# Almirall, S.A. and Subsidiaries

# (Almirall Group)

Consolidated Financial Statements for the year ending on 31 December 2022, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

*(Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails)*

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**Almirall, S.A. and Subsidiaries (Almirall Group)**

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31

(Thousands of Euros)

| **ASSETS** | **Note** | **31/12/2022** | **31/12/2021** |
|---|---|---|---|
| Goodwill | 8 | 315,966 | 315,966 |
| Intangible assets | 9 | 898,677 | 916,056 |
| Right-of-use assets | 10 | 38,653 | 20,033 |
| Property, plant and equipment | 11 | 124,051 | 117,413 |
| Financial assets | 12 | 34,655 | 80,502 |
| Deferred tax assets | 21 | 182,971 | 192,500 |
| **NON-CURRENT ASSETS** | | **1,594,973** | **1,642,470** |
| Stocks | 13 | 130,095 | 118,632 |
| Trade and other receivables | 14 | 138,261 | 127,671 |
| Current tax assets | 21 | 20,817 | 34,054 |
| Other current assets | | 14,722 | 11,531 |
| Current financial investments | 12 | 443 | 899 |
| Cash and cash equivalents | | 248,380 | 206,487 |
| **CURRENT ASSETS** | | **552,718** | **499,274** |
| **TOTAL ASSETS** | | **2,147,691** | **2,141,744** |

| **LIABILITIES AND EQUITY** | **Note** | **31/12/2022** | **31/12/2021** |
|---|---|---|---|
| Subscribed capital | 15 | 21,782 | 21,573 |
| Share premium | 15 | 317,315 | 295,785 |
| Legal reserve | 15 | 4,275 | 4,275 |
| Other reserves | 15 | 948,171 | 1,023,609 |
| Valuation adjustments and other adjustments | 15 | (28,635) | (44,409) |
| Translation differences | 15 | 51,526 | 26,065 |
| Profit for the year | | 4,281 | (40,859) |
| **EQUITY** | | **1,318,715** | **1,286,039** |
| Financial liabilities | 16 | 350,758 | 359,692 |
| Non-current liabilities from leasing | 10 | 33,935 | 14,162 |
| Deferred tax liabilities | 21 | 77,254 | 75,852 |
| Retirement benefit obligations | 18 | 54,046 | 77,883 |
| Provisions | 19 | 20,746 | 24,505 |
| Other non-current liabilities | 17 | 17,624 | 22,618 |
| **NON-CURRENT LIABILITIES** | | **554,363** | **574,712** |
| Financial liabilities | 16 | 12,402 | 12,314 |
| Current liabilities for leasing | 10 | 5,100 | 6,278 |
| Trade payables | 17 | 184,287 | 177,800 |
| Current tax liabilities | 21 | 26,643 | 19,471 |
| Other current liabilities | 17 | 46,181 | 65,130 |
| **CURRENT LIABILITIES** | | **274,613** | **280,993** |
| **TOTAL LIABILITIES AND EQUITY** | | **2,147,691** | **2,141,744** |

The Notes 1 to 32 explained in the Notes to the Consolidated Financial Statements and the Appendix are an integral part of the consolidated financial statements for the year ending on 31 December 2022.

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**Almirall, S.A. and Subsidiaries (Almirall Group)**

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDING ON DECEMBER 31

(Thousands of Euros)

| | **Note** | **Fiscal year 2022** | **Fiscal year 2021** |
|---|---|---|---|
| Net turnover | 20 | 863,248 | 827,195 |
| Other Income | 20 | 15,263 | 9,305 |
| **Operating income** | | **878,511** | **836,500** |
| Work carried out on fixed assets | 9 | 7,539 | 8,932 |
| Supplies | 20 | (189,324) | (181,752) |
| Staff costs | 20 | (201,660) | (188,420) |
| Depreciation | 9, 10 & 11 | (120,636) | (119,937) |
| Net change in valuation adjustments | | 1,576 | 2,728 |
| Other operating expenses | 20 | (307,788) | (247,584) |
| Net gains (losses) on disposal of assets | 20 | (4,863) | (13,871) |
| Impairment losses on property, plant and equipment, intangible assets and goodwill | 9 | (16,489) | (90,844) |
| **Operating profit** | | **46,866** | **5,752** |
| Financial income | 20 | 637 | 493 |
| Financial expenses | 20 | (12,785) | (20,600) |
| Exchange rate differences | 20 | 1,984 | 2,044 |
| Valuation gains on financial instruments | 16 & 20 | (5,675) | 3,226 |
| **Financial result** | | **(15,839)** | **(14,837)** |
| **Earnings before tax** | | **31,027** | **(9,085)** |
| Corporate income tax | | (26,746) | (31,774) |
| **Net profit for the year attributable to the Parent Company** | | **4,281** | **(40,859)** |
| Earnings / (Loss) per Share (Euros): | 24 | | |
| A) Basic | | 0.02 | (0.23) |
| B) Diluted | | 0.02 | (0.23) |

The Notes 1 to 32 explained in the Notes to the Consolidated Financial Statements and the Appendix are an integral part of the consolidated financial statements for the year ending on 31 December 2022.

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**Almirall, S.A. and Subsidiaries (Almirall Group)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDING ON DECEMBER 31

(Thousands of Euros)

| | Note | Fiscal year 2022 | Fiscal year 2021 |
|---|---|---|---|
| **Profit (loss) for the year** | | **4,281** | **(40,859)** |
| **Other comprehensive income:** | | | |
| *Items not to be reclassified to income* | | | |
| Retirement benefit obligations | 18 | 21,798 | 6,185 |
| Income tax on items that will not be reclassified | 21 | (6,024) | (1,797) |
| Others | | - | - |
| **Total items not to be reclassified to income** | | **15,774** | **4,388** |
| *Items that can be reclassified subsequently to profit or loss* | | | |
| Other changes in value | | - | - |
| Foreign currency translation differences | 15 | 25,461 | 31,160 |
| **Total items that can be reclassified subsequently to profit or loss** | | **25,461** | **31,160** |
| **Other comprehensive income for the fiscal year, net of tax** | | **41,235** | **35,548** |
| **Total comprehensive income for the year** | | **45,516** | **(5,311)** |
| **Attributable to:** | | | |
| - Owners of the parent company | | 45,516 | (5,311) |
| - Non-controlling interests | | - | - |
| **Total comprehensive income attributable to owners of the parent company derived from**: | | | |
| - Continuing operations | | 45,516 | (5,311) |
| - Discontinued operations | | - | - |

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**Almirall, S.A. and Subsidiaries (Almirall Group)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDING ON DECEMBER 31

(Thousands of Euros)

| | | | | | Other reserves | | | Other comprehensive income | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Note** | **Subscribed capital** | **Share premium** | **Legal reserve** | **Other reserves of the Parent Company** | **Treasury shares of the Parent Company** | **Consolidated reserves** | **Valuation adjustments to equity** | **Translation differences** | **Profit attributable to the Parent Company** | **Equity** |
| **Balance as at 01 January 2021** | **15** | **21,374** | **273,889** | **4,189** | **1,070,230** | **(2,261)** | **(84,843)** | **(48,797)** | **(5,095)** | **74,280** | **1,302,966** |
| Distribution of profits | | - | - | 86 | 9,625 | - | 64,569 | - | - | (74,280) | - |
| Dividends | 23 | 199 | 21,896 | - | (33,841) | - | - | - | - | - | (11,746) |
| Treasury shares of the Parent Company | 15 | - | - | - | - | 130 | - | - | - | - | 130 |
| Total comprehensive income for the year | | - | - | - | - | - | - | 4,388 | 31,160 | (40,859) | (5,311) |
| **Balance as at 31 December 2021** | **15** | **21,573** | **295,785** | **4,275** | **1,046,014** | **(2,131)** | **(20,274)** | **(44,409)** | **26,065** | **(40,859)** | **1,286,039** |

| | | | | | Other reserves | | | Other comprehensive income | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Note** | **Subscribed capital** | **Share premium** | **Legal reserve** | **Other reserves of the Parent Company** | **Treasury shares of the Parent Company** | **Reserves in consolidated companies** | **Valuation adjustments to equity** | **Translation differences** | **Profit attributable to the Parent Company** | **Equity** |
| **Balance as at 01 January 2022** | **15** | **21,573** | **295,785** | **4,275** | **1,046,014** | **(2,131)** | **(20,274)** | **(44,409)** | **26,065** | **(40,859)** | **1,286,039** |
| Distribution of profits | | - | - | - | (56,834) | - | 15,975 | - | - | 40,859 | - |
| Dividends | 23 | 209 | 21,530 | - | (34,158) | - | - | - | - | - | (12,419) |
| Treasury shares of the Parent Company | 15 | - | - | - | - | (421) | - | - | - | - | (421) |
| Total comprehensive income for the year | | - | - | - | - | - | - | 15,774 | 25,461 | 4,281 | 45,516 |
| **Balance as at 31 December 2022** | **15** | **21,782** | **317,315** | **4,275** | **955,022** | **(2,552)** | **(4,299)** | **(28,635)** | **51,526** | **4,281** | **1,318,715** |

The Notes 1 to 32 explained in the Notes to the Consolidated Financial Statements and the Appendix are an integral part of the consolidated financial statements for the year ending on 31 December 2022.

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**Almirall, S.A. and Subsidiaries (Almirall Group)**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDING ON DECEMBER 31

(Thousands of Euros)

| | Note | Fiscal year 2022 | Fiscal year 2021 |
|---|---|---|---|
| **Cash Flow** | | | |
| Earnings before tax | | 31,027 | (9,085) |
| Depreciation | 9, 10 & 11 | 120,636 | 119,937 |
| Valuation adjustments for impairment | 9 & 20 | 16,489 | 90,844 |
| Net gains (losses) on disposal of assets | 20 | 4,863 | 13,871 |
| Financial income | 20 | (637) | (493) |
| Financial expenses | 20 | 12,785 | 20,600 |
| Exchange rate differences | 20 | (1,984) | (2,044) |
| Changes in fair value of financial instruments | 16 & 20 | 5,675 | (3,218) |
| Impacts of the Covis/AstraZeneca transaction: | | | |
| Incorporation of deferred income from the AstraZeneca transaction | 20 | - | (17,402) |
| Change in fair value of Covis/AstraZeneca financial assets | 12 & 20 | (12,029) | (6,934) |
| | | **176,825** | **206,076** |
| **Adjustments for changes in working capital:** | | | |
| Change in stocks | 13 | (10,695) | 13,338 |
| Change in trade and other receivables | 14 | 2,877 | (13,112) |
| Change in trade payables | 17 | 6,272 | 11,000 |
| Change in other current assets | | (2,285) | 3,357 |
| Change in other current liabilities | | (2,385) | (8,754) |
| **Adjustments for changes in other non-current items:** | | | |
| Other non-current assets and liabilities | | (9,147) | (1,553) |
| | | **(15,363)** | **4,276** |
| **Cash flow from taxes:** | | **(6,360)** | **23,500** |
| **Net cash flows from operating activities (I)** | | **155,102** | **233,852** |
| **Cash flow from investment activities** | | | |
| Interest receivable | | 170 | 28 |
| Investments: | | | |
| Intangible assets | 9 & 17 | (93,473) | (52,338) |
| Property, plant and equipment | 11 | (23,007) | (18,814) |
| Financial assets | 12 | (288) | (282) |
| Divestments: | | | |
| Receivables linked to the contract with Covis/AstraZeneca | 12 | 47,314 | 13,994 |
| Other non-current assets | | 741 | 157 |
| **Net cash flows from investment activities (II)** | | **(68,543)** | **(57,255)** |
| **Cash flow from financing activities** | | | |
| Interest payable | 16 | (9,899) | (6,130) |
| Equity instruments: | | | |
| Dividends paid | 23 | (12,419) | (11,746) |
| Acquisition/Disposal of own equity instruments | 15 | 46 | 596 |
| Financial instruments: | | | |
| Issuance of bonds and other marketable securities | | - | 294,411 |
| Repayment of bonds and other marketable securities | | - | (250,000) |
| Repayment of debts with credit institutions | 16 | (10,000) | (154,488) |
| Finance lease payments | 10 | (7,200) | (7,772) |
| Others | | (5,650) | 251 |
| **Net cash flows from financing activities (III)** | | **(45,122)** | **(134,878)** |
| **Net change in cash and cash equivalents (I+II+III)** | | **41,437** | **41,719** |
| **Cash and cash equivalents at the start of the fiscal year** | | **207,386** | **165,667** |
| **Cash and cash equivalents at the end of the fiscal year** | | **248,823** | **207,386** |

The Notes 1 to 32 explained in the Notes to the Consolidated Financial Statements and the Appendix are an integral part of the consolidated financial statements for the year ending on 31 December 2022.

## 1. Activity of the Group

Almirall, S.A. is the Parent Company of a Group of companies (hereinafter, the Almirall Group), which is made up of the subsidiaries listed in the Appendix attached to these annual financial statements, the corporate purpose of which consists basically of the purchase, manufacture, storage, marketing, and mediation in the sale of pharmaceutical specialities and products, as well as of all types of raw materials used in the preparation of such pharmaceutical specialities and products.

Accordingly, the Parent Company's corporate purpose also includes:

- The purchase, manufacture, storage, marketing, and mediation in the sale of cosmetics and of chemical, biotechnological and diagnostic products for human, veterinary, agrochemical and food use, as well as of all kinds of instruments, complements and accessories for the chemical, pharmaceutical and clinical industry.
- Research on active chemical and pharmaceutical ingredients and products.
- The purchase, sale, rental, subdivision, and development of plots, land and estates of any nature, with the option of choosing to construct or dispose of these, in full, in part, or under the horizontal property regime.
- The provision of prevention services for the undertakings and companies participating in the company pursuant to Art. 15 of Royal Decree 39/1997, of 17 January, which establishes the Prevention Services Regulations, and implementing regulations. This activity may be regulated and carried out jointly for related and participating companies pursuant to Art. 21 of the aforementioned legal text. It is expressly stated that, according to the law, this activity does not require administrative authorisation. This activity may be subcontracted to other specialised entities pursuant to Art. 15 of Royal Decree 39/1997.
- To direct and manage the Company's participation in the share capital of other entities through the appropriate organisation of human and material resources.

Pursuant to the Parent Company's articles of association, the aforementioned corporate purpose may be pursued, in whole or in part, directly by the Parent Company itself or indirectly through shareholding or equity interests, or any other rights or interests in companies or other types of entities, with or without legal personality, with registered office in Spain or abroad, which engage in activities identical or similar to those included in the corporate purpose of the Parent Company.

Almirall, S.A. is a public limited company listed on the Spanish Stock Exchanges and included in the Spanish continuous market (*SIBE*). Its registered office is located at Ronda General Mitre, 151, Barcelona (Spain). Its headquarters is located at the same address (Ronda General Mitre, 151).

## 2. Basic principles of presentation of the consolidated financial statements and principles of consolidation

### a) Financial reporting regulatory framework applicable to the Group

The consolidated financial statements of the Almirall Group for the year ending on 31 December 2022, which have been obtained from the accounting records kept by the Parent Company and by the other entities comprising the Group, were prepared by the Parent Company's Administrators on 17 February 2023.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, taking into consideration all mandatory accounting principles and rules and valuation criteria, as well as the Spanish Code of Commerce, the Spanish Capital Companies Act and other applicable commercial legislation, so that they give a true and fair view of the equity and financial position of the Almirall Group on 31 December 2022 and of the results of its operations, of the changes in consolidated equity and of the changes in other consolidated comprehensive income and of the consolidated cash flows that have taken place in the Group in the fiscal year ending on that date.

The consolidated financial statements have been prepared using the historical cost method, modified with respect to the recording of financial instruments at fair value, as required by the accounting regulations.

However, since the accounting principles and valuation criteria applied in the preparation of the Group's consolidated financial statements for 2022 may differ from those used by some of the Group companies, the necessary adjustments and reclassifications have been made in the consolidation process in order to standardise such principles and criteria and to bring them into line with International Financial Reporting Standards (IFRS).

The Group's consolidated financial statements for 2021 were approved by the Parent Company's General Shareholders' Meeting held on 06 May 2022. These consolidated financial statements of the Group for fiscal year 2022 are pending approval by the Parent Company's General Shareholders' Meeting. Nevertheless, the Parent Company's Board of Directors expects that these consolidated financial statements will be approved without any changes.

**b) Adoption of International Financial Reporting Standards**

The consolidated financial statements of the Almirall Group for the year ending on 31 December 2005 were the first to be prepared in accordance with International Financial Reporting Standards established in Regulation (EU) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002. In Spain, the obligation to present consolidated financial statements under an EU-adopted IFRS basis was also regulated in Final Provision Eleven of Law 62/2003, of 30 December, on fiscal, administrative and social measures.

The main accounting policies and valuation standards adopted by the Almirall Group are presented in Note 5.

With respect to the application of IFRS, the main choices made by the Almirall Group are as follows:

To present the consolidated balance sheet by classifying its items as current and non-current.

To present the consolidated income statement by classifying its items by type.

To present the consolidated cash flow statement using the indirect method.

To present income and expenses in two separate statements: a consolidated income statement and a consolidated comprehensive income statement.

As detailed below, new accounting standards (IAS/IFRS) and interpretations (IFRIC) entered into force in 2022. Furthermore, as of the date of preparation of these consolidated financial statements, new accounting standards (IAS/IFRS) and interpretations (IFRIC) have been published and are expected to come into force for accounting periods beginning on or after 01 January 2023.

*Standards, amendments and interpretations are mandatory for all fiscal years beginning on or after 01 January 2022:*

- Amendments to IAS 37 “Provisions, contingent liabilities and contingent assets: Provisions for onerous contracts”.
- Amendments to IAS 16 Property, plant and equipment: Consideration in advance of the intended use”.
- Annual Improvement Project 2018- 2020. Amendments to IFRS 1 First-time adoption of IFRS on exceptions to the treatment of translation differences. Amendments to IFRS 9 Financial “Instruments to determine the costs of amendments to financial liabilities. Amendments to IFRS 16 “Leases”.
- References to the IFRS conceptual framework in IFRS 3.

*Standards, amendments and interpretations that have not yet entered into force but may be adopted in advance:*

- Publication of IFRS 17 Insurance Contracts", replacing IFRS 4 and amendments to IFRS 9 in connection with the first-time application thereof.
- Amendment to IAS 8 "Definition of Accounting Estimates"
- Amendment to IAS 1 Disclosure of Accounting Policies"
- Amendment to IAS 12 Deferred Taxation of Assets and Liabilities Arising from an Isolated Transaction"

*Standards, amendments and interpretations of existing standards that cannot be adopted in advance or have not been adopted by the European Union:*

At the date of signing these consolidated financial statements, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations detailed below, which are pending adoption by the European Union:

- Amendment to IAS 1 "Classification of Liabilities as Current or Non-current with Covenants"
- Amendment to IFRS 16 Lease Liability in a Sale and Leaseback Transaction"

As indicated above, the Group has not considered the early application of the Standards and interpretations detailed above and, in any case, the Group is analysing the impact that these new standards/amendments/interpretations may have on the Group's consolidated financial statements, should they be adopted by the European Union.

### c) Comparability of the information

There have been no significant changes in the composition of the Group that would significantly affect the comparability of the balance sheet figures as of 31 December 2022 with those as of 31 December 2021. The same is true of the comparability of the balance sheet figures in the consolidated income statement for the fiscal year ending on 31 December 2022 with those for the fiscal year ending on 31 December 2021.

### d) Functional currency

These consolidated financial statements are presented in euros, since this is the currency of the main economic environment in which the Group operates. Foreign operations are recorded in accordance with the policies described in Note 5-r).

### e) Estimates

The consolidated income and the determination of consolidated equity are sensitive to the accounting principles and policies, valuation criteria, and estimates used by the Parent Company's Administrators in preparing the consolidated financial statements. In the consolidated financial statements for the fiscal year ending on 31 December 2022, estimates made by the Group's management and by the management of the consolidated entities were occasionally used and subsequently ratified by the Parent Company's Administrators in order to quantify certain assets, liabilities, income, expenses and obligations that are reported in the estimates. Basically, these estimates refer to:

Impairment losses on certain items from property, plant and equipment, intangible assets and goodwill arising from the non-recoverability of the carrying amount recorded for these assets (Notes 5-d), 7-e), 8 and 9).

The useful life of intangible assets and of the property, plant and equipment (Notes 5-b) and 5-c)).

The evaluation of the recoverability of deferred tax assets (Note 21).

The fair value of certain unquoted financial assets (Note 5-j), 7-a) and 12).

Precise assumptions for determination of the actuarial liability for the retirement benefit obligations in coordination with an independent expert (Note 5-l)).

Although these estimates were made on the basis of the best information available on 31 December 2022 about the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in subsequent years, which, in accordance with IAS 8, would be done prospectively, recognising the effects of the change in estimate on the corresponding consolidated income.

## 3. Principles of consolidation and changes in the scope of consolidation

### a) Principles of consolidation

The accompanying consolidated financial statements have been prepared from the accounting records of Almirall, S.A. and of the companies controlled by it. The financial statements of the latter are prepared by the administrators of each company.

The subsidiaries of the Almirall Group that are detailed in the Appendix have been included in the consolidation process.

Subsidiaries are all companies over which the Group has control. The Group controls an entity when it is exposed to, or has the right to variable returns from its involvement with the investee entity and has the ability to influence those returns through the power to direct the entity's relevant activities. Subsidiaries are consolidated from the date on which control is transferred to the Group. They cease to be consolidated starting from the date on which control ceases.

The criteria followed to determine the consolidation method applicable to each of the companies comprising the Almirall Group have been of full consolidation, since these are companies in which the direct or indirect shareholding is greater than 50% and over which the Group exercises effective control due to the majority of votes in their representative and decision-making bodies. Consequently, all the significant balances and effects of transactions between consolidated companies have been eliminated in the consolidation process.

The consolidation of the results generated by the companies acquired in the course of a fiscal year is carried out by including only those results for the period between the date of acquisition and the end of that fiscal year. Simultaneously, the consolidation of the results generated by the companies disposed of in a fiscal year is carried out by including only those results for the period between the start of the fiscal year and the date of disposal.

When necessary, the financial statements of subsidiaries are adjusted so that the accounting policies used are consistent with those used by the Group's Parent Company.

When the Group ceases to have control, any retained interest in the entity is revalued at fair value on the date that control is lost, with the change in the carrying amount recognised in the income. The fair value is the initial carrying amount for the purposes of subsequent accounting of the interest retained as an associated company, joint venture or financial asset. In addition, any amount previously recognised in other comprehensive income for that entity is recognised as if the Group had directly sold the related assets or liabilities. This could mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

In addition, the accompanying consolidated financial statements do not include the tax effect that might arise as a result of including the income and reserves generated by the subsidiaries in the equity of the Parent Company, since, pursuant to IAS 12, given that the Parent Company controls the subsidiaries, it is considered that no transfers of reserves will be made that give rise to additional taxation and, if applicable, would not be relevant.

A list of subsidiaries and information related to them (including their name, country of incorporation and the Parent Company's percentage of shareholding in their capital) are provided in the Appendix to these Notes to the consolidated financial statements.

Finally, at 31 December 2022 and 2021, , two of the companies included in the scope of consolidation are considered inactive (Almirall Europa Derma, S.A. and Laboratorios Tecnobio, S.A.). There are no other companies that are outside the scope of consolidation.

### b) Variations in the scope of consolidation

During the year ending 31 December 2022, the following changes in the business composition of the Group have occurred.

- On 9 March 2022, the company BMCK XIII Delta s.r.o., based in Prague (Czech Republic), was incorporated for the amount of CZK 10 thousand (equivalent to €0.4 thousand) and renamed Almirall s.r.o. on 10 March 2022. Subsequently, on 10 June 2022, an additional contribution of €500 thousand was made.
- On 12 July 2022, Almirall s.r.o., based in Bratislava (Slovak Republic), was incorporated for the amount of €5 thousand. Subsequently, on 07 December 2022, an additional contribution of €500 thousand was made.
- On 28 October 2022, the company NFH 211016 AS, based in Oslo (Norway), was incorporated for an amount of NOK 30 thousand (equivalent to €3 thousand), and its name was changed to Almirall AS on 28 October 2022.
- On 1 November 2022, Goldcup 31889 AB, based in Stockholm (Sweden), was incorporated for the amount of SEK 25 thousand (equivalent to €2.3 thousand), and its name was changed to Almirall AB on 17 November 2022.

These entities will market medicinal products in their respective countries, and their inclusion in the Group’s scope of consolidation had no significant impact on the consolidated balance sheet as at 31 December 2022.

There was no change in the corporate composition of the Group’s scope during the year ended 31 December 2021.

## 4. Flexible dividend

When a dividend is approved, which may be settled in cash or through the issue of fully paid-up shares at the investor’s option, i.e., remuneration with shares for a specific value, the Group recognises the corresponding liability by means of a charge to reserves equivalent to the fair value of the rights to be allotted shares at no charge. If the investor elects to subscribe for fully paid-up shares, the Group will recognise the corresponding capital increase. If the investor elects to collect the dividend, the Group will derecognise the liability be means of a credit to the cash paid.

At the date of preparation of these consolidated financial statements, the Board of Directors of Almirall, S.A. has agreed to propose to the General Shareholders' Meeting the distribution of a dividend charged to unrestricted reserves for the amount of €34.5 million (equivalent to €0.19 per share). For the purposes of this dividend distribution, it is proposed to use the "Flexible Dividend" shareholder remuneration system, which has already been applied in previous years. In this system, the shareholders are offered an alternative option that allows them to receive bonus shares in the Parent Company without limiting their option to receive an amount of cash equivalent to the dividend payment (see subsequent event indicated in Note 32).

## 5. Accounting criteria

The consolidated financial statements of the Group for the year ending on 31 December 2022 have been prepared by the Parent Company's Administrators in accordance with International Financial Reporting Standards (IFRS), as approved by the European Union pursuant to Law 62/2003 of December 30.

The main valuation standards used to draw up these consolidated financial statements, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and also with the interpretations in force at the time when these consolidated financial statements were prepared, were as follows:

### a) Goodwill

The Group applied the exception provided for in IFRS 1 “First-time Adoption of International Financial Reporting Standards” and therefore only business combinations carried out on or after 1 January 2004, the date of transition to IFRS-EU, have been accounted for using the acquisition method. Acquisitions of entities made prior to that date were recorded in accordance with the previous generally accepted accounting principles, after taking into account the necessary corrections and adjustments at the transition date.

The Group has applied IFRS 3 “Business Combinations” as revised in 2008 for transactions carried out on or after 1 January 2010.

In business combinations, the Group applies the acquisition method.

The excess between the consideration given and the net amount of assets acquired and liabilities assumed, less the value assigned to non-controlling interests, is recorded as goodwill.

The Group recognizes the assets acquired and liabilities assumed at their fair value at the acquisition date.

Goodwill is not amortized, but is tested for impairment on an annual basis or earlier if there are signs of a potential loss in the value of the asset. For these purposes, the goodwill resulting from the business combination is allocated to each of the Group’s cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination and the criteria referred to in section d) (impairment) of this Note are applied. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

Internally generated goodwill is not recognized as an asset.

### b) Intangible assets

Intangible assets are initially recognised at acquisition cost (separately or through a business combination) or at production cost and subsequently measured at their cost, when appropriate, minus their accumulated amortisation and any impairment losses.

