethics, as well as violations of internal regulations or any other inappropriate behaviour at Almirall. In the past years, we have been working hard to improve its scope by implementing this channel in all of the company's international subsidiaries. In 2016, the Whistleblowing Channel was already available in Spain, the Czech Republic, the Nordic countries, the Netherlands, Poland, the UK, and the US, and is set to be implemented in Germany, Austria, and Italy during the first quarter of 2017. The Risk Management Committee coordinates and manages the process related to complaints and the communication of presumed breaches of our internal regulations and policies.

Almirall, as a European Federation of Pharmaceutical Industries and Associations (EFPIA) member with active participation and commitment to its standards, focused on transparency issues, in particular, this year. Thanks to our Transparency Team we have been able to respond with excellence to the disclosure of **Transfers of Value** between healthcare professionals and organisations and Almirall. Values were ready and available for public consultation on the new corporate website in June 2016 as planned and procedures are now in place to respond to transparency needs going forward. Moreover, a **Standard Operating Procedure for Transfers of Value** has been developed to be applicable not only in the US but also in Europe and to anticipate compliance matters in the new Aesthetics field.



Our Corporate Responsibility priorities

We are firmly committed to developing and offering robust and proven medical solutions that enable healthcare professionals to improve their patients' lives, now and in the future. But we are also acutely aware that our activities are and must be compatible with respect for the environment, strict compliance with ethical standards, and care for our employees and the communities in which we operate. To this end, we have defined management approaches in three main areas: our social dimension (People), our environmental responsibility (Planet), and our economic performance (Priorities in Corporate Governance).



People: focus on people and society

The fundamental pillar of our business is respect for people. This respect begins with our employees and extends to everyone with whom we conduct business.

We invest significant resources and efforts in ensuring occupational health and safety, in having a qualified and continuously trained team that guarantees that our activity provides the added value that will allow us to deliver valuable medical solutions to patients and future generations.

We treat our suppliers with integrity and respect, avoiding unfair and abusive practises. We make sure that all participants in our value chain comply with the applicable law. In 2016, we implemented new measures to adopt responsible practises. in the management of the supply chain. One of them is the **implementation of a specific program to monitor the environmental, ethical, and social practises of key suppliers.**

Furthermore, we continue investing in research and development and collaborating with universities, research centres, and other companies to discover and develop new treatments that address unmet medical needs. At Almirall, we are well aware that we need the talent of our scientists and cutting-edge technology to steer us toward our destination. But we also know that we depend on synergies and alliances with the medical community, academia, other companies, and patient associations to navigate our way in the right direction.

Moreover, our concern for people extends to society as a whole. Almirall has a key role to play in addressing global health issues. We have joined with key stakeholders to support a new forward-thinking initiative that advocates for increased and improved access to care for noncommunicable diseases (NCDs) for people living in low- and middle-income countries. This innovative initiative is called **'Access Accelerated: Moving NCD Care Forward'** and was officially presented in January 2017 at the World Economic Forum (WEF).



Planet: focus on environmental management

We are committed to bringing and offering medical solutions to more people and to reducing our environmental impact as we do so. Our commitment to the environment extends through our whole activity cycle from R&D product design, through acquiring raw materials and manufacturing, to the use and disposal of our products. In addition to strict compliance with legal regulations, we carry out our own environmental policy which ensures pollution prevention through energy-efficient processes and responsible resource and waste management. Achieving this is an additional innovation challenge which often requires investment in the reformulation of our products.

Furthermore, we are committed to reducing our greenhouse gas emissions. In 2016, we carried out a climate change risk and opportunity analysis to identify the main inherent climate change risks and opportunities that have the potential to generate a substantial impact on our business. The results will serve as a basis for the implementation of a climate change action plan that will cover the 2017-2020 period. We have also established ongoing goals to reduce our energy intensity at each of our sites.



Priorities in Corporate Governance: focus on economic performance and work ethic

We believe that effective financial management and transparent reporting of results are fundamental to achieving our objectives. Our economic performance is vitally important and demands that we, as a publicly listed company, not only scrupulously meet current legislation but also commit to the most demanding ethical standards in our relationship with business partners, shareholders, investors, competitors, and authorities. Furthermore, identifying, analysing, and responding appropriately to business risks is crucial to reaching Almirall's business objectives. Each year, we identify and analyse the main risks inherent in the business that could threaten the achievement of company goals.

