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

Consolidated Financial Statements for the year ending on 31 December 2023, 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)

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

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

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31

(Thousands of Euros)

ASSETS	Note	31/12/2023	31/12/2022
Goodwill	8	315,966	315,966
Intangible assets	9	951,415	898,677
Right-of-use assets	10	43,016	38,653
Property, plant and equipment	11	141,287	124,051
Financial assets	12	22,878	34,655
Deferred tax assets	22	181,761	182,971
NON-CURRENT ASSETS		**1,656,323**	**1,594,973**
Stocks	14	167,528	130,095
Trade and other receivables	15	131,498	138,261
Current tax assets	22	15,536	20,817
Other current assets		16,010	14,722
Current financial investments	12	136	-
Cash and cash equivalents	13	387,954	248,823
CURRENT ASSETS		**718,662**	**552,718**
TOTAL ASSETS		**2,374,985**	**2,147,691**

LIABILITIES AND EQUITY	Note	31/12/2023	31/12/2022
Subscribed capital	16	25,127	21,782
Share premium	16	545,866	317,315
Legal reserve	16	4,275	4,275
Other reserves	16	915,984	948,171
Valuation adjustments and other adjustments	16	(33,205)	(28,635)
Translation differences	16	43,827	51,526
Profit for the year		(38,474)	4,281
EQUITY		**1,463,400**	**1,318,715**
Financial liabilities	17	341,851	350,758
Non-current liabilities from leasing	10	37,605	33,935
Deferred tax liabilities	22	71,920	77,254
Retirement benefit obligations	19	60,481	54,046
Provisions	20	13,926	20,746
Other non-current liabilities	18	34,727	17,624
NON-CURRENT LIABILITIES		**560,510**	**554,363**
Financial liabilities	17	13,968	12,402
Current liabilities for leasing	10	6,206	5,100
Trade payables	18	181,354	184,287
Current tax liabilities	22	29,044	26,643
Other current liabilities	18	120,503	46,181
CURRENT LIABILITIES		**351,075**	**274,613**
TOTAL LIABILITIES AND EQUITY		**2,374,985**	**2,147,691**

The Notes 1 to 33 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 2023.

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

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

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDING ON DECEMBER 31

(Thousands of Euros)

	Note	Fiscal year 2023	Fiscal year 2022
Net turnover	21	894,516	863,248
Other Income	21	4,271	15,263
Operating income		**898,787**	**878,511**
Work carried out on fixed assets	9	9,016	7,539
Supplies	21	(221,495)	(207,571)
Staff costs	21	(208,801)	(201,660)
Depreciation	9, 10 & 11	(124,316)	(120,636)
Net change in valuation adjustments	21	(2,597)	1,576
Other operating expenses	21	(307,185)	(289,541)
Net gains (losses) on disposal of assets	21	(1,343)	(4,863)
Impairment losses on property, plant and equipment, intangible assets and goodwill	9 & 21	(47,330)	(16,489)
Operating profit		**(5,264)**	**46,866**
Financial income	21	5,585	637
Financial expenses	21	(14,647)	(12,785)
Exchange rate differences	21	(1,321)	1,984
Valuation gain on financial instruments	17 & 21	(1,544)	(5,675)
Financial result		**(11,927)**	**(15,839)**
Earnings before tax		**(17,191)**	**31,027**
Corporate income tax	22	(21,283)	(26,746)
Net profit for the year attributable to the Parent Company		**(38,474)**	**4,281**
Earnings / (Loss) per Share (Euros):	25		
A) Basic		(0.20)	0.02
B) Diluted		(0.20)	0.02

The Notes 1 to 33 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 2023.

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

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 2023	Fiscal year 2022
Profit (loss) for the year		**(38,474)**	**4,281**
Other comprehensive income:			
Items not to be reclassified to income			
Retirement benefit obligations	19	(6,347)	21,798
Income tax on items that will not be reclassified	22	1,777	(6,024)
Others		-	-
Total items not to be reclassified to income		**(4,570)**	**15,774**
Items that can be reclassified subsequently to profit or loss			
Other changes in value		-	-
Foreign currency translation differences	16	(7,699)	25,461
Total items that can be reclassified subsequently to profit or loss		**(7,699)**	**25,461**
Other comprehensive income for the fiscal year, net of tax		**(12,269)**	**41,235**
Total comprehensive income for the year		**(50,743)**	**45,516**
Attributable to:			
- Owners of the parent company		(50,743)	45,516
- Non-controlling interests		-	-
Total comprehensive income attributable to owners of the parent company derived from:			
- Continuing operations		(50,743)	45,516
- Discontinued operations		-	-

The Notes 1 to 33 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 2023.

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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 2022	**16**	**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	24	209	21,530	-	(34,158)	-	-	-	-	-	(12,419)
Treasury shares of the Parent Company	16	-	-	-	-	(421)	-	-	-	-	(421)
Total comprehensive income for the year		-	-	-	-	-	-	15,774	25,461	4,281	45,516
Balance as at 31 December 2022	**16**	**21,782**	**317,315**	**4,275**	**955,022**	**(2,552)**	**(4,299)**	**(28,635)**	**51,526**	**4,281**	**1,318,715**

					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 2023	**16**	**21,782**	**317,315**	**4,275**	**955,022**	**(2,552)**	**(4,299)**	**(28,635)**	**51,526**	**4,281**	**1,318,715**
Distribution of profits		-	-	-	(57,667)	-	61,948	-	-	(4,281)	-
Capital increase	16	2,927	197,073	-	-	-	-	-	-	-	200,000
Capital increase costs	16	-	-	-	(1,674)	-	-	-	-	-	(1,674)
Dividends	24	418	31,478	-	(34,488)	-	-	-	-	-	(2,592)
Treasury shares of the Parent Company	16	-	-	-	-	(306)	-	-	-	-	(306)
Total comprehensive income for the year		-	-	-	-	-	-	(4,570)	(7,699)	(38,474)	(50,743)
Balance as at 31 December 2023	**16**	**25,127**	**545,866**	**4,275**	**861,193**	**(2,858)**	**57,649**	**(33,205)**	**43,827**	**(38,474)**	**1,463,400**

The Notes 1 to 33 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 2023.

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

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDING ON DECEMBER 31

(Thousands of Euros)

	Note	Fiscal year 2023	Fiscal year 2022
Cash Flow			
Earnings before tax		(17,191)	31,027
Depreciation	9, 10 & 11	124,316	120,636
Valuation adjustments for impairment	9 & 21	47,330	16,489
Net gains (losses) on disposal of assets	21	1,343	4,863
Financial income	21	(5,585)	(637)
Financial expenses	21	14,647	12,785
Exchange rate differences	21	1,321	(1,984)
Changes in fair value of financial instruments	17 & 21	1,544	5,675
Change in fair value of Covis/AstraZeneca financial assets	12 & 21	(2,994)	(12,029)
		164,731	**176,825**
Adjustments for changes in working capital:			
Change in stocks	14	(37,120)	(10,695)
Change in trade and other receivables	15	(3,146)	2,877
Change in trade payables	18	(9,392)	6,272
Change in other current assets		(4,313)	(2,285)
Change in other current liabilities		(2,062)	(2,385)
Adjustments for changes in other non-current items:			
Other non-current assets and liabilities		(1,646)	(9,147)
		(57,679)	**(15,363)**
Cash flow from taxes:		**(13,567)**	**(6,360)**
Net cash flows from operating activities (I)		**93,485**	**155,102**
Cash flow from investment activities			
Interest receivable		5,123	170
Investments:			
Intangible assets	9 & 18	(125,805)	(93,473)
Property, plant and equipment	11	(33,499)	(23,007)
Financial assets	12	(818)	(288)
Divestments:			
Receivables linked to the contract with Covis/AstraZeneca	12	31,801	47,306
Other non-current assets		639	749
Net cash flows from investment activities (II)		**(122,559)**	**(68,543)**
Cash flow from financing activities			
Interest payable	17	(10,214)	(9,899)
Equity instruments:			
Capital increase	16	197,767	-
Dividends paid	24	(2,592)	(12,419)
Acquisition/Disposal of own equity instruments	16	157	46
Financial instruments:			
Repayment of debts with credit institutions	17	(10,000)	(10,000)
Finance lease payments	10	(6,913)	(7,200)
Others		-	(5,650)
Net cash flows from financing activities (III)		**168,205**	**(45,122)**
Net change in cash and cash equivalents (I+II+III)		**139,131**	**41,437**
Cash and cash equivalents at the start of the fiscal year		**248,823**	**207,386**
Cash and cash equivalents at the end of the fiscal year		**387,954**	**248,823**

The Notes 1 to 33 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 2023.

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 2023, 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 16 February 2024.

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 all 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 2023 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 2023 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 2022 were approved by the Parent Company's General Shareholders' Meeting held on 05 May 2023. These consolidated financial statements of the Group for fiscal year 2023 are pending approval by the Parent Company's General Shareholders' Meeting. Nevertheless, the Parent Company's Board of Directors expects that they 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 2023. 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 2024.