They may have an "indefinite useful life" when, based on analyses of all relevant factors, it is concluded that there is no foreseeable limit to the period during which they are expected to generate net cash flows for the consolidated entities; in all other cases they will have a "finite useful life”.

Intangible assets with indefinite useful lives are not amortised, although, at the end of each reporting period, the consolidated entities review their respective remaining useful lives to ensure that they continue to be indefinite or, if not, to proceed accordingly.

Intangible assets with finite useful lives are amortised on the basis of their useful lives, applying criteria similar to those adopted for the amortisation of property, plant and equipment; and these criteria are basically equivalent to the following amortisation rates (determined on the basis of the average years of estimated useful life of the various items):

| | Annual percentage |
|---|---|
| Industrial property | 6%-10% |
| Computer applications | 18%-33% |

The consolidated entities recognise any impairment loss on the carrying amount of these assets with a charge to "Impairment losses on property, plant and equipment, intangible assets and goodwill" in the consolidated income statement. The criteria for recognising the impairment losses of these assets and, when applicable, the reversal of impairment losses recorded in previous years, are similar to those applied for property plant and equipment (Note 5-d)).

*Development costs*

i. Internal development

The costs of research activities are recognised as an expense in the period in which they are incurred.

Expenses incurred internally as a result of the development of new drugs by the Group are only recognised as assets if all of the following conditions are met or can be demonstrated:

- It is technologically possible to complete the production of the drug so that it can be made available for use or sale.
- There is an intention to complete the development of the drug in question for use or sale.
- There is capacity to use or sell the drug.
- The asset will generate economic benefits in the future. Among other things, the existence of a market for the drug that has been developed, or for the development itself, can be demonstrated; or, if it is to be used internally, then the usefulness of the development for the Group is proven.
- The availability of adequate technological, financial or other resources to complete the development, and to use or sell the drug resulting from the ongoing development.
- The expenditure attributable to this development until its completion can be reliably measured.

The development of new drugs is subject to a high degree of uncertainty, due to the long maturation period of the drugs (usually several years) and of the technological results obtained in the different testing phases of the development process. In any of the different phases of the development process, it may be necessary to abandon said development, either because the new drugs do not meet medical and regulatory standards, or because they do not meet profitability thresholds. For these reasons, the Group considers that the uncertainty is only overcome once the developed product is approved by the competent authorities in a relevant market. This is the moment from which the Group considers that the conditions for the capitalisation of development expenses have been met.

Development costs with a finite useful life, which are eventually recognised as an asset, are amortised starting from the product's regulatory approval on a straight-line basis over the period in which it is expected to generate benefits.

During fiscal years 2022 and 2021, development costs of €7.5 million and €8.9 million, respectively, have been capitalised for projects related to products that are currently being sold in various markets (Note 9).

ii. Separate acquisition

The acquisition separately or through a business combination of an ongoing research and development project is always capitalised pursuant to Para. 25 of IAS 38, since the price paid for the acquisition reflects expectations about the probability that the future economic benefits of the asset will be realised by the Group; in other words, the price paid reflects the probability of success of the project. When the Group acquires intangible assets with payments contingent on future events, it recognises them using the aggregate cost model.

Development costs acquired with a finite useful life that are capitalised, are amortised starting with the regulatory approval of the product (this is when it is transferred to industrial property) on a straight-line basis over the period in which they are expected to generate benefits.

Development costs (internal and acquired) previously recognised as an expense will not be recognised as an asset in a subsequent fiscal year.

*Industrial property*

Patents, trademarks and licences for the production, marketing and/or distribution of products are initially recorded at acquisition cost (separately or through a business combination) and are amortised over the estimated useful lives of the products to which they relate (straight-line method), subject to the limit, if applicable, of the term of the licence agreements signed with third parties.

Expenses arising from the development of an item of industrial property that is not economically viable are recognised in full in income for the fiscal year in which this fact becomes known.

*Computer applications*

The Group records the acquisition and development of computer programmes in this account. Maintenance costs for computer applications are charged to the consolidated income statement for the year in which they are incurred.

Computer applications may be contained in a tangible asset or have physical substance, thus incorporating both tangible and intangible elements. These assets are recognised as property, plant and equipment if they form an integral part of the related property, plant and equipment and are indispensable for its operation.

Computer applications are amortised on a straight-line basis over a period of between three and six years from the start-up of each application.

### c) Property, plant and equipment

Property, plant and equipment are valued at cost (determined by separate acquisition or acquisition through a business combination).

Replacements or renewals of entire items that increase the useful life of the related asset, or its economic capacity, are recorded as an increase in property, plant and equipment, and the replaced or renewed items are derecognised.

Periodic maintenance, upkeep and repair expenses are charged to income on an accrual basis as a cost for the year in which they are incurred.

Items in progress are transferred to property, plant and equipment in operation at the end of the corresponding development period.

The annual tangible asset depreciation charge is recognised with a balancing entry in the consolidated income statement and is basically equivalent to the depreciation rates that are determined on the basis of the years of estimated useful life, although, of course, the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The average useful lives of the various items are detailed below:

| | Years of useful life |
|---|---|
| Construction | 33-50 |
| Technical installations and machinery | 6-12 |
| Other facilities and tools | 3-12 |
| Laboratory furnishings and equipment | 6-10 |
| Information processing equipment | 4-6 |
| Transport equipment | 5-6.25 |

The income resulting from the disposal or retirement of an asset is calculated as the difference between the proceeds of the sale and the carrying amount of the asset, and is recognised in the consolidated income statement.

### d) Impairment of property, plant and equipment, intangible assets and goodwill

At each consolidated balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, then the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the asset does not generate cash flows on its own that are independent of other assets, then the Group calculates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets for which amortisation has not commenced are tested for impairment at least at the end of each fiscal year, and whenever there are indications of impairment prior to the end of each year.

The recoverable amount is defined as whichever is the greater of the following amounts: fair value less costs to sell; or the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessments of the time value of money (TVM) and that also reflects any risks specific to the asset for which the estimated future cash flows have not been adjusted. Value in use is calculated by applying both cash flows and an after-tax discount rate. As indicated in the details below, the discounted cash flow rate has been evaluated by the Group and is considered reasonable. The fact of using these variables (discount rate and cash flows) before or after taxes does not significantly change the result of the analysis conducted.

The recoverable amount must be calculated for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the Cash Generating Unit (CGU) to which it belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, then the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement.

Losses related to the impairment of the value of the CGU initially reduce, if applicable, the value of the goodwill assigned to the CGU and then to the other assets of the CGU, pro rata based on the carrying amount of each of the assets, with the limit for each of them being the higher of their fair value less costs of disposal, their value in use and zero.

When an impairment loss subsequently reverses (a circumstance not permitted in the case of goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount. This increase is implemented in such a way, however, that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior fiscal years. A reversal of an impairment loss is recognised immediately as income in the consolidated income statement, up to that limit.

In the case of goodwill, the impairment analysis, which is conducted at the intervals described in Note 5-a), is done in three steps: First of all, the recoverable amount of goodwill specifically allocated to cash-generating units is assessed (if possible). Secondly, the loss assignable to the assets included in the cash-generating unit is assessed, and any relevant impairment is recorded, as described above. Next, the recoverable amount of the unallocated goodwill is calculated by incorporating all associated cash-generating units. In the event that an impairment loss on goodwill must be recognised, this loss is not reversible (Note 5-a)).

In general, the methodology that the Almirall Group uses for impairment tests, based on the value in use of assets assigned to the CGUs with goodwill, relies on the estimation of cash flow projections drawn from financial budgets approved by the Management, which cover a 5-year period. Cash flows beyond the 5-year period are extrapolated using growth rates indicated below.

The methodology that the Almirall Group uses to carry out the impairment tests for intangible assets (Note 9), which are not amortised because the marketing has not begun for each associated product, draws on detailed financial projections that cover a range from 10 to 18 years (depending on the expected useful life of the asset). A probability of the project's success is applied to these projections, and a residual income is estimated for the following years by applying a growth rate that depends on the type and age of the products, based on experience with the same.

The methodology used by the Almirall Group to perform impairment tests on intangible assets subject to amortization is based on detailed financial projections ranging from 5 to 15 years, depending on the expected useful life of the asset.

The estimated financial projections for each cash-generating unit or asset consist of estimated after-tax net cash flows. The latter are determined, in turn, based on the estimated sales, gross margins and other expected costs for that cash-generating unit. The projections are based on reasonable and well-founded assumptions.

The main assumptions used in the impairment tests for the years ending on 31 December 2022 and 2021 were as follows:

| Asset or Cash Generating Unit | Thousands of Euros | | Assumption 2022 | | | Assumption 2021 | | |
|---|---|---|---|---|---|---|---|---|
| | Goodwill (*) | Intangible assets (*) | p.t.d. | a.t.d. | p.i.g.r. | p.t.d. | a.t.d. | p.i.g.r. |
| Assets from the takeover of Hermal GmbH (product technology) | 227,743 | - | 11.4% | 7.5% | (2)% | 10.4% | 7% | (2)% |
| Assets from the takeover of Aqua Pharmaceuticals (now Almirall LLC) (product technology) | - | 3,183 | 9.2% | 7.5% | (15)% | 7.0% | 7% | (15)% |
| Assets from the takeover of Poli Group: | | | | | | | | |
| i) Licences and other commercialization rights (product technology), own network segment | 7,400 | 34,746 | 10.8% | 7.5% | (2)% | 9.7% | 7% | (2)% |
| ii) Licences and other commercialization rights (product technology), third-party commercialization segment | 45,416 | 170,113 | 9.1% | 7.5% | (1)% | 7.6% | 7% | (1)% |
| iii) Acquired development costs (Terbinafine) | - | 4,996 | 9.7% | 7.5% | (2)% | 9.9% | 7% | (15)% |
| iv) Acquired development expenses (Finjuve) | - | 18,911 | 9.2% | 7.5% | (2)% | 8.8% | 7% | (15)% |
| Rights acquired from Sun Pharma for Europe | - | 86,729 | 13.4% | 9.0% | (20)% | 13.4% | 9% | (20)% |
| Rights acquired from AstraZeneca for Spain | - | 41,930 | 14.9% | 9.0% | (20)% | 13.4% | 9% | (20)% |
| Rights acquired from Athenex for the United States and Europe | - | 63,253 | 11.7% | 9.0% | (15)% | 10.3% | 9% | (15)% |
| Rights acquired from Allergan for the United States | - | 253,426 | 8.9% | 7.5% | (5)% - (15%) | 7.0% | 7% | (5)% - (15%) |
| Rights acquired from Lilly for Europe | - | 118,512 | 12.4% | 9.0% | (15)% | 11.2% | 9% | (15)% |
| Rights acquired from MC2 Therapeutics for Europe | - | 13,500 | 11.5% | 9.0% | (1)% | 11.1% | 9% | (1)% |
| Rights acquired from Ichnos for the whole world | - | 20,800 | 11.5% | 9.0% | (15)% | N/A | N/A | N/A |

(*) Values as of 31 December 2022

**p.t.d.:** Pre-tax discount rate; **p.t.d.**: After-tax discount rate; **.a.t.d.**: Perpetual income growth rate

The average gross margins for the projected periods of the relevant Cash-Generating Units range from 56% to 90%.

Management determines the budgeted gross margin based on past performance and on its expectations for market development.

The key variables of the impairment tests performed by the Group largely reflect the sales trend for each of the different drugs, most of which are currently in the marketing phase, as well as the discount rates applied.

These variables are drawn from historical experience, weighted based on external information available. The change in the assumptions is based on the evidence obtained by the Group from the evolution of the indicators applied.

Below we provide a sensitivity analysis performed on these assets and CGUs which present changes in their carrying value as of 31 December 2022, restated for reasonably possible variations in key assumptions. For the other unitemised assets and CGUs, there is no impact due to impairment according to the same variables used.

| **Cash-Generating Unit** | **Sensitivity analysis** | **Impact on value (millions of euros)** |
|---|---|---|
| Almirall LLC (previously Aqua Pharmaceuticals, LLC) | - Increase / Reduction of estimated net sales by 10% | + 0.3 / (0.4) |
| | - Increase / Reduction of five points in the growth rate. | + 2.7 / (1.7) |
| | - Increase / Reduction of 0.5% in the discount rate | (0.4) / +0.4 |
| Almirall LLC ("Allergan portfolio") | - Increase / Reduction of estimated net sales by 10% | + 20 / (34) |
| | - Increase / Reduction of five points in the growth rate. | + 1 / (15) |
| | - Increase / Reduction of 0.5% in the discount rate | (10) / +5 |

### e) Leases

The Group rents different offices, machinery and transportation equipment. Leases are normally for fixed terms of 3 to 5 years, although they may have extension options as described below. Lease terms are negotiated on an individual basis and include a wide range of different terms and conditions. The lease agreements do not impose covenants, but the leased assets cannot be used as collateral for borrowings.

Since 1 January 2019, leases have been recognised as a right-of-use asset and the respective liability on the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and financial expense. The financial expense is charged to income over the term of the lease, so as to produce a constant periodic interest rate on the remaining balance of the liability for each year. The right-of-use asset is amortised on a straight-line basis over the useful life of the asset or the lease term, whichever of these is shorter.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including payments that are fixed in essence) less any lease incentive receivable
- variable lease payments that depend on an index or rate, and
- lease termination penalties, if the lease term reflects the tenant's exercise of that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, then the incremental borrowing rate is used, which is the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment under similar terms and conditions.

Given the nature of right-of-use assets, the initial cost recognised is essentially composed of the initial valuation of the lease liability; as a general rule, the initial direct costs or recovery costs are not relevant. Likewise, there are no variable lease payments other than those that depend on a rate or charge.

Payments associated with short-term leases and leases of low-value assets are recognised, on a straight-line basis, as an expense in income. Short-term leases are leases with a term of 12 months or less. Low-value assets include computer equipment and small items of office furniture.

### f) Stocks

Stocks are valued at acquisition or production cost, or net realisable value, whichever is lower. Production costs include direct material costs and, where applicable, direct labour costs and applicable manufacturing overheads, also including those costs incurred for transport of stocks to their present location, and current conditions at the point of sale.

Trade discounts, rebates obtained, and other similar items are deducted when determining the acquisition price.

The cost price is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in the marketing, selling and distribution processes.

The Group evaluates the net realisable value of stocks at the end of the year and recognises the appropriate loss when they are overvalued. When the circumstances that previously led to the write-down no longer exist or when there is clear evidence of an increase in net realisable value due to a change in economic circumstances, the amount of the write-down is reversed.

### g) Trade receivables for sales and services

Trade receivables are recorded at their amortised cost. The recoverable amount is determined at each balance sheet date and is reduced, where appropriate, by any write-downs to cover balances in which there are circumstances that result in their classification as bad debts.

### h) Cash and cash equivalents

Cash and cash equivalents are cash on deposit with the Group, bank deposits payable on demand, and financial investments convertible into cash (short-term, highly liquid investments), with a maturity not exceeding three months from the date of acquisition, which have no significant risk of change in value and that form part of the Group's normal cash management policy.

For the purposes of determining the cash flow statement, the heading "Cash and cash equivalents" includes the Group’s cash and bank deposits maturing in the short term, which can be cashed immediately at the Group’s discretion without penalty and are included under the heading "Current financial assets" in the accompanying consolidated balance sheet. The carrying amount of these assets approximates their fair value.

### i) Financial instruments (excluding derivative financial instruments)

Financial assets and liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the financial instrument.

For the fiscal years ending on 31 December 2022 and 2021, the Group has applied the following valuation standards to its financial instruments:

*Financial assets*

Classification: pursuant to IFRS 9, the Group classifies its financial assets into the following measurement categories:

- those subsequently measured at fair value (either through other comprehensive income or through profit or loss), and
- those that are measured at amortised cost.

The classification depends on the entity's business model for managing financial assets and the contractual terms of the cash flows.

For assets measured at fair value, profits and losses must be recorded in income or in other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group had made an irrevocable choice at initial recognition to account for the equity investment at fair value through other comprehensive income.

Recognition and derecognition: regular-way purchases and sales of financial assets are recognised on the trade date, i.e., the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets expire or are transferred and the Group has substantially transferred all the risks and rewards incidental to ownership.

Valuation: in the case of financial assets that are not at fair value through profit or loss (FVTPL), at initial recognition, the Group measures these at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. In contrast, the transaction costs of financial assets recorded at fair value through profit or loss (FVTPL) are recognised as an expense in the income statement.

*Debt instruments*

Subsequent valuation of debt instruments depends on the Group's business model for managing the asset and on the asset's cash flow characteristics. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets held for collection of contractual cash flows, when those cash flows represent only payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement for the fiscal year and is recorded in other gains / (losses) together with gains and losses due to exchange rate differences. Impairment losses are presented as a separate item in the income statement.
- Fair value through other comprehensive income: Assets held to collect and sell contractual cash flows are measured at fair value through other comprehensive income when the cash flows from the assets only consist of payments of principal and interest. Changes in the carrying amount are recognised in other comprehensive income, except for the recognition of impairment gains or losses, ordinary interest income and foreign exchange gains or losses, which are recognised in the income statement. When the financial asset is derecognised, the accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to income and recognised in other gains/(losses). Interest income from these financial assets is included in interest income using the effective interest rate method. Gains and losses due to exchange rate differences are recorded in other gains and losses, while impairment expense is recorded as a separate item in the income statement.
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are recognised at fair value through profit or loss. A gain or loss on a debt investment that is subsequently recognised at fair value through profit or loss is recognised in income and is recorded net in the income statement within other gains/(losses) in the fiscal year in which it arises.

*Equity instruments*

The Group subsequently values all investments in equity at fair value. When the Group's Management has elected to present gains and losses at fair value of equity investments in other comprehensive income, then there is no subsequent reclassification of gains and losses in fair value to income following derecognition thereof. Dividends from such investments continue to be recognised in the profit for the fiscal year as other income when the company's right to receive the payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains / (losses) in the income statement, when applicable. Impairment losses (and reversals of impairment losses) on equity investments measured at fair value through other comprehensive income are not presented separately from other changes in fair value.

*Impairment*

The Group evaluates the expected credit losses associated with its assets prospectively at amortised cost and at fair value through other comprehensive income. The method used for impairment depends on whether there has been a significant increase in the credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that expected lifetime losses are recognised, starting from the initial recognition of the receivables, see Note 14 for further details.

*Financial liabilities*

Trade accounts payable are payment obligations for goods or services acquired from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities if payments are due within one year or less (or due within the normal operating cycle, if this cycle is longer). Otherwise, they are presented as non-current liabilities.

Trade accounts payable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are initially recognised at fair value less incurred transaction costs. Subsequently, financial debts are valued at amortised cost; any difference between the funds obtained (net of the costs necessary to obtain them) and the redemption value is recognised in the consolidated income statement during the term of the debt, in accordance with the effective interest rate method.

Fees paid to obtain credit facilities are recognised as debt transaction costs, whenever it is probable that some or all of the facility will be drawn down. In this case, fees are deferred until the amount is drawn down. To the extent that it is not probable that all or part of the credit line will be drawn down, the fee is capitalised as an advance payment for liquidity services and is amortised over the period of availability of the credit facility.

The fair value of the liability component of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until it is extinguished upon conversion or maturity of the bonds. The remaining income earned is allocated to the conversion option, which is recognised and included in the shareholders' equity, net of the income tax effect.

Financial debt is removed from the balance sheet when the obligation specified in the contract has been paid, cancelled or expired. The difference between the carrying amount of a financial liability that has been settled or transferred to another party and the consideration paid, including any asset transferred other than cash or the liability assumed, is recognised in income for the fiscal year as other financial income or expense.

When the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt-for-equity swap), then a profit or loss is recognised in income for the fiscal year by the amount of the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Loans at subsidised or zero interest rates are forms of government aid. Any granted loans of this sort are recognised based on the fair value of the financing received; the differences arising between the fair value and the nominal value of the financing received are treated as a subsidy.

*Classification of financial assets and liabilities as current and non-current*

In the accompanying consolidated balance sheets, financial assets and liabilities are classified by their dates of maturity; in other words, those maturing in twelve months or less from the consolidated balance sheet date are classified as current, and those maturing in more than twelve months as non-current.

### j) Derivative financial instruments

The Group's activities expose it mainly to exchange rate risks, due to the marketing of products through licensees and subsidiaries in countries with currencies other than the euro, but the Group is also exposed to interest rate risks due to the Parent Company's indebtedness (Note 30).

At the beginning of each hedging transaction, the Group documents the relationship between the hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at inception and on an ongoing basis, as to whether derivatives used in hedging transactions are highly effective in offsetting changes in fair value or in cash flows of hedged items.

Derivatives are initially recognised at fair value at the date the derivative contract is signed, and subsequently remeasured at fair value at each balance sheet date. The accounting for subsequent changes in fair value depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item it is hedging. In the past, the Group has arranged derivatives in the following cases:

- Hedges of changes in estimated cash flows arising from financial assets and liabilities, commitments and highly probable forecast transactions that an entity expects to carry out ("cash flow hedges"), such as forward exchange rates to cover relevant payments in foreign currencies.
- Cash flow hedges that qualify for hedge accounting, such as “collars” to hedge interest rate fluctuations.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument.

The entire fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is greater than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

As of 31 December 2022 and 2021, the Group had no financial instruments that qualified for hedge accounting.

*Derivatives that do not qualify for hedge accounting*

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in income and are included in other gains / (losses).

See Note 16 for a description of the derivative financial instruments existing as of 31 December 2022 and 2021.

### k) Provisions and contingencies

When preparing the consolidated financial statements, the Parent Company's Administrators distinguish between:

- Provisions: credit balances covering obligations existing at the balance sheet date derived from past events, which may give rise to outflows of financial resources that are of a specific nature but of uncertain amount and/or timing, and
- Contingent liabilities: possible obligations derived from past events that will become manifest only if one or more future events beyond the control of the consolidated entities occurs or fails to occur.

The Group's consolidated financial statements include all significant provisions with regards to which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities that do not result from a business combination are not recognised and are listed in Note 25.

Provisions, which are quantified by taking into consideration the best information available on the consequences of the event that gives rise to them and are re-estimated at the end of each reporting period, are used to address the specific, probable risks for which they were originally recognised, and are reversed, in whole or in part, when these risks disappear or decrease. They include:

(i) Ongoing legal proceedings and/or claims

The Group's activities fall within a highly regulated sector (health legislation, intellectual property, etc.), which increases its exposure to potential lawsuits arising from its business activities.

The claims and litigation to which the Group is subject are generally complex, meaning that their evolution can be highly uncertain, both as regards the probability of an outcome detrimental to the Group's interests and as regards the estimate of potential future disbursements to be made. As a consequence, it is necessary to use judgements and estimates, counting on the support of the relevant legal consultants.

At year-end 2022 and 2021, various legal proceedings and claims were in progress against the Group, arising from its normal course of business. Both the Parent Company's legal consultants and its Administrators consider that the provisions recorded are sufficient and that the conclusion of these proceedings and claims will not have a significant impact on the consolidated financial statements for the years in which they are closed.

(ii) Provision for restructuring

The Group recognises restructuring costs when it has detailed plans to proceed with the restructuring, in which it identifies, at least: the business activities involved, the main locations affected, the job descriptions and approximate number of employees who will receive severance compensation after their services become unnecessary, the disbursements to be made, the possible dates on which the detailed plans will be implemented, and when a valid expectation has been induced among those workers affected, either by having started to implement the plans or by having announced their main characteristics to them.

### l) Cost of retirement benefits (or post-employment benefits)

The Group's companies Almirall Hermal GmbH, Almirall AG and Polichem, S.A. have obligations for retirement benefits (or post-employment benefits). The obligations of Almirall AG and Polichem, S.A. are negligible in relation to the Group's consolidated financial statements. As for the obligations assumed by Almirall Hermal GmbH, these benefits are structured into two defined benefit plans that were frozen in 2017, and a defined contribution plan with employer contributions.

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a fund and has no legal or constructive obligation to make additional contributions if the fund does not have sufficient assets to pay benefits related to services rendered in the current and prior fiscal years to all employees. Defined benefit plans, in contrast, establish the amount of benefits an employee will receive upon retirement, usually based on one or more factors, such as age, years of employment, and salary.

In the defined benefit plans, the contingencies covered are retirement, risks to active life, death and disability, for those employees with seniority starting prior to 30 June 2002, and the benefits consist of a pension determined, basically, by the pensionable salary. The assumed commitment is in an internal fund, with the corresponding provision, and there are no assets assigned to the plans (Note 18).

The liability recognised in the balance sheet in respect of the defined benefit pension plans is the present value of the defined benefit obligation as of the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates from high-quality corporate bonds expressed in the same currency in which the benefits will be paid, and whose terms to maturity are similar to those of the respective obligations. In countries where no market for this type of bonds has developed, the market rates for government bonds are used.

(Thousands of euros)

The amount of the commitments assumed has been determined by applying the following criteria:

- Method of calculation: the calculation method used in the actuarial valuations has been the "proportional crediting year by year" or "projected unit credit" method. The value of the pension obligations has been calculated based on the present value of the benefits agreed, taking into account the number of years that the member of staff has been employed and the years remaining until their retirement.
- Actuarial assumptions: the main assumptions used to calculate the actuarial valuation of these commitments were as follows in 2022 and 2021:

| 2022 | Almirall Hermal GmbH | Almirall AG | Polichem, S.A. |
|---|---|---|---|
| Mortality tables | Heubeck 2018G | BVG 2020 GT | BVG 2015 GT |
| Discount rate | 3.65% | 1.95% | 1.85% |
| Rate of salary increase | 3.00% | 2.25% | 1.20% |
| Rate of benefit increase | 2.20% | 1.50% | 0.00% |
| Turnover rate | Variable according to age and gender | 8.38% | - |
| Retirement age | 65 - 67 | 64 - 65 | 64 - 65 |

| 2021 | Almirall Hermal GmbH | Almirall AG | Polichem, S.A. |
|---|---|---|---|
| Mortality tables | Heubeck 2018G | BVG 2020 GT | BVG 2015 GT |
| Discount rate | 0.90% | 0.20% | 0.20% |
| Rate of salary increase | 2.25% | 1.50% | 1.00% |
| Rate of benefit increase | 1.75% | 0.75% | 1.00% |
| Turnover rate | Variable according to age and gender | 8.38% | - |
| Retirement age | 65 - 67 | 64 - 65 | 64 - 65 |

Actuarial gains and losses arising from adjustments made based on experience and on changes in actuarial assumptions are charged or credited to equity in "Other comprehensive income" in the reporting period in which they arise.

Past service cost arises as a result of modifications to the benefits provided under a defined benefit plan. It may involve an improvement or a reduction in the benefits covered by the plan.

IAS 19 requires that past service cost be recorded directly in the consolidated income statement for the year in which the plan is modified. The entity recognises an expense when the change results in an improvement in benefits (positive past service cost), and it recognises income when benefits are reduced (negative past service cost).

If new benefits are incorporated into a defined benefit plan, then this will have an immediate impact on the income statement, and it will not be possible to defer the expense that corresponds to those benefits that have not yet been accrued during the consolidation period.

The discount rates used in the calculation are established according to actuarial advice according to published statistics and experience in each territory.