People

Our Team

Our culture: Almirall is a learning organisation that prizes innovation, flexibility and expertise and is characterised by diversity, collaboration and an entrepreneurial spirit.

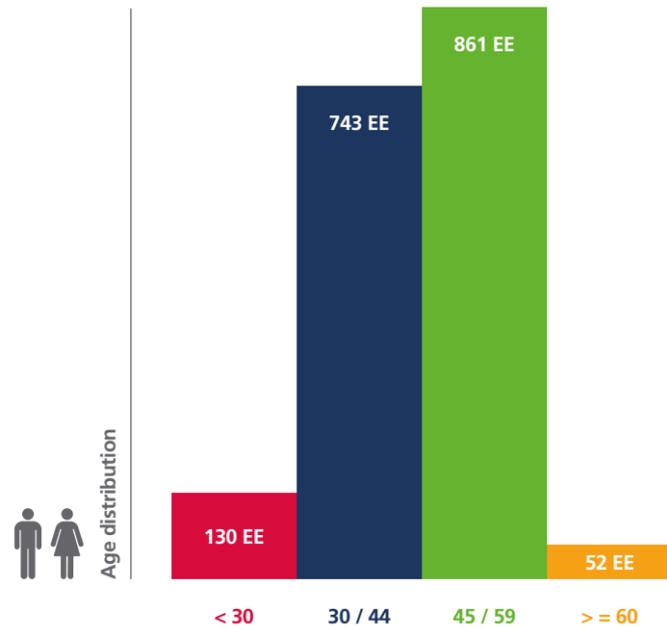
Our strategy for improving the lives of Dermatology and Aesthetics patients and delivering the medicines of the future is built upon the corporate culture of a learning organisation that prizes innovation, flexibility and expertise and is characterised by diversity, collaboration and an entrepreneurial spirit.

Four corporate values define us as a company: Trust, Innovation, Partnership and Personal Accountability. At the core of the employee-company relationship there is a mutual understanding that Almirall's overall success is the sum of individual efforts made within a supportive and cooperative setting.

Demographic data		
	Total number of employees	1975
	Nationalities represented	28
	Men	927 (47%)
	Women	1048 (53%)
	Average seniority	13 years
	Employees with a university education	64%
	Pharmaceutical industry experts	70%

Almirall strives to be an organisation that continually adapts and innovates with the purpose of enabling our team to be better aligned with our business strategy.

We promote our culture and values through a variety of employee-centric initiatives and practises to provide our employees with the best possible working environment. A measure of our success in accomplishing this is the fact that Almirall has been named “Top Employer” by the Top Employer Institute every year since 2008.



Part-time employees	123 / 6%
Managers	326 / 17%

Health, Work Balance and Economic Welfare

Ensuring and contributing to the health and well-being of our team is a top priority. This manifests through our support of workplace safety, healthy habits, nutrition, work-life balance and the economic welfare of our employees through financial assistance and insurance.



Almirall received numerous prizes and honours for our excellence in occupational health and safety in 2016:

- **Honorary Recognition from Fremap** (a Social Security collaborative entity). Recognised for reducing occupational accidents and obtaining a “bonus” from Social Security.
- **Two COASHIQ Annual Awards for Safety and Accident Reduction** (Autonomous Commission for Occupational Health and Safety in the Chemical and Related Industries). Rated one of the most secure companies in 2015 for not having a single accident in chemical operations and recognised for greatly reducing our accident rate in our pharmaceutical operations.
- **Foment del Treball Nacional “Atlante” Prize.** Awarded by this association of employers for our work in “awareness-raising, informational and/or training initiatives” in the field of occupational risk prevention.