Standards, amendments and interpretations are mandatory for all fiscal years beginning on or after 01 January 2023:

- IFRS 17 “Insurance Contracts”, including amendments on the Initial Application of IFRS 17 and IFRS 9 - Comparative Information.
- Definition of Accounting Estimates - Amendments to IAS 8 “Accounting Policies”, Changes in Accounting Estimates and Errors.
- Disclosure initiative: Accounting Policies - Amendments to IAS 1 “Presentation of Financial Statements” and to IFRS Practice Statement 2 “Making Materiality Judgements”.
- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12 “Income Taxes”.
- Amendments to IAS 12 - International Tax Reform - Pillar 2 Model Rules (these amendments were published in May 2023, but they are not applicable until 31 December 2023).

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

At the date of preparation of 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:

- Classification of liabilities as current or non-current and as non-current liabilities with covenants - Amendments to IAS 1 Presentation of Financial Statements

At the date of preparation of these consolidated financial statements there are no standards, amendments and interpretations by the IASB or the IFRS Interpretations Committee that can be applied in advance.

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 preparation of 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:

- Lease liability in a sale and leaseback - Amendments to IFRS 16 “Leases”
- Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 Financial Instruments: Disclosures - Supplier finance arrangements

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 2023 with those as of 31 December 2022. 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 2023 with those for the fiscal year ending on 31 December 2022.

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. Other relevant currencies in the Group’s operations are the US dollar, the pound sterling and the Swiss franc, among others (see Note 21).

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 2023, 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-b), 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 22).
- The fair value of certain unquoted financial assets (Note 5-j) 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 2023 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 and 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 2023 and 2022, 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 on 31 December 2023, there was no change in the companies included within the Group's scope of consolidation.

During the year ending 31 December 2022, there were the following changes in the business composition of the Group:

- 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 are engaged in the business activity of performing intermediation services 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.

4. Scrip 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 €39.8 million (equivalent to €0.19 per share). For the purposes of this dividend distribution, it is proposed to use the "Scrip 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 33).

5. Accounting criteria

The consolidated financial statements of the Group for the year ending on 31 December 2023 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 assets acquired and the liabilities assumed are recognised on the acquisition date at their fair value.

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.

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.

All registered intangible assets have a finite useful life and are amortised on the basis thereof, 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 for the most standard assets (determined on the basis of the average years of estimated useful life of the various items):

	Years of useful life
Patents and trademarks	3
Computer applications	3 – 6

In the case of intangible assets resulting from licensing and/or development agreements, their useful life is estimated on the basis of the commercial life of the acquired rights. Generally, this covers the period from product launch to expiry of the patent (at which point the entry of generics is foreseen, if applicable), always limited to the contractual period for which the rights are held. Note 9 details the useful lives of the main intangible assets.

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.

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 (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.

In the case of licensing and/or development agreements, payments subject to the achievement of regulatory or commercial milestones are generally recognised at the time the milestone is met. They are therefore are considered to be contingent assets until that time and are recognised as an increase in the cost of the intangible asset in question. In the case of commercial milestones (where the product is usually already on the market), the amortisation period is reduced to the remaining useful life of the original asset.

In the event that any milestone implied an improvement in the protection of intellectual property (i.e. reducing the risk of entry of generics, for example), the useful life would be re-estimated accordingly.

In the case of non-contingent assets, the cost is recognised at the initial moment, and the consideration is measured at a value equivalent to the amortised cost of the liability to be disbursed in the future, discounted at a market rate of interest.

Computer applications

In this account, the Group records the acquisition and development of software, whether it is the implementation of new software or substantial improvements to existing software. Maintenance costs for computer applications are charged to the consolidated income statement for the year in which they are incurred.

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 once they are ready to be put into operation.

The annual depreciation charges for property, plant and equipment are recognised in the consolidated income statement, and they are basically equivalent to the depreciation rates determined on the basis of the years of estimated useful life. The land on which buildings and other structures are built is considered to have an indefinite useful life and is therefore not depreciated.

Among property, plant and equipment, there are a number of environmental assets whose main purpose is 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 30.

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 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 properties associated with the Group's production centres are not assigned to any specific cash-generating unit (hereinafter "CGU"), given that they are in common use by various CGUs, most of which do not have an assigned intangible asset or goodwill, wherefore they are not included in the carrying amount when tested for impairment. However, the related costs are allocated on a reasonable allocation basis to the various products, which are ultimately considered as CGUs for the purposes of the Group's impairment tests. Furthermore, there is no property whose use is specific for a single product or CGU.

These assets have not been tested for impairment because there were no indications of impairment. If there were any, an analysis of the value chain of the associated product (which is usually the most easily identifiable CGU) would have been performed to assess whether any tangible asset could be affected (e.g. a product being discontinued or withdrawn from the market).

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. 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 discount rate used is reviewed periodically (at least every six months), and it takes into account various components that reflect the current macroeconomic environment, such as the cost of risk-free debt (usually associated with the cost of public debt of the territory concerned), the sector Beta and the risk premium by size.

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 reduce 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 (CGU) 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 (CGU) in previous 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). 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 an explicit minimum period of 5 years. Cash flows beyond the explicit period are extrapolated using negative perpetual growth rates (g), given that, due to the very nature of the sector, products tend to be replaced by new, innovative products in the long term or they see their price significantly reduced as a consequence of new treatments and/or entry by generics, and therefore permanent growth scenarios are not considered in the long term. This is also in line with IAS 36 on the guide for growth rates in financial projections.

For certain assets (such as products under development that are not yet depreciated), detailed financial projections that range from 10 to 18 years are used (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.

Other intangible assets are tested for impairment only in those cases where there are indications of impairment and those that are in progress (normally products in the development stage). The main assumptions of these impairment tests are detailed in Note 9 .

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.

Cash flows are estimated based on the maturity cycle of the product, the size of the market (which depends on the type of disease and the level of diagnosis of the disease), the therapeutic characteristics of the product itself (based on the clinical value of the product, a market share percentage within the therapeutic area is estimated) and the expected reimbursement price. In this regard, faced with tougher macroeconomic environments, it is true that the governments of the different territories have incentives to limit healthcare spending (one part being the cost of financed medicines and treatments), but these cost containment measures can take different forms, such as the prevalence of alternative generic treatments, limiting the number of patients treated, unilateral price cuts for certain medicines, etc., so it is difficult to estimate without knowing the specific measures that may be applied, but even so the Group has some margin to adapt in many cases.

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 and the perpetual growth rate. Other assumptions, such as gross margin or cash flows, are not considered key due to showing less uncertainty:

- Regarding gross margin, the costs of sale of many of the products subject to impairment testing are fixed to supply contracts with the original licensees, usually at a percentage of the selling price of the products. It is therefore unusual for the cost of inflation to be passed on. Likewise, operating expenses associated with manufacturing represent a small part of the total product cost (e.g. supplies), and most of the products manufactured by the Group do not have any associated intangible asset.
- Regarding cash flows, in general the pharmaceutical sector is counter-cyclical, given that chronic and prescription treatments tend to have stable demand, and they neither benefit from nor are they harmed by favourable or recessionary macroeconomic scenarios.

In terms of sensitivity to the key assumptions, the Group's Management considers 10% to be a deviation range with sufficient headroom to absorb unexpected events beyond what is considered reasonable under normal business conditions, based on the retrospective analysis of past estimates.

As for the discount rate assumption and the perpetual growth rate assumption, half a point has been set as reasonable based on the increases experienced in recent years in the former case and a conservative assumption in the latter case.

The main assumptions used in the impairment tests and the sensitivity analysis for the years ending on 31 December 2023 and 2022 are detailed in Notes 8 and 9.

e) Leases

Leases are recognised as a right-of-use asset (including the respective liability) on the date when the leased asset is available for use by the Group, in accordance with the provisions established by IFRS 16. Each lease payment is allocated between the corresponding liability and the 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. The lease liabilities maintained by the Group include the net present value of the following lease payments:

- fixed payments (including payments that are fixed in essence) less any lease incentive receivable, 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.

The Group rents 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.

The only individually relevant leased asset is the Group's headquarters, the terms of which are described in Note 10.

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 (12 months ore less) and leases of low-value assets (computer equipment and small items of office furniture) are recognised, on a straight-line basis, as an expense in the consolidated profit and loss statement.

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.

Estimates are also made for the impairment of these assets due to obsolescence, mainly due to the expiry date of the different proprietary medicinal products (which ranges from 2 to 5 years for finished products) or due to slow turnover in cases where the estimated demand is insufficient to absorb the inventories within a reasonable period of time.

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. The late payment faced by the Group is not significant and is mainly concentrated in pharmacies and hospitals that are dependent on national health systems (mainly due to budgetary constraints).

h) Cash and cash equivalents

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 have no significant penalties in the event of early redemption, are classified as cash and other cash equivalents.

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.

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 cash flow characteristics thereof. The Group currently has debt instruments that fall into the following valuation categories:

- 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 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 15 for further details.

Financial liabilities

Trade accounts payable are payment obligations for goods or services acquired from suppliers in the ordinary course of business. Trade 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 are subsequently measured at amortised cost using the effective interest rate method, when the maturity is greater than twelve months.