In turn, the defined contribution plans provide coverage for contingencies similar to the defined benefit plans described above for all employees. The contributions are made to non-related entities, such as insurance companies, and the amount recognised as an expense in 2022 and 2021 amounted to €4.2 and €2.1 million, respectively.

Once the contributions have been paid, the Group has no further payment obligations. Contributions are recognised as employee benefits when accrued.

### m) Severance payments

Severance payments are made to employees as a result of the Group's decision to terminate their employment contract before the normal retirement age, or when the employee agrees to voluntarily resign in exchange for these benefits. The Group recognises these benefits when it has demonstrably committed to dismiss current employees in accordance with a detailed official plan that cannot be revoked. When an offer is made to encourage the voluntary resignation of employees, severance payments are valued based on the number of employees expected to accept the offer.

### n) Government subsidies

Government subsidies to cover current expenses are recognised in profit and loss once all conditions have been met, and in the periods in which the related costs are offset, and they are deducted in the presentation of the relevant expense.

Government subsidies related to property, plant and equipment are treated as deferred income and are recorded in income over the course of the expected useful lives of the relevant assets.

### o) Revenue recognition

Revenue is recognised when control of a good or service is transferred to the customer (thus the concept of control replaces the previous concept of risks and benefits).

The Group recognises revenue when it satisfies a performance obligation by transferring the agreed goods or services to customers, and revenue is recorded at an amount that reflects the consideration that the Group expects to receive.

In this context, the Group recognises revenue from contracts with customers based on a five-step model established in IFRS 15:

- Step 1. Identification of customer contracts: A contract is defined as an agreement between two or more parties, which creates enforceable rights and obligations, and establishes criteria that must be met for each contract. Contracts may be written, verbal or implied, according to a company's customary business practices.
- Step 2. Identification of separate performance obligations: A performance obligation is a commitment in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determination of the contract transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for the transfer of promised goods or services to a customer, without taking into account the amounts collected on behalf of third parties. Such a consideration promised in a contract with a customer may consist of fixed amounts, variable amounts, or both.
- Step 4. Allocation of the transaction price to the separate performance obligations of the contract: In a contract that has more than one performance obligation, the Group allocates the transaction price among the performance obligations in amounts that represent the consideration to which the Group expects to be entitled in exchange for fulfilling each performance obligation.
- Step 5. Recognition of ordinary income when (or to the extent that) the Group fulfils a performance obligation. The Group fulfils a performance obligation and recognises income over time if any of the following criteria are met:
    i. The Group's performance does not create an asset with an alternative use for the Group, and the Group has an enforceable right to the payment of what has been completed to date.
    ii. The Group's performance creates or enhances an asset that the customer controls insofar as the asset is created or enhanced.
    iii. The customer both receives and consumes the benefits provided by the Group's performance insofar as the Group completes said performance.

For performance obligations where none of the above conditions are met, income is recognised when the performance obligation is fulfilled.

When the Group fulfils a performance obligation by delivering the promised goods or services, it creates a contractual asset for the amount of the consideration obtained from the performance.

When the amount of the consideration received by a customer exceeds the amount of revenue recognised, this generates a contractual liability.

Below are the details of the main activities through which the Group generates operating income from contracts with customers, not including ordinary sales of products through its commercial networks, which are included under the heading of "Net turnover" in the consolidated income statement:

(a) Income from long-term contracts for licences granted to different trading partners

The Group has long-term contracts for licences granted to the various trading partners with whom it works, in the various countries where the Group sells its products. The following types of income are derived from these contracts:

- Sales, of either raw materials or of any product that has been subject to a modification in a production process. Given that this component of income is differentiated from the other components of the contracts, as well as the fact that the price at which these transactions are carried out is a market price, such income is recorded under the heading of "Net turnover", in keeping with previous years.
- Royalties to be collected linked to the sales figures of the trading partners. They are recognised based on sales made. This income is recorded under the heading "Net turnover".
- Amounts receivable associated with milestones related to certain sales levels from different "partners" (trading partners). In general, the milestones to which they are associated are of a contingent nature and, as such, the amount is recognised at the date of achievement of the contingent milestone in order to remunerate sales that have already been made. This income is recorded under the heading "Net turnover".
- Collections for assignments or sales of trademarks or intellectual property considered equivalent to products, either for a specific period or perpetually.

(b) Income from sales of licences for development and subsequent marketing

In the components of sales contracts where certain rights for development and subsequent marketing are assigned , and where there is a significant ongoing involvement by the Group during the development period, the portion of the upfront payment allocated to this component is deferred on a straight-line basis to the consolidated income statement during the expected period of development. This constitutes a sale of the rights to a licence, which the Group also engages in with other companies, which, besides implying a continued involvement of the Group during the molecule development period, will generate income from milestones and future royalties like any other type of sale or collaboration that Almirall engages in with other companies.

**p) Income tax, deferred tax assets and liabilities**

The expense for Spanish corporate income tax and similar taxes applicable to foreign consolidated entities is recognised in the consolidated income statement, except when it results from a transaction the results of which are recorded directly in equity, in which case the related tax is also recorded in equity.

Almirall, S.A. is subject to Spanish Corporate Income Tax under the Spanish Tax Consolidation regime according to Chap. VI of Title VII of Law 27/2014, of 27 November, on Corporate Income Tax. The companies that make up the Group for tax purposes for fiscal years 2022 and 2021 are: Almirall, S.A., Laboratorios Almirall, S.L., Industrias Farmacéuticas Almirall, S.A., Laboratorios Tecnobío, S.A., Ranke Química, S.A. and Almirall Europa Derma, S.A.; for all of these, the first company mentioned acts as parent company. Consequently, the consolidated corporate income tax expense includes the benefits derived from the application of tax loss and tax credit carryforwards that would not have been recorded if the companies comprising the tax group had been individually taxed.

Income tax represents the sum of the current income tax expense for the year and the change in recognised deferred tax assets and liabilities.

The income tax expense for the year is calculated based on the taxable income for the year. The taxable income differs from the net income presented in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and also excludes items that are never taxable or deductible. The Group's current tax liabilities (or assets) are calculated using tax rates that have been enacted or substantially enacted as of the consolidated balance sheet date. Management periodically evaluates the positions taken in tax returns in situations where the applicable tax regulation is subject to interpretation, and, if necessary, it establishes provisions based on the amounts that are expected to be paid to the tax authorities.

Deferred tax liabilities are the amounts of income tax payable in the future related to taxable timing differences, while deferred tax assets are the amounts of income tax recoverable due to the existence of deductible timing differences, tax loss carryforward or deductions pending application. For these purposes, a timing difference is defined as the difference between the carrying value of assets and liabilities and their taxable base. These amounts are recorded by applying the tax rate at which they are expected to be recovered or settled to the relevant timing difference or credit. However, deferred taxes are not recognised if they arise from the initial recognition of an asset or liability in a transaction, other than a business combination, which, at the moment of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets identified with timing differences and other deferred tax assets (tax loss carryforwards and tax credits carryforwards) are only recognised if it is considered probable that the consolidated entities will have sufficient taxable profits in the future against which they can be offset. At the end of each accounting period, the deferred taxes recorded (both assets and liabilities) are reviewed in order to verify that they are still valid, and the appropriate adjustments are made in accordance with the results of the analyses conducted. The monetization of deductions generated by research and development is considered in the analysis of the recovery of deferred tax assets.

Finally, in application of IFRIC 23 "Uncertainty over income tax treatment", the Group classifies liabilities arising from this rule under the heading of "Other non-current liabilities" (Note 17).

### q) Interest cost

General and specific interest costs that can be attributed directly to the acquisition, construction or production of qualifying assets, which are those assets that necessarily require a substantial period of time before they are ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Interest earned on the temporary investment in specific loans, pending their use for qualifying assets, is deducted from interest costs eligible for capitalisation.

Other borrowing costs are recognised in income in the year in which they are incurred.

### r) Transactions in foreign currency

The Group's presentation currency is the euro. Consequently, all balances and transactions expressed in currencies other than the euro are considered to be expressed in "foreign currency".

The translation of foreign currency balances into euros is carried out in two consecutive stages:

i. Translation of foreign currency to the functional currency of the subsidiaries:

   Transactions in foreign currencies carried out by consolidated entities are initially recorded in their respective financial statements at the equivalent value in their functional currencies, resulting from applying the exchange rates in effect on the dates on which the transactions are carried out. Subsequently, for presentation purposes in their separate financial statements, consolidated entities translate the monetary balances receivable or payable in foreign currencies into their functional currencies using year-end exchange rates. Exchange differences are charged and/or credited to their income statements.

ii. Translation to euros of balances held in the functional currencies of subsidiaries whose functional currency is not the euro.

Balances in the financial statements of consolidated entities whose functional currency is not the euro are translated into euros as follows:

- Assets and liabilities, by applying the year-end exchange rates.
- Income and expenses and cash flows, by applying the average exchange rates for the fiscal year.
- Equity, at historical exchange rates.

Adjustments in goodwill and in fair value arising on the acquisition of a foreign entity are considered assets and liabilities of the foreign entity and are translated at the year-end exchange rate. Differences arising in the translation process are recognised in Other comprehensive income and are shown under the heading "Translation differences" in Equity. Such translation differences are recognised as income or expense in the consolidated income statement in the year in which the investment is realised or disposed of.

During consolidation, the exchange differences arising from the translation of any net investment in foreign business and from financial debt and other financial instruments designated as hedges for these investments, are recognised in other comprehensive income. When a foreign business is sold or any financial debt that forms part of the net investment is repaid, the associated exchange differences are reclassified to income for the fiscal year, as part of the profit or loss on the sale.

**s) Environmental assets**

Assets of an environmental nature are defined as assets that are used on a long-term basis in the operations of the Almirall Group companies, for the main purpose of minimising environmental impacts and protecting and improving the environment, including the reduction or elimination of future pollution from the Group's operations. The annual cost, as well as the investments and the carrying value at the close of each fiscal year, are detailed in Note 29.

The Group also has photovoltaic panels at some of its production facilities, to produce energy for self-consumption. These assets are valued, as any tangible asset, at the acquisition or production cost.

The companies depreciate these items on a straight-line basis over the estimated remaining useful lives of the various items.

The Group also incurs expenses related to environmental preservation activities, as also detailed in Note 29.

**t) Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period that can be attributed to the Parent Company by the weighted average number of ordinary shares outstanding during the period, excluding the average number of treasury shares held for the entire period.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would be issued if all potential ordinary shares were converted into ordinary shares of the Parent Company. For these purposes, the conversion is deemed to take place at the start of the period or at the moment of issue of the potential ordinary shares if these have been issued during the period itself.

### u) Consolidated cash flow statement

The following terms are used in the consolidated cash flow statement, with the following meanings:

- Cash flows: inflows and outflows of cash and cash equivalents; short-term, highly liquid investments, with low risk of changes in value, are understood as cash flows.
- Operating activities: activities typical of the company, as well as other activities that cannot be classified as investing or financing activities.
- Investment activities: the acquisition, sale or disposal, by other means, of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the amount and composition of equity and liabilities that are not part of operating activities.

For the purposes of determining the cash flow statement, the heading "Cash and cash equivalents" includes the Group's cash and bank deposits maturing in the short term, which can be cashed immediately at the Group's discretion without penalty and are included under the heading "Current financial assets" in the accompanying consolidated balance sheet. The carrying amount of these assets approximates their fair value.

### v) Share-based remuneration systems

On 14 February 2008, for the benefit of certain Executives, the Board of Directors of the Parent Company approved a long-term variable compensation plan linked to the value of the Company's shares or "Stock-Equivalent Units Plan" (hereinafter the SEUS Plan), which was ratified by the General Shareholders' Meeting held on 9 May 2008.

Under the Plan, the Parent Company undertakes to grant the Executives a long-term variable remuneration linked to the value of the Parent Company's shares, provided that certain requirements and conditions are met and this remuneration is paid in cash. The liabilities, calculated as described in IFRS 2, as of 31 December 2022 and 2021, are disclosed in Note 27.

### w) Share capital

Ordinary share are classified as equity.

Incremental costs directly attributable to the issuance of new shares or options are presented in equity as a reduction, net of taxes, of the income obtained.

When any Group entity acquires shares of the Company (treasury shares), the consideration paid, including any directly attributable incremental cost (net of income tax) is deducted from the equity attributed to holders of equity instruments of the Company, until the cancellation, reissue or disposal of the acquired treasury shares. When these shares are subsequently reissued, all the amounts received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity attributed to equity holders of the Company.

## 6. Changes in accounting policies

In the year ending on 31 December 2022, there have been no significant changes in the Group's accounting policies, nor have any new standards come into force that have an impact on the comparability of these consolidated financial statements with respect to those of the year ending on 31 December 2021.

## 7. Critical accounting judgements and estimates

Estimates and judgements are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations regarding future events that are believed to be reasonable under the circumstances.

### a) Revenue recognition and fair value of revenue to be collected (transaction with AstraZeneca)

Part of the income generated by the Group comes from the transfer of rights, from the assignment to third parties of the use of licences for products developed by the Almirall Group, or from granting third parties access to products under development. The agreements that serve as the basis for such transfers, assignments, or access, are usually complex in nature and include elements such as:

- Non-refundable upfront fees.
- Charges for the achievement of certain milestones (development, sales, etc.).
- Royalties.
- Determination of the future supply price of the product in question between the parties.

In this regard, a detailed analysis of each of the components of the agreements, and of the agreements in their entirety, is required in order to determine an appropriate allocation to income for each of the elements of these agreements.

As a consequence of the transaction with AstraZeneca UK Limited carried out in November 2014, Almirall, S.A. transferred the rights to part of its respiratory franchise, which included several components that involved receiving various payments in cash and other deferred payments dependent on certain future milestones. As a result of this transaction, the following impacts are reflected in these consolidated financial statements:

Sale of Eklira (aclidinium) and Duaklir (a combination of aclidinium/formoterol): treated as a sale of business for accounting purposes in 2014 (transfer of assets, rights, etc., together with the employees, forming a business unit, without significant future commitments or obligations for Almirall). This transaction was recorded at the fair value of the agreed consideration (the portion of the upfront payment allocated plus the fair value of potential future payments for milestones, sales and royalties), and the assets in the consolidated balance sheet related to this business were derecognised. The result of this was recorded under "Other income" in the income statement for the fiscal year 2014.

As a result of this transaction, a financial asset was generated, valued at fair value at the end of each year with changes in income, and consisting of the following future collection components established in the sales contract related to the future development of the Eklira business unit's commercial activity:

"Milestone events”: milestones related to the first launches and achievement of reference prices in certain countries, taking into account the probability of achieving them.

"Sales-related payments”: milestones related to reaching a certain level of sales. At the end of December 2022 and 2021, there are none outstanding.

"Potential payments”: milestones related to the collection of royalties, linked to sales achieved in each future fiscal year. Sales revenue is related to sales reported by AstraZeneca at the end of the financial year to which the respective consolidated financial statements relate.

On 5 January 2022, the agreement between AstraZeneca and Covis Pharma GmbH for the transfer of the global rights to Eklira and Duaklir entered into force. The agreement with AstraZeneca was novated to Covis Pharma GmbH and as a result of this agreement, in addition to continuing to receive royalty payments under the terms initially established with AstraZeneca, the Parent Company received a fixed amount of US$10 million (equivalent to €8.8 million) on the date on which the transaction was completed, as well as US$40 million in different tranches until September 2023, mainly linked to certain changes in the initially established milestone events initially established. As at 31 December 2022, 5 tranches have been received for a total amount of US$25 million (equivalent to €23.5 million).

The fair value of this transaction was determined upon initial recognition by an independent expert. The method used consisted of Discounted Cash Flows adjusted for the probability of success of certain risks associated with the different phases of the products. Using this method, the future cash flows generated by the asset are estimated (converted from USD to euros at the exchange rate according to the range of dates stipulated in the agreement) for the estimated marketing period, taking into account the expiration of the patent. These cash flows are discounted at a rate that reflects the current required rate of return on the market and the specific risks of the asset. The impacts on the fair value of the asset are detailed in Note 12.

The main assumptions and considerations applied in the valuation of financial assets as of 31 December 2022 are as follows:

Level of sales achieved for each of the fiscal years in a given territory.

Discount rate: depending on the countries where cash flows will be obtained, resulting in an overall weighted average of approximately 10.4%.

For the purposes of the sensitivity analysis, restated for reasonably possible variations, as regards the valuation made on 31 December 2022, the following points must be taken into consideration:

By reducing/increasing the estimated sales revenue for the fiscal years 2023 to 2035 by 5% a year, the impact would be a decrease/increase of the financial asset by €(2.1)/2.1 million, respectively.

By reducing/increasing the discount rate used by 1%, the impact would be an increase/decrease of the financial asset by €1.21.2/(, respectively.

Sales of licences for development and subsequent marketing: in the components of the sales contracts by virtue of which certain rights were transferred for development and subsequent marketing, and in which Almirall continues to be significantly involved during the development period, the portion of the upfront payment assigned to such a component is deferred on a straight-line basis to the consolidated income statement, and its allocation ended in October 2021 (see Note 20).

**b) Valuation of intangible assets - Acquisition of developments in progress**

These are the Group's acquisitions of marketing rights for certain products that are in the development phase (Note 9), which meet the characteristics for initial recognition under IFRS (Note 5-b)). These assets will be depreciated over the respective useful lives of the corresponding products starting from the moment that these products obtain regulatory approval. At the end of each accounting period, the Group is responsible for assessing the recoverability of these assets through the generation of positive cash flows in the future, pursuant to the best estimates of the Group's technical and financial managers. For this purpose, a discounted cash flow model must be applied that involves a degree of uncertainty inherent in the consideration of the various possible scenarios. A change in the assumptions made in the valuation of the expected cash flow (interest rate fluctuations, regulatory changes, final approval of the expected regulated prices, competition from other products, etc.) could reduce the realisable value of these assets (Note 9).

Payments contingent on the purchase of marketing rights for certain products that are in the development stage are capitalised when incurred, insofar as they reflect the achievement of certain milestones (e.g. obtaining regulatory approval or reaching a certain sales threshold), which serves to confirm the higher value of the asset in question. Conversely, when contingent payments are linked to the performance of normal development stage activities that do not meet the condition for capitalisation, or are linked to royalties on future sales, they are recognised in the consolidated income statement when incurred.

In this regard, a detailed analysis of contingent payments is required to determine whether they should be capitalised or charged to the income statement when incurred.

**c) Provision for contingent liabilities (lawsuits, etc.)**

The Group's activities fall within a highly regulated sector (health legislation, intellectual property, etc.), which increases its exposure to potential lawsuits arising from its activities.

The claims and lawsuits to which the Group is subject are generally complex, meaning that their evolution can be highly uncertain, both as regards the probability of an outcome detrimental to the Group's interests, and as regards the estimate of potential future disbursements to be made by the Group. As a consequence, it is necessary to use judgements and estimates, counting on the support of the relevant legal consultants.

At the end of the fiscal years ending on 31 December 2022 and 2021, various legal proceedings and claims were initiated against the consolidated entities, arising from the ordinary course of their business. Both the Group's legal consultants and the Parent Company's Administrators believe that the conclusion of these proceedings and claims will not produce a significant effect on the consolidated financial statements for future fiscal years (Note 25).

### d) Deferred tax assets

In determining deferred tax assets for which the recoverability is deemed to be reasonably assured, the Group establishes a finite time frame for offsetting them, based on the best possible estimates. Accordingly, the expected application period for deferred tax assets has been determined using an estimate of the individual taxable income of the companies comprising the Group; moreover, the legal deadlines for use of these assets also takes into account the timetable for the use of deductions pending application, as well as the tax losses subject to offset in subsequent years (Note 21). Nevertheless, the Group has considered a time frame of up to 10 years as a probable scenario for recoverability of these deferred tax assets, and hence it did not include in the recognition of the assets any tax credits that, according to the estimates of generation of future taxable income, would require a longer period. Even though the tax legislation would allow inclusion of tax credits requiring more than 10 years for recovery, the Group does not consider the forecast beyond the 10-year time frame as a reliable scenario.

### e) Impairment of goodwill and intangible assets

The determination of the potential goodwill impairment loss, as well as of any intangible assets with possible indications of impairment, requires the use of judgements and estimates regarding their recoverable value. These judgements and estimates rely mainly on the determination of the cash flows associated with the relevant cash-generating units, and on certain assumptions regarding the interest rates used in the discounted cash flows (Note 5-d) and 8). The use of other assumptions in the analysis of the recoverable value of goodwill and intangible assets could give rise to other considerations regarding their impairment.

## 8. Goodwill

The changes in this heading in the consolidated balance sheet during 2022 and 2021 were as follows:

| | Thousands of Euros | | | | | | |
|---|---|---|---|---|---|---|---|
| | Balance as at 31 December 2020 | Variations due to exchange rate | Valuation adjustment | Balance as at 31 December 2021 | Variations due to exchange rate | Valuation adjustment | Balance as at 31 December 2022 |
| Almirall, S.A. | 35,407 | - | - | 35,407 | - | - | 35,407 |
| Almirall Hermal GmbH | 227,743 | - | - | 227,743 | - | - | 227,743 |
| Poli Group | 52,816 | - | - | 52,816 | - | - | 52,816 |
| **Total** | **315,966** | **-** | **-** | **315,966** | **-** | **-** | **315,966** |

The goodwill of Almirall, S.A., the net value of which amounts to €35.4 million, arose in 1997 from the difference between the value at which the shares of Prodesfarma, S.A. were recorded and the underlying book value of this company at the moment of the merger by absorption of this company by the Parent Company, once the unrealised gains arising from property, plant and equipment and financial assets had been assigned to the other assets.

The goodwill of Almirall Hermal GmbH arose as a result of the difference between the acquisition value of the shares of the Hermal Group companies in 2007 and their theoretical value at the time of acquisition, after the difference between the fair value and the value at which they were recognised in the financial statements of the acquired companies had been assigned to the identifiable assets and liabilities, where applicable. The cash-generating unit to which this goodwill is allocated, in accordance with the segmentation and monitoring policies of the financial information maintained by Almirall Group management, comprises the company Almirall Hermal GmbH as a whole.

Poli Group's goodwill arose as a result of the difference between the acquisition value of the shares of Poli Group companies in February 2016 and their underlying value at the moment of acquisition, once the difference between their fair value and the value at which they were recorded in the financial statements of the acquired companies had been allocated to identifiable items of assets and liabilities.

*Impairment losses*

At the end of the fiscal year ending on 31 December 2022, the recoverable amount of all the goodwill was estimated based on calculations of value in use of the CGUs to which they are assigned, as described in Note 5-d). In the cases related to Cash-Generating Units, these calculations use cash flow projections based on financial budgets approved by Management that cover a 5-year period. Cash flows beyond the 5-year period are extrapolated using the estimated growth rates indicated in Note 5-d).

Impairment losses are recorded under the heading "Impairment losses on property, plant and equipment, intangible assets and goodwill" in the accompanying consolidated income statement (see Note 20).

As of 31 December 2022 and 2021, according to the estimates and projections available to the Parent Company's Administrators, the forecasts of results and discounted cash flows for the remaining cash-generating units adequately support the carrying amounts of the related assets and, therefore, the related goodwill.

Goodwill is assigned to the respective subsidiaries, except for the goodwill of Almirall, S.A., which is assigned to the Parent Company, since the CGUs generally coincide with the activity of these companies.

See Note 5-d) for details of the sensitivity analyses conducted.

## 9. Intangible assets

The itemisation of the balance and changes of this heading in the accompanying consolidated balance sheets as of 31 December 2022 and 2021 is as follows:

| Thousands of euros | Balance as at 31/12/2021 | Recognitions | Transfers | Derecognitions | Translation differences | Balance as at 31/12/2022 |
|---|---|---|---|---|---|---|
| Industrial property | 1,918,258 | 28,586 | 434 | (55,934) | 77,441 | 1,968,785 |
| Development costs[1] | 73,501 | 7,930 | (391) | - | 562 | 81,602 |
| Computer applications | 96,129 | 2,458 | 2,625 | (6,681) | 51 | 94,582 |
| Advances and property, plant and equipment in progress | 123,042 | 40,245 | (2,668) | (9) | (84) | 160,526 |
| Total cost Intangible Assets | 2,210,930 | 79,219 | - | (62,624) | 77,970 | 2,305,495 |
| Accum. A. Industrial property | (891,087) | (91,121) | - | 27,353 | (23,260) | (978,115) |
| Accum. A. Development costs | (1,359) | (144) | - | - | - | (1,503) |
| Accum. A. Computer applications | (78,901) | (6,733) | - | 6,588 | (10) | (79,056) |
| Total Accum. A. Intangible assets | (971,347) | (97,998) | - | 33,941 | (23,270) | (1,058,674) |
| Impairment losses | (323,527) | (16,489) | - | 23,653 | (31,781) | (348,144) |
| **Net Value Intangible assets** | **916,056** | **(35,268)** | **-** | **(5,030)** | **22,919** | **898,677** |

[1] Additions to the Development expenses heading include €7,539 thousand of internally generated expenses in the fiscal year ending on 31 December 2022.

| Thousands of euros | Balance as at 31/12/2020 | Recognitions | Transfers | Derecognitions | Translation differences | Balance as at 31/12/2021 |
|---|---|---|---|---|---|---|
| Industrial property | 1,821,574 | 39,689 | 61,135 | (66,606) | 62,466 | 1,918,258 |
| Development costs[1] | 89,069 | 10,530 | (25,940) | (1,390) | 1,232 | 73,501 |
| Computer applications | 103,955 | 3,933 | 6,924 | (18,780) | 97 | 96,129 |
| Advances and property, plant and equipment in progress | 152,658 | 23,494 | (42,119) | (12,677) | 1,686 | 123,042 |
| Total cost Intangible Assets | 2,167,256 | 77,646 | - | (99,453) | 65,481 | 2,210,930 |
| Accum. A. Industrial property | (803,660) | (91,168) | - | 22,149 | (18,408) | (891,087) |
| Accum. A. Development costs | (888) | - | - | - | (471) | (1,359) |
| Accum. A. Computer applications | (87,744) | (6,907) | - | 15,770 | (20) | (78,901) |
| Total Accum. A. Intangible assets | (892,292) | (98,075) | - | 37,919 | (18,899) | (971,347) |
| Impairment losses | (265,428) | (90,844) | - | 48,475 | (15,730) | (323,527) |
| **Net Value Intangible assets** | **1,009,536** | **(111,273)** | **-** | **(13,059)** | **30,852** | **916,056** |

[1] Additions to the Development expenses heading include €8,932 thousand of internally generated expenses in the fiscal year ending on 31 December 2021.

The intangible assets described in the table above have finite useful lives, and the majority of them have been acquired from third parties or as part of a business combination, with the exception of the internally generated development costs described further below in this Note. There are no assets subject to debt guarantees.