Accident rates

- Very low accident rate at Almirall Spain, **67% below** the official rate for the pharmaceutical sector. **No accidents at R&D centres or chemical plants.**
- A **71%** reduction in the accident rate at subsidiaries, **the lowest level yet. No accidents at any of the subsidiaries, with the exception of one minor accident in France.**

In 2016, we continued advancing the “Healthy Ageing at Work Initiative”, an innovative pilot project whose aim is to improve the health of our workforce now and in the future. The demographic shift towards an ageing workforce is indisputable and presents new challenges to companies wishing to ensure the health and longevity of their employees. Based on an extensive benchmarking study across a number of different industries, Almirall is systematically analysing the health concerns our workforce may face in the future, in order to put resources and measures into place now that will respond to and even mitigate future health concerns. As we learn from and optimise our pilot programme at the Sant Andreu centre, we will extend the programme throughout the company.

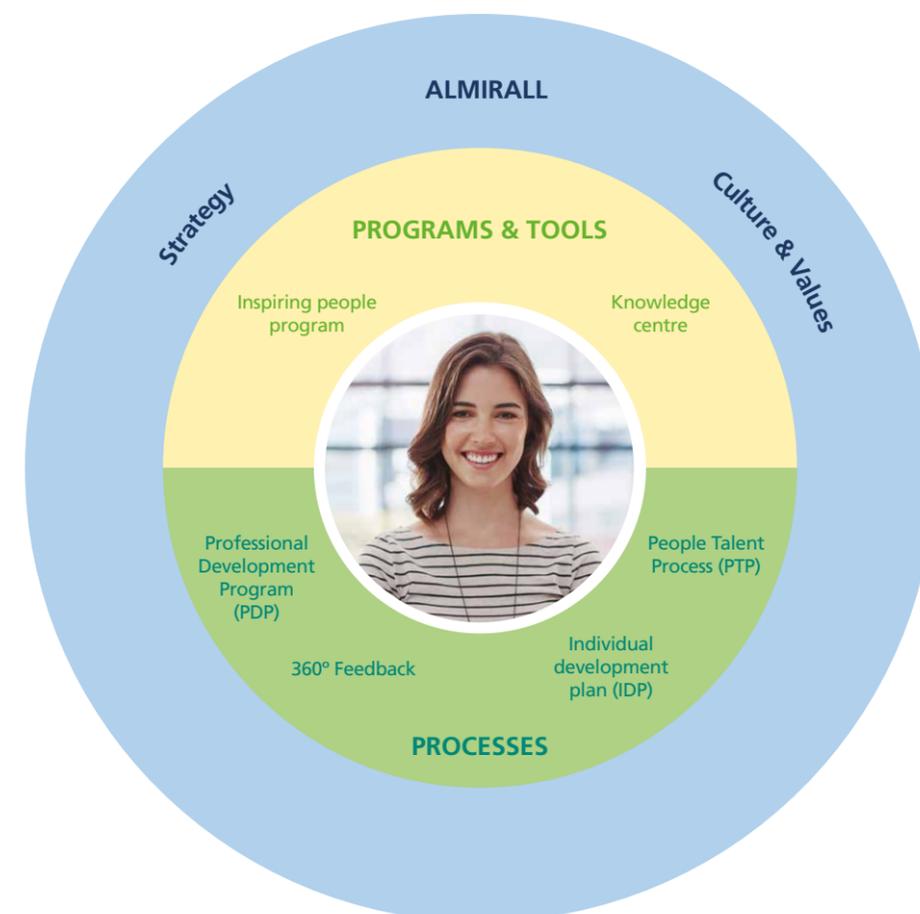
Moreover, we encourage and reward safety internally: The Corporate Health, Safety and Environment Committee (HSEC) launched an annual recognition programme in 2015-2016 for those employees who have demonstrated exemplary performance in safety and environmental roles throughout the year. Colleagues from diverse areas, centres and departments voluntarily assume these responsibilities, which they perform above and beyond their main roles in the company.

In addition, Almirall has developed a mobility plan. By conducting extensive surveys, we have pinpointed concrete measures that improve the safety, ease and environmental impact of our employees’ trips to and from work. These include providing subsidies in Spain for hybrid and electric vehicles and parking facilities with electric charging stations, among other measures.

In 2007, we were one of the first laboratories to obtain the OHSAS 18001:2007 certification for our occupational health and safety management system at all of our workplaces and business premises in Spain. This certificate, which is valid for three years, was renewed for the second time in 2013 by TÜV Rheinland, extending the scope to cover our German activities. In 2016 we again renewed the OHSAS 18001:2007 certification, whose scope covers research and development, the manufacture of active ingredients and the manufacture and trade of wholesale pharmaceutical goods.