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.

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.

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 that fair value and the nominal value of the financing received are treated as a subsidy (see Note 18-b)).

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 31).

For the years ended 31 December 2023 and 2022, the only derivative financial instrument held by the Group is the Equity swap described in Note 17, which does not qualify for hedge accounting.

In this case, the derivative is initially recognised at fair value and is subsequently remeasured at fair value at each reporting date. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included under "Valuation gains of financial instruments" in the consolidated income statement.

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.

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 (Note 26-b).

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 26.

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 the following legal proceedings and claims:

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 the evolution thereof 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 2023 and 2022, 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.

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

The subsidiaries Almirall Hermal, GmbH, Almirall AG and Polichem, S.A. have obligations for retirement benefits (or post-employment payments), of which only the former is material 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 19).

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.

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, which are detailed in Note 19.

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 (increase of the past service cost), and it recognises income when benefits are reduced (reduction of the 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.

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 multiple 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

The Group recognises as revenue the amount of the transaction price related to the consideration it expects to be entitled to receive for the transfer of goods to the customer, for services provided and other revenue in the ordinary course of business, which may consist of fixed or variable amounts or both. Revenue is presented net of returns, trade discounts, prompt payment discounts and contributions to health care systems (see Note 5-p) for further details).

The Group recognises revenue when it satisfies an obligation by transferring a good or service to the customer and the customer obtains control of the asset. The Group determines, at the inception of the contract, whether to satisfy the obligations over time or at a specific point in time, depending on the specific conditions for each of the Group's activities, as described below.

In accordance with IFRS 15, the Group takes into account the five-step model for determining when revenue and the amount thereof should be recognised, which consists in the following steps:

1. Identification of the contract with the customer.
2. Identification of the performance obligations contained in the contract.
3. Determination of the transaction price.
4. Allocation of the price between the various performance obligations.
5. Determination of the basis for revenue recognition, when a performance obligation is satisfied.

In this regard, for each performance obligation that is identified, the Group determines, at inception of the contract, whether it satisfies the performance obligation over time or at a specific point in time.

i) Sales of products

The Group's "product sales" are those derived from sales of proprietary medicinal products, active pharmaceutical ingredients and other non-prescription pharmaceutical products, where control is transferred to customers and service obligations are fulfilled when the goods are made available to customers, which in the Group's case are wholesalers, logistics operators, pharmacies and hospitals (in the various territories where the Group has a direct presence) or other pharmaceutical companies with which the Group has a distribution and/or licensing agreement for a specific territory and specific products.

In this regard, the Group distinguishes between three major segments in turnover (Note 23):

- Marketing through its own network: sale of proprietary medicinal products in territories where the Group has a direct presence (Europe and United States, as separated in the segmented information), i.e. it has a local sales network that makes medical visits to healthcare professionals (family doctors, specialists, etc.) or directly to retail channels (mainly pharmacies).
- Marketing through licensees: sale of proprietary medicinal products or active pharmaceutical ingredients to other pharmaceutical companies, which carry out the local promotional activity in those territories. These sales are linked to the licensing contracts described in section ii) of this Note.
- Third-party manufacturing and intermediation: sale of proprietary medicinal products where the Group provides a manufacturing service for a third party with little commercial risk (in general, the price is fixed at cost plus a mark-up) and where the main customer is Covis Pharma GmbH (hereinafter Covis), linked to the agreement explained in Note 12. This activity is reflected in the Corporate Services and Manufacturing segment.

IFRS 15 establishes that an entity that grants the right to return product must recognise revenue equal to the consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer, as well as a refund liability and an asset for the right to recover the products. The Group recognises its revenue net of estimated returns at the date of sale, while at the same time recognising a refund liability. The Group does not recognise an asset for the right to recover goods because, based on experience and the type of marketed product, returned materials cannot be returned to the Group's inventory.

The amount of recognised revenue is adjusted for expected returns, which are estimated based on the average return rate in recent years. Discounts granted to public customers are recorded as a deduction from revenue at the time the related revenue is recorded. Where appropriate, a liability is calculated on the basis of historical experience, which involves management judgements.

Therefore, the Group's revenue from product sales is subject to variable consideration for discounts, refunds and returns. This variable consideration is only recognised if it is highly probable that there will not be a material reversal in the amount of cumulative revenue recognised when the uncertainty associated with the variable consideration is subsequently resolved.

ii) Income from granting licenses

Mainly, although not exclusively, in countries where the Group does not have a direct presence, it grants other pharmaceutical companies licences to sell its products on an exclusive basis in a specific territory, furthermore undertaking to manufacture the pharmaceutical product for the customer in most cases. Sales for the supply of products are made on an arm's length basis and are recognised in accordance with paragraph (i) of this Note.

For these agreements, the Group generally charges an upfront payment for transfer of the licence, which is either non-refundable or may be refunded to the customer under strict conditions if the product is not finally authorised for distribution in the agreed territory. Given that these amounts are considered non-refundable in most cases, the revenue is recognised at the initial moment.

In addition, the Group usually includes in such contracts additional payments linked to the assignment of intellectual property subject to the achievement of regulatory and/or commercial milestones, which are considered contingent until the corresponding milestone occurs (at which time revenue would be recognised), or royalties based on product performance (typically sales of product in the local market), which are recognised as such sales occur.

Finally, in certain cases the Group grants perpetual licences where the Group's obligations are minimal (beyond a transitional period until transfer of the commercial authorisation in the relevant territory or until effective transfer of the production site can take place). In these cases, the Group's obligations are deemed to be fulfilled at the time when the contract is signed, and all revenue is recognised at inception.

iii) Interest income

Interest income is recognised using the effective interest rate method. As a result of the Group's direct activity, it does not collect interest from its customers, rather only from the cash surpluses it places in financial instruments as mentioned in Note 5-h) and 13.

p) Contributions to health systems

In the different territories where the Group operates, it is common that, in order to gain access to health system prescribers (health sector professionals such as family doctors or specialists) and, therefore, to be able to sell proprietary medicinal products through its network of coverage, it has to enter into agreements with governments (usually through the Ministry of Health) or private co-payment systems (mainly with insurance companies).

When accessing the national health system, in the case of proprietary medicinal products, the relevant commercial authorisation is required, as well as a reimbursement price, which is the price charged by the Group (although the patient pays a much lower price, the difference being borne by the State). For this reason, governments often have models of contributions to the national health system, which are paid by pharmaceutical companies based on the different products that are prescribed or administered in hospitals, either in the form of mandatory direct rebates or contributions according to the sales made on reimbursed products. This is the model found in most countries in Europe (with a welfare state model).

In other territories, such as the United States, prescriptions are channelled through private insurance companies, with which agreements are made to include the Group's products in their coverage plans, given that otherwise the patient would have to pay the full price of the proprietary medicinal product, and this would limit the commercial success of the product.

In both cases, the Group makes the best estimate of the costs associated with these contributions, which are recorded as a reduction in "Net turnover" in the consolidated income statement. The liability is recorded under "Trade payables" (Note 18-a)) or "Provisions" (Note 20), depending on the expected time horizon for payment of the contributions.

q) 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 are comprised in the Group for tax purposes for fiscal year 2023 are: Almirall, S.A., Laboratorios Almirall, S.L., Industrias Farmacéuticas Almirall, S.A., Laboratorios Tecnobío, S.A., Ranke Química, S.A., Almirall Europa Derma, S.A. and Almirall Holding Iberia, S.L. (formerly Almirall International, B.V., which transferred its registered office from the Netherlands to Spain in December 2023), with the former acting 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.

Current or deferred income tax is recognised in profit or loss, unless it arises from a transaction or economic event that is recognised in the same or a different period, against equity or from a business combination.

Notwithstanding the above, the Group has applied the exception to the recognition and disclosure of information on deferred tax assets and liabilities related to the minimum effective taxation of groups of multinational enterprises (OECD model rules or Pillar Two rules).

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 18).

- Offsetting and classification

The Group only offsets current income tax assets and liabilities if it has a legal claim against the tax authorities and it intends to either settle the resulting debts on a net basis or realise the assets and settle the debts simultaneously.

In the case of deferred income tax assets and liabilities, they are only offset if a legal right of offset exists vis-à-vis the tax authorities and those assets and liabilities relate to the same tax authority, and to the same taxable entity or to different taxable entities that intend to settle or realise the current tax assets and liabilities on a net basis, or realise the assets and settle the liabilities simultaneously, in each of the future periods in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, regardless of the expected date of realisation or settlement

- Monetisation

When the Company makes the decision to monetise tax credits, having certified reports that support these amounts and there is a reasonable estimate that the total average number of personnel or average R&D personnel will be maintained for two years, and it is reasonable to reinvest the amounts collected from the monetisation of these tax credits in R&D activities, the amount of the monetisation (80% of R&D tax credits) will be recognised as a deferred tax asset or as a tax loss carryforward, as appropriate.

r) 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.

s) 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 2023 and 2022, are disclosed in Note 28.

t) Share capital

The subscribed capital is represented by ordinary shares.