During 2022, the main additions of intangible assets came to €79.2 million and largely reflect:

- In the first quarter of 2022, 3 milestones have been achieved related to the launch of a product registered under the Wynzora trademark (licensed from MC2 Therapeutics) in the top 3 European markets, for an aggregate amount of €3 million.
- On 12 May 2022, a research and early development agreement has been signed with Evotec International GmbH, which is expected to lead to the discovery and development of new treatments for serious skin diseases, including immune-mediated inflammatory conditions such as atopic dermatitis and non-melanoma skin cancers such as basal cell carcinoma. As a result of this agreement, the Group has recorded €6 million for access to Evotec's technology platform (EVOiR&D), which was paid in June 2022.
- In June 2022, recruitment began for a line extension study for the product marketed under the Klisyri trademark name. As a result, a milestone of US$5 million (equivalent to €4.8 million) accrued and was paid in the third quarter of 2022. Additionally, in December 2022, a commercial milestone of US$2.5 million (equivalent to €2.3 million) has been accrued and is outstanding as of 31 December 2022 (Note 17).
- On 29 September 2022, an exclusive licence agreement was signed for SIM0278, the mutant fusion protein IL-2 (IL-2Mu-Fc) developed by Simcere and drug candidate for the treatment of autoimmune diseases. Under the agreement, Almirall will have the exclusive right to develop and commercialize SIM0278 for all indications outside the China region (mainland China, Hong Kong, Macau and Taiwan), while Simcere will retain all rights to develop and commercialize SIM0278 within China. Almirall has made an initial payment of US$15 million (equivalent to €15.7 million).
- In October 2022, the second sales milestone related to the licence agreement with Sun Pharma (under which the Ilumetri product is marketed) was accrued in the amount of US$12 million (equivalent to €12 million) and paid in December 2022.
- On 28 October 2022, the EMA's acceptance of the marketing authorization application (MAA) for lebrikizumab for atopic dermatitis was announced. As a result, the Group has paid US$20 million (equivalent to €20.5 million) to Lilly under the licence agreement explained later in this Note.

- As mentioned in Note 5-b), the Group has two development projects that meet capitalisation criteria. These projects are complementary studies for the launch of an acne treatment product in China, and a new formulation of a psoriasis treatment already on the European market. The total amount capitalised in fiscal year 2022 is €7.5 million.

During the 2021 fiscal year, the main additions of intangible assets amounted to €77.6 million and corresponded largely to:

- As a consequence of the agreement signed in February 2021 with MC2 Therapeutics, the Group made an initial payment of €5 million in March 2021 and €7 million in September 2021, for regulatory approval of the product in Europe.
- Pursuant to the licence agreement signed with Athenex, in March 2021, in the wake of the commercial launch in the United States and Europe under the commercial name Klisyri, the Group has made payments for a total amount of US$25 million (€20.8 million), as previously mentioned, due to the achievement of these product launch milestones.
- The first sales milestone related to the licensing agreement (under which the Ilumetri product is marketed) with Sun Pharma accrued in September 2021 in the amount of US$7.5 million (€6.6 million).
- On 14 December 2021,. Almirall and Ichnos Science announced the exclusive licence agreement for ISB 880, an IL-1RAP antagonist. Under the agreement, Almirall acquired the global rights to develop and market this monoclonal antibody for autoimmune diseases. Ichnos retains the rights to antibodies targeting the IL-1RAP pathway for oncology indications. Under the terms of the agreement, Almirall will assume the full cost and responsibility for the development and global marketing of the compound for all autoimmune disease indications. The Group recorded the initial up-front payment of €20.8 million in the balance sheet on 31 December 2021, the payment having been made on 19 January 2022. The contract also provides for additional payments for marketing and development milestones (up to a maximum of €225 million), sales milestones (up to a maximum of US$400 million) and tiered royalties based on future global sales.
- As mentioned in Note 5-b), the Group had three development projects that met the capitalisation criteria. These projects are: supporting studies for launch of a product for the treatment of acne in China; a new formulation of a treatment for psoriasis that was already marketed in Europe; and studies prior to regulatory approval in the EU of a drug for the treatment of actinic keratosis that was already marketed in the United States. The total amount capitalised during the fiscal year 2021 came to €8.9 million.

Disposals in 2022 are mainly due to the sale of the rights to one of the products that were part of the takeover of Aqua Pharmaceuticals. This transaction has resulted in a loss of €1.4 million recorded under “Net gains (losses) on disposal of assets” in the consolidated income statement for the year ended 31 December 2022 (Note).

Derecognitions from 2021 were largely attributed to the option agreement concluded in late 2019 to acquire a development stage pharmaceutical component from Bioniz Therapeutics, Inc.; an upfront payment of US$15 million (approximately €13 million) was made to Bioniz in exchange for the option to acquire all of the company’s shares. That agreement stipulated that, after the results of the Phase-I/II study in cutaneous T-cell lymphoma (CTCL), certain biomarker clinical data and the report from the “End of Phase II” meeting with the FDA have all been made available, Almirall would have 60 days to exercise its option. These conditions became effective on 16 March 2021, the date on which the Group communicated its decision not to exercise this option. As Losses, this asset was derecognised, and a loss of €12.4 million (equivalent to US$15 million) has been recognised under "Net gains/losses on disposal of assets” in the consolidated income statement for the year ending on 31 December 2021 (Note 20). In addition, the rights to develop and market a product in the respiratory field for a total of €45 million (which was fully impaired) were derecognised, as any possibility of developing this product has been definitively ruled out.

The translation differences for fiscal years 2022 and 2021 are mainly due to the evolution of the US dollar's exchange rate, mainly linked to the portfolio of 5 speciality products for the treatment of acne, psoriasis and dermatosis, which were acquired from Allergan Sales, LLC and Allergan Pharmaceuticals International Limited ("Allergan").

The aggregate amount of Research and Development Expenses recognised as costs in the consolidated income statement for fiscal years 2022 and 2021 comes to totals of €110.8 million and €82.5 million, respectively. These amounts include both the amortisation amount of assets assigned to research and development activities, as well as the expenses incurred by Group personnel and expenses incurred by third parties.

The itemisation of the main assets included under the intangible assets heading is as follows, by carrying amount:

| (Thousands of Euros) | Year of acquisition | Main products | Carrying amount 31/12/2022 | Carrying amount 31/12/2021 | Initial useful life (years) | Residual useful life (31/12/2022) |
|---|---|---|---|---|---|---|
| a) Assets as a consequence of the takeover of Aqua Pharmaceuticals (now Almirall LLC) (product technology) | 2013 | Veltin | 3,183 | 23,929 | 15 | 2.5 |
| b) Assets from the takeover of Poli Group: | | | | | | |
| i) Licences and other commercialization rights (product technology) | 2016 | Ciclopoli | 204,859 | 225,588 | 14-18 | 9-13 |
| ii) Acquired development costs | 2016 | Finjuve | 23,907 | 25,940 | 10-15 | 8-13 |
| c) Rights acquired from Sun Pharma for Europe | 2016 | Ilumetri | 86,729 | 81,479 | 15 | 11 |
| d) Rights acquired from AstraZeneca for Spain | 2017 | Crestor and Provisacor | 41,930 | 50,316 | 10 | 5 |
| e) Rights acquired from Athenex for the United States and Europe | 2017 | Klisyri | 63,253 | 61,059 | 10 | 9 |
| f) Rights acquired from Allergan for the United States | 2018 | Seysara | 253,426 | 275,160 | 5-15 | 1-11 |
| g) Rights acquired from Lilly for Europe | 2019 | Lebrikizumab | 118,512 | 98,043 | In progress | N/A |
| h) Rights acquired from MC2 Therapeutics for Europe | 2021 | Wynzora | 13,500 | 12,000 | 10 | 9 |
| i) Rights acquired from Ichnos for the whole world | 2021 | Anti-IL-1RAP mAb | 20,800 | 20,800 | In progress | N/A |
| j) Development technology and rights acquired from Evotec for the whole world | 2022 | N/A | 5,300 | - | 5 | 4.5 |
| k) Rights acquired from Simcere for the whole world (except China) | 2022 | IL-2muFc | 14,417 | - | In progress | N/A |
| Costs for developments made by the company | N/A | | 21,412 | 13,873 | 10 | 9 |
| Other intangible assets | N/A | | 27,449 | 27,869 | | |
| **Total intangible assets** | | | **898,677** | **916,056** | | |

Listed below are the main assets included under this heading and their main changes in the 2022 fiscal year:

a) Technology acquired from Almirall LLC (formerly Aqua Pharmaceuticals, LLC) in 2013, said technology, allocated to each product, was defined as a pool of intangible assets that basically includes product formulation, value of the trademarks or trade names and patents or marketing licenses, and that are grouped together because they were deemed to be interrelated, they have no worth on their own and they are expected to have the same useful life. The change in the year corresponds to the amortisation for the fiscal year 2022 for the amount of €3.5 million (€5.9 million in fiscal year 2021), the revaluation, as a consequence of the conversion to the currency in which the consolidated financial statements are presented, at a value of +€1.5 million (+€1.5 million in fiscal year 2021), and the derecognition of rights mentioned previously (€1.4 million) and impairment in fiscal year 2022 for €16.5 million (€22.3 million in 2021).

b) Intangible assets acquired from the Poli Group in 2016, for an amount of 428.4 million euros, mainly for product technology and development:

   i. Said technology, allocated to each product, was defined as a pool of intangible assets that basically includes product formulation, value of the trademarks or trade names and patents or marketing licenses, and that were grouped together because they were deemed to be interrelated, they had no worth on their own and they were expected to have the same useful life. The estimated value of said product technology was 348.2 million euros. The change in the year corresponds to the amortisation for the fiscal year 2022 for the amount of €20.7 million (€20.7 million in the year 2021).

   ii. The total development costs (€80.2 million at the initial moment) corresponded to the pipeline of acquired products that were in progress, up to the marketing of the associated products, for which an impairment of €52.7 million was recorded in the 2017 fiscal year. Their commercial life started in 2021, so they began to be amortized, with amortization amounting to €2.0 million in 2022 (€1.5 million in 2021).

c) Marketing rights for Europe for a product that treats psoriasis, under the Ilumetri trademark. The change in the year corresponds to the amortisation for the amount of €7.3 (€6.5 million in the year 2021), and the aforementioned additions.

   These rights stem from the agreement signed in 2016 with Sun Pharma, under which the Group is obligated to make additional payments of US$190 million upon reaching certain net sales thresholds in Europe, as well as net sales royalty payments on percentages from the low double-digit to the low twenties range.

d) Marketing rights for Spain arising from the agreement with AstraZeneca signed in 2017 for two products for the treatment of hypertension marketed under the trade name Of Crestor and Provisacor. The change in the year corresponds to the amortisation for the fiscal year 2021 in the amount of €8.4 million (€8.4 million in 2021).

e) Marketing rights for Europe and the United States from the agreement with Athenex, for a product to treat actinic keratosis under the Klisyri trademark. The change in the year corresponds to the amortisation for the fiscal year for the amount of €7.3 million (€4.7 million in the year 2021), additions amounting to €4.8 million (€20.8 million in 2021), and the revaluation, as a consequence of the conversion to the currency in which the consolidated financial statements are presented, at a value of +€2.5 million (+€4.3 million in 2021).

   These rights stem from the agreement signed in 2017 with Athenex, under which the Group is obligated to make additional milestone payments related to additional launches and indications of up to US$37.5 million. In addition, the contract provides for payments for the achievement of sales milestones, of up to US$330 million. The contract also provides for the payment of tiered royalties starting at double digits in accordance with annual net sales, which will increase in the event of a higher number of sales.

f) Portfolio of 5 speciality products for the treatment of acne, psoriasis and dermatosis, which were acquired from Allergan Sales, LLC and Allergan Pharmaceuticals International Limited ("Allergan") on 21 September 2018 for €471.2 million (equivalent to US$548 million), corresponding to the trademarks, intellectual property, regulatory approval documents, and the licenses for being the exclusive distributor of the dermatological products in the United States. The change in the year corresponds to the amortisation for the fiscal year 2022 for the amount of €39.6 million (€44.9 million in the year 2021), and the revaluation, as a consequence of the conversion to the currency in which the consolidated financial statements are presented, at a value of +€17.9 million (+€27.7 million in 2021).

g) Development and commercialization rights for Europe for a product for the treatment of atopic dermatitis (Lebrikizumab), currently under registration at the EMA. The movement in 2022 corresponds to the addition mentioned above (there were no movements in 2021).

   These rights stem from the agreement signed in 2019 with Dermira (subsequently acquired by Lilly), under which the Group is obligated to make additional payments upon achievement of certain future milestones, up to a total of US$65 million upon achievement of regulatory milestones and the first commercial sale of Lebrikizumab in Europe. In addition, the Group will be required to make payments once certain net sales thresholds have been reached in Europe, as well as payments for royalties on net sales at percentages ranging from low double digits to the low twenties.

h) Marketing rights for Europe for a product for the treatment of psoriasis, marketed under the Wynzora trademark, commercially launched in 2022. The change in the year corresponds to the amortization in the amount of €1.5 million (there was none in 2021) and the additions mentioned above (€12 million in 2021).

These rights stem from the agreement signed in 2021 with MC2 Therapeutics and are expected to be paid for sales milestones (up to a maximum of €229 million) and double-digit royalties on sales in Europe.

i) Worldwide development and marketing rights derived from the agreement signed in 2021 with Ichnos Science for ISB 880, an IL-1RAP antagonist monoclonal antibody for use in autoimmune diseases (Anti-IL-1RAP mAb). The carrying value at 31 December 2022 amounted to €20.8 million as a result of the initial upfront fee accrued on 14 December 2021 (although paid in 2022, see Note 17-b)).

j) Rights related to the research and development agreement with Evotec International GmbH. The carrying value at 31 December 2022 corresponds to the addition for the year mentioned above less amortization for the year (€0.7 million).

This agreement was signed in 2022 and the Group may make research and milestone payments of up to €230 million per programme as well as royalties on net sales.

k) Exclusive licence rights worldwide except for the China region (mainland China, Hong Kong, Macau and Taiwan) for SIM0278, the IL-2 mutant fusion protein (IL-2Mu-Fc) developed by Simcere and drug candidate for the treatment of autoimmune diseases. The carrying value as of 31 December 2022 corresponds to the addition for the year mentioned above.

That agreement has been signed in 2022 and the Group may pay out up to US$492 million in development and commercial milestone payments based on achievements in various indications, with a significant portion as sales milestones, as well as tiered royalties of up to low double digits based on future global sales.

*Impairment losses*

The Group has conducted the impairment analyses for the main intangible assets, both those in progress and those in current operation. The key assumptions used for the impairment analyses, as well as the related sensitivity analyses, are shown in Note 5-d).

The itemisation and changes of impairment losses on intangible assets recorded during 2022 and 2021 are as follows:

| | Thousands of Euros | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Balance as at 31/12/2020** | Additions | Derecognitions | Translation differences | **Balance as at 31/12/2021** | Additions | Derecognitions | Translation differences | **Balance as at 31/12/2022** |
| Industrial property | **207,537** | 90,844 | (45,000) | 15,730 | **269,111** | 16,489 | (23,653) | 31,781 | **293,728** |
| Development costs | **52,819** | - | - | - | **52,819** | - | - | - | **52,819** |
| Computer applications | **5,072** | - | (3,475) | - | **1,597** | - | - | - | **1,597** |
| **Total impairment losses** | **265,428** | **90,844** | **(48,475)** | **15,730** | **323,527** | **16,489** | **(23,653)** | **31,781** | **348,144** |

In the second half of 2022, the Group evaluated the supply chain of products linked to the cash generating unit "Almirall LLC" (formerly Aqua Pharmaceuticals, LLC) following the communication of termination of the manufacturing agreement with a third party beyond December 2022. As a result of this analysis, the Group has decided to discontinue these products, together with another product that has had regulatory problems during the manufacturing process. As a result, the remaining carrying value of these products at 30 September 2022 has been impaired, amounting to €16.5 million, and the impairment loss has been recorded in the consolidated income statement for the year ended 31 December 2022.

Impairment for the 2021 financial year amounted to €90.8 million (€22.2 million linked to the Almirall LLC CGU and €68.6 million to the Allergan portfolio CGU, corresponding entirely to the product marketed under the Seysara trademark)

Derecognitions in 2022 are mainly due to the sale of the rights to one of the products that were part of the takeover of Aqua Pharmaceuticals and had been partially impaired. In addition, the rights to develop and market a product in the respiratory field for a total of €45 million (which was fully impaired) were derecognised in 2021, as any possibility of developing this product has been definitively ruled out.

Generated or reversed impairment losses have been recorded under "Impairment losses on property, plant and equipment, intangible assets and goodwill" in the accompanying consolidated income statements for 2022 and 2021.

As of 31 December 2022, and as a result of the impairment tests conducted, as indicated in Note 5-d), the accumulated impairment amount of Industrial Property and Development Expenses corresponds mainly to:

- Impairment of the "Allergan portfolio", corresponding to the Seysara product, for a total of €77.9 million (€73.0 million in 221), as described in the same Note.
- Impairment of technology acquired from Almirall LLC (formerly Aqua Pharmaceuticals, LLC) in 2013, allocated to each product and defined as a pool of intangible assets totalling €177.0 million in 2022 (€171.6 million in 2021).
- Impairment of acquired development costs as a result of the takeover of Polichem Group following the decision to cease development activities on two projects in the United States and one in Europe: P 3058 (Onychomycosis) in the amount of €7 million and P 3073 (Nail Psoriasis) in the amount of €45.7 million.
- Impairment of €12 million on marketing rights for various dermatological products acquired from Shire in 2007.

## 10. Right-of-use assets

The balance and changes under this heading in the consolidated balance sheet as of 31 December 2022 and 2021 break down as follows:

| Thousands of euros | Balance as at 31/12/2021 | Recognitions | Derecognitions | Translation differences | Balance as at 31/12/2022 |
|---|---|---|---|---|---|
| Construction | 25,891 | 24,325 | (87) | 49 | 50,178 |
| Machinery | - | 137 | - | - | 137 |
| Transport equipment | 9,585 | 919 | (3,197) | (5) | 7,302 |
| Total cost Rights of use | 35,476 | 25,381 | (3,284) | 44 | 57,617 |
| Accum. A. Construction | (10,880) | (3,752) | 86 | 11 | (14,535) |
| Accum. A. Machinery | - | - | - | - | - |
| Accum. A. Transport equipment | (4,563) | (2,960) | 3,095 | (1) | (4,429) |
| Total Accum. A. Rights of use | (15,443) | (6,712) | 3,181 | 10 | (18,964) |
| **Net Value Rights of use** | **20,033** | **18,669** | **(103)** | **54** | **38,653** |

| Thousands of euros | Balance as at 31/12/2020 | Recognitions | Derecognitions | Translation differences | Balance as at 31/12/2021 |
|---|---|---|---|---|---|
| Construction | 21,460 | 5,368 | (1,080) | 143 | 25,891 |
| Machinery | 288 | - | (275) | (13) | - |
| Transport equipment | 8,886 | 2,536 | (1,863) | 26 | 9,585 |
| Total cost Rights of use | 30,634 | 7,904 | (3,218) | 156 | 35,476 |
| | | | | | |
| Accum. A. Construction | (7,715) | (4,026) | 906 | (45) | (10,880) |
| Accum. A. Machinery | (200) | - | 195 | 5 | - |
| Accum. A. Transport equipment | (3,399) | (2,819) | 1,674 | (19) | (4,563) |
| Total Accum. A. Rights of use | (11,314) | (6,845) | 2,775 | (59) | (15,443) |
| **Net Value Rights of use** | **19,320** | **1,059** | **(443)** | **97** | **20,033** |

This heading includes assets corresponding to leasing contracts, which mainly reflect the leasing of offices and transportation equipment (Note 5-e)).

The additions for the fiscal year 2022 correspond mainly to the renewal of vehicle contracts for the Group's sales networks and to the estimate of the term of the lease contract for the Group's headquarters, the term of which has been extended as per Note 26.

Payments made in 2022 and 2021 for leases came to €7,200 thousand and €7,772 thousand, respectively.

The itemisation of lease liabilities as of 31 December 2022 and 2021 is as follows, together with their future maturities (which coincide with the minimum future payments):

| | Balance as at 31/12/2022 | Balance as at 31/12/2021 |
|---|---|---|
| **Liabilities for leasing** | | |
| Non-current | 33,935 | 14,162 |
| Current | 5,100 | 6,278 |
| **Total** | **39,035** | **20,440** |

| Liabilities for leasing | Maturities | Thousands of Euros |
|---|---|---|
| Current | Up to 6 months | 2,712 |
| | From 6 months to 1 year | 2,388 |
| Non-current | From 1 to 2 years | 4,869 |
| | From 2 to 3 years | 4,124 |
| | From 3 to 4 years | 3,862 |
| | From 4 to 5 years | 3,645 |
| | More than 5 years | 17,435 |
| **Total** | | **39,035** |

## 11. Property, plant and equipment

The changes under this heading in the consolidated balance sheets for 2022 and 2021 were as follows:

| Thousands of euros | Balance as at 31/12/2021 | Recognitions | Transfers | Derecognitions | Translation differences | Balance as at 31/12/2022 |
|---|---|---|---|---|---|---|
| Land and construction | 96,263 | 396 | 197 | (236) | (41) | 96,579 |
| Technical installations and machinery | 95,799 | 296 | 4,354 | (2,164) | 44 | 98,329 |
| Other facilities, tools and furnishings | 249,974 | 6,227 | 4,658 | (16,054) | 82 | 244,887 |
| Other property, plant and equipment | 22,357 | 1,813 | 536 | (6,168) | 98 | 18,636 |
| Advances and property, plant and equipment in progress | 13,637 | 14,275 | (9,745) | (3) | (65) | 18,099 |
| Total cost Property, plant and equipment | 478,030 | 23,007 | - | (24,625) | 118 | 476,530 |
| Accum. A. Land and construction | (50,660) | (2,074) | - | 218 | 40 | (52,476) |
| Accum. A. Technical installations and machinery | (62,225) | (3,725) | - | 2,085 | 1 | (63,864) |
| Accum. A. Other facilities, tools and furnishings | (228,446) | (8,931) | - | 15,864 | (41) | (221,554) |
| Accum. A. Other property, plant and equipment | (19,286) | (1,196) | - | 5,977 | (80) | (14,585) |
| Total Accum. A. Property, plant and equipment | (360,617) | (15,926) | - | 24,144 | (80) | (352,479) |
| Impairment losses | - | | | | | - |
| **Net value Property, plant and equipment** | **117,413** | **7,081** | **-** | **(481)** | **38** | **124,051** |

| Thousands of euros | Balance as at 31/12/2020 | Recognitions | Transfers | Derecognitions | Translation differences | Balance as at 31/12/2021 |
|---|---|---|---|---|---|---|
| Land and construction | 95,684 | 707 | 270 | (403) | 5 | 96,263 |
| Technical installations and machinery | 97,072 | 1,710 | 1,555 | (4,561) | 23 | 95,799 |
| Other facilities, tools and furnishings | 259,072 | 7,240 | 2,230 | (18,703) | 135 | 249,974 |
| Other property, plant and equipment | 24,183 | 1,028 | 460 | (3,428) | 114 | 22,357 |
| Advances and property, plant and equipment in progress | 9,902 | 8,253 | (4,515) | (3) | - | 13,637 |
| Total cost Property, plant and equipment | 485,913 | 18,938 | - | (27,098) | 277 | 478,030 |
| Accum. A. Land and construction | (48,890) | (2,129) | - | 403 | (44) | (50,660) |
| Accum. A. Technical installations and machinery | (63,115) | (3,624) | - | 4,514 | - | (62,225) |
| Accum. A. Other facilities, tools and furnishings | (238,288) | (8,739) | - | 18,666 | (85) | (228,446) |
| Accum. A. Other property, plant and equipment | (22,072) | (527) | - | 3,416 | (103) | (19,286) |
| Total Accum. A. Property, plant and equipment | (372,365) | (15,019) | - | 26,999 | (232) | (360,617) |
| Impairment losses | - | - | - | - | - | - |
| **Net value Property, plant and equipment** | **113,548** | **3,919** | **-** | **(99)** | **45** | **117,413** |

The additions for fiscal years 2022 and 2021 are largely due to upgrades at the Group's chemical and pharmaceutical production facilities, and improvements at the Group's headquarters.

As of 31 December 2022 and 2021, the Group does not hold any non-impaired assets that are not used in operations.

The transfer of property, plant and equipment in progress, carried out by the Group in the fiscal years ending on 31 December 2022 and 2021, corresponds basically to the transfer of investment projects in the production centres that began operations during those years.

During 2022 and 2021, several assets that were fully depreciated and in disuse, mainly consisting of production centres located in Spain, have been written off. In addition, on 27 July 2022, a fire occurred in one of the Group's chemical plants (belonging to the subsidiary Ranke Química S.A.). As a result of the fire, assets valued at €0.5 million have been written off and after the analysis carried out, no significant disruptions in the production activity are expected that could generate additional losses. The clean-up and reconstruction of the affected facilities started in the fourth quarter of 2022, with no significant investments having been made as of 31 December 2022. No significant operating losses are expected as existing insurance policies will cover most of the cost of the reconstruction, which is expected to be completed by the end of 2023.

As of 31 December 2022 and 2021, the carrying value of property, plant and equipment owned by subsidiaries located in foreign countries amounts to €29.1 and €23.2 million, respectively, which are almost entirely in the company Almirall Hermal GmbH, located in Germany, being of little relevance in the rest of the countries.

The Group occupies various facilities under operating leases, as detailed in Note 10.

The Group has taken out insurance policies to cover the possible risks to which the various items of its property, plant and equipment are subject, as well as the possible claims that may arise in the course of its operations, and it considers that these policies sufficiently cover the risks to which these items are subject.

The only commitments for the acquisition of assets are detailed in Note 25.

No property, plant and equipment is subject to any mortgage guarantee.

## 12. Non-current financial assets/current financial assets/cash equivalents and other current assets

As explained in Note 5-i) and pursuant to IFRS 9, the Group classifies its financial assets into the following measurement categories:

- those subsequently measured at fair value (either through other comprehensive income or through profit or loss), and
- those that are measured at amortised cost.

Thus, this classification is distributed as follows:

Financial assets measured at fair value through profit or loss: these assets do not meet the criteria for classification at amortised cost in accordance with IFRS 9 because their cash flows do not only represent payments of principal and interest. Consequently, this item includes the balances receivable arising from the recognition of the sale of a business to AstraZeneca described in Note 7a), as well as those derivative financial instruments that do not qualify for hedge accounting. On 5 January 2022, the agreement between AstraZeneca and Covis Pharma GmbH for the transfer of the global rights to Eklira and Duaklir entered into force. As explained later in this note, this agreement has had an impact on the fair value of the assets during 2022.

Financial assets measured at fair value through other comprehensive income: equity instruments, such as the interest in Suneva Medical Inc. or Dermelle LLC (whose carrying value at 31 December 2022 and 2021 is zero), are considered to be included under this heading.

Financial assets measured at amortized cost: this item includes fixed-income investments made mainly through euro deposits, foreign currency deposits and repos. At the date of initial application, the Group’s business model is to hold these investments in order to receive contractual cash flows that only represent payments of principal and interest on the principal amount.