Talent Management

Attracting and developing talent is crucial to Almirall’s commitment to innovation, which is why we are dedicated to fostering the ongoing improvement and growth opportunities of our talented team.



Vacancies covered internally: **36%**
Regrettable turnover: **2.3%**

As a point of departure, Almirall’s talent experience cycle starts with the Professional Development Plan (PDP), a valuable corporate tool for goal alignment and personal development management. PDP is the process during which employees and managers agree, update and follow up not only on annual objectives but also on development actions. It is through our learning plan that each employee has access to a large number of corporate trainings that develop their skills in accordance with the company’s strategy and stated values.

The key lever that contributes to fostering a collaborative and entrepreneurial spirit is a leadership that inspires a shared vision and is committed to developing team strengths and a spirit of initiative and self-motivation. A highlight of our efforts on this front is the Inspiring Leaders' Programme, a series of transformative training and awareness-raising sessions that reinforces a leadership philosophy based on our core values. This includes sessions for sharing challenges, best practises and training to strengthen leadership capabilities and communication skills, along with an array of other topics designed to foster employee well-being, such as emotional intelligence and mindfulness, personal brand, innovation, diversity and change management, to name but a few.

Total number of training hours	52,318 hours
Training hours per employee	26.5 hours / employee

Hours by type of training:	
Values and competencies	6,367
Business	23,235
Technological tools	1,328
Languages	15,951
Health, safety and environment	5,437

Our commitment to innovation is high. An example is our Digital Bootcamp training programme (certified by the EADA Business School), which aims to ingrain digital skills as a basic building block of success. In 2016, 70 employees from all areas participated in this initiative, gaining a new vision, skills and knowledge to take full advantage of the vast possibilities afforded by the digital world.

We provide a set of innovative HRIS tools that allows us to standardise and centralise our corporate talent-management system, enabling employees and leaders to find and manage their training, recruiting, mentoring and professional development opportunities.

Alignment with Corporate Culture and Strategic Direction

The values expressed in our corporate culture and our commitment to Dermatology are encouraged in a variety of ways that go beyond talent management.

Almirall provides every employee with on-the-job opportunities to develop and express our core values and learn more about our strategic focus.



Planet

Almirall's well-established environmental and energy-management systems adhere to the core set of international standards set forth in ISO 14001:2004 and ISO 50001:2011 and are regularly updated and certified by TÜV Rheinland. However, Almirall strives to go beyond mandatory compliance, legal requirements, and common industry standards by taking extra steps to improve energy efficiency, waste recycling, and natural resource management. Our commitment to the environment applies not only to our own operations but extends to our partners and collaborators and leads us to actively pursue strategies to address climate-change challenges.

In 2016, we successfully completed the three-year recertification audit of ISO 14001:2004, both in Almirall Spain and at our German centre in Reinbek (Hamburg). In addition, the same audit saw the ISO 50001:2011 certification we had achieved in 2013 for Almirall Spain extended to our centre in Germany.

Energy efficiency

Our Spanish and German sites have achieved ISO 50001:2011 certification, a framework designed to increase the use of renewable energy, promote energy conservation, and reduce greenhouse gas emissions.

To accomplish this, we have taken a series of energy-management measures such as educational awareness-raising campaigns for our employees, the purchase of green electricity at our main sites, and a raft of technical energy-saving actions to make us a best-practices reference in the sector. Priorities for the energy-management system includes the drive for renewable energy generation, e.g. the installation in 2016 of solar cells at the Sant Celoni chemical site with a power of 300 kW.

Our strict compliance has achieved positive results, generating significant reductions:

	3.1% reduction in electricity consumption
	5.7% reduction in gas use
	8,000 metric tons of equivalent CO ₂ eliminated through the green-energy purchasing program in 2016
	23% reduction of greenhouse gas emissions during the period spanning 2014 to 2016

Waste, wastewater, and air emissions

In 2016, our environmental management system continued to provide a structured framework for minimising the impact of our operations on the environment. Of the 8,665 metric tons of waste managed at our worksites, 27% was recycled and recovered. Compared with 2013-2015, we can announce across-the-board reductions at all our sites.