Incremental costs directly attributable to the issuance of new shares, or a value reduction or the amortisation of existing shares, are presented in equity as a reduction, net of taxes, of the income earned.

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 shareholders of the Company until the cancellation, reissue or disposal of the acquired treasury shares. When these shares are subsequently sold reissued, any amount received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity attributed to the shareholders of the Company.

6. Changes in accounting policies

In the year ending on 31 December 2023, 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 2022.

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) Valuation of intangible assets - Licensing agreements with developments in progress

This section includes 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)).

The various payments arising from the contract are assessed at inception, and if they are contingent, they are not recognised until they are accrued (usually upon the achievement of a milestone). Details of the contingent assets due to this type of agreement can be found in Notes 9 and 26.

Payments that occur upon the achievement of certain development, regulatory or commercial milestones (e.g. moving to a more advanced stage of development, obtaining regulatory approval or reaching a certain sales threshold), which confirm the increased value of the asset in question, are capitalised.

Conversely, when payments are linked to the performance of ordinary activities of the development stage that do not meet the condition for capitalisation (such as the performance of clinical trials or royalties on sales), they are recognised in the consolidated income statement when that are incurred.

These assets will be depreciated over the respective useful lives of the corresponding products starting from the moment when these products are commercially launched (after obtaining regulatory approval, if applicable). 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 business plan with a discounted cash flow is prepared which involves a degree of uncertainty inherent in consideration of the various possible scenarios. A variation of 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).

b) 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 the impairment thereof.

c) 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 the estimate of the Group's taxable profits. Moreover, the legal deadlines for the 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 22). Nevertheless, the Group has considered a maximum time frame of 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 profits, 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.

d) 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 2023 and 2022, 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 26).

8. Goodwill

The details of this heading of the consolidated balance at the close of 2023 and 2022 are the following:

	Thousands of Euros	
	31/12/2023	**31/12/2022**
Almirall, S.A.	35,407	35,407
Almirall Hermal GmbH	227,743	227,743
Poli Group	52,816	52,816
Total	**315,966**	**315,966**

There have been no movements during financial years 2023 and 2022.

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 remaining amount is the figure that remained to be amortised at the date of transition to IFRS on 1 January 2004, and the main products included already existed prior to the merger, mainly Almax and Ebastel, which are mainly sold in Spain and Europe, respectively.

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 main products supporting this goodwill are those that were acquired, mainly in dermatology. The most prominent products are Decoderm and Balneum, which are mainly sold in Germany and other European countries.

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. The main products supporting this goodwill are those that were acquired, mainly in dermatology, gynaecology and respiratory medicine. The most prominent products are Ciclopoli, which is sold worldwide (but mainly in Europe), and Finjuve, which is marketed through licensees in different territories around the world.

Further details on the intangible assets linked to Poli Group’s goodwill can be found in Note 9. For the remaining goodwill, the associated intangible assets are fully amortised.

Impairment losses

At the end of the fiscal year ending on 31 December 2023 and 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).

As of 31 December 2023 and 2022, 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	Asset or Cash Generating Unit	Thousands of Euros		Assumption 2023			Assumption 2022		
		Goodwill (*)	Intangible assets (*)	p.t.d.	a.t.d.	p.i.g.r.	p.t.d.	a.t.d.	p.i.g.r.
Almirall, S.A.	Assets present before the merger	35,407	-	12.5%	8.0%	(5)%	11.8%	7.5%	(5)%
Almirall Hermal GmbH	Assets from the takeover of Hermal GmbH	227,743	-	12.0%	8.0%	(2)%	11.4%	7.5%	(2)%
Poli Group	Assets from the takeover of Poli Group: i) Licences and other commercialization rights (product technology), own network segment	7,400	30,236	11.0%	8.0%	(2)%	10.8%	7.5%	(2)%
	ii) Licences and other commercialization rights (product technology), third-party commercialization segment	45,416	153,894	10.2%	8.0%	(1)%	9.1%	7.5%	(1)%
	iii) Acquired development costs (Terbinafine)	-	4,390	11.1%	8.0%	(2)%	9.7%	7.5%	(2)%
	iv) Acquired development expenses (Finjuve)	-	17,484	10.9%	8.0%	(2)%	9.2%	7.5%	(2)%
Total		**315,966**	**206,004**						

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

Impairment tests assume flat or slightly declining sales, given that most of the portfolios are mature. The gross margin for impairment testing purposes is calculated on the basis of net turnover, net of Procurements and royalties (which are included in Leases and royalties under Other operating expenses (Note 21)).

As of 31 December 2023 and 2022, 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.

At 31 December 2023 and 2022, the sensitivity analysis performed due to reasonably possible variations in the main key assumptions (as described in Note 5-d)) does not show any impact due to impairment according to the same variables that were used.

9. Intangible assets

The itemisation of the balance and changes of this heading in the accompanying consolidated balance sheets as of 31 December 2023 and 2022 is as follows:

Thousands of euros	Balance as at 31/12/2022	Recognitions	Transfers	Derecognitions	Translation differences	Balance as at 31/12/2023
Industrial property	1,968,785	121,031	178529	(137,231)	(28,325)	2,102,789
Development costs[1]	81,602	9,016	(33)	(1,990)	(598)	87,997
Computer applications	94,582	3,586	5,241	(35)	(48)	103,326
Advances and property, plant and equipment in progress	160,526	78,253	(183,737)	-	7	55,049
Total cost Intangible Assets	2,305,495	211,886	-	(139,256)	(28,964)	2,349,161
Accum. A. Industrial property	(978,115)	(94,779)	-	48,888	10,095	(1,013,911)
Accum. A. Development costs	(1,503)	(739)	-	-	(4)	(2,246)
Accum. A. Computer applications	(79,056)	(6,679)	-	26	46	(85,663)
Total Accum. A. Intangible assets	(1,058,674)	(102,197)	-	48,914	10,137	(1,101,820)
Impairment losses	(348,144)	(47,330)	-	89,152	10,396	(295,926)
Net Value Intangible assets	**898,677**	**62,359**	**-**	**(1,190)**	**(8,431)**	**951,415**

[1] Additions to the Development expenses heading include €9,016 thousand of internally generated expenses in the fiscal year ending at 31 December 2023.

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	2625	(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.

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 2023, the main additions of intangible assets amounted to €211.9 million, which largely reflect:

- On 1 January 2023, the agreement signed with MSD International Business GmbH came into force, thereby agreeing to an extension of 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 were paid in March 2023.
- On 3 February 2023, a purchase agreement was signed with DFT El Globo S.L. for the rights of several products marketed in Spain under the Physiorelax trademark. Under the terms of the agreement, the Group disbursed approximately €11.7 million in February, with €0.7 million pending payment 18 months after the effective date of the agreement.

- In March 2023, \$7.5 million (equivalent to €7.1 million) were paid pursuant to the addendum to Ilumetri's licence agreement with Sun Pharma. According to the addendum, the Group will disburse up to an additional \$10 million, based on certain regulatory milestones, for a new indication for this product.

  In addition, in November 2023, the third milestone for sales under the same contract was accrued in the amount of \$20 million (equivalent to €18.3 million). The payment has been made in January 2024, pending payment as of 31 December 2023 (Note 18-b).

- In August 2023, an agreement was signed for acquiring, from Novartis AG, the exclusive rights to Prometax® in Spain, a product for treating Alzheimer's disease. As a consequence of this agreement, an asset amounting to €52.7 million was recorded (€45 million paid upfront and €7.7 million corresponding to the net present value of a deferred payment of €10 million payable in December 2028 at the latest, Note 18-b)).

- In October 2023, the first sales milestone related to the licensing agreement with MC2 Therapeutics (under which the product Wynzora is marketed) was paid, in the amount of €2 million.

- On 17 November 2023, the EMA announced the approval of Ebglyss (indicated for atopic dermatitis), for which the Group has the commercial rights for Europe under the licence agreement signed with Lilly, as explained later in this Note. As a result of this approval, a milestone payment amounting to \$20 million (equivalent to €18.3 million) has been accrued.

  In addition, following the commercial launch of Ebglyss in Germany in December 2023, a further milestone of \$45 million (equivalent to €41.7 million) has been accrued. Lastly, payment has been made in January 2024, which was outstanding as at 31 December 2023 (Note 18-b).

- In December 2023, there was advancement to the next phase of development of IL-2Mu-Fc (linked to the development agreement with Simcere, as explained later in this Note), wherefore a milestone of \$4 million (equivalent to €3.7 million) was accrued. Payment has been made in January 2024, which was outstanding as of 31 December 2023 (Note 18-b).

- In December 2023, a research and development agreement was signed with Etherna, involving a multi-target partnership to develop mRNA-based therapies in medical dermatology. As a result of this agreement, €8.5 million was accrued as an upfront payment for the intellectual property, plus €7.8 million for access to Etherna's technology platform (representing the net present value of 3 payments of €2.8 million each, due in January 2024, December 2024 and December 2025). These amounts were outstanding as of 31 December 2023 (Note 18-b), with the initial payment of €8.5 million euros plus the first payment of €2.8 million euros having been paid in January 2024.