*Non-current financial investments*

The composition and changes under this heading in the consolidated balance sheet in 2022 and 2021 were as follows:

| | Thousands of Euros | | |
|---|---|---|---|
| | Deposits and guarantees | Long-term loans and other financial assets | Total |
| **Balance as of 31 December 2020** | **1,404** | **85,114** | **86,518** |
| Additions | 89 | - | 89 |
| Derecognitions | - | (1) | (1) |
| Changes in fair value (Note 20) | - | 6,934 | 6,934 |
| Transfers | - | (13,136) | (13,136) |
| Translation difference | 131 | (33) | 98 |
| **Balance as at 31 December 2021** | **1,624** | **78,878** | **80,502** |
| Additions | 43 | 245 | 288 |
| Derecognitions | (186) | (43) | (229) |
| Changes in fair value (Note 20) | - | 12,029 | 12,029 |
| Transfers | - | (57,975) | (57,975) |
| Translation difference | 38 | 2 | 40 |
| **Balance as at 31 December 2022** | **1,519** | **33,136** | **34,655** |

The item “Financial assets - Long-term loans and other financial assets” includes, mainly in the amount of €32,902 thousand (€78,848 thousand on 31 December 2021), the financial asset corresponding to the fair value of future payments to be received in the long term from Covis Pharma GmbH.

The change in the year ended 31 December 2022 in the long-term statement is mainly due, on the one hand, to the recognition of changes in the fair value of the asset, representing an increase of €12 million in this asset and, on the other hand, to the decrease arising from the transfer to the short term, based on the expectations of the time frame for collection.

The agreement with AstraZeneca described in Note 7-a) was novated to Covis Pharma GmbH on 5 January 2022, as described earlier in this note. As a result of this agreement, in addition to continuing to receive royalty payments under the terms initially established with AstraZeneca, the Parent Company has received a fixed amount of US$10 million (equivalent to €8.8 million) on the date on which the transaction was completed, as well as US$40 million in different tranches until September 2023, mainly linked to certain changes in the initially established milestone structure. As at 31 December 2022, 5 tranches have been received for a total amount of US$25 million (equivalent to €23.5 million).

Changes in the fair value of this financial asset during the year ended 31 December 2022 amounted to €12 million and were recorded under “Other income” in the consolidated interim income statement for that period (Note 20). The changes in fair value are due on the one hand to the fluctuation of the euro/US dollar exchange rate in the amount of €3.1 million, the financial restatement which resulted in income in the amount of €15.8 million, the discount rate restatement in the amount of €-1.6 million, as well as the re-estimation of expected cash flows in the amount of €-5.3 million.

There are no other non-current financial assets worthy of mention.

*Current financial investments*

The itemisation of the balance of this heading in the consolidated balance sheet is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 31/12/2022 | 31/12/2021 |
| Short-term deposits | 390 | 810 |
| Short-term guarantees | 53 | 89 |
| **Total cash equivalents** | **443** | **899** |
| Derivative financial instruments (Note 16) | - | - |
| **Total non-cash equivalents** | **-** | **-** |
| **Total Current financial investments** | **443** | **899** |

In accordance with IAS 7, for the purposes of preparing the Cash Flow Statement, the Group considers as cash equivalents all highly liquid short-term investments that are readily convertible to specific amounts of cash, since the risk of changes in value to which they are subject is negligible (see Note 5-i)). In this regard, in the preparation of the consolidated cash flow statement for the fiscal year, current financial investments, consisting of bank deposits maturing in the short term that can be made liquid immediately at the Group's discretion without any penalty, which on 31 December 2022 come to €443 thousand (€899 thousand on 31 December 2021), have been included as cash equivalents.

There are no restrictions on the availability of such cash and cash equivalents.

Details of current and non-current financial investments are as follows:

| | Thousands of Euros | |
|---|---|---|
| | 31/12/2022 | 31/12/2021 |
| Long-term financial assets measured at amortised cost | 1,753 | 1,654 |
| Long-term financial assets at fair value through profit or loss (Financial asset with Covis/AZ | 32,902 | 78,848 |
| Financial assets at amortized cost (fixed income securities, deposits) | 443 | 899 |
| **Total** | **35,098** | **81,401** |

In addition, the bank accounts included under the Cash headings were mostly non-interest-bearing during the years ending on 31 December 2022 and 2021.

## 13. Stocks

On 31 December 2022 and 2021 the composition of this heading is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 31/12/2022 | 31/12/2021 |
| Raw materials and packaging materials | 42,630 | 40,422 |
| Products in progress | 21,478 | 16,666 |
| Goods | 13,025 | 16,448 |
| Finished products | 52,815 | 44,939 |
| Advances to suppliers | 147 | 157 |
| **Total** | **130,095** | **118,632** |

No stock is subject to warranty. On 31 December 2022 and 2021, there are no commitments to purchase stock that are worthy of note.

## 14. Trade and other receivables

On 31 December 2022 and 2021 the composition of this heading is as follows:

| | Thousands of Euros | |
|---|---|---|
| | **31/12/2022** | **31/12/2021** |
| Trade receivables for sales and services | 108,391 | 104,911 |
| Other receivables | 31,271 | 25,834 |
| Provision for impairment losses | (1,401) | (3,074) |
| **Total** | **138,261** | **127,671** |

As of 31 December 2022, the “Other receivables” heading mainly includes €30.0 million, which corresponds to the fair value of future payments to be received in the short term from Covis Pharma GmbH (AstraZeneca at 31 December 2021), as described in Note 7-a) and Note 12 of the present consolidated financial statements (€19.3 million as of 31 December 2021). Amounts collected from such agreement are classified as investing cash flows in the cash flow statement, which amounted to a total of €47.3 million (€15.0 million royalties and €32.3 million milestones) in the year ended 31 December 2022.

On 31 December 2022 and 2021, the total overdue and impaired balances amount to €1,401 thousand and €3,074 thousand, respectively. As a result of the application of the “expected loss” model (simplified approach) provided for in IFRS 9 (Note 5-i)), the Group has recognised an impairment loss on financial asset balances (Trade receivables) of €570 thousand on 31 December 2022 (€1,070 on 31 December 2021).

Itemised below is the balance of receivables according to their maturity as at 31 December 2022 and 31 December 2021:

| | Thousands of euros | | | |
|---|---|---|---|---|
| | **Trade receivables for sales and services** | **Other receivables** | **Valuation adjustments for impairment** | **Total receivables** |
| Not matured | 92,757 | 31,271 | - | 124,028 |
| Less than 30 days | 11,362 | - | - | 11,362 |
| From 30 to 60 days | 2,166 | - | - | 2,166 |
| From 60 to 90 days | 660 | - | - | 660 |
| From 90 to 180 days | 736 | - | (691) | 45 |
| From 180 to 360 days | 147 | - | (147) | - |
| More than 360 days | 563 | - | (563) | - |
| **Balance as at 31/12/2022** | **108,391** | **31,271** | **(1,401)** | **138,261** |

| | Thousands of euros | | | |
|---|---|---|---|---|
| | **Trade receivables for sales and services** | **Other receivables** | **Valuation adjustments for impairment** | **Total receivables** |
| Not matured | 94,266 | 25,834 | - | 120,100 |
| Less than 30 days | 5,988 | - | - | 5,988 |
| From 30 to 60 days | 2,289 | - | (706) | 1,583 |
| From 60 to 90 days | 334 | - | (334) | - |
| From 90 to 180 days | 753 | - | (753) | - |
| From 180 to 360 days | 331 | - | (331) | - |
| More than 360 days | 950 | - | (950) | - |
| **Balance as at 31/12/2021** | **104,911** | **25,834** | **(3,074)** | **127,671** |

(Thousands of euros)

The change in the provision for impairment losses on trade and other receivables is included in Note 20. The reduction in the provision in 2022 is mainly due to the cancellation of old customer balances that were finally written off (and therefore had no impact on the income statement for the year).

There is no concentration of credit risk with respect to trade receivables, since the Group has a large number of customers.

As of 31 December 2022, the percentage of balances with public administrations for the hospital business, out of the total Receivables, comes to 4.8%( (3.6% on 31 December 2021).

There are no guarantees on customer balances.

Receivables other than financial assets related to Covis Pharma GmbH (Note 12) are stated at nominal value, since there are no significant differences from their fair value.

The balance of the foreign currency receivables totals €50,351 thousand at 31 December 2022 (€57,692 thousand on 31 December 2021). Given the amounts and associated maturities, the potential impact of exchange rate fluctuations is not considered significant.

## 15. Equity

*Share capital*

The Parent Company's share capital as at 31 December 2022 is represented by 181,515,368 shares with a par value of €0.12, fully subscribed and paid up (179,776,802 shares as at 31 December 2021).

On 8 June 2022, 1,738,566 new shares from the flexible dividend of the Parent Company were admitted to trading on the Barcelona, Madrid, Bilbao and Valencia stock exchanges. These shares were representative of the holders of 62.9% of the rights to be allotted shares at no charge, who opted to receive new shares instead of cash. As a result, the share capital of the Parent Company following the issue of fully paid-up shares was increased by €208,627.92, amounting to €21,781,844.56 on 31 December 2022 (represented by 181,515,368 shares).

On 11 June 2021, 1,661,175 new shares from the flexible dividend of the Parent Company were admitted to trading on the Barcelona, Madrid, Bilbao and Valencia stock exchanges. These shares were representative of the holders of 64.4% of the rights to be allotted shares at no charge, who opted to receive new shares instead of cash. As a result, the share capital of the Parent Company following the issue of fully paid-up shares was increased by €199,341, amounting to €21,573,216.24 on 31 December 2021 (represented by 179,776,802 shares).

As of 31 December 2022 and 2021, all of the Parent Company's shares were listed on the Spanish stock exchanges, and there were no statutory restrictions on their free transfer. Moreover, pursuant to the shareholders' agreement signed on 28 May 2007, first refusal rights, and put and call options have been granted between ultimate shareholders in the Parent Company with respect to the shares of one of such shareholders.

The shareholders with significant holdings in the share capital of Almirall, S.A., both direct and indirect, in excess of 3% of the share capital, of which the Parent Company is aware, according to the information contained in the official records of the National Securities Market Commission (CNMV) as of 31 December 2022 and 2021, are as follows:

| *Name or company name of the direct shareholder* | **% Interest 31/12/2022** | **% Interest 31/12/2021** |
|---|---|---|
| Grupo Plafin, S.A. | 41.9% | 40.9% |
| Grupo Corporativo Landon, S.L. | 17.7% | 18.8% |
| Wellington Management | 5.1% | 5.1% |
| Artisan Partners | - | 3.6% |
| **Total** | **64.7%** | **68.4%** |

As of 31 December 2022 and 2021, the Parent Company was not aware of any other holdings equal to or greater than 3% of the share capital or voting rights of the Parent Company, which, although less than the established percentage, would enable the exercise of significant influence over the Parent Company.

*Legal reserve*

The part of the balance of the legal reserve that exceeds 10% of the previously increased capital may be used for a capital increase. Except for the aforementioned purpose, and provided that it does not exceed 20% of the share capital, this reserve may only be used to offset losses if there are no other reserves available that are sufficient for this purpose.

The amount of €4,275 thousand present in this account as at 31 December 2022 and 2021 corresponds to the balance of the Parent Company’s legal reserve.

*Share premium*

The Spanish Capital Companies Act expressly permits the use of the share premium balance to increase capital and does not establish any specific restrictions on the availability of this balance.

As a result of the increase in capital released as a result of the flexible dividend, this item was increased by the difference between the par value of the shares and the value equivalent to the dividend, which comes to €21,530 thousand, and therefore the balance of this item totals €317,315 thousand on 31 December 2022 (on 31 December 2021: €295,785 thousand).

*Other reserves*

The itemisation of this account is as follows:

| | **Thousands of euros** | |
|---|---|---|
| | **31/12/2022** | **31/12/2021** |
| Reserves Investments Canary Islands | 3,485 | 3,485 |
| Reserve amortised capital | 30,540 | 30,540 |
| Reserve merger | 4,588 | 4,588 |
| Revaluation reserve | 2,539 | 2,539 |
| Other voluntary reserves | 913,870 | 1,004,862 |
| **Subtotal Other reserves of the Parent Company** | **955,022** | **1,046,014** |
| Reserves in consolidated companies | (4,299) | (20,274) |
| Treasury shares | (2,552) | (2,131) |
| **Total other reserves** | **948,171** | **1,023,609** |

There is a limit on distributions that would reduce the balance of reserves to an amount less than the total outstanding balance of the Parent Company's development costs, which come to €9.2 million on 31 December 2022 (€8.1 million on 31 December 2021).

- Reserves Investments Canary Islands

In compliance with the requirements of Law 19/1994, and in order to be able to benefit from the tax incentives that it establishes, the Parent Company allocates to these Reserves for Canary Islands Investments (R.I.C.) part of the profits obtained by the establishment located in the Canary Islands, which is a restricted reserve since the assets of which it consists must remain within the company.

On 31 December 2022 and 31 December 2021 the balance of these reserves comes to €3,485 thousand, included under "Other Reserves of the Parent Company".

- Reserves for amortized capital

In accordance with the revised text of the Spanish Capital Companies Act, these reserves may only be used subject to the same requirements as for the reduction of share capital.

On 31 December 2022 and 2021, the balance of these reserves amounts to €30,540 thousand.

- Liquidity contract and treasury shares

The Parent Company has a liquidity contract with a financial intermediary, effective from 4 March 2019, with the aim of favouring liquidity and stability of prices of the Company's shares, within the limits established by the General Shareholders' Meeting and by current regulations, in particular, Circular 1/2017, of 26 April, of the National Securities Market Commission (CNMV), on liquidity contracts. This contract means that as at 31 December 2022 the Parent Company holds treasury shares representing 0.10% of the share capital (0.08% on 31 December 2021) and an overall nominal value of €21.7 thousand (€16.8 thousand as of 31 December 2021), which have been recognised in accordance with EU-IFRS. The average acquisition price of these shares was €9.0 per share. The treasury shares held by the Parent Company are intended to be traded on the market.

*Valuation adjustments and other adjustments*

On 31 December 2022, this amount of this item comes to € -28,635 miles thousand (on 31 December 2021, it came to €-44,409 thousand), and is mainly related to:

Net accumulated actuarial losses due to recalculations of the valuations of the retirement benefit obligations as a result of changes in the calculation assumptions: €-18,543 thousand on 31 December 2022, (€-34,317 thousand on 31 December 2021).

Financial assets measured at fair value through other comprehensive income: in accordance with the application of IFRS 9 (see Note 12), under this heading the Group recorded the impairment losses of the investees Suneva Medical Inc. and Dermelle LLC. On 31 December 2022 and 2021, the accumulated balance is €-10,092 thousand.

*Translation differences*

This heading in the accompanying consolidated balance sheet includes the net amount of exchange differences arising due to translation into the Group's reporting currency of the equity of companies with a functional currency other than the euro.

At 31 December 2022 and 2021, the balance of this heading is itemised, by companies, as follows:

| | **Thousands of Euros** | |
|---|---|---|
| | **31/12/2022** | **31/12/2021** |
| Almirall Inc / Almirall LLC (USA) | 50,207 | 24,312 |
| Almirall Limited (UK) | (1,247) | (550) |
| Other subsidiaries | 2,566 | 2,303 |
| **Total translation differences** | **51,526** | **26,065** |

The changes in the years ending on 31 December 2022 and 2021 were as follows:

| | **Thousands of euros** |
|---|---|
| **Balance as at 31 December 2020** | **(5,095)** |
| Variations due to exchange differences | 31,160 |
| **Balance as at 31 December 2021** | **26,065** |
| Variations due to exchange differences | 25,461 |
| **Balance as at 31 December 2022** | **51,526** |

The change in translation differences generated in 2022 and 2021 is due to the variation due to exchange rate differences, mainly derived from the subsidiaries Almirall Inc. and Almirall LLC (both U.S.). In addition, in 2021 there were also accumulated exchange differences on a loan in dollars (with a nominal amount of US$199.5 million) granted by the Parent Company to the subsidiary Almirall Inc. which formed part of the net investment in that company, and therefore the exchange differences on this loan were recorded under the heading of translation differences. On 24 November 2021, , Almirall, S.A. proceeded to capitalise the nominal amount of this loan, together with the interest pending payment. Therefore, as of that date, no additional exchange difference has been generated in the Parent Company.

(Thousands of euros)

## 16. Financial liabilities

As detailed in Note 5-i), the Group classifies its financial liabilities into the following measurement categories:

Financial liabilities measured at fair value with variations in the profit and loss account:

This heading is deemed to include liabilities related with bonds and other marketable securities issued and quoted that the Group may purchase in the short term in accordance with changes in value, a portfolio of identified financial instruments that are managed jointly and for which there is evidence of recent actions to obtain gains in the short term, or derivative financial instruments, provided that it is not a financial guarantee contract and has not been designated as a hedging instrument.

Financial liabilities valued at amortised cost:

This heading includes mainly unsecured bonds, debts with credit institutions and (revolving) credit lines. At the date of initial application, the Group's business model is to maintain this financing to pay contractual cash flows that represent only payments of principal and interest on the principal amount.

The composition of debts with credit institutions and other financial liabilities as of 31 December 2022 is as follows:

| | Limit | Balance drawn down (*) | Current | Non-current | | | |
|---|---|---|---|---|---|---|---|
| | | | | 2024 | 2025 | Rest | Total |
| **Financial liabilities at amortised cost** | | | | | | | |
| Credit facilities | 275,000 | - | - | - | - | - | - |
| Loans with credit institutions | 80,000 | 65,000 | 10,000 | 10,000 | 10,000 | 35,000 | 55,000 |
| Senior unsecured bonds | 300,000 | 295,758 | - | - | - | 295,758 | 295,758 |
| **Financial liabilities at fair value through profit or loss** | | | | | | | |
| Liabilities for derivative financial instruments | N/A | 25 | 25 | - | - | - | - |
| **Accrued interest to be paid** | **N/A** | **2,377** | **2,377** | **-** | **-** | **-** | **-** |
| **Total as at 31 December 2022** | **655,000** | **363,160** | **12,402** | **10,000** | **10,000** | **330,758** | **350,758** |

(*) Balance drawn down net of issuance costs.

The composition of debts with credit institutions and other financial liabilities as of 31 December 2021 was as follows:

| | Limit | Balance drawn down (*) | Current | Non-current | | | |
|---|---|---|---|---|---|---|---|
| | | | | 2023 | 2024 | Rest | Total |
| **Financial liabilities at amortised cost** | | | | | | | |
| Credit facilities | 275,000 | - | - | - | - | - | - |
| Loans with credit institutions | 80,000 | 75,000 | 10,000 | 10,000 | 10,000 | 45,000 | 65,000 |
| Senior unsecured bonds | 300,000 | 294,692 | - | - | - | 294,692 | 294,692 |
| **Financial liabilities at fair value through profit or loss** | | | | | | | |
| Liabilities for derivative financial instruments | N/A | - | - | - | - | - | - |
| **Accrued interest to be paid** | **N/A** | **2,314** | **2,314** | **-** | **-** | **-** | **-** |
| **Total as at 31 December 2021** | **655,000** | **372,006** | **12,314** | **10,000** | **10,000** | **339,692** | **359,692** |

(*) Balance drawn down net of issuance costs.

*Senior unsecured bonds*

On 22 September 2021, the Parent Company proceeded to conclude and disburse an issuance of senior unsecured bonds for an aggregate nominal amount of €300 million, at a fixed annual interest rate of 2.125%, maturing on 22 September 2026. The bonds were placed among qualified investors by BNP Paribas and JP Morgan AG, as coordinating entities. The effective interest rate of these bonds is 2.5% and, as at 31 December 2022, there is unpaid accrued interest of €1,864 thousand (€1,742 thousand on 31 December 2021).

(Thousands of euros)

The debt from these bonds is stated at the nominal amount (€300 million) net of issuance costs (which amounted to €5.6 million), which will be recorded over the life of the bonds at amortised cost using the effective interest method.

*Debts with credit institutions*

Details of debts with credit institutions as of 31 December 2022 and 2021 are as follows:

| | Limit | Balance drawn down | Final maturity | Nominal interest rate | Effective interest rate |
|---|---|---|---|---|---|
| **Debts with credit institutions** | | | | | |
| Revolving credit facility | 275,000 | - | 17/07/2024 | 3.18% (Euribor + Margin) | 3.18% |
| European Investment Bank Loan | 80,000 | 65,000 | 17/04/2029 | 1.65% | 1.65% |
| **Total as at 31 December 2022** | **355,000** | **65,000** | | | |

| | Limit | Balance drawn down | Final maturity | Nominal interest rate | Effective interest rate |
|---|---|---|---|---|---|
| **Debts with credit institutions** | | | | | |
| Revolving credit facility | 275,000 | - | 17/07/2024 | 1.22% (Euribor + Margin) | 1.41% |
| European Investment Bank Loan | 80,000 | 75,000 | 17/04/2029 | 1.35% | 1.35% |
| **Total as at 31 December 2021** | **355,000** | **75,000** | | | |

On 17 July 2020, the Parent Company arranged a revolving credit facility for €275 million, for an initial term of three years with the possibility of an extension for an additional year (this renewal was granted on 30 June 2021), and this facility was earmarked for general corporate purposes. The credit facility contract obliges the Parent Company to comply with a series of covenants, including most notably compliance with a certain ratio of "Consolidated net financial debt / consolidated EBITDA". This covenant is fulfilled on 31 December 2022 and 2021.

On 27 March 2019, the Parent Company arranged a loan facility with the European Investment Bank (EIB) for up to €120 million, to fund its research and development efforts, with the objective of providing cutting-edge innovation and differentiated therapies in the area of medical dermatology. On 17 April 2019, the first tranche of €80 million was granted, with 32 equal repayments of principal between 17 July 2021 and 17 April 2029, with the latter date being the final maturity. Due to the issue of new debt in 2021, the interest rate has temporarily increased by 0.30%. The loan agreement requires the Parent Company to comply with a series of covenants, including most notably compliance with a "Consolidated net financial debt / consolidated EBITDA" ratio and a "Financial leverage of subsidiaries / consolidated EBITDA" ratio. Both covenants are fulfilled on 31 December 2022 and 2021.

On 4 December 2018, the Parent Company entered into an unsecured syndicated Club Bank Deal loan led by BBVA for €150 million. On 27 September 2021, the Parent Company proceeded to the early cancellation of this syndicated loan without any penalty.

*Convertible bond*

On 4 December 2018, the issuance of simple unsecured bonds with final maturity on 14 December 2021 was also arranged, for a maximum aggregate nominal amount of €250 million, possibly convertible into or exchangeable for ordinary shares of the Parent Company at a fixed conversion price of €18.1776 per share. These bonds accrued a nominal interest rate of 0.25%, with an effective interest rate of 4.8%.

In addition, for this issuance of bonds, in accordance with IFRS 9, the fair value of the derivative financial instruments embedded in the host instrument (the financial liability for the bond) was determined beforehand. The initial recognition value of the host instrument was determined on a residual basis after deducting the fair value assigned to the derivative financial instruments from the total value of the instrument. Within the derivative financial instrument, two options with significant value were identified that were separated from the host contract (a conversion option involving a financial liability for the Group and an early termination option involving a financial asset).

The change in the fair value of these options was recorded in the income statement between the time of initial recognition and the valuation made at the time of closing, which totalled €2.3 million profit at 31 December 2021.

On 14 December 2021, the Parent Company paid these bonds in full.

*Derivative financial instruments*

On 10 May 2018, the Ordinary General Meeting of Shareholders arranged the completion of a swap transaction of interest rate and shares (“Equity swap”). This transaction is made effective by means of a contract dated 11 May 2018 with Banco Santander, S.A., whereby Almirall S.A. undertakes to pay a variable interest to the bank as compensation and Banco Santander, S.A. undertakes, as acquirer of underlying ordinary shares of the company Almirall S.A. with a maximum nominal limit of 2.99% of the share capital (5.102.058 shares or €50 million), and with a term of 24 months and an extension of 4 months, to hand over the dividend received for its investment in Almirall S.A. and to sell the shares of Almirall, S.A. to the company itself on maturity.

In addition, when the fair value is less than 85% of the cost value, the Group must offset the loss by contributing cash to the bank (thereby reducing the fair value of the derivative). Once a settlement has been made, if the fair value exceeds 110% of the last value at which a settlement occurred, then the Group will reclaim the payments made proportionately up to 100% of the initial value of the derivative (always limited to the cost of acquisition by Banco Santander). For this reason, the Group has opted to classify this asset/liability as current.

Consequently, under the heading “Assets resulting from derivative financial instruments” (in the case of unrealised gains) or “Liabilities resulting from derivative financial instruments” (in the case of unrealised losses), the fair value of the derivative has been recognised, which corresponds to the difference between the fair value of the underlying asset (2,510,952 shares equivalent to €35.1 million, corresponding to 1.4% of the Parent Company’s share capital) and the acquisition cost of the shares for Banco Santander, which, at 31 December 2022, amounted to a loss of €12.3 million, all of which has been deposited with the bank, and therefore, at the close of the fiscal year, the liabilities come to €0 million. As of 31 December 2021, this amounted to a capital loss of €6.7 million, all of which had been deposited with the bank, leaving a liability at year-end totalling €0 million. (Note 12). It is considered that the value of the derivative of the option that would entail the acquisition of the total of the maximum shares (€50 million) would not be significant at the closing date. Since this derivative does not meet the requirements for hedge accounting, it is recorded with changes in the income statement (Note 20). For the fiscal year ending on 31 December 2022, the impact on the Group’s consolidated income statement amounted to €5.7 million in losses (€1.0 million in profits for the fiscal year ending on 31 December 2021).

*Other financial debt considerations*

At the date of drafting these consolidated financial statements, the Parent Company’s Administrators consider that no breach of the aforementioned obligations (including the aforementioned series of covenants) has occurred.

Interest accrued and payable on 31 December 2022 amounts to €2,377 thousand (€2,314 thousand on 31 December 2021).

The average cost of debt for the years ending on 31 December 2022 and 2020 was 1.25% and 0.85%, respectively.

The recorded balance of financial liabilities at amortized cost approximates their fair value.