We can also confirm a steady reduction in waste generation and unwavering compliance with established levels of wastewater from our production and R&D sites, along with a significant improvement in atmospheric emissions from pharmaceutical production operations. Our efforts in this area include reformulating products and processes to eliminate solvents and adopting other measures to phase out emissions of environmentally hazardous substances. Wastewater levels are now 70% below the applicable legal limits. In 2016, we also achieved a 50% reduction in the use of methylene chloride compared with 2013.

Waste generation reductions in 2016 compared with 2013-15:

	4% reduction at our Spanish pharmaceutical plant
	22% reduction at our Spanish R&D site
	Wastewater levels are 70% below the applicable legal limits
	50% reduction in the use of methylene chloride compared with 2013

Ecodesign

Under the concept of Ecodesign, Almirall states in its corporate strategy the need to integrate sustainable criteria in the design of its R&D, production processes, and products throughout their lifecycle. With this aim, several projects have been launched for mid-to-long term development, such as ecopackaging and impact assessment of APIs in wastewater.

Ecopackaging

Ecopackaging projects are designed to reduce the environmental impact of Almirall's product packaging. To this end, we are currently engaged in a pilot program in collaboration with the LEITAT technology centre involving the manufacturing of Almax® to identify measures regarding the use of low-environmental-impact materials, space and distribution optimisation, etc. of packaging, upholding the stricter pharmaceutical standards, and we are looking forward to incorporating these measures in upcoming launches.

Our Innovation Roundtables arose as a collaborative initiative, driven by Almirall's innate desire to innovate. Our manufacturing employees are free to propose eco-packaging initiatives that will be evaluated and analysed to determine their potential impact and implementation.

Impact of APIs on wastewater

The concept of ecodesign seeks to integrate more stringent environmental criteria into current product design and R&D. We have developed a pilot program to test this idea with an API. The goal is to reduce toxic effects on human health, in addition to mitigating molecular impact on the ecosystem in the event of release into the environment.

Climate Change

Almirall is committed to the fight against climate change, one of the most serious challenges faced by our planet and humanity as a whole. A first step toward understanding and measuring our climate change impact is integrating carbon footprint calculations and metrics into our planning and processes. However, as an organisation that embraces innovation, we believe a more steadfast response is in order. Almirall's ambitious project involves undertaking a thorough materiality analysis, meeting with our many different stakeholders in order to define our vision and policy, and identifying the lines of action required to fight climate change.

The climate change risk and opportunity analysis carried out in 2016 in order to identify the main inherent climate change risks and opportunities have settled the basis for Almirall's climate change strategy covering the period 2017-2020.

Almirall provides data on environmental performance to the CDP on an annual basis. The CDP is a not-for-profit organisation (formerly known as the Carbon Disclosure Project) that manages the only global disclosure system that enables companies, cities, states, and regions to measure and improve their environmental impact. In 2016, based on the data disclosed by Almirall, we received a climate performance score of C, which represents, according to the CDP, a level of awareness that reflects the measures the company has taken to understand its environmental impacts and risks and corresponds to the average rating for the healthcare sector.



Priorities in Corporate Governance

Corporate Governance

Almirall's Corporate Governance policy is designed to protect the interests of its more than 25,000 shareholders worldwide and to ensure the transparency and accuracy of all information published by the company. Shareholders' interests are safeguarded by an open and active information policy, the governing principle of which is that all stakeholders should be given the same opportunity to follow company developments.

Almirall's Corporate Governance is overseen by six bodies, each with clearly defined functions whose performance and goals are regularly reviewed and monitored. These bodies and their functions are as follows:

The Board of Directors, which prioritises the defence of shareholders' interests, transparency, and the integrity of information.

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

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

The Dermatology Commission, created in 2016, which checks, debates, and promotes the company's strategy in the Dermatology field, the activities related to the implementation of this strategy, and the key projects in R&D and Business Development.

The Corporate Compliance Committee, is responsible for supporting and monitoring the implementation and updating of our legal compliance system.

The Management Board, responsible for formulating the company's general strategy, including how it applies to R&D, business operations, finance, and corporate development.