- As mentioned in Note 5-b), the Group had two development projects that met the capitalisation criteria, which were completed during the year. These projects corresponded to complementary studies for the launch of an acne treatment product in China and to a new formulation of a psoriasis treatment already on the European market. The total amount capitalised in 2023 amounted to €3.8 million.

  In addition, following the EMA's approval of Ebglyss (indicated for atopic dermatitis), certain clinical studies related to this product started to be capitalised (mainly a long-term safety study and a study to collect biomarker data with patients from different countries in Europe). The total amount capitalised in 2023 amounted to €5.2 million.

During the 2022 fiscal year, the main additions of intangible assets amounted to €79.2 million and corresponded largely to:

- In the first quarter of 2022, 3 milestones related to the launch of a product registered under the Wynzora trademark (licensed from MC2 Therapeutics) were achieved in the top 3 European markets, for an aggregate amount of €3 million.

- On 12 May 2022, a research and early development agreement was 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 recorded €6 million for access to Evotec's technology platform (EVOiR&D), which were paid in July 2022.

- In June 2022, recruitment began for a line extension study for the product marketed under the Klisyri trademark. As a result, a milestone of $5 million (equivalent to €4.8 million) was accrued, which was paid in the third quarter of 2022. Additionally, in December 2022, a commercial milestone of $2.5 million (equivalent to €2.3 million) was accrued, which was paid in January 2023.
- 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 made an initial payment of $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 $12 million (equivalent to €12 million), which was 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 paid $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 during fiscal year 2022 amounted to €7.5 million.

The disposals in 2023 are mainly due to the discontinuation of one of the products that was part of the takeover of Aqua Pharmaceuticals (Veltin), resulting in a loss of €1.2 million recorded under "Net gain on disposal of assets" in the consolidated income statement for the year ended 31 December 2023 (Note 21). In addition, the rights of another of this CGU's products, whose net book value was zero, were disposed of, given that it was completely amortised and impaired, although the gross thereof value amounted to 131.7 million euros, which explains the bulk of the 2023 derecognitions.

Disposals in 2022 were mainly due to the sale of the rights to one of the products that were part of the takeover of Aqua Pharmaceuticals. This transaction 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 21).

Transfers in 2023 mainly relate to Ebglyss, following its approval and subsequent launch at the end of 2023, amounting to €178.5 million.

The translation differences for fiscal years 2023 and 2022 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 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 31/12/2023	Carrying amount 31/12/2022	Initial useful life (years)	Remaining useful life (31/12/2023)
a) Assets as a consequence of the takeover of Aqua Pharmaceuticals (now Almirall LLC) (product technology)	2013	Altabax	933	3183	15	1.5
b) Assets from the takeover of Poli Group:						
i) Licences and other commercialization rights (product technology)	2016	Ciclopoli	184,130	204,859	14-18	8-12
ii) Acquired development costs	2016	Finjuve	21,874	23,907	10-15	7-12
c) Rights acquired from Sun Pharma for Europe	2016	Ilumetri	103,904	86,729	15	10
d) Rights acquired from AstraZeneca for Spain	2017	Crestor and Provisacor	33,544	41,930	10	4
e) Rights acquired from Athenex for the United States and Europe	2017	Klisyri	55,513	63,253	10	8
f) Rights acquired from Allergan for the United States	2018	Seysara and Cordran Tape	165,464	253,426	5-15	0-10
g) Rights acquired from Lilly for Europe	2019	Ebglyss	178,496	118,512	10	10
h) Rights acquired from MC2 Therapeutics for Europe	2021	Wynzora	13,920	13,500	10	8
i) Rights acquired from Ichnos for the whole world	2021	Anti-IL-1RAP mAb	20,800	20,800	In progress	In progress
j) Development technology and rights acquired from Evotec for the whole world	2022	N/A	4,100	5,300	5	3.5
k) Rights acquired from Simcere for the whole world (except China)	2022	IL-2muFc	18,129	14,417	In progress	In progress
l) Renewal of rights acquired from MSD for Spain	2023	Efficib and Tesavel	12,000	-	3	2
m) Rights acquired from DFT El Globo S.L. for Europe	2023	Physiorelax	11,263	-	10	9
n) Rights acquired from Novartis AG for Spain	2023	Prometax	50,948	-	10	10
o) Intellectual property and development technology acquired from Etherna for the whole world	2023	N/A	16,362	-	Ongoing / 3	N/A / 3
Costs for developments made by the company	N/A		29,690	21,412	10	8
Other intangible assets	N/A		30,345	27,449		
Total intangible assets			**951,415**	**898,677**		

Listed below are the main assets included under this heading and their main changes in the 2023 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 amortisation in the amount of €1.2 million (€3.5 million in the year 2022) and to the aforementioned de-recognition of rights (1.2 million euros).

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 amortisation in the amount of €20.7 million (€20.7 million in the year 2022).

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. The change in the year corresponds to amortisation in the amount of €2.0 million in 2023 (€2.0 million in 2022).

c) Marketing rights for Europe for a product that treats psoriasis, under the Ilumetri trademark. The change in the year corresponds to amortisation in the amount of €8.1 (€7.3 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$170 million upon reaching certain net sales thresholds in Europe, as well as royalty payments on net sales.

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 amortisation in the amount of €8.4 million (€8.4 million in 2022).

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 amortisation in the amount of €7.3 million during the year (€7.3 million in the year 2022) and to the effect of the conversion to the currency in which the consolidated financial statements are presented, at the value of -€0.5 million (+€2.5 million in 2022).

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 tiered royalty payments based on annual net 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 amortisation for fiscal year 2023 in the amount of €34.5 million (€39.6 million in 2022), to revaluation as a consequence of conversion to the currency in which the consolidated financial statements are presented, at the value of -€6.1 million (+€27.7 million in 2021) and to impairment in 2023 in the amount of -€47.3 million, as it is detailed below in this Note.

g) Development and marketing rights for Europe for the product for treating atopic dermatitis (Lebrikizumab, marketed under the Ebglyss trademark), which was approved by the EMA on 17 November 2023 and launched in December 2023. The movement in 2023 corresponds to the additions mentioned above. Amortisation will begin in 2024.

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 of up to US$125 million upon reaching certain net sales thresholds in Europe, as well as net sales royalty payments.

h) Marketing rights for Europe for the product for treating psoriasis, marketed under the Wynzora trademark, commercially launched in 2022. The change in the year corresponds to amortization in the amount of €1.6 million (€1.5 million in 2022) and to an addition in the amount of €2 million.

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 €225 million) and royalties on net sales.

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). There was no change in 2023.

j) Rights related to the research and development agreement with Evotec International GmbH. The change in the year corresponds to amortisation in the amount of €1.2 million (€0.7 million in 2022).

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 change in the year corresponds to the above-mentioned addition of 2023.

That agreement was signed in 2022, and the Group may pay out up to US$488 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 based on future global sales.

l) Renewal of the rights acquired from MSD for Spain for the products marketed under the Efficib and Tesavel trademarks, for an additional period of 3 years (until 31 December 2025). The change in the year corresponds to the aforementioned addition of 18 million euros, reduced by 6 million euros of amortisation.

m) Rights acquired from DFT El Globo S.L. in 2023 corresponding to various products marketed in Spain under the Physiorelax trademark. The change in the year corresponds to the aforementioned additions, reduced by amortisation in the amount of €1.1 million.

n) Rights acquired from Novartis AG in 2023 for Prometax® in Spain, a product for treating Alzheimer's disease. The change in the year corresponds to the aforementioned additions, reduced by amortisation in the amount of €1.8 million.

The agreement provides for an additional payment of €5 million, linked to meeting a certain sales threshold to be reached by December 2024, which the Group's Management has deemed to be contingent, and it therefore has not been recognised at 31 December 2023.

o) Rights acquired from Etherna in 2023 for research and development of mRNA-based therapies in medical dermatology, as well as access to Etherna's technology platform. The change in the year corresponds to the additions mentioned above.

The agreement provides for additional payments of 300 million euros, linked to the achievement of certain development and commercial milestones, as well as tiered royalty payments based on turnover.

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 2023 and 2022 are as follows:

	Thousands of Euros								
	Balance as at 31/12/2021	Additions	Derecognitions	Translation differences	**Balance as at 31/12/2022**	Additions	Derecognitions	Translation differences	**Balance as at 31/12/2023**
Industrial property	**269,111**	16,489	(23,653)	31,781	**293,728**	47,330	(87,162)	(8,598)	**245,298**
Development costs	**52,819**	-	-	-	**52,819**	-	(1,990)	(1,798)	**49,031**
Computer applications	**1,597**	-	-	-	**1,597**	-	-	-	**1,597**
Total impairment losses	**323,527**	**16,489**	**(23,653)**	**31,781**	**348,144**	**47,330**	**(89,152)**	**(10,396)**	**295,926**

At year-end 2023, the Group's Management reassessed the business plan for the product marketed under the Seysara brand, which is part of the Allergan CGU portfolio. During the 2023 financial year, various corrective measures had been taken to improve product profitability (including, among others, a reduction of some 30 positions in the subsidiary Almirall LLC in the first half of 2023, as well as other measures related to the optimisation of sales), which did not bear the expected fruits. In this regard, after finalising the budget process for 2024, a new business plan has been prepared, which envisages a lower volume of units sold and some improvement in the margins of the less profitable distribution channels. As a consequence, this business plan assumes limited long-term product growth, significantly reducing peak sales, resulting in an impairment of 47.3 million euros (equivalent to $50.6 million). The recoverable amount has been determined using the value-in-use method. After impairment, the net book value of Seysara at 31 December 2023 amounts to €49.8 million (equivalent to $55.0 million).