Moreover, in application of the amendment to IAS 7, below we provide a reconciliation of the cash flows arising from financing activities with the corresponding liabilities in the opening and closing consolidated balance sheet, separating the movements that involve cash flows from those that do not.

| | Balance as at 01/01/2022 | Cash Flow | Interest paid | Interest accrued | Changes in fair value | Balance as at 31/12/2022 |
|---|---|---|---|---|---|---|
| **Financial liabilities at amortised cost** | | | | | | |
| Credit facilities | - | - | - | - | - | - |
| Loans with credit institutions | 75,000 | (10,000) | - | - | - | 65,000 |
| Senior unsecured bonds | 294,692 | - | - | 1,066 | - | 295,758 |
| **Financial liabilities at fair value through profit or loss** | | | | | | |
| Liabilities for derivative financial instruments | - | (5,650) | - | - | 5,675 | 25 |
| **Accrued interest to be paid** | **2,314** | **-** | **(9,899)** | **9,962** | **-** | **2,377** |
| **Total Financial debt** | **372,006** | **(15,650)** | **(9,899)** | **11,028** | **5,675** | **363,160** |

| | Balance as at 01/01/2021 | Cash Flow | Interest paid | Interest accrued | Changes in fair value | Balance as at 31/12/2021 |
|---|---|---|---|---|---|---|
| **Financial liabilities at amortised cost** | | | | | | |
| Credit facilities | - | - | - | - | - | - |
| Loans with credit institutions | 229,345 | (155,000) | - | 655 | - | 75,000 |
| Convertible bond | 239,648 | (250,000) | - | 10,352 | - | - |
| Senior unsecured bonds | - | 294,411 | - | 281 | - | 294,692 |
| **Financial liabilities at fair value through profit or loss** | | | | | | |
| Liabilities for derivative financial instruments | 2,966 | 252 | - | - | (3,218) | - |
| **Accrued interest to be paid** | **686** | **-** | **(6,130)** | **7,758** | **-** | **2,314** |
| **Total Financial debt** | **472,645** | **(110,337)** | **(6,130)** | **19,046** | **(3,218)** | **372,006** |

## 17. Trade payables and Other liabilities

### a) Trade payables

On 31 December 2022 and 2021 the composition of this item is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 31/12/2022 | 31/12/2021 |
| Suppliers | 96,695 | 73,500 |
| Trade payables | 87,592 | 104,300 |
| **Total short-term trade payables** | **184,287** | **177,800** |

### b) Other current and non-current liabilities

On 31 December 2022 and 2021 the composition of this item is as follows:

| | Thousands of Euros | | | | |
|---|---|---|---|---|---|
| | | Non-current | | | |
| | Current | 2024 | 2025 | Rest | Total |
| Loans linked to research | 1,614 | 898 | 1,124 | 446 | 2,468 |
| Debts for purchases of fixed assets | 13,532 | - | - | - | - |
| Remuneration to be paid | 30,788 | 965 | 1,971 | 5,255 | 8,191 |
| Long-term tax liabilities | - | - | - | 6,964 | 6,964 |
| Other debts | 247 | - | - | 1 | 1 |
| **Total as at 31 December 2022** | **46,181** | **1,863** | **3,095** | **12,666** | **17,624** |

| | Thousands of Euros | | | | |
|---|---|---|---|---|---|
| | | Non-current | | | |
| | Current | 2023 | 2024 | Rest | Total |
| Loans linked to research | 2,167 | 1,519 | 860 | 1,427 | 3,806 |
| Debts for purchases of fixed assets | 30,517 | - | - | - | - |
| Remuneration to be paid | 31,675 | 5,027 | 1,625 | 5,701 | 12,353 |
| Long-term tax liabilities | - | - | - | 6,459 | 6,459 |
| Other debts | 771 | - | - | - | - |
| **Total as at 31 December 2021** | **65,130** | **6,546** | **2,485** | **13,587** | **22,618** |

Loans linked to research refer to zero-interest loans granted by the Ministry of Science and Technology to promote research, and are presented as described in Note5-i). The granting of these loans is subject to compliance with carrying out certain investments and expenses during the years for which they are granted and the loans mature between 2022 and 2031.

Debts for purchases of fixed assets refer basically to disbursements pending the acquisition of goods, products and marketing licenses contracted in the fiscal year and prior years. The balance as of 31 December 2022 mainly includes the amount corresponding to the outstanding payments with Athenex described in Note 9 and which have been paid in January 2023. The balance as of 31 December 2021 mainly included the initial up-front payment of the agreement with Ichnos Science, as described in Note 9, which was paid on 19 January 2022.

As of 31 December 2022 and 31 December 2021, the balance of Remunerations to be paid mainly includes the balances to be paid to employees for the accrued portions of special payments, as well as the Group’s bonuses for achieving targets and the provision for long-term remuneration (see Note 5-v).

As a result of the application of IFRIC 23 “Uncertainty over income tax treatments” (Note 5-p)), as of 31 December 2022, €6,964 thousand is classified as “Long-term tax liabilities” (€6,459 thousand on 31 December 2021).

There are no significant differences between the fair value of the liabilities and the recognised amount.

## 18. Retirement benefit obligations

The retirement benefit obligations are related mainly with the subsidiaries Almirall Hermal GmbH, Almirall AG, and Polichem S.A., and are related with unfunded plans (there are no assets assigned to these plans), as described in Note 5-l).

The changes in the defined benefit obligation were as follows:

| | **2022** | **2021** |
|---|---|---|
| **At 1 January** | **77,883** | **85,641** |
| Current services cost | 251 | 304 |
| Interest cost | 680 | 399 |
| Contributions from plan participants | 49 | 55 |
| Actuarial losses / (gains) | (21,798) | (6,185) |
| Benefits paid | (2,220) | (2,203) |
| Other changes | (799) | (128) |
| **At 31 December** | **54,046** | **77,883** |

The amount recorded as actuarial losses mainly reflects the impact of the variation in the discount rate used in the actuarial calculations in 2022 and 2021 based on the interest rate hike.

The amounts recognised in the consolidated income statement are as follows:

| | 2022 | 2021 |
|---|---|---|
| Current service cost | 251 | 304 |
| Interest cost | 680 | 399 |
| **Total** | **931** | **703** |

Sensitivity to changes in the key assumptions, weighted in accordance with the following table, would not have a significant effect on the total pension liability.

| | Change in the assumption |
|---|---|
| Discount rate | Increase/decrease by 0.5% |
| Rate of inflation | Increase/decrease by 0.5% |
| Rate of salary increases | Increase/decrease by 0.5% |
| Mortality rate | Increase in 1 year |

These variations in the assumptions are reasonable, in keeping with those indicated by the actuarial reports. Moreover, the Group has assessed that, for the Group companies concerned (Almirall Hermal GmbH, Almirall AG y Polichem S.A.) these assumptions are reasonable.

## 19. Provisions

The changes in 2022 and 2021 under the "Provisions" heading in the accompanying consolidated balance sheet were as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2022 | 2021 |
| **Balance as of 1 January** | **24,505** | **35,899** |
| Additions and provisions | 1,163 | 380 |
| Reversals | (4,922) | (11,774) |
| **Balance as of 31 December** | **20,746** | **24,505** |

This refers mainly to the Group's estimate of the disbursements that it would have to make in the future to meet other liabilities arising from the nature of its business.

## 20. Income and expenses

*Net turnover*

The table below details the net turnover for the fiscal years 2022 and 2021 by line of business:

| | Thousands of Euros | |
|---|---|---|
| | 2022 | 2021 |
| Marketing through own network | 732,519 | 685,627 |
| Marketing through licensees | 86,509 | 114,481 |
| Corporate management and income not allocated to other segments | 44,220 | 27,087 |
| **Total turnover** | **863,248** | **827,195** |

| | Thousands of Euros | |
|---|---|---|
| | 2022 | 2021 |
| Product sales revenue | 831,263 | 774,405 |
| Income from royalties | 2,329 | 8,264 |
| Income from granting licenses (Note 7-a)) | - | 17,406 |
| Other income from licensing | 29,656 | 27,120 |
| **Total turnover** | **863,248** | **827,195** |

The amount recognised under "Income from granting licences" in 2021 was for the initial collections of EUR 17.4 million from the contracts for the transfer of rights to AstraZeneca pending recognition in income at 1 January 2021, which ended in October 2021, as explained in Note 7-a).

The table below provides an itemisation of net turnover for the fiscal years 2022 and 2021 by geographical area:

| | Thousands of Euros | |
|---|---|---|
| | **2022** | **2021** |
| Spain | 273,869 | 250,165 |
| Europe and Middle East | 418,998 | 406,901 |
| America, Asia and Africa | 126,161 | 143,042 |
| Corporate management and income not allocated to other segments | 44,220 | 27,087 |
| **Total turnover** | **863,248** | **827,195** |

The main countries where the Group earns incomes are:

| | Thousands of Euros | |
|---|---|---|
| | **2022** | **2021** |
| Spain | 273,869 | 250,165 |
| Germany | 204,464 | 182,930 |
| United States | 74,179 | 92,487 |
| Italy | 61,078 | 53,963 |
| France | 35,207 | 29,414 |
| United Kingdom | 22,827 | 22,769 |
| Others | 191,624 | 195,467 |
| **Total turnover** | **863,248** | **827,195** |

Lastly, the following table shows the contribution of the Group's main therapeutic areas to net turnover in 2022 and 2021:

| | Thousands of Euros | |
|---|---|---|
| | **2022** | **2021** |
| Dermatology and others | 429,466 | 386,269 |
| Respiratory | 90,678 | 86,556 |
| Gastrointestinal and metabolism | 127,612 | 134,223 |
| CNS | 72,918 | 67,389 |
| Musculoskeletal | 26,811 | 26,800 |
| Cardiovascular | 76,381 | 68,453 |
| Other therapeutic specialities | 39,382 | 57,505 |
| **Total turnover** | **863,248** | **827,195** |

*Other income*

The itemisation of this heading is as follows:

| | Thousands of Euros | |
|---|---|---|
| | **2022** | **2021** |
| Income due to agreement with AZ/Covis (Note 12) | 12,029 | 6,934 |
| Re-invoicing of services rendered to AZ/Covis | 1,574 | 1,139 |
| Others | 1,660 | 1,232 |
| **Total Other income** | **15,263** | **9,305** |

*Supplies*

The itemisation of this heading is as follows:

| | Thousands of Euros | |
|---|---|---|
| | **2022** | **2021** |
| Purchases | 200,797 | 172,253 |
| Change in stocks of products finished or in progress | (12,688) | 7,119 |
| Change in stocks of raw materials and goods | 1,215 | 2,380 |
| **Total Procurement** | **189,324** | **181,752** |

*Staff costs*

The composition of staff costs is as follows:

| | Thousands of Euros | |
|---|---|---|
| | **2022** | **2021** |
| Payroll and salaries | 151,276 | 150,460 |
| Social security payable by the company | 27,379 | 25,738 |
| Compensation payments | 8,841 | 265 |
| Other welfare expenses | 14,164 | 11,957 |
| **Total** | **201,660** | **188,420** |

In fiscal years 2022 and 2021, the average number of employees of the Group, distributed by professional category and gender, is as follows:

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Men** | **Women** | **Total** | **Men** | **Women** | **Total** |
| Directors | 2 | - | 2 | 1 | - | 1 |
| Executives | 52 | 28 | 80 | 31 | 12 | 43 |
| Managers | 110 | 97 | 207 | 148 | 118 | 266 |
| Technical staff | 450 | 594 | 1,044 | 474 | 601 | 1,075 |
| Administrative staff | 221 | 258 | 479 | 181 | 221 | 402 |
| Others | - | 2 | 2 | - | 1 | 1 |
| **Total** | **835** | **979** | **1,814** | **835** | **953** | **1,788** |

At year-end 2022 and 2021, the staff team is as follows:

| | 31 December 2022 | | | 31 December 2021 | | |
|---|---|---|---|---|---|---|
| | **Men** | **Women** | **Total** | **Men** | **Women** | **Total** |
| Directors | 1 | - | 1 | 1 | - | 1 |
| Executives | 67 | 38 | 105 | 32 | 10 | 42 |
| Managers | 95 | 89 | 184 | 145 | 121 | 266 |
| Technical staff | 442 | 585 | 1,027 | 475 | 597 | 1,072 |
| Administrative staff | 249 | 278 | 527 | 180 | 224 | 404 |
| Others | - | 2 | 2 | - | 1 | 1 |
| **Total** | **854** | **992** | **1,846** | **833** | **953** | **1,786** |

In addition, at year-end 2022 the number of non-employee directors was 9, of whom 4 were women and 6 men (in 2021 there were 13, of whom 4 were women and 9 men).

As of 31 December 2022, the number of employees with a disability equal to or greater than thirty-three per cent comes to 37 people (33 people as of 31 December 2021).

As of 31 December 2022 and 2021, the number of Group employees engaged in research and development activities amounted to 239 and 235 people, respectively.

*Other operating expenses*

The composition of other operating expenses is as follows:

| | Thousands of Euros | |
|---|---|---|
| | **2022** | **2021** |
| R&D activities | 64,278 | 41,975 |
| Leases and fees | 47,241 | 32,474 |
| Repairs and maintenance | 20,414 | 19,331 |
| Independent professional services | 25,428 | 25,247 |
| Transport | 13,753 | 10,716 |
| Insurance premiums | 3,249 | 3,142 |
| Bank services and similar | 620 | 886 |
| Congresses and other promotional activities | 83,934 | 78,846 |
| Supplies | 9,752 | 3,586 |
| Other services | 34,780 | 29,390 |
| Other taxes | 4,339 | 1,991 |
| **Total** | **307,788** | **247,584** |

*Net change in valuation adjustments*

The composition of the "Net change in valuation allowances" heading as well as the changes in “Current provisions” is as follows:

| | Thousands of Euros | |
|---|---|---|
| | **2022** | **2021** |
| Change in bankruptcies valuation adjustment | 606 | 1,077 |
| Change in stock valuation adjustment | (682) | 1,239 |
| Change in other current provisions | 1,652 | 412 |
| **Total** | **1,576** | **2,728** |

*Net gains / (losses) on disposal of assets*

The itemisation of net gains/ (losses) on disposal of non-current assets in fiscal years 2022 and 2021 is as follows:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | **Gains** | **Losses** | **Gains** | **Losses** |
| For disposal or retirement of intangible assets | 211 | (4,527) | 8 | (13,780) |
| For disposal or retirement of property, plant and equipment | - | (547) | - | (99) |
| | **211** | **(5,074)** | **8** | **(13,879)** |
| **Net gains (losses) on disposal of assets** | **(4,863)** | | **(13,871)** | |

The losses recorded in 2022 correspond to the divestment of a product belonging to the Almirall LLC cash-generating unit (as described in Note 9) and to the write-off of property, plant and equipment as a result of the fire described in Note 0.

The losses recorded in 2021 reflected the termination of the option agreement to acquire a pharmaceutical component under development from Bioniz Therapeutics, Inc., as explained in Note 9.

*Financial income and expenses*

The breakdown of financial income and expenses in fiscal years 2022 and 2021 is as follows:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Income | Expenses | Income | Expenses |
| Bond issuance costs (Note 16) | - | (7,439) | - | (12,972) |
| Financial and similar income / (expenses) | 637 | (5,346) | 493 | (7,628) |
| Valuation adjustment of financial assets | - | - | 8 | - |
| Change in fair value of financial instruments (Note 16) | - | (5,675) | 3,218 | - |
| Exchange rate differences | 1,984 | - | 6,577 | (4,533) |
| | **2,621** | **(18,460)** | **10,296** | **(25,133)** |
| **Financial result** | **(15,839)** | | **(14,837)** | |

The heading “Other finance income/(expenses) and similar” includes financial expenses derived from bank loans, as well as the impact of the financial restatement on liabilities carried at amortised cost and the financial cost of the pension payments, with the exception of the convertible bond and senior unsecured bonds (as described in Note 16), which are included under the heading “Bond issuance costs” (€7.4 and €13.0 million in 2022 and 2021, respectively).

In 2022 and 2021, the heading "Changes in fair value of financial instruments" includes mainly the restatement of the fair value of the Equity Swap, and of the derivative associated with the convertible bond, both described in Note 16.

*Impairment losses on property, plant and equipment, intangible assets and*

In fiscal year 2022, this heading includes the impairment recognised on the portfolio acquired in the business combination of Aqua Pharmaceuticals, LLC in 2013 (now Almirall LLC), for the amount of €16.5 million (Note 9).

In fiscal year 2021, this heading included the impairment recognised on the portfolio acquired in the business combination of Aqua Pharmaceuticals, LLC in 2013 (now Almirall LLC) and the “Allergan portfolio”, for the amount of €22.1 million and €68.8 million, respectively, as explained in Note 9.

*Foreign currency transactions*

The amounts for the transactions carried out in foreign currencies are as follows:

| | Amount in euros (thousands) | | | |
|---|---|---|---|---|
| | Expenses | | Income | |
| | 2022 | 2021 | 2022 | 2021 |
| Canadian dollar | - | 1 | 87 | 42 |
| Swiss franc | 4,117 | 6,386 | 15,221 | 12,261 |
| Czech koruna | 218 | 34 | 1,292 | 1,267 |
| Danish krone | 952 | 1,731 | 965 | 682 |
| Pound sterling | 13,809 | 15,034 | 22,814 | 22,726 |
| Hungarian Forint | 17 | 25 | 399 | 552 |
| Japanese Yen | 151 | 3,593 | 4,097 | 3,597 |
| Arab Emirates Dirham | 9 | 9 | - | - |
| Mexican Peso | 10 | 132 | - | - |
| Norwegian Krone | 39 | 58 | 1,870 | 1,657 |
| Polish Zloty | 662 | 595 | 3,284 | 2,621 |
| Renminbi | 140 | 27 | - | - |
| Swedish Krona | 212 | 221 | 2,806 | 3,899 |
| Russian roubles | 35 | 69 | - | - |
| US Dollar | 70,361 | 89,399 | 87,879 | 104,483 |

*Remuneration of auditors*

During fiscal years 2022 and 2021, the fees for auditing services and other services provided by the Group's auditor, KPMG Auditores S.L., or by other companies in the auditor's network, were as follows:

| Entities (Thousands of Euros) | Year | Audit and related services | | Tax services | Other services |
|---|---|---|---|---|---|
| | | Audit services | Professional services related to auditing | | |
| KPMG Auditores, S.L. | 2022 | 183 | 58 | - | - |
| Other companies in the PwC network | | 317 | 8 | 256 | 37 |
| **Total** | | **500** | **66** | **256** | **37** |
| | | | | | |
| KPMG Auditores, S.L. | 2021 | 170 | 244 | - | - |
| Other companies in the PwC network | | 310 | - | 265 | - |
| **Total** | | **480** | **244** | **265** | **-** |

In 2022 and 2021 other auditors have accrued €79 thousand and €56 thousand, respectively, in relation to audit work of investee companies.

The heading "Audit services" includes the fees corresponding to the audit of the individual and consolidated financial statements of Almirall, S.A. and of the companies that form part of its group.

The heading "Audit-related professional services" includes the fees derived from the limited review of the Group's interim consolidated financial statements, the review of the information related to the Group's Internal Control over its Financial Reporting System (ICFR) and additionally in 2021, specific work on a Comfort Letter related to the issuance of the senior unsecured bonds, described in Note 16.

The "Tax services" heading in 2022 2021 includes services billed in that year in connection with documentation, certification and obtaining binding reasoned reports to monetize a portion of the tax deductions related to R&D projects, together with other general advisory services.

## 21. Tax situation

*Consolidated Tax Group*

Almirall S.A. is subject to corporate income tax under the Spanish Tax Consolidation regime pursuant to Chap. VI of Title VII of Law 27/2014, of November 27, on Corporate Income Tax. The companies that make up the Group for tax purposes for fiscal years 2022 and 2021 are: Almirall S.A., Laboratorios Almirall S.L., Industrias Farmacéuticas Almirall, S.A., Laboratorios Tecnobío, S.A., Ranke Química, S.A. and Almirall Europa Derma, S.A., of which the first company mentioned acts as the parent company. Consequently, the consolidated corporate income tax expense includes the benefits derived from the application of tax loss and tax credit carryforwards that would not have been recorded if the companies comprising the tax group had been taxed individually.

Corporate income tax is calculated on the basis of the economic or accounting result, obtained by applying the applicable financial reporting regulatory framework, which does not necessarily coincide with the tax result, which in turn is understood as the taxable income.

The rest of the Group's subsidiaries file individual tax returns in accordance with the tax regulations applicable in each country.

*Fiscal years subject to tax inspection*

On 30 June 2021, the Tax Agency notified Almirall, S.A., in its capacity as representative of the tax group, of the commencement of the inspection and investigation of Corporate Income Tax (tax consolidation regime) for the 2016, 2017 and 2018 financial years. It also notified the initiation of inspection and investigation activities against the Company and Industrias Farmacéuticas Almirall S.A., as well as Ranke Química, S.A., regarding Value Added Tax, Withholdings and Payments on account of capital gains, Withholdings and payments on account of work/professional income, and Withholdings and payments on account due to non-resident taxation for the periods between July 2017 and

December 2018. At the date of preparation of these consolidated financial statements, these inspections are still in progress.

As a result of the tax audit, the Parent Company and the companies comprising the Spanish tax group are open to inspection for the years 2016 to 2021 for corporate income tax, and for the periods starting from July 2017 onwards for value added tax, withholdings and payments on account of capital gains, withholdings and payments on account of work/professional income, withholdings and payments on account of real estate leases and withholdings and payments on account due to non-resident taxation, and from 2019 to 2022 for the rest of the taxes applicable to them.

During the financial year 2018, the following inspection procedure was communicated in respect of the independent subsidiary Almirall AG (Switzerland): Federal inspection covering financial years 2013, 2014, 2015 and 2016. As of the date on which these consolidated annual accounts were formulated, it continues in progress.

During the financial year 2022, the following inspection procedure was communicated in respect of the Group's following foreign company: Almirall Inc. and investee companies (United States). This inspection has to do with Corporate Income Tax for 2015, 2016, 2018 and 2020. At the date of preparation of these consolidated financial statements, the aforementioned procedure is still in progress.

The Group’s foreign companies are currently being audited for the corresponding years, in each of the local legislations, regarding the applicable taxes.

In general, due to the different ways in which the tax regulations may be interpreted, the results of the inspections that are being carried out, or that may be carried out in the future by the tax authorities, for the years subject to verification, may give rise to tax liabilities of an amount that cannot be objectively quantified at present. In the opinion of the Parent Company’s administrators, however, the possibility of significant liabilities arising in this respect, in addition to those recognised, is remote.

*Balances held with the Public Administration*

The balances receivable from and payable to the Public Administrations, as of 31 December 2022 and 2021, are as follows:

| | **Thousands of Euros** | |
|---|---|---|
| | **31/12/2022** | **31/12/2021** |
| Public Treasury (Hacienda) VAT owed** | 6,378 | 8,155 |
| Public Treasury (Hacienda) Corporate Income Tax owed | 14,432 | 25,894 |
| Other debts | 7 | 5 |
| **Total debtor balance** | **20,817** | **34,054** |
| | | |
| Public Treasury (Hacienda) VAT paid** | 3,327 | 2,640 |
| Personal income tax | 7,701 | 3,853 |
| Social Security Agencies creditors** | 3,004 | 3,158 |
| Public Treasury (Hacienda) Corporate Income Tax creditor** | 12,611 | 9,820 |
| **Total credit balances** | **26,643** | **19,471** |

The corporate income tax receivables are mainly due to the expected tax refund for the scope of consolidation in Spain for 2022.

*Income tax recognised*

Income taxes recognised in the consolidated income statement and in equity in fiscal years 2022 and 2021, are as follows:

| | Thousands of Euros | |
|---|---|---|
| | Expense / (Income) | |
| | 2022 | 2021 |
| Corporate Income Tax: | | |
| - Recognised in the consolidated income statement | 26,746 | 31,774 |
| - Recognized in equity | 6,024 | 1,797 |
| **Total** | **32,770** | **33,571** |

*Reconciliation of accounting and tax results*

Presented below is the reconciliation between the income tax expense resulting from applying the general tax rate in force in Spain and the expense recorded for the aforementioned tax:

| | **Thousands of Euros** | |
|---|---|---|
| | **2022** | **2021** |
| Consolidated pre-tax profit or loss | 31,027 | (9,085) |
| Permanent differences: | | |
| Increase | 224,053 | 55,865 |
| Decrease | (237,046) | (83,711) |
| Adjusted accounting profit | 18,034 | (36,931) |
| Tax rate | 25% | 25% |
| **Gross Tax** | **4,509** | **(9,233)** |
| Deductions: | | |
| Deductions applied and/or regularized in the fiscal year and other consolidation adjustments | 2,259 | 1,140 |
| Corporate Income Tax for Almirall, S.A. paid abroad | 32 | 30 |
| Effect of temporary differences not recognized in the balance sheet | 8,414 | 16,204 |
| Adjustment Credits for capitalized tax loss carryforwards | - | 19,900 |
| Effect on income tax expense of subsidiaries in losses | 12,440 | - |
| Others | 76 | 506 |
| **Accrued cost for theoretical tax** | **27,730** | **28,547** |
| Effect of rate difference between countries | (688) | 2,938 |
| Other changes | (296) | 289 |
| **Expense / (Income) accrued for Corporate Income Tax** | **26,746** | **31,774** |

The origin of the permanent differences for the years 2022 and 2021 corresponds mainly to the different fiscal treatment of certain expenses accrued in those years. The reduction in the base due to permanent differences in 2021 originated, basically, in the reduction in the taxable base of revenues from the transfer of intangible assets.

The amount of the deductions applied and/or adjusted during fiscal years 2022 and 2021 correspond to the partial monetisation of the research and development deduction generated in fiscal years 2021 and 2020, respectively.

The amount of the “Effect of temporary differences not recognized in the balance sheet” in 2021 included the temporary differences of the subsidiary Almirall LLC as a result of the impairment recorded on the Allergan portfolio CGU described in Note 9.

The amount for “regularization of activated tax credits” in 2021 reflected the impact derived from Law 22/2021, of 28 December, on General State Budgets for the year 2022, which amended the Corporate Income Tax Law , as explained later in this same Note. This has not had any impact on financial year 2022.

The nature and amount of the incentives applied in 2022 and 2021, and those pending deduction as of 31 December 2022 and 2021 for the Spanish tax group, are as follows:

| Nature | Year generation | Thousands of Euros | | | |
|---|---|---|---|---|---|
| | | 2022 | | 2021 | |
| | | Compensated | Pending compensation | Compensated | Pending compensation |
| Research and Development | 2007 | 1,332 | 23,942 | - | 25,274 |
| | 2008 | - | 34,841 | - | 34,841 |
| | 2009 | - | 26,883 | - | 26,883 |
| | 2010 | - | 34,628 | - | 34,628 |
| | 2011 | - | 35,845 | - | 35,845 |
| | 2012 | - | 32,841 | - | 32,841 |
| | 2013 | - | 28,660 | - | 28,660 |
| | 2014 | - | 23,685 | - | 23,685 |
| | 2015 | - | 14,840 | - | 14,840 |
| | 2016 | - | 12,259 | - | 12,259 |
| | 2017 | - | 10,209 | - | 10,209 |
| | 2018 | - | 9,230 | - | 9,230 |
| | 2019 | - | 9,786 | 86 | 9,786 |
| | 2020 | - | 7,823 | 5,619 | 7,823 |
| | 2021 | 4,637 | 7,470 | - | 12,107 |
| | 2022 | - | 19,317 | - | - |
| | | **5,969** | **332,259** | **5,705** | **318,911** |
| Technological Innovation | 2012 | - | 1,077 | - | 1,077 |
| | 2013 | - | 1,439 | - | 1,439 |
| | 2014 | - | 701 | - | 701 |
| | | **-** | **3,217** | **-** | **3,217** |
| International Double Taxation | 2019 | 498 | - | - | 498 |
| | 2020 | 79 | - | - | 79 |
| | 2021 | 29 | - | - | 29 |
| | 2022 | 32 | - | - | - |
| | | **638** | **-** | **-** | **606** |
| Reinvestment of extraordinary profits | 2012 | - | 55 | - | 55 |
| | 2013 | - | 2 | - | 2 |
| | 2014 | - | 10 | - | 10 |
| | | **-** | **67** | **-** | **67** |
| Donations | 2019 | - | 35 | - | 35 |
| | 2020 | - | 41 | - | 41 |
| | 2021 | - | 25 | - | 25 |
| | 2022 | - | 45 | - | - |
| | | **-** | **146** | **-** | **101** |
| Temporary measures | 2019 | - | 26 | - | 26 |
| | 2020 | - | 21 | - | 21 |
| | 2021 | - | 11 | - | 11 |
| | 2022 | - | 7 | - | - |
| | | **-** | **65** | **-** | **58** |
| **Total accredited incentives** | | **6,607** | **335,754** | **5,705** | **322,960** |
| **Total deferred tax assets recognized on balance sheet** | | | **175,986** | | **181,953** |

Currently, there is no time limit for the application of the deductions to avoid international double taxation that have not yet been applied. However, current legislation on corporate income tax stipulates that the application is limited to 50% of the total tax liability.