Almirall had more than 25,000 shareholders in 2016. The Board of Directors is the body that represents their interests and makes proposals that are submitted for approval at the Annual General Meeting. The Audit Commission, the Nominations and Remuneration Commission, and the Dermatology Commission play an active role in drawing up proposals to ensure that their integrity and independence are upheld.

Shareholders' interests are safeguarded by an open and active information policy

Board of Directors

The priority of the Board of Directors is to defend the interests of shareholders, to ensure transparency in the company, and to guarantee the integrity of information supplied to shareholders.

In 2016, eleven directors plus the non-member secretary and vice-secretary sat on the Board of Directors. This year we welcomed two new additions with extensive experience and know-how in Dermatology: Seth J. Orlow and Georgia Garinois-Melenikiotou.

There are three Board Commissions: the Audit Commission, the Nominations and Remuneration Commission, and the new Dermatology Commission, each with clearly defined functions that are regularly reviewed to ensure they meet their goals to the best of their ability.

You can find more information about the Board of Directors and the Board Commissions on the company's website (<http://www.almirall.com/en/investors/corporategovernance>).

President	Jorge Gallardo	Director
2 nd Deputy President	Daniel Bravo Andreu	External director
Member	Antonio Gallardo Torrededía	External director
Member	Carlos Gallardo Piqué	External director
Member	Eduardo Sanchiz Yrazu	Executive director
Member	Tom McKillop	Independent external director
Member	Juan Arena de la Mora	Independent external director
Member	Gerhard Mayr	Independent external director
Member	Karin Louise Dorrepaal	Independent external director
Member	Seth J. Orlow	Independent external director
Member	Georgia Garinois-Melenikiotou	Independent external director
Secretary (non-member)	José Juan Pintó Sala	Non-director
Vice Secretary (non-member)	Joan Figueras Carreras	Non-director

As at 31st December 2016

Members of the board in 2016:

Jorge Gallardo President and director

PhD in Industrial Engineering.

Institutional positions at the EFPIA and Farmaindustria over several periods.

Member of Spain's Royal Academy of Pharmacy and awarded the President Macià Medal for services rendered.

Antonio Gallardo Torrededía Member and external director

Degree in Business Administration and Management.

Has held positions in several companies in the pharmaceutical sector.

Eduardo Sanchiz Yrazu Member and executive director

Degree in Economics and MBA.

Has held positions in several companies in the pharmaceutical sector.

Current Chief Executive Officer at Almirall.

Daniel Bravo Andreu 2nd Deputy President and external director

Degree in Pharmacy.

Partner and member of the board of directors in other companies.

Carlos Gallardo Piqué Member and external director

Degree in Industrial Engineering and MBA.

Has held positions in several companies in the pharmaceutical sector.

Tom McKillop Member and independent external director

PhD in Chemistry.

Institutional positions in the EFPIA and other organisations.

Several civil awards as a member of the Academy of Medical Sciences and honorary member of the Royal Society of Chemistry. Knighted in 2002.

Juan Arena de la Mora Member and independent external director

PhD in Electromechanical Engineering and MBA.

Member of the board of directors in various companies and holder of the Great Cross of Civil Merit.

Gerhard Mayr Member and independent external director

Degree in Chemistry Engineering and MBA.

Has held positions in several companies in the pharmaceutical sector.

President and member of the board of directors of several companies.

Georgia Garinois-Melenikiotou Member and independent external director

Degree in Mechanical Engineering and MBA.

Has held positions in several companies in the pharmaceutical and dermatological sectors.

Karin Louise Dorrepaal Member and independent external director

PhD in Medicine and MBA.

Has held positions in several companies in the pharmaceutical sector.

Seth J. Orlow Member and independent external director

PhD in Molecular Pharmacology.

Chairman of and professor at the New York University Department of Dermatology.



Gerhard Mayr

Karin Louise Dorrepaal

Eduardo Sanchiz

Tom McKillop

Antonio Gallardo

Jorge Gallardo

Georgia
Garinois-Melenikiotou

Daniel Bravo

Carlos Gallardo

José Juan Pintó

Juan Arena

Seth J. Orlow

Audit Commission

Almirall has an internal audit function and an annual external audit process that guarantees the integrity of the reported financial information.