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 decided to discontinue these products, together with another product that had regulatory problems during the manufacturing process. As a result, the remaining net book value of these products at 30 September 2022 was impaired, which amounted to €16.5 million, and the impairment loss was recorded in the consolidated income statement for the year ended at 31 December 2022.

Derecognitions in 2023 and 2022 are mainly due to the disposal of the rights to two of the products that were part of the takeover of Aqua Pharmaceuticals and that had been partially impaired.

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 2023 and 2022.

As of 31 December 2023, 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 €121 million (€77.9 million in 2022), as described in this same Note.
- Impairment of technology acquired in 2013 from Almirall LLC (formerly Aqua Pharmaceuticals, LLC), allocated to each product and defined as a pool of intangible assets totalling €81.7 million in 2022 (€177.0 million in 2022), after the derecognitions of this year.
- 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.

The main assumptions of the impairment tests performed on assets that do not form part of a CGU associated with goodwill (Note 8), on assets that are not yet amortised because they are in progress or on assets for which there are indications of impairment at 31 December 2023 are set out below:

Asset or Cash Generating Unit	Thousands of euros	Assumption 2023			Assumption 2022		
	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 Almirall LLC	933	8.5%	8.5%	N/A	9.2%	7.5%	(15)%
Rights acquired from Allergan for the United States	165464	8.9%	8.5%	(5)% - (15%)	8.9%	7.5%	(5)% - (15%)
Rights acquired from Ichnos for the whole world	20800	11.5%	9.0%	(15)%	11.5%	9.0%	(15)%
Rights acquired from Simcere for the whole world (except China)	18129	11.0%	9.0%	(15)%	N/A	N/A	N/A

In addition, we provide a sensitivity analysis performed on the most significant assets and CGUs that present changes in their carrying value at 31 December 2023 due to reasonably possible variations in key assumptions (as described in Note 5-d). 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)
Rights acquired from Allergan for the United States	- Increase / Reduction of estimated net sales by 10%	+ 16 / (30)
	- Increase / Reduction of five points in the growth rate.	+ 3 / (16)
	- Increase / Reduction of 0.5% in the discount rate	(10) / +5

10. Right-of-use assets

The balance and changes under this heading in the consolidated balance sheet as of 31 December 2023 and 2022 are broken down as follows:

Thousands of euros	Balance as at 31/12/2022	Recognitions	Derecognitions	Translation differences	Balance as at 31/12/2023
Construction	50,178	6,244	-	398	56,820
Machinery	137	-	-	-	137
Transport equipment	7,302	4,109	(1,435)	-	9,976
Total cost Rights of use	57,617	10,353	(1,435)	398	66,933
Accum. A. Construction	(14,535)	(4,544)	-	(38)	(19,117)
Accum. A. Machinery	-	(43)	-	-	(43)
Accum. A. Transport equipment	(4,429)	(1,773)	1,435	10	(4,757)
Total Accum. A. Rights of use	(18,964)	(6,360)	1,435	(28)	(23,917)
Net Value Rights of use	**38,653**	**3,993**	**-**	**370**	**43,016**

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**

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

The additions in 2023 mainly correspond to the renewal of vehicle contracts of the Group's sales networks and to the contracting of new offices at the subsidiary Almirall Hermal GmbH. The additions in 2022 were impacted by the increased life of the headquarters contract, as it was in the process of being renewed, as explained in the following paragraph.

The main asset refers to the lease of the Group's headquarters (Note 27), with a net carrying amount of €33 million at 31 December 2023. The Group's headquarters are leased to the related entity Sinkasen S.L.U., under a contract that was renewed in January 2023 for a minimum period of ten years (until 31 December 2032). There are no other contracts that are individually relevant.

The payments made in 2023 and 2022 for leases amounted to €6,913 thousand and €7,200 thousand, respectively.

The itemisation of lease liabilities as of 31 December 2023 and 2022 is as follows, together with their future maturities (which coincide with the minimum future payments):

	Balance as at 31/12/2023	Balance as at 31/12/2022
Liabilities for leasing		
Non-current	37,605	33,935
Current	6,206	5,100
Total	**43,811**	**39,035**

<table>
<tr><th>Liabilities for leasing</th><th>Maturities</th><th>Thousands of Euros</th></tr>
<tr><td rowspan="2">Current</td><td>Up to 6 months</td><td>3,487</td></tr>
<tr><td>From 6 months to 1 year</td><td>2,719</td></tr>
<tr><td rowspan="5">Non-current</td><td>From 1 to 2 years</td><td>6,135</td></tr>
<tr><td>From 2 to 3 years</td><td>5,482</td></tr>
<tr><td>From 3 to 4 years</td><td>4,675</td></tr>
<tr><td>From 4 to 5 years</td><td>4,463</td></tr>
<tr><td>More than 5 years</td><td>16,850</td></tr>
<tr><td colspan="2">Total</td><td>43,811</td></tr>
</table>

11. Property, plant and equipment

The changes under this heading in the consolidated balance sheets for 2023 and 2022 were as follows:

Thousands of euros	Balance as at 31/12/2022	Recognitions	Transfers	Derecognitions	Translation differences	Balance as at 31/12/2023
Land and construction	96,579	521	381	(1,214)	20	96,287
Technical installations and machinery	98,329	1,057	5,069	(1,504)	3	102,954
Other facilities, tools and furnishings	244,887	7,152	2,378	(2,061)	(23)	252,333
Other property, plant and equipment	18,636	1,818	377	(770)	5	20,066
Advances and property, plant and equipment in progress	18,099	22,951	(8,205)	-	(184)	32,661
Total cost Property, plant and equipment	476,530	33,499	-	(5,549)	(179)	504,301
Accum. A. Land and construction	(52,476)	(2,321)	-	1039	(21)	(53,779)
Accum. A. Technical installations and machinery	(63,864)	(3,467)	-	1504	(3)	(65,830)
Accum. A. Other facilities, tools and furnishings	(221,554)	(6,964)	-	2107	(140)	(226,551)
Accum. A. Other property, plant and equipment	(14,585)	(3,007)	-	745	(7)	(16,854)
Total Accum. A. Property, plant and equipment	(352,479)	(15,759)	-	5395	(171)	(363,014)
Impairment losses	-	-	-	-	-	-
Net value Property, plant and equipment	**124,051**	**17,740**	**-**	**(154)**	**(350)**	**141,287**

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**

The additions for 2023 are basically due to the reconstruction works at the chemical plant belonging to the subsidiary Ranke Química S.L. (which partially burned down at the end of July 2022) and due to improvements at the production centres of the Group's pharmaceutical plants, as well as improvements at the Group's headquarters. The additions for 2022 were largely due to upgrades at the Group's chemical and pharmaceutical production facilities, and improvements at the Group's headquarters.

The transfer of property, plant and equipment in progress, carried out by the Group in the fiscal years ending on 31 December 2023 and 2022, corresponds basically to the transfer of investment projects at the production centres that began operations during those years.

During 2023 and 2022, 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 amounting to €0.5 million were written off. The clean-up and reconstruction activities on the affected facilities started in the fourth quarter of 2022 and ended at the end of 2023. No significant operating losses were incurred, given that existing insurance policies covered most of the cost of reconstruction. The Group received a total of €6.5 million from the insurance policy (€1.2 million in 2022 and €5.3 million in 2023), thereby covering investments of €2.2 million (mainly in 2023) and incurred cost overruns of €3.8 million (€1.2 million in 2022 and €2.6 million in 2023).

The main properties owned by the Group, as well as the subsidiary to which they belong, the country where they are located and the net book value (also including machinery, laboratory equipment and other items at these locations) at the end of 2023 and 2022 are detailed below (in thousands of euros):

Type of property	Country	Subsidiary	Carrying amount 31/12/2023	Carrying amount 31/12/2022
Chemical plants	Spain	Ranke Química, S.A.	10,784	7,152
Pharmaceutical plant	Spain	Industrias Farmacéuticas Almirall, S.A.	45,703	46,115
Pharmaceutical plant	Germany	Almirall Hermal GmbH	33,589	25,146
R&D Centre	Spain	Almirall, S.A.	26,267	24,676

Details of the criteria according to which these assets are assessed for indications of impairment can be found in Note 5-d). As of 31 December 2023 and 2022, the Group does not hold any non-impaired assets that are not used in operations.

The Group occupies various facilities under operating leases, as indicated 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 26.