On the other hand, the period for the application of the deductions for scientific research and technological innovation activities that have not yet been applied is 18 years from their origin, and the application of these is limited to 50% of the tax liability according to the current legislation, whenever the deduction that the Parent Company generates each year is expected to exceed 10% of the total tax liability.

However, this period is reduced to 15 years immediately after the deduction is generated, for those non-deducted amounts corresponding to the rest of the deductions.

*Deferred taxes*

The analysis of deferred tax assets and liabilities is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 31/12/2022 | 31/12/2021 |
| Deferred tax assets | 182,971 | 192,500 |
| Deferred tax liabilities | (77,254) | (75,852) |
| **Deferred tax assets (net)** | **105,717** | **116,648** |

The gross changes in the deferred tax account were as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2022 | 2021 |
| At 1 January | 116,648 | 139,094 |
| Credit to the profit and loss account | (270) | (14,689) |
| Partial monetization R&D deductions | (4,637) | (5,960) |
| Tax (Charged)/ Paid to equity | (6,024) | (1,797) |
| **At 31 December** | **105,717** | **116,648** |

On 29 December 2021, Law 22/2021, of 28 December, on the General State Budget for 2022 was published in the Official State Gazette, amending the Corporate Income Tax Law and establishing that, for fiscal years starting on or after 1 January 2022, and for an indefinite term, the concept of “minimum taxation” will be applied in Spain. Minimum taxation implies that, depending on the size and type of entity, companies must have a minimum net tax liability (generally set at 15%). In order to determine the net tax liability, a priority is established in the allowances and deductions, so that those of lower priority cannot be deducted if they reduce taxation below the stipulated minimum, and hence they must be deferred. The concept of minimum taxation has implications for the recognition of deductions for the purposes of assessing the recoverability of deferred tax assets.

As Losses of this regulatory change, the Group carried out an analysis of the recoverability of the deferred tax assets recorded in the consolidated balance sheet by the Parent Company and its Spanish subsidiaries, which resulted in a reduction of deferred tax assets by the amount of €19.9 million, and the relevant loss was recorded in the year ending on 31 December 2021 under the “Income tax” heading in the consolidated income statement. No additional losses have been recorded in the year ended 31 December 2022.

Pursuant to the tax regulations in force in the different countries in which the consolidated entities are located, certain timing differences have arisen in 2022 and 2021 that must be taken into account when quantifying the corresponding income tax expense.

The itemisation of deferred taxes recognised in both years is as follows:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | 31/12/2022 | | 31/12/2021 | |
| | Differences in cumulative tax bases | Cumulative effect on tax liability | Differences in cumulative tax bases | Cumulative effect on tax liability |
| **Deferred tax assets (net):** | | | | |
| Depreciation of assets | 60,329 | 13,656 | 43,046 | 8,511 |
| Provisions | 44,545 | 11,309 | 51,672 | 12,322 |
| Retirement benefit obligations | 22,480 | 6,577 | 46,905 | 13,733 |
| Stock valuation | 33,795 | 8,489 | 27,494 | 5,733 |
| Freedom of amortization R.D. 27/84, 2/85, 3/93 | (13,439) | (3,361) | (19,045) | (4,760) |
| Goodwill amortisation | (109,060) | (27,265) | (99,238) | (24,809) |
| Others | (4,292) | (2,420) | (732) | (183) |
| | **34,358** | **6,985** | **50,102** | **10,547** |
| **Tax credits:** | | | | |
| Negative tax bases to offset | - | - | - | - |
| For deductions pending offset | - | 175,986 | - | 181,953 |
| **Deferred tax assets and tax credits (net)** | **34,358** | **182,971** | **50,102** | **192,500** |
| **Deferred tax liabilities (net):** | | | | |
| Capitalization of intangible assets | 2,176 | 545 | 321 | 203 |
| Allocation of capital gains to assets in business combinations | 254,529 | 63,807 | 203,826 | 54,708 |
| Goodwill amortisation | 42,488 | 10,622 | 35,410 | 10,623 |
| Tax reversal effect on subsidiary portfolio provisions | - | - | 16,508 | 5,353 |
| Others | 14,395 | 2,280 | 19,860 | 4,965 |
| **Deferred tax liabilities (net)** | **313,588** | **77,254** | **275,925** | **75,852** |

The aforementioned net deferred tax assets of €105.7 million (€116.6 million at (31 December 2021) arise mainly from the Parent Company. These deferred tax assets have been recorded in the consolidated balance sheet because the Parent Company's Administrators consider that, based on the best estimate of future results, it is probable that these assets will be fully recovered within a time frame of up to 10 years. In order to determine the estimated future results that justify this recovery analysis, the following has been used as a starting point:

- Projections of estimated results corresponding to the Spanish consolidated tax group for the next 5 years (and extrapolated up to 10 years) based on the current product portfolio and structure of the Group. This projection has taken into account sustained increases in future profits, resulting mainly from expected increases in sales of the Group's product portfolio, as well as significant synergies expected from the optimisation of the Group's structure. The amendment to the Corporate Income Tax Law described earlier in this Note on the minimum net tax liability has also been taken into account.

- Estimated additional impacts expected on results in the coming years taking into account the relevant investments made in and prior to the financial year 2022. For this purpose, expected target returns, as well as probabilities of success in achieving them, have been considered.

- In addition, the sensitivity analysis performed on the projected taxable income (within a +5% / -5% range of variation) would not result in a significant impact on the consolidated financial statements as of 31 December 2022.

The breakdown of deferred tax assets and liabilities by jurisdiction at 31 December 2022 is as follows:

| | Balance as at 31/12/2022 | | | |
|---|---|---|---|---|
| **Thousands of euros** | **Spain** | **United States** | **Others (*)** | **Total** |
| Net Deferred Tax Assets | (26,695) | 6,961 | (50,535) | (70,269) |
| Receivables for rebates | 175,986 | - | - | 175,986 |
| **Total** | **149,291** | **6,961** | **(50,535)** | **105,717** |

(*) Mainly due to consolidation adjustments

Details of deferred tax assets and liabilities by jurisdiction as of 31 December 2021 were as follows:

| | Balance as at 31/12/2021 | | | |
|---|---|---|---|---|
| **Thousands of euros** | **Spain** | **United States** | **Others (*)** | **Total** |
| Net Deferred Tax Assets | (23,973) | 8,785 | (50,117) | (65,305) |
| Receivables for rebates | 181,953 | - | - | 181,953 |
| **Total** | **157,980** | **8,785** | **(50,117)** | **116,648** |

(*) Mainly due to consolidation adjustments

The amount of temporary differences not recognised in the Group's consolidated balance sheet amounts to Euros 32,837 thousand at 31 December 2022 (Euros 16,204 thousand at 31 December 2021), corresponding mostly to the subsidiary Almirall LLC, based on expectations of local profit for this subsidiary and associated CGUs (as described in Note 5-d)).

The amount of net deferred tax assets that will reverse in a period of less than 12 months amounts to €8.9 million at 31 December 2022.

Finally, the Group has tax loss carryforwards amounting to €61,682 thousand, which have not been recognized in the consolidated balance sheet as of 31 December 2022 and which mainly correspond to the Spanish and U.S. subsidiaries.

## 22. Business and geographic segments

*Segmentation criteria*

The main criteria for defining the Group's information by segments in the consolidated financial statements for the years ending on 31 December 2022 and 2021 are explained below.

The business segments listed below are those for which separate financial information is available, and on which the reports are based, and the results of which are reviewed on a monthly basis by the Group's Management (Management Committee) for operational decision-making, in order to decide on the resources to be allocated to each segment and evaluate their performance, as well as having discrete financial information available.

The lines of business described below have been established on the basis of the Group's organisational structure, which constitutes the basis for the primary segment information:

- Marketing through own network.
- Marketing through licensees.
- Research and development activity.
- Therapeutic dermatology area in the United States.
- Corporate management and results not allocated to other segments.

The operating segments reported in these accompanying notes are those with incomes, results and/or assets greater than 10% of the corresponding consolidated figure. In this sense, the column "Corporate management and results not allocated to other segments" includes income and expenses that are not directly related and allocated to the business areas, which mainly consist of the Group's corporate assets and production centres.

In this regard, the professional judgements used by the entity to consider the "Research and development activity" and "Corporate management and results not allocated to other segments" headings as separate segments, are based on the fact that the information on expenses and income from these segments are not taken into consideration for decision-making purposes in the rest of the segments; but rather they are analysed separately by the Group's top authority for operational decision-making, in order to decide on the resources to be allocated to these types of activity.

In the case of the segment designated as "Research and development activities", although this segment does not generate any income from ordinary activities as a general rule, its itemisation is essential for understanding the Group, as R+D activity is considered absolutely key and strategic in the market in which the Group operates. On the other hand, the resources allocated to this component are based on an analysis that is totally independent from that of the rest of the Group's components.

Furthermore, the "Corporate management and results not allocated to other segments" segment groups together those revenues and expenses that, given their nature, are not directly related to the other itemised segments and, hence, cannot be allocated to these, as they are not directly related to the business areas. The figures disclosed in this segment are mainly derived from the corporate assets that will be subsequently itemised, from the expenses associated with the Group's production centres, as well as from all the expenses not included in operating income. In this regard, the Group considers that the effort that would be necessary, if these expenses were broken down into the other segments, would entail some completely arbitrary principles for allocation and would not reflect the Group's organisational structure, which is the basis on which the financial information is itemised internally.

*Basis and methodology for reporting by business segments*

The information presented by segments below is based on the reports prepared by the Group's management and is generated using information based on the Group's consolidated accounting data.

For the purposes of determining the segment information of the consolidated income statement, the consolidated balances of each segment have been considered, while also carrying out the consolidation adjustments relevant for each of the segments. For the purposes of segment reporting in the consolidated balance sheets, allocations based on consolidation adjustments have been taken into account.

The segment's revenues, which comprise "Net turnover" and "Other income", correspond to income directly attributable to the segment.

In addition, in relation to the income received by the Group as a result of the agreements mentioned in Note 7, this income has been allocated, where possible, on the basis of the business segment directly related to the geographical areas or type of activity associated with these agreements, whether this income is due to milestone payments or to initial disbursements that are recognised as deferred in the consolidated income statement, and mainly in the marketing segments through licensees, and research and development activities. Nevertheless, the change in the fair value of the assets deriving from the contract with Covis Pharma GmbH (AstraZeneca in 2021, see Note 12) has been included in the segment termed “Corporate management and results not allocated to other segments”, since this transaction is monitored at the corporate level, independently from the other segments, given that it is not related to the recurring business.

Income attributable to the "Research and development activity" segment reflect expenses re-invoiced to third parties for this activity.

The expenses of each segment are determined based on the expenses derived from the operating activities of the segment that are directly attributable to it, which include "Procurement", "Staff costs", "Depreciation and amortisation" and "Other operating expenses". In this regard, the amounts reported as "Procurement" in each of the segments include, in addition to the cost of acquiring materials, the costs allocated to them in the manufacturing process by the Group (these costs include, for example, staff costs and depreciation and amortisation, among others). Due to their nature, these same costs are included in the segment termed "Adjustments and reclassifications" and, therefore, prior to obtaining the data for the Group's consolidated income statements, they are removed.

The expenses recorded in each of the segments, as described above, do not include depreciation and amortisations or general administrative expenses for general services that are not directly attributed to each business segment and, therefore, these general expenses have not been distributed among the business segments.

As previously mentioned, those expenses that are not directly attributable to each business segment are not distributed among individual segments. Instead they are allocated to the segment termed "Corporate management and results not allocated to other segments", because this is how the Group's top authority for operational decision-making analyses the information on profitability and reaches decisions about the resources to be invested in each segment.

Depreciation and amortisation allocated to the segment termed "Corporate management and results not allocated to other segments" is related to those assets that are used by all segments (mainly software). These depreciation and amortisation charges are considered expenses that cannot be allocated to business segments using marketing criteria, since they are not directly attributable to any of the established segments; and therefore, Management does not take them into consideration when making decisions that affect them.

In contrast, as a general rule, impairment losses are itemised under the segment to which the impaired asset is allocated.

With respect to the general and administrative expenses included in the segment termed "Corporate management and results not allocated to other segments", the reasons why Management has not allocated them to the other segments, apart from their basic nature, are detailed below:

- Costs related to the Group's production centres and that are not directly attributable to manufacturing.
- Costs related to the central headquarters, shared service centres and support areas, which mainly include the expenses of the Human Resources, Finance and General Operational Management departments ("Marketing", "Market Access" and "Global Medical Affairs"). These costs are difficult to allocate to the rest of the segments since, on the one hand, it would be done under a totally subjective criterion and, on the other hand, it would not be consistent with the method used by the Group's management to assess the profitability of the other segments.

The Group does not itemise information about relevant clients by segments in the financial statements, as none of them individually represents more than 10% of the Group's net turnover.

Tangible assets (property, plant and equipment, stocks, etc.) have been allocated to the segments according to the final use made of them by each segment, regardless of their geographic location.

As for intangible assets (goodwill, intangible fixed assets, etc.), these have been allocated according to the Cash Generating Unit that assures the recovery of the value of these assets. More specifically, goodwill has been allocated as follows:

- Almirall S.A.: has been assigned to the segment designated "Corporate management and results not allocated to other segments", given its structural nature in the Group's current configuration and the fact that it cannot be assigned to any specific segment, as explained in Note 8.
- Almirall Hermal GmbH: has been assigned to the segment designated "Marketing through own network", as this segment is the main cash-generating unit of this goodwill.
- Poli Group: Assets, incomes and expenses have been allocated among the segments termed "Marketing through own network" and "Marketing through licensees" in a manner consistent with the Cash-Generating Units used for the purposes of the impairment tests detailed in Note 5-d).

The Group has not established criteria for the allocation of equity and liabilities by segments and, therefore, it does not itemise this information. Accordingly, certain balance sheet items, including current and non-current financial assets held by the Group, cash and cash equivalents, and other minor items are considered to belong to the segment called "Corporate management and results not allocated to other segments".

Furthermore, the main assets that are included in the segment called "Corporate management and results not allocated to other segments" are as follows:

- Goodwill of Almirall, S.A., as described above.
- Intangible assets corresponding mainly to the agreements described in Note 9 , as well as other assets of a lesser amount corresponding mainly to patents and computer software.
- Intangible assets mainly reflecting ongoing development costs acquired as a result of the takeover of Polichem Group, as indicated in Note 9 of the accompanying consolidated financial statements.
- Property, plant and equipment mainly related to the Group's production centres, in keeping with the allocation of expenses in the segmented income statement.
- Financial assets corresponding to the agreement with Covis Pharma, as indicated in Note 12 to the accompanying consolidated report, in keeping with the allocation of income in the segmented income statement.
- Deferred tax assets belonging to the Spanish tax consolidation Group, as detailed in Note 21 of the accompanying consolidated report, as well as the deferred tax assets generated in Almirall Hermal GmbH. These assets have not been allocated to any other business segment, because, since they are assets that are separated into several segments, they are analysed according to the territories where the respective tax regulations apply, and not according to the itemisation of the primary distribution in the note about segments.
- Stocks whose reference numbers cannot be allocated directly to any one business segment, as they do not correspond to any finished product, but mainly to raw materials, materials and semi-finished products with an as yet unknown destination.
- Current financial investments and cash and other liquid assets, given that the Group engages in cash pooling among the various subsidiaries that operate in euros, and therefore cash management is centralised. There are no significant cash or cash equivalents on the balance sheets of the subsidiaries.
- The breakdown of fixed assets located in foreign countries is detailed in Note 0.

(Thousands of euros)

*Financial information by segments*

Consolidated segmented income statement for the year ending on 31 December 2022:

| | Sales through own network | Sales through licensees | Dermatology in the US | Research and development activity | Corporate management and results not allocated to other segments | Adjustments and reclassifications | Total |
|---|---|---|---|---|---|---|---|
| Net sales | 658.340 | 86.509 | 74.179 | - | 44.220 | - | 863.248 |
| Other Income | 183 | 110 | - | - | 14.970 | - | 15.263 |
| **Operating income** | **658.523** | **86.619** | **74.179** | **-** | **59.190** | **-** | **878.511** |
| Work carried out on fixed assets | - | - | - | 7.539 | - | - | 7.539 |
| Procurements | (166.242) | (43.733) | (15.702) | 148 | (31.367) | 67.572 | (189.324) |
| Staff costs | (69.301) | (1.093) | (22.417) | (24.447) | (51.053) | (33.349) | (201.660) |
| Amortization and depreciation change | (31.411) | (9.771) | (48.958) | (4.888) | (14.811) | (10.797) | (120.636) |
| Net change in provisions | - | - | - | - | 1.576 | - | 1.576 |
| Other operating expenses | (128.088) | (4.911) | (31.983) | (81.582) | (37.798) | (23.426) | (307.788) |
| Net gains/(losses) on disposals of assets | - | - | (1.510) | - | (3.353) | - | (4.863) |
| Loss (Gain) on recognition (reversal) of impairment of property, plant and equipment, intangible assets and goodwill | - | - | (16.489) | - | - | - | (16.489) |
| **Operating profit** | **263.481** | **27.111** | **(62.880)** | **(103.230)** | **(77.616)** | **-** | **46.866** |
| Financial income | - | - | - | - | 637 | - | 637 |
| Financial expense | - | - | - | - | (12.785) | - | (12.785) |
| Exchange differences | - | - | - | - | 1.984 | - | 1.984 |
| Profit/(loss) on the measurement of financial instrume | - | - | - | - | (5.675) | - | (5.675) |
| **Profit /(loss) before taxes** | **263.481** | **27.111** | **(62.880)** | **(103.230)** | **(93.455)** | **-** | **31.027** |
| Income tax | - | - | (2.595) | - | (24.151) | - | (26.746) |
| **Net profit (loss) for the period attributable to the Parent Company** | **263.481** | **27.111** | **(65.475)** | **(103.230)** | **(117.606)** | **-** | **4.281** |

Assets as of 31 December 2022 by segments:

| **ASSETS** | **Marketing through own network** | **Marketing through licensees** | **Dermatology USA** | **Research and development activity** | **Corporate management and results not allocated to other segments** | **Total** |
|---|---|---|---|---|---|---|
| Goodwill | 227,743 | 52,816 | - | - | 35,407 | 315,966 |
| Intangible assets | 213,591 | 170,113 | 307,990 | 41,217 | 165,766 | 898,677 |
| Right-of-use assets | 4,465 | 157 | 43 | - | 33,988 | 38,653 |
| Property, plant and equipment | 577 | 18 | 3,389 | 24,202 | 95,865 | 124,051 |
| Financial assets | 170 | 10 | 1,057 | - | 33,418 | 34,655 |
| Deferred tax assets | 1,544 | 5,845 | 6,661 | - | 168,921 | 182,971 |
| **NON-CURRENT ASSETS** | **448,090** | **228,959** | **319,140** | **65,419** | **533,365** | **1,594,973** |
| Stocks | 66,629 | 8,213 | 12,179 | - | 43,074 | 130,095 |
| Trade and other receivables | 44,366 | 18,590 | 37,857 | - | 37,448 | 138,261 |
| Current tax assets | 811 | 322 | 4,962 | - | 14,722 | 20,817 |
| Other current assets | 872 | 35 | 4,302 | - | 9,513 | 14,722 |
| Current financial investments | - | - | - | - | 443 | 443 |
| Cash and cash equivalents | - | - | 11,589 | - | 236,791 | 248,380 |
| **CURRENT ASSETS** | **112,678** | **27,160** | **70,889** | **-** | **341,991** | **552,718** |
| **TOTAL ASSETS** | **560,768** | **256,119** | **390,029** | **65,419** | **875,356** | **2,147,691** |

(Thousands of euros)

Consolidated segmented income statement for the year ending on 31 December 2021:

| | Sales through own network | Sales through licensees | Dermatology in the US | Research and development activity | Corporate management and results not allocated to other segments | Adjustments and reclassifications | Total |
|---|---|---|---|---|---|---|---|
| Net sales | 593.517 | 114.104 | 92.487 | - | 27.087 | - | 827.195 |
| Other Income | 79 | 105 | - | - | 9.121 | - | 9.305 |
| **Operating income** | **593.596** | **114.209** | **92.487** | **-** | **36.208** | **-** | **836.500** |
| Work carried out on fixed assets | - | - | - | 8.932 | - | - | 8.932 |
| Procurements | (160.234) | (35.885) | (20.966) | 836 | (23.680) | 58.177 | (181.752) |
| Staff costs | (60.442) | (1.147) | (16.667) | (24.185) | (55.743) | (30.236) | (188.420) |
| Amortization and depreciation change | (32.862) | (8.405) | (51.821) | (4.712) | (11.590) | (10.547) | (119.937) |
| Net change in provisions | - | - | 193 | - | 2.535 | - | 2.728 |
| Other operating expenses | (79.817) | (2.869) | (31.274) | (52.778) | (63.452) | (17.394) | (247.584) |
| Net gains/(losses) on disposals of assets | - | - | - | - | (13.871) | - | (13.871) |
| Loss (Gain) on recognition (reversal) of impairment of property, plant and equipment, intangible assets and goodwill | - | - | (90.844) | - | - | - | (90.844) |
| **Operating profit** | **260.241** | **65.903** | **(118.892)** | **(71.907)** | **(129.593)** | **-** | **5.752** |
| Financial income | - | - | - | - | 493 | - | 493 |
| Financial expense | - | - | - | - | (20.600) | - | (20.600) |
| Exchange differences | - | - | - | - | 2.044 | - | 2.044 |
| Profit/(loss) on the measurement of financial instruments | - | - | - | - | 3.226 | - | 3.226 |
| **Profit /(loss) before taxes** | **260.241** | **65.903** | **(118.892)** | **(71.907)** | **(144.430)** | **-** | **(9.085)** |
| Income tax | - | - | (5.813) | - | (25.961) | - | (31.774) |
| **Net profit (loss) for the period attributable to the Parent Company** | **260.241** | **65.903** | **(124.705)** | **(71.907)** | **(170.391)** | **-** | **(40.859)** |

Assets as of 31 December 2021 by segments:

| ASSETS | Marketing through own network | Marketing through licensees | Dermatology USA | Research and development activity | Corporate management and results not allocated to other segments | Total |
|---|---|---|---|---|---|---|
| Goodwill | 227,743 | 52,816 | - | - | 35,407 | 315,966 |
| Intangible assets | 221,512 | 186,331 | 348,603 | 23,547 | 136,063 | 916,056 |
| Right-of-use assets | 5,428 | 164 | 234 | - | 14,207 | 20,033 |
| Property, plant and equipment | 165 | 22 | 1,641 | 30,804 | 84,781 | 117,413 |
| Financial assets | 162 | 45,523 | 742 | - | 34,075 | 80,502 |
| Deferred tax assets | 1,752 | 6,157 | 7,751 | - | 176,840 | 192,500 |
| **NON-CURRENT ASSETS** | **456,762** | **291,013** | **358,971** | **54,351** | **481,373** | **1,642,470** |
| Stocks | 53,382 | 1,777 | 11,471 | - | 52,002 | 118,632 |
| Trade and other receivables | 40,940 | 20,599 | 41,851 | - | 24,281 | 127,671 |
| Current tax assets | 1,232 | 222 | 9,374 | - | 23,226 | 34,054 |
| Other current assets | 890 | 100 | 3,958 | - | 6,583 | 11,531 |
| Current financial investments | - | - | - | - | 899 | 899 |
| Cash and cash equivalents | - | - | 23,162 | - | 183,325 | 206,487 |
| **CURRENT ASSETS** | **96,444** | **22,698** | **89,816** | **-** | **290,316** | **499,274** |
| **TOTAL ASSETS** | **553,206** | **313,711** | **448,787** | **54,351** | **771,689** | **2,141,744** |

Additions to non-current assets by segment during the six months ending 31 December 2022:

| | Marketing through own network | Marketing through a network of licensees | Dermatology USA | Research and development activities | Corporate management and results not allocated to other segments | **Total** |
|---|---|---|---|---|---|---|
| Total additions to non-current assets | 20,415 | - | 3,146 | 28,330 | 75,716 | **127,607** |

Additions to non-current assets by segment during the six months ending 31 December 2021:

| | Marketing through own network | Marketing through a network of licensees | Research and development activities | Dermatology USA | Corporate management and results not allocated to other segments | **Total** |
|---|---|---|---|---|---|---|
| Total additions to non-current assets | 41,439 | - | 31,330 | - | 31,719 | **104,448** |

## 23. Dividends paid by the Parent Company

The dividends paid by the Parent Company during fiscal years 2022 and 2021, which in both cases correspond to the dividends approved on the results of the previous year, are shown below:

| | **2022** | | | **2021** | | |
|---|---|---|---|---|---|---|
| | **% of nominal** | **Euros per share** | **Amount (Thousands of Euros)** | **% of nominal** | **Euros per share** | **Amount (Thousands of Euros)** |
| Ordinary shares | 158% | 0.19 | 34,158 | 158% | 0.19 | 33,841 |
| **Total Dividends paid** | **158%** | **0.19** | **34,158** | **158%** | **0.19** | **33,841** |
| Dividends charged to income statement | 158% | 0.19 | 34,158 | 158% | 0.19 | 33,841 |

The 2022 and 2021 dividend payments have been implemented as a flexible dividend in which shareholders have been offered the choice between receiving newly issued Parent Company shares or the cash amount equivalent to the dividend.

In 2022, the cash payment was chosen by 37.1% of the rights (which meant disbursing €12.4 million), and the remaining 62.9% opted to receive new shares, each at par value, which were issued as a capital increase (Note 15).

In 2021, the cash payment was chosen by 35.6% of the rights (which entailed a disbursement of €11.7 million), while the remaining 64.4% opted to receive new shares, each at par value, which were issued as a capital increase (Note 15).

When a dividend is approved, which may be settled in cash or through the issue of fully paid-up shares at the investor’s option, i.e., remuneration with shares for a specific value, the corresponding liability must be recognised with a charge to reserves equivalent to the fair value of the rights to be allotted shares at no charge. If the investor opts to subscribe for fully paid-up shares, then the corresponding capital increase will be recognised. If the investor elects to collect the dividend, then the liability will be derecognised with a credit to the cash paid.

## 24. Basic earnings / (loss) per share

Basic earnings per share is calculated by dividing the net profit for the period that can be attributed to the Parent Company by the weighted average number of ordinary shares outstanding during the period, excluding the average number of treasury shares held for the entire period. Diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would be issued if all potential ordinary shares were converted into ordinary shares of the Parent Company. For these purposes, the conversion is deemed to take place at the start of the period or at the moment of issue of the potential ordinary shares if these have been issued during the period itself.

As of 31 December 2022 and 2021, there were , no financial instruments with dilutive effects.

Accordingly:

| | 2022 | 2021 |
|---|---|---|
| Net result of the year (thousands of euros) | 4,281 | (40,859) |
| No. of weighted average ordinary shares available (*) | 180,758 | 180,758 |
| No. of weighted average diluted shares (**) | 180,758 | 180,758 |
| **Basic earnings per share (euros)** | **0.02** | **(0.23)** |
| **Diluted earnings per share (euros)** | **0.02** | **(0.23)** |

(*) Number of issued shares minus treasury shares

(**) Average number of available ordinary shares

Pursuant to Note 15, as a result of the increase in the fully-paid share capital through which the flexible dividend programme was implemented, a total of 1,738,566 new Parent Company shares were created and admitted to trading on 8 June 2022. During the year ending on 31 December 2021, a total of 1,661,175 new Parent Company shares were created and admitted to trading on 11 June 2021.