Risk Management is one of the Audit Commission's key functions. The Commission members supervise a risk-management project that launched in 2016 and which has exhaustively assessed all operational risks as well as others such as information security risk, reputational risk, and sustainability risk. The Commission is working on strengthening the company's Business Continuity Plan, developing crisis management protocols, and specific training, among other actions.

The Audit Commission meets quarterly 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 and included in the annual filings.

The Board's Regulations also stipulate that the Commission must meet at the request of any of its members or any time a meeting is called by its Chairman, who is required to call a meeting whenever the Board or its President requests that a report be issued or a proposal adopted and, in any event, whenever deemed necessary for the proper discharge of its functions.

The table below shows the members of the Commission at 31 December 2016.

Chairman	Karin Dorrepaal
Member	Juan Arena de la Mora
Secretary	Daniel Bravo Andreu

Nominations and Remuneration Commission

The Nominations and Remuneration Commission meets every quarter and is convened every time a meeting is called by its Chairman, provided that the Board or its President request that a report be issued or a proposal adopted and, in any event, whenever deemed necessary for the proper discharge of its functions. The commission reports on its activities at the first plenary meeting of the Board of Directors following its own meetings. The Commission also takes minutes of its meetings, a copy of which is sent to every member of the Board. Whenever deemed necessary to discharge its functions adequately, the Commission may also seek advice from external experts.

The table below shows the members of the Commission at 31 December 2016.

Chairman	Tom McKillop
Member	Jorge Gallardo
Secretary	Gerhard Mayr



Dermatology Commission

Almirall incorporated the Dermatology Commission within the Board of Directors in 2016.

The Dermatology Commission meets quarterly to check, debate and promote the company's strategy in the Dermatology field, assess the implementation of this strategy, and evaluate the key projects in R&D and business development. A meeting may also be convened by the Chairman or any time the Board or the Chairman of the Board requests that a report be issued or a proposal adopted and, in any event, whenever deemed necessary for the proper discharge of its duties. The Commission keeps minutes of its meetings, a copy of which is sent to all Board Members. The Board can debate the proposals and reports submitted by the Commission. The Dermatology Commission may seek the advice of external experts on an as-needed basis.

The table below shows the members of the Commission at 31 December 2016

Chairman	Seth J. Orlow
Member	Georgia Garinois-Melenikiotou
Secretary	Eduardo Sanchiz Yrazu

Corporate Compliance Committee

Almirall adheres to a compliance policy applied across the company that provides the organisation with a system for monitoring legal risks. Its fundamental goal is to check compliance with the regulations (legal, contractual, and internal) which Almirall is subject to and to assess and control any potential liabilities of the company and/or its directors, board members, and legal representatives as a consequence of breach.

The Compliance Committee is responsible for supporting and monitoring the implementation and compliance of legal regulations. It comprises the President of Almirall (who also acts as the President of the Committee), the Chief Executive Officer, the Executive Vice President Global Commercial Operations, the Executive Vice President Global Commercial Strategy, the Executive Vice President Finance and CFO, the Senior Vice President Human Resources, the Vice President Legal, the Internal Audit Director, and the General Counsel (who also acts as the Committee Secretary).

The purpose of the Committee is to review reports on legal risks and, if necessary, approve the implementation of the measures to be taken to remedy them.

Management Board

This is the company's leading governing body, in which Almirall's main organisational areas are represented.

The Management Board comprises ten members. It is chaired by the CEO, a position held by Eduardo Sanchiz since 2011. The latest member to join the Management Board is David Nieto as Chief Financial Officer.

1	Eduardo Sanchiz Yrazu Chief Executive Officer
2	Alfredo Barón de Juan Executive Vice-president, Global Commercial Operations
3	Thomas Eichholtz Executive Vice-president, Research & Development, CSO
4	Javier Arróniz Morera de la Vall Senior Vice-president, Human Resources
5	Joan Figueras Carreras Corporate Director, General Counsel
6	Alfonso Ugarte Castillo Executive Vice-president, Global Commercial Strategy
7	Jordi Sabé Richer Senior Vice-president, Corporate Development
8	Eloi Crespo Cervera Vice-president, Manufacturing & Technical Services
9	Amita Kent Vice-president, Legal
10	David Nieto Executive Vice-president, Finance, CFO



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