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 heading includes not only the balances receivable arising from recognition of the sale of the respiratory business in 2014, as explained below in this Note (agreement with Covis), but also the derivative financial instruments that do not qualify for hedge accounting.
- Financial assets measured at fair value through other comprehensive income: this heading includes equity instruments over which the Group does not have control, wherefore they are not included within the scope of consolidation. As of 31 December 2023 and 2022, there are no such instruments.
- Financial assets valued at amortised cost: this heading includes fixed-income investments made through deposits with maturities of less than one year, mainly in euros, although they may occasionally be in foreign currencies in the event of a surplus (normally dollars). 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 2023 and 2022 were as follows:

Thousands of euros	**Balance as at 31/12/2022**	**Recognitions**	**Changes in fair value**	**Transfers**	**Derecognitions**	**Translation differences**	**Balance as at 31/12/2023**
Fair value through profit or loss	32,902	-	2,994	(15,003)	-	-	20,893
Fair value, changes in equity	-	-	-	-	-	-	-
Amortised cost	8,608	818	-	-	(578)	(246)	8,602
Total cost	41,510	818	2,994	(15,003)	(578)	(246)	29,495
Fair value through profit or loss	-	-	-	-	-	-	-
Fair value, changes in equity	-	-	-	-	-	-	-
Amortised cost	(6,855)	-	-	-	-	238	(6,617)
Total impairment	(6,855)	-	-	-	-	238	(6,617)
Net Value	**34,655**	**818**	**2,994**	**(15,003)**	**(578)**	**(8)**	**22,878**

Thousands of euros	**Balance as at 31/12/2021**	**Recognitions**	**Changes in fair value**	**Transfers**	**Derecognitions**	**Translation differences**	**Balance as at 31/12/2022**
Fair value through profit or loss	78,848	-	12,029	(57,975)	-	-	32,902
Fair value, changes in equity	-	-	-	-	-	-	-
Amortised cost	8,109	288	-	-	(229)	440	8,608
Total cost	86,957	288	12,029	(57,975)	(229)	440	41,510
Fair value through profit or loss	-	-	-	-	-	-	-
Fair value, changes in equity	-	-	-	-	-	-	-
Amortised cost	(6,455)	-	-	-	-	(400)	(6,855)
Total impairment	(6,455)	-	-	-	-	(400)	(6,855)
Net Value	**80,502**	**288**	**12,029**	**(57,975)**	**(229)**	**40**	**34,655**

- Assets at fair value through profit or loss

Assets at fair value through profit or loss consist entirely of the financial asset linked to the agreement with Covis. This asset originated in November 2014 when the Group transferred to AstraZeneca the rights to part of its respiratory franchise (Eklira and Duaklir, and other brands with the compound aclidinium bromide), which included several components that involved receiving cash and deferred payments based on certain future milestones. On 5 January 2022, the agreement between AstraZeneca and Covis for the transfer of these rights entered into force. The agreement with AstraZeneca was novated to Covis, and as a result, in addition to continuing to receive royalty payments under the terms initially established with AstraZeneca, the Parent Company received US$10 million (equivalent to €8.8 million) on the date when the transaction was completed, as well as US$40 million in different tranches until September 2023 (25 million in 2022 and 15 million in 2023), mainly linked to certain changes in the initially established milestone structure. At 31 December 2023, the remaining amount receivable consists entirely of the net present value of royalties receivable from 2025 onwards. The royalties receivable in 2024 are classified under the heading "Trade and other receivables".

The fair value of this transaction was determined upon initial recognition by an independent expert. The method used consisted in 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. Changes in the fair value of this financial asset are recorded under the heading "Other income" in the consolidated income statement (Note 21).

The main assumptions and considerations applied in the valuation of financial assets as of 31 December 2023 are as follows:

- Level of revenue reached in future years derived from the contract with Covis.
- Discount rate: depending on the countries where the cash flows will be obtained by Covis, resulting in an overall weighted average of approximately 12.2%.

The changes of these assets in the Consolidated Balance Sheet and the cash flows that have occurred, as shown in detail in the Consolidated Cash Flow Statement, are detailed below:

Thousands of euros	Balance as at 31/12/2022	Changes in fair value	Transfers	Cash Flow	Balance as at 31/12/2023
Non-current financial assets (Note 12)	32,902	2,994	(15,003)	-	20,893
Trade and other receivables (Note 15)	29,996	-	15,003	(31,801)	13,198
Total	**62,898**	**2,994**	**-**	**(31,801)**	**34,091**

Thousands of euros	Balance as at 31/12/2021	Changes in fair value	Transfers	Cash Flow	Balance as at 31/12/2022
Non-current financial assets (Note 12)	78,848	12,029	(57,975)	-	32,902
Trade and other receivables (Note 15)	19,327	-	57,975	(47,306)	29,996
Total	**98,175**	**12,029**	**-**	**(47,306)**	**62,898**

The cash flows for 2023 have been received entirely from Covis, and they correspond to 3 of the aforementioned tranches (€13.8 million) and the remainder to royalties (€17.9 million). The cash flows for 2022 corresponded to AstraZeneca's partial payment for the novation (€8.8 million), and the rest from Covis, meaning five of the aforementioned tranches (€23.5 million), and the remainder corresponded to royalties (€15.0 million).

- Assets at amortised cost

Assets at amortised cost mainly consist of long-term deposits. As at 31 December 2023 and 2022, there are loans to the company to which the subsidiary ThermiGen LLC was sold in 2021. (Celling Aesthetics LLC and other related companies), which are fully impaired.

Current financial investments

At 31 December 2023, this heading mainly includes accrued interest receivable and short-term guarantees. In the case of short-term investments that do not meet the criteria to be considered cash equivalents (Note 13), they are classified under this heading. Investments made during the 2023 fiscal year earned an average interest rate of 4.1% (no investments were made in 2022).

13. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and other short-term, highly liquid investments with an original maturity of three months or less, provided they do not have significant penalties for early redemption (otherwise they are considered current financial investments).

The bank accounts included throughout 2023 started earning, with an average accrued interest of 2.5%. In 2022 they were largely unpaid.

14. Stocks

On 31 December 2023 and 2022 the composition of this heading is as follows:

	Thousands of Euros	
	31/12/2023	**31/12/2022**
Raw materials and packaging materials	51,702	42,630
Semi-finished products	23,280	21,478
Goods	14,711	13,025
Finished products	77,677	52,815
Advances to suppliers	158	147
Total	**167,528**	**130,095**

The inventory balance at year-end 2023 has increased significantly as a result of the initial supply of various products launched during the year (mainly Ebglyss and Physiorelax), the increase in demand for some of the licensed products (Ilumetri, Crestor and Wynzora) and the occasional supply of finished products and raw materials due to internalisation of the production of the product marketed under the Klisyri brand name.

The balance of inventories in the preceding table is presented net of balances impaired due to obsolescence and slow turnover, which, at 31 December 2023 and 2022, amounts to €12,852 thousand and €11,890 thousand, respectively.

No stock is subject to warranty. On 31 December 2023 and 2022, there are no commitments to purchase stock that are worthy of note.

15. Trade and other receivables

On 31 December 2023 and 2022 the composition of this heading is as follows:

	Thousands of Euros	
	31/12/2023	**31/12/2022**
Trade receivables for sales and services	109,005	108,391
Receivable from Covis Pharma (Note 12)	13,198	29,996
Other receivables	11,480	1,275
Provision for impairment losses	(2,185)	(1,401)
Total	**131,498**	**138,261**

The balance of "Provision for impairment losses" includes €411 thousand at 31 December 2023 (€570 thousand at 31 December 2022) as a result of applying the "expected loss" model (simplified approach) provided for in IFRS 9 (Note 5-i).

Detailed below is the balance of receivables according to their maturity at 31 December 2023 and 31 December 2022:

	Thousands of euros				
	Trade receivables for sales and services	**Receivable from Covis Pharma**	**Other receivables**	**Valuation adjustments for impairment**	**Total receivables**
Not matured	89,694	13198	11,480	-	114,372
Less than 30 days	12,098	-	-	-	12,098
From 30 to 60 days	3,437	-	-	-	3,437
From 60 to 90 days	1,342	-	-	-	1,342
From 90 to 180 days	1,575	-	-	(1,326)	249
From 180 to 360 days	574	-	-	(574)	-
More than 360 days	285	-	-	(285)	-
Balance as at 31/12/2023	**109,005**	**13198**	**11,480**	**(2,185)**	**131,498**

	Thousands of euros				
	Trade receivables for sales and services	**Receivable from Covis**	**Other receivables**	**Valuation adjustments for impairment**	**Total receivables**
Not matured	92,757	29,996	1,275	-	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**	**29,996**	**1,275**	**(1,401)**	**138,261**

There is no concentration of credit risk with respect to trade receivables, since the Group has a large number of customers. The bulk of the distribution of proprietary medicinal products is through distributors and wholesalers, wherefore the Group's exposure to retailers is very limited.

As of 31 December 2023, the percentage of balances with public administrations for the hospital business, out of the total Receivables, amounts to 7.0% (4.8% on 31 December 2022).

There are no guarantees on customer balances.