In accordance with the provisions of IAS 33, these capital increases have been taken into account in the earnings per share for 2021, with no change in the amount with respect to that published in the financial statements for the year ended 31 December 2021.

Lastly, the calculation of diluted consolidated earnings per share takes into account the consolidated profit for the year attributable to the Parent Company, excluding the expense incurred by financial instruments convertible into shares, net of the related tax effect.

## 25. Commitments, contingent liabilities and contingent assets

### a) Commitments

As a result of the research and development activities carried out by the Group, as of the close of fiscal years 2022 and 2021, firm agreements had been entered into for the performance of these activities at a cost of €43.6 and €38.5, respectively, and in future years these agreements will have to be honoured.

As of 31 December 2022, the Group has set up various guarantees with the public administration and third parties for an amount of €13,306 thousand as of 31 December 2022 (€14,147 thousand as of 31 December 2021).

As of 31 December 2022 and 2021, there were , no significant commitments to purchase property, plant and equipment.

The Group's lease commitments are described in Note 10.

### b) Contingent liabilities

There are no contingent liabilities other than those mentioned in the notes to these consolidated financial statements (contingent payments for the acquisition of intangible assets, Note 9).

### c) Contingent assets

As of 31 December 2022 and 2021, there were , no significant commitments to purchase property, plant and equipment. As of 31 December 2021, there were certain rights to collect specific milestone amounts related to certain regulatory and commercial events related to the transaction with AstraZeneca mentioned in Note 7-a), which after the novation of the agreement to Covis Pharma GmbH were cancelled (Note 12).

## 26. Transactions with related parties

Transactions between the Parent Company and its subsidiaries, since they are related parties, have been removed during the consolidation process and are not disclosed in this note. Transactions between the Parent Company and its subsidiaries are itemised in the individual financial statements.

During 2022 and 2021, Group companies have carried out the following transactions with related parties, with the following balances as of 31 December 2022 and 2021:

| Company | Related party | Concept | Year | Thousands of Euros | |
|---|---|---|---|---|---|
| | | | | Transactions - Income/(Expenses) | Balance - Debtor / (Creditor) |
| Almirall, S.A. | Grupo Corporativo Landon, S.L. | Leases | 2022 | (1,580) | - |
| | | | 2021 | (2,982) | - |
| Almirall, S.A. | Grupo Corporativo Landon, S.L. | Re-invoicing works | 2022 | 315 | - |
| | | | 2021 | 252 | 123 |
| Almirall, S.A. | Sinkasen, S.L.U. | Leases | 2022 | (1,580) | - |
| | | | 2021 | - | - |
| Almirall, S.A. | Sinkasen, S.L.U. | Re-invoicing works | 2022 | 351 | 382 |
| | | | 2021 | - | - |

The Group's headquarters (located at Ronda General Mitre, 151, Barcelona) was leased from Grupo Corporativo Landon S.L. On 1 July 2022, the ownership of the building was transferred to Sinkasen, S.L.U. (whose sole shareholder is Grupo Corporativo Landon, S.L.), without this having any effect on the conditions and amounts of related-party transactions with the Parent Company of the Group.

Transactions with related parties are carried out at market price.

## 27. Remuneration of the Board of Directors and Senior Management

The amount accrued during fiscal years 2022 and 2021 by the current and former members of the Parent Company's Board of Directors for all remuneration items (salaries, bonuses, allowances, remuneration in kind, life insurance, compensations, incentive schemes, and social security contributions) came to €6.840 and €3,124 thousand, respectively. There are life insurance policies accrued for an amount of €5 thousand in 2022 (€9 thousand in 2021).

During fiscal year 2022, civil liability insurance premiums of €268 thousand (€229 thousand as of 31 December 2021) have accrued to cover possible damages caused to members of the Board of Directors and Senior Management in the performance of their duties.

In addition, the remuneration, paid and unpaid, accrued by the Parent Company's Board of Directors from multi-year incentive and loyalty plans and the SEUS Plan (see Note 5-v)), amounted to €0 thousand in 2022 (€552 thousand in 2021). The balance of the provision for these plans totals €0 thousand in 2022 (€806 thousand in 2021).

As of 31 December 2022 and 2021, there are no other pension commitments agreed with the current and former members of the Parent Company's Board of Directors.

The Group has included the members of the Management Committee as senior management for the purposes of the consolidated financial statements, as long as they are not on the Board of Directors.

The amount accrued during fiscal years 2022 and 2021 by senior managers who are not members of the Parent Company's Board of Directors, for all remuneration items (salaries, bonuses, allowances, remuneration in kind, compensations, incentive schemes and social security contributions), came to €6,874 thousand and €6,555 thousand, respectively. There are life insurance policies accrued for an amount of €11 thousand in 2022 (€10 thousand in 2021).

In addition, the remuneration accrued, both paid and unpaid, by the Group's senior management under the multi-year incentive and loyalty schemes and the SEUS Plan, totalled €1,238 thousand and €1,139 thousand in fiscal years 2022 and 2021, respectively. The balance of the provision for these plans totals €3,011 thousand in 2022 (€2,743 thousand in 2021).

As of 31 December 2022 and 2021, there are no other pension commitments to the Senior Managers.

The members of the Board of Directors and Senior Management of the Group have not received any shares or share options during the fiscal year, nor have they exercised any options or have any options outstanding, nor have they been granted any advances or loans.

## 28. Other information concerning the Board of Directors

In order to avoid situations of conflict of interests with the Parent Company, during the fiscal year, the Administrators who have held positions on the Board of Directors have complied with the obligations set forth in Art. 228 of the revised text of the Spanish Capital Companies Act. Likewise, they themselves and the people related to them have refrained from incurring in the scenarios of conflict of interest set forth in Art. 229 of that law, except in those cases in which the corresponding authorisation has been obtained.

## 29. Environmental information

The Group companies have adopted the appropriate measures in environmental matters in order to comply with the current environmental legislation. The Group's strategy takes into consideration the Paris Agreement objectives of limiting global temperature increase to below 2°C and climate neutrality by 2050. The impact of climate change risk has not been considered relevant in the preparation of the consolidated financial statements for 2022 as it does not significantly affect the useful lives of assets and/or asset impairment assessments and no legal or constructive obligations arise for the Group.

The Almirall Group's property, plant and equipment includes certain assets for environmental protection (limitation of fumes, subsoil drainage, etc.) with a carrying value on 31 December 2022 of €12.0 million euros (€9.4 million on 31 December 2021). In addition, investments for the amount of €.2 million were made during 2022 (€5.1 million in 2021).

The consolidated income statements for fiscal years 2022 and 2021 include expenses related to environmental protection for the amounts of €1.7 million and €1.6 million, respectively.

The Group has made investments for an amount of €450 thousand related to photovoltaic panels intended for the production of electricity for self-consumption in 2022, the carrying value of which amounts to €1,464 thousand as of 31 December 2022 (€1,117 thousand as of 31 December 2021). The profit and loss account for 2022 includes expenses related to the maintenance of these plates, which amount to €46 thousand (€2 thousand in 2021), and related depreciation expenses that amount to €67 thousand (€66 thousand in 2021); but it does not include any amount at all for electricity tax expenses in 2022 and 2021.

The Parent Company's Administrators consider that the measures adopted adequately cover all possible needs, and hence there are no environmental risks or contingencies. Accordingly, no subsidies or income related to these activities have been received.

## 30. Financial risk exposure and capital management

The Group's activities are exposed to various financial risks: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's global risk management program contemplates the uncertainty of financial markets, and seeks to minimise the potential adverse effects on its financial profitability.

Financial risk management is controlled by the Group's Treasury Department, which identifies, assesses and hedges for financial risks in accordance with the policies approved by the Board of Directors. The Board provides written policies for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, liquidity risk, use of derivatives and non-derivatives, and investment of surplus liquidity.

*Interest rate risk*

As of 31 December 2022, most of the Group's debt is at a fixed rate, which minimises the risk of a possible increase in interest rates. As described in Note 16, the main debt instruments are as follows:

- On 22 September 2021, the Parent Company proceeded to conclude and disburse an issuance of senior unsecured bonds for an aggregate nominal amount of €300 million, at a fixed annual interest rate of 2.125%, maturing on 22 September 2026.
- On 17 July 2020, the Parent Company entered into a revolving credit facility for an amount of €275 million, which will mature in July 2024 and has been allocated to general corporate purposes. This credit facility accrues interest at a variable rate linked to Euribor. As of 31 December 2022 and 2021, the Group has not drawn down any amount under this policy.
- On 27 March 2019, the Parent Company arranged a loan facility with the European Investment Bank (EIB) for up to €120 million, to fund its research and development efforts, with the objective of providing cutting-edge innovation and differentiated therapies in the area of medical dermatology. The first tranche of €80 million was granted on 17 April 2019, at a fixed interest rate of 1.351%, with 32 equal repayments of principal between 17 July 2021 and 17 April 2029, with the latter date being the final maturity. Due to the issue of new debt, the interest rate has temporarily increased by 0.30%, and therefore the interest rate is 1.651%.

*Exchange rate risk*

The Group is exposed to exchange rate risk on certain transactions arising from its business activities. This exchange rate risk is mainly related to cash inflows in dollars for sales of finished product, cash inflows and outflows derived from the transaction with Covis Pharma GmbH, outflows in dollars for the licensing agreements with Athenex, Lily or Sun Pharma, outflows in dollars for clinical trials, purchases of raw materials and royalty payments in yen and dollars. The most relevant foreign currency in which the Group operates is the US dollar.

The Group analyses quarterly the expected incoming and outgoing payments in foreign currencies, as well as the evolution and trends in these currencies. In recent years, the Group has reduced its exposure to exchange rate risk in larger commercial transactions by taking out specific insurance policies for exchange rates to cover payments in yen for the purchase of raw materials and to cover incoming cash flows in dollars.

*Liquidity risk*

The Group determines its cash requirements using two fundamental forecasting tools that operate according to different time frames.

On the one hand, a monthly cash budget is established for one year, based on the forecast financial statements for the current year, and deviations from the forecast are analysed on a monthly basis;

and, on the other hand, medium- and long-term liquidity planning and management is based on the Group's Strategic Plan, which covers a five-year time frame.

Cash surpluses in foreign currencies are invested in deposits when payments are expected to be made in that currency, mainly US dollars.

The financing instruments include a series of covenants that, in the event of default, could result in a demand for immediate payment of these financial liabilities. The Group periodically assesses their fulfilment (as well as expected fulfilment, so that it may take corrective measures, if necessary). As of 31 December 2022, all covenants are considered to be fulfilled, as mentioned in Note 16.

The Group manages liquidity risk prudently, maintaining sufficient cash and marketable securities, as well as arranging committed credit facilities for an amount sufficient to support expected needs.

As of 31 December 2022, the forecast for liquidity reserves is as follows:

| (Thousands of Euros) | 2023 | 2024 and following years |
|---|---|---|
| Cash and other cash equivalents (Note 12) | 248,380 | - |
| Current financial investments (Note 12) | 443 | - |
| Credit lines agreed by banks, not used (Note 16) | - | 275,000 |
| **Closing Balance** | **248,823** | **275,000** |

The table below presents an analysis of the Group's financial liabilities that are settled on a net basis, grouped according to maturity dates for the remaining period, from the balance sheet date to the contractual maturity date. The amounts shown in the table correspond to contractual undiscounted cash flows. Balances payable within 12 months are equal to their carrying amounts, since the effect of the discounting is negligible.

| (Thousands of Euros) | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|---|---|---|---|---|
| **At 31 December 2022** | | | | |
| Loans with credit institutions (Note 16) | 10,810 | 10,675 | 31,215 | 15,203 |
| Financial derivatives held for trading (Note 16) | 25 | - | - | - |
| Bonds (Note 16) | 6,375 | 6,375 | 311,156 | - |
| Lease liabilities (Note 10) | 5,100 | 4,869 | 11,631 | 17,435 |
| Trade and other payables (Note 17) | 184,287 | - | - | - |
| **Total** | **206,597** | **21,919** | **354,002** | **32,638** |
| **At 31 December 2021** | | | | |
| Loans with credit institutions (Note 16) | 12,314 | 10,962 | 32,076 | 25,886 |
| Financial derivatives held for trading (Note 16) | - | - | - | - |
| Bonds (Note 16) | 1,742 | 6,375 | 317,531 | - |
| Lease liabilities (Note 10) | 6,278 | 5,388 | 8,249 | 525 |
| Trade and other payables (Note 17) | 177,800 | - | - | - |
| **Total** | **198,134** | **22,725** | **357,856** | **26,411** |

*Estimate of the fair value*

The valuation of assets and liabilities measured at fair value must be itemised by levels, according to the following hierarchy determined by IFRS 13:

Level 1. Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2. Data other than the quoted market prices included in Level 1 that are observable for the asset or liability, both directly (i.e., prices) and indirectly (i.e., derived from prices).

Level 3. Data for the asset or liability that is not based on observable market data.

As of 31 December 2022 and 2021, the itemisation of the Group's assets and liabilities measured at fair value, grouped according to the aforementioned levels, is as follows (in thousands of euros):

| 31 December 2022 (Thousands of Euros) | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Assets | | | |
| Financial assets at fair value through profit or loss (*) | - | - | 62,868 |
| **Total assets** | **-** | **-** | **62,868** |
| Liabilities | | | |
| Financial liabilities at fair value through profit or loss (Note 16) | - | - | - |
| **Total liabilities** | **-** | **-** | **-** |

(*) includes the long-term and short-term amounts derived from the transaction with Covis Pharma GmbH (see Notes 12 and 14).

| 31 December 2021 (Thousands of Euros) | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Assets | | | |
| Financial assets at fair value through profit or loss (*) | - | - | 98,175 |
| **Total assets** | **-** | **-** | **98,175** |
| Liabilities | | | |
| Financial liabilities at fair value through profit or loss (Note 16) | - | - | - |
| **Total liabilities** | **-** | **-** | **-** |

(*) included the long-term and short-term amounts derived from the transaction with AstraZeneca (see Notes 12 and 14).

*Credit risk*

The Group manages credit risk through an individual analysis of the items included in accounts receivable. As a preventive measure, credit limits are established for sales to wholesalers, pharmacies and local licensees. In the case of hospital sales, given their minor significance, payment is collected afterwards, once the debt is due.

Amounts considered to be bad debts, once all the pertinent collection procedures have been carried out, are provisioned at 100%. The balance of the provision at year-end for 2022 and 2021 is €1,401 thousand and €3,074 thousand, respectively (see Note 14).

As for the impairment of financial assets due to credit risk, the Group invests mainly in very short-term, floating-rate instruments in entities with a high credit rating, in order to minimise any credit risk.

The Group does not have a significant credit risk, since it invests cash and arranges derivatives with highly solvent entities.

*Capital management*

The Group manages its capital to ensure the continuity of the activities of the Group companies of which it is the Parent Company and, at the same time, to maximise shareholder returns through an optimal balance between debt and equity.

The Group periodically reviews its capital structure in accordance with a five-year strategic plan that sets the guidelines for investment and financing needs.

The leverage ratios as of 31 December 2022 and 2021 were as follows:

| **Thousands of Euros** | **31 December 2022** | **31 December 2021** |
|---|---|---|
| Financial debts (Note 16) | 363,160 | 372,006 |
| Retirement benefit obligations (Note 18) | 54,046 | 77,883 |
| Cash and cash equivalents (Note 12) | (248,823) | (207,386) |
| **Net debt** | **168,383** | **242,503** |
| Equity (Note 15) | 1,318,715 | 1,286,039 |
| Share Capital (Note 15) | 21,782 | 21,573 |
| **Leverage Index**(1) | **12.8%** | **18.9%** |

(1) Based on the calculation used by the Group to determine the leverage ratio (excluding the amount of "Other financial liabilities" included in the Note 17 and the lease liabilities included in Note 10).

*Macroeconomic and geopolitical risks*

The Group's operations are conditioned by economic cycles and international geopolitical conflicts, whether in areas in which it operates directly or in geographies that impact other activities (such as the supply chain or clinical trials, for example). In the year ended 31 December 2022, the Group has had to deal with inflation in the various territories where it operates ( primarily the European Union and the United States), rising energy costs (especially electricity and gas) and the conflict between Ukraine and Russia (mainly affecting the licensee marketing segment with respect to the Eastern European region)). However, the aforementioned events have not had a material impact on these consolidated financial statements.

## 31. Information on deferrals of payments to suppliers

The periods for payments to suppliers achieved by the Spanish companies of the Group's scope of consolidation comply with the limits established in Law 15/2010 of 5 July, amending Law 3/2004 on combating late payment in commercial transactions. This Law establishes a payment deadline of 60 days.

The itemisation of payments for commercial transactions made during the year and those pending payment at year-end, in relation to the maximum legal deadlines provided for in Law 15/2010, which is itemised pursuant to the Official State Gazette published on 4 February 2016, is as follows:

| | **2022** | **2021** |
|---|---|---|
| | **Days** | **Days** |
| Average period of payment to suppliers | 50 | 54 |
| Ratio of paid transactions | 54 | 59 |
| Ratio of transactions pending payment | 19 | 20 |
| **Total payments made** | **481,055** | **346,880** |
| **Total payments due** | **55,968** | **51,525** |

This balance refers to the suppliers of the Spanish companies of the consolidable group, which, by their nature, are trade payables for debts with suppliers of goods and services.

Finally, in accordance with Law 18/2022 of 28 September, the monetary volume and number of invoices paid in a period lower than the maximum established in the regulations on late payment and the percentage they represent of the total invoices and payments, according to the provisions of the Official State Gazette published on 29 September 2022, are detailed below for the Spanish companies in the Group's consolidation scope:

| | **2022** | |
|---|---|---|
| | **Thousands of Euros** | **Number of invoices** |
| Invoices paid within the deadline* | 300,426 | 16,488 |
| Total invoices paid | 481,055 | 36,767 |
| **% paid within the deadline*** | **62.5%** | **44.8%** |

* in accordance with Spanish default regulations

## 32. Subsequent events

On 1 January 2023, the agreement signed with MSD International Business GmbH came into force, whereby it agreed to extend the rights for the Spanish territory (which ended on 31 December 2022) for the products marketed under the Efficib and Tesavel trademarks, indicated for the treatment of diabetes and marketed by the Group since 2009. Under the terms of this agreement, the rights extend until 31 December 2025, for which €18 million will be paid by the end of March 2023.

In addition, on 03 February 2023, the Parent Company signed a purchase agreement with DFT El Globo S.L. for the rights of several products marketed in Spain under the Physiorelax trademark. In February, under the terms of this agreement, the Group paid around €12 million.

Additionally, at the date of preparation of these consolidated financial statements, the Board of Directors of Almirall, S.A. agreed to propose to the General Shareholders' Meeting the distribution of a dividend charged to unrestricted reserves for the amount of €33.8 million (equivalent to €0.19 per share). For the purposes of this dividend distribution, it is proposed to again utilise the "Flexible Dividend" shareholder remuneration system, already applied in 2022. In this manner, its shareholders are offered an alternative that allows them to receive bonus shares of the Parent Company without limiting their possibility of receiving an cash amount equivalent to the dividend payment, as indicated in Note 4.

## APPENDIX: INFORMATION ON GROUP COMPANIES

| | Thousands of Euros | | | | | | |
|---|---|---|---|---|---|---|---|
| Name | Laboratorios Almirall S.L. | Laboratorios Tecnobío S.A. | Industrias Farmacéuticas Almirall S.A. | Ranke Química S.A. | Almirall Internacional. BV | Almirall, NV | Almirall - Productos Farmacêuticos. Lda. |
| Address | Spain | Spain | Spain | Spain | Netherlands | Belgium | Portugal |
| Activity | Mediation services | Mediation services | Manufacturing of specialities | Manufacture of raw materials | Holding | Pharmaceutical laboratory | Pharmaceutical laboratory |
| **31 December 2022** | | | | | | | |
| Fraction of capital held | | | | | | | |
| - Directly | 100% | 100% | 100% | 100% | 100% | 0.01% | - |
| - Indirectly | - | - | - | - | - | 99.99% | 100% |
| % voting rights | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Consolidation method | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation |
| Capital | 120 | 61 | 1,200 | 1,200 | 52,602 | 1,203 | 1,500 |
| Reserves | 8,034 | 1,072 | 55,271 | 20,303 | 75,457 | 2,315 | 2,610 |
| Net profit/(loss) for the year | 424 | 202 | 3,285 | 1,005 | 3,840 | 122 | 159 |
| **31 December 2021** | | | | | | | |
| Fraction of capital held | | | | | | | |
| - Directly | 100% | 100% | 100% | 100% | 100% | 0.01% | - |
| - Indirectly | - | - | - | - | - | 99.99% | 100% |
| % voting rights | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Consolidation method | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation |
| Capital | 120 | 61 | 1,200 | 1,200 | 52,602 | 1,203 | 1,500 |
| Reserves | 7,739 | 471 | 51,977 | 19,103 | 69,034 | 2,213 | 2,327 |
| Net profit/(loss) for the year | 295 | 601 | 3,294 | 871 | 6,423 | 102 | 283 |

Note: All information concerning the indicated companies is obtained from the individual financial statements of the different companies. For this reason, they do not reflect the effect that would result from applying consolidation criteria for the shares. Inactive companies other than those consolidated are not included.

## APPENDIX: INFORMATION ON GROUP COMPANIES

| | Thousands of Euros | | | | | | |
|---|---|---|---|---|---|---|---|
| Name | Almirall, BV | Almirall Europa Derma S. L | Almirall Limited | Almirall, S.A.S. | Almirall SP. Z.O.O. | Almirall GmbH | Almirall, AG |
| Address | Netherlands | Spain | United Kingdom | France | Poland | Austria | Switzerland |
| Activity | Pharmaceutical laboratory | Marketing of beauty products | Pharmaceutical laboratory | Pharmaceutical laboratory | Pharmaceutical laboratory | Pharmaceutical laboratory | Pharmaceutical laboratory |
| **31 December 2022** | | | | | | | |
| Fraction of capital held | | | | | | | |
| - Directly | - | - | - | - | - | 100% | 100% |
| - Indirectly | 100% | 100% | 100% | 100% | 100% | - | - |
| % voting rights | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Consolidation method | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation |
| Capital | 4,000 | 61 | 571 | 12,527 | 12 | 36 | 901 |
| Reserves | 3,120 | 172 | 11,355 | 22,869 | 1,433 | 2,361 | 4,835 |
| Net profit/(loss) for the year | 367 | (1) | 868 | 709 | 26 | 300 | 928 |
| **31 December 2021** | | | | | | | |
| Fraction of capital held | | | | | | | |
| - Directly | - | - | - | - | - | 100% | 100% |
| - Indirectly | 100% | 100% | 100% | 100% | 100% | - | - |
| % voting rights | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Consolidation method | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation |
| Capital | 4,000 | 61 | 571 | 12,527 | 12 | 36 | 901 |
| Reserves | 2,768 | 173 | 11,648 | 21,335 | 1,444 | 2,121 | 3,154 |
| Net profit/(loss) for the year | 352 | (1) | 404 | 1,535 | 16 | 242 | 1,005 |

Note: All information concerning the indicated companies is obtained from the individual financial statements of the different companies. For this reason, they do not reflect the effect that would result from applying consolidation criteria for the shares. Inactive companies other than those consolidated are not included.

## APPENDIX: INFORMATION ON GROUP COMPANIES

| | Thousands of Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Name | Almirall SpA | Almirall Hermal GmbH | Almirall Aps | Almirall Inc. | Subgroup(*) Almirall US | Poli Group Holding S.R.L. | Polichem, S.A. | Polichem S.R.L. |
| Address | Italy | Germany | Denmark | United States | United States | Italy | Luxembourg/Switzerland/China | Italy |
| Activity | Pharmaceutical laboratory | Pharmaceutical laboratory | Pharmaceutical laboratory | Holding | Pharmaceutical laboratory | Holding | Pharmaceutical laboratory | Pharmaceutical laboratory |
| **31 December 2022** | | | | | | | | |
| Fraction of capital held | | | | | | | | |
| - Directly | - | 100% | 100% | 100% | - | 100% | - | 0.4% |
| - Indirectly | 100% | - | - | - | 100% | - | 100% | 99.6% |
| % voting rights | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Consolidation method | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation |
| Capital | 8,640 | 25 | 17 | - | - | 31 | 1,452 | 540 |
| Reserves | 54,777 | 63,599 | 3,049 | 450,299 | 399,968 | 46,728 | 192,560 | 6,643 |
| Net profit/(loss) for the year | 2,462 | 30,162 | 170 | (128,937) | (64,472) | (15) | 31,719 | 792 |
| **31 December 2021** | | | | | | | | |
| Fraction of capital held | | | | | | | | |
| - Directly | - | 100% | 100% | 100% | - | 100% | - | 0.4% |
| - Indirectly | 100% | - | - | - | 100% | - | 100% | 99.6% |
| % voting rights | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Consolidation method | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation | Full consolidation |
| Capital | 8,640 | 25 | 17 | - | - | 31 | 1,351 | 540 |
| Reserves | 51,585 | 22,421 | 2,695 | 576,559 | 489,660 | 46,792 | 168,767 | 5,658 |
| Net profit/(loss) for the year | 3,192 | 25,804 | 354 | (155,047) | (114,272) | (65) | 23,921 | 985 |

Note: All information concerning the indicated companies is obtained from the individual financial statements of the different companies. For this reason, they do not reflect the effect that would result from applying consolidation criteria for the shares. Inactive companies other than those consolidated are not included.

(*) Includes Aqua Pharmaceutical Holdings Inc. and Almirall LLC holding companies

## APPENDIX: INFORMATION ON GROUP COMPANIES

| | Thousands of Euros | | | |
|---|---|---|---|---|
| Name | Almirall S.r.o | Almirall S.r.o | Almirall AS | Almirall AB |
| Address | Czech Republic | Slovak Republic | Norway | Sweden |
| Activity | Pharmaceutical laboratory | Pharmaceutical laboratory | Pharmaceutical laboratory | Pharmaceutical laboratory |
| **31 December 2022** | | | | |
| Fraction of capital held | | | | |
| - Directly | 100% | 100% | 100% | 100% |
| - Indirectly | - | - | - | - |
| % voting rights | 100% | 100% | 100% | 100% |
| Consolidation method | Full consolidation | Full consolidation | Full consolidation | Full consolidation |
| Capital | - | 5 | 3 | 2 |
| Reserves | 513 | 500 | - | - |
| Net profit/(loss) for the year | 10 | 56 | - | - |
| **31 December 2021** | | | | |
| Fraction of capital held | | | | |
| - Directly | - | - | - | - |
| - Indirectly | - | - | - | - |
| % voting rights | - | - | - | - |
| Consolidation method | - | - | - | - |
| Capital | - | - | - | - |
| Reserves | - | - | - | - |
| Net profit/(loss) for the year | - | - | - | - |

Note: All information concerning the indicated companies is obtained from the individual financial statements of the different companies. For this reason, they do not reflect the effect that would result from applying consolidation criteria for the shares. Inactive companies other than those consolidated are not included.