Receivables other than financial assets related to Covis (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 €40,194 thousand at 31 December 2023 (€50,351 thousand at 31 December 2022). Given the amounts and associated maturities, the potential impact of exchange rate fluctuations is not considered significant.

16. Equity

Share capital

The Parent Company's share capital as at 31 December 2023 is represented by 209,393,724 shares with a par value of €0.12, fully subscribed and paid up (181,515,368 shares as at 31 December 2022).

On 7 June 2023, a total of 3,488,113 new shares from the Scrip 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 92.2% of the rights to be allotted shares at no charge, who opted to receive new shares instead of cash. Consequently, the share capital of the Parent Company following the bonus issue of shares increased by 418,573.56 euros.

(Thousands of euros)

Subsequently, on 12 June 2023, a total of 24,390,243 shares belonging to the same class and series as the shares currently outstanding were issued, by means of cash contributions and excluding the preemptive subscription rights of the Company's shareholders, through a private placement aimed exclusively at qualified investors. This placement was finally closed with an issue price of 8.2 euros per share, representing a total disbursement of 199,999,992.6 euros. After deducting the costs of the capital increase, the total funds received by the Parent Company amounted to 197.8 million euros. As a result, the share capital of the Parent Company following this capital increase was increased by 2,926,829.16 euros, amounting to 25,127,246.88 euros on 31 December 2023.

On 8 June 2022, 1,738,566 new shares from the Scrip 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).

As of 31 December 2023 and 2022, 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 2023 and 2022, are as follows:

Name or company name of the direct shareholder	**% Interest 31/12/2023**	**% Interest 31/12/2022**
Grupo Plafin, S.A.	44.5%	41.9%
Grupo Corporativo Landon, S.L.	15.6%	17.7%
Norbel Inversiones	5.1%	-
Wellington Management	5.0%	5.1%
Total	**70.2%**	**64.7%**

As of 31 December 2023 and 2022, 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 2023 and 2022 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 fully-paid share capital as a result of the Scrip Dividend, this item was increased by the difference between the par value of the shares and the value equivalent to the dividend, which amounts to €31,478 thousand.

Subsequently, as a result of the capital increase on 12 June 2023 through a private placement, the balance of this account increased by €197,073 thousand as a result of the difference between the issue price (8.2 euros) and the par value (0.12 euros). After these two capital increases, the balance of the share premium item amounted to €545,866 thousand at 31 December 2023 (€317,315 thousand at 31 December 2022).

Other reserves

The itemisation of this account is as follows:

	Thousands of euros	
	31/12/2023	**31/12/2022**
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	820,041	913,870
Subtotal Other reserves of the Parent Company	**861,193**	**955,022**
Reserves in consolidated companies	57,649	(4,299)
Treasury shares	(2,858)	(2,552)
Total other reserves	**915,984**	**948,171**

There is a limit on distributions that would reduce the balance of reserves to an amount of less than the total outstanding balance of the Parent Company's development costs, which amount to €14.1 million on 31 December 2023 (€9.2 million on 31 December 2022).

- 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 2023 and 2022, the balance of these reserves amounts 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 2023 and 2022, 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 as 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 2023 the Parent Company holds treasury shares representing 0.09% of the share capital (0.10% on 31 December 2022) and an overall nominal value of €23.0 thousand (€21.7 thousand at 31 December 2022), which have been recognised in accordance with EU-IFRS. The average acquisition price of these shares was €8.6 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 2023, the amount of this item comes to -€33,205 thousand (on 31 December 2022, it came to -€28,635 thousand), and it 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: -€23,113 thousand on 31 December 2023, (-€18,543 thousand on 31 December 2022).

- 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. The accumulated balance is -€10,092 thousand at the end of both years.

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 2023 and 2022, the balance of this heading is itemised, by companies, as follows:

	Thousands of Euros	
	31/12/2023	**31/12/2022**
Almirall Inc / Almirall LLC (USA)	41,609	50,207
Almirall Limited (UK)	(956)	(1,247)
Other subsidiaries	3,174	2,566
Total translation differences	**43,827**	**51,526**

The changes in the years ending on 31 December 2023 and 2022 were as follows:

	Thousands of euros
Balance as at 31 December 2021	**26,065**
Variations due to exchange differences	25,461
Balance as at 31 December 2022	**51,526**
Variations due to exchange differences	(7,699)
Balance as at 31 December 2023	**43,827**

The change in translation differences generated in 2023 and 2022 is due to the variation due to exchange rate differences, mainly derived from the subsidiaries Almirall Inc. and Almirall LLC (both U.S.).

17. Financial liabilities

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

- Financial liabilities measured at amortised cost: this heading includes mainly unsecured bonds, bank loans and revolving credit facilities. 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.

- Financial liabilities measured at fair value with variations in the profit and loss account: The Group currently holds derivative financial instruments in this category, as described in Note 5-j) and further below in this note.

(Thousands of euros)

The composition of the debts with credit institutions and other financial liabilities as of 31 December 2023 and 2022 was as follows:

	Limit	Balance drawn down (*)	Current	Non-current			
				2025	2026	Rest	Total
Financial liabilities at amortised cost							
Credit facilities	275,000	-	-	-	-	-	-
Loans with credit institutions	80,000	55,000	10,000	10,000	10,000	25,000	45,000
Senior unsecured bonds	300,000	296,851	-	-	-	296,851	296,851
Financial liabilities at fair value through profit or loss							
Liabilities for derivative financial instruments	N/A	1,569	1,569	-	-	-	-
Accrued interest to be paid	**N/A**	**2,399**	**2,399**	**-**	**-**	**-**	**-**
Total as at 31 December 2023	**655,000**	**355,819**	**13,968**	**10,000**	**10,000**	**321,851**	**341,851**

(*) Balance drawn down net of issuance costs.

	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.

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%.

The debt from these bonds is stated at the nominal amount (€300 million) net of issuance costs (which amounted to €5.6 million), which are 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 2023 and 2022 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	5.16% (Euribor + Margin)	5.16%
European Investment Bank Loan	80,000	55,000	17/04/2029	1.65%	1.65%
Total as at 31 December 2023	**355,000**	**55,000**			

	Limit	Balance drawn down	Final maturity	Nominal interest rate	Effective interest rate
Debts with credit institutions					
Revolving credit facility	275,000	-	17/07/2024	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**			

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 2023 and 2022.

On 2 February 2024, this policy was novated for the same amount, maintaining the same contractual conditions and for an initial term of 4 years (with the possibility of an extension of 1 additional year), intended for general corporate uses (Note 33).

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 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 2023 and 2022.

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 entered into force by means of a contract dated 11 May 2018 with Banco Santander, S.A., whereby Almirall S.A. Is bound to pay 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), to hand over the dividend received for its investment in Almirall S.A. Said instrument was renewed in December 2023 for a term of 2 years.

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 (in this case reducing the recognised 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 and the acquisition cost of the shares for Banco Santander (2,510,952 shares equivalent to €35.1 million, corresponding to 1.2% of the Parent Company's share capital). The following table details the impacts at 31 December 2023 and 2022:

	Thousands of euros	
	31/12/2023	**31/12/2022**
Underlying asset:		
Fair value	21,155	22,699
Acquisition cost	35,073	35,073
Capital gain / (capital loss)	**(13,918)**	**(12,374)**
Disbursements made to date	12,349	12,349
Asset / (liability) per derivative financial instrument	**(1,569)**	**(25)**
Profit / (Loss) for the year (Note 21)	**(1,544)**	**(5,675)**

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.

The interest accrued and payable at 31 December 2023 amounts to €2,399 thousand (€2,377 thousand on 31 December 2022), and it corresponds mainly to senior unsecured bonds.

The average cost of debt for the years ending on 31 December 2023 and 2022 was 1.4% and 1.25%, respectively. The Group's exposure to interest rate risk is limited at 31 December 2023 (Note 31).

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 01/01/2023	Cash Flow	Interest paid	Interest accrued	Changes in fair value	Balance as at 31/12/2023
Financial liabilities at amortised cost						
Credit facilities	-	-	-	-	-	-
Loans with credit institutions	65,000	(10,000)	-	-	-	55,000
Senior unsecured bonds	295,758	-	-	1,093	-	296,851
Financial liabilities at fair value through profit or loss						
Liabilities for derivative financial instruments	25	-	-	-	1,544	1,569
Accrued interest to be paid	**2,377**	**-**	**(10,214)**	**10,236**	**-**	**2,399**
Total Financial debt	**363,160**	**(10,000)**	**(10,214)**	**11,329**	**1,544**	**355,819**

	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**

18. Trade payables and Other liabilities

a) Trade payables

On 31 December 2023 and 2022 the composition of this item is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Suppliers	82,657	96,695
Trade payables	98,697	87,592
Total short-term trade payables	**181,354**	**184,287**

The balance of this heading is mainly composed of suppliers of active ingredients and proprietary medicinal products, either companies that specialise in manufacturing for third parties or the laboratories that own the licensed products (Note 9); suppliers of R&D services (for the management of clinical trials or as a consequence of a development agreement); suppliers of logistics, regulatory, marketing and *market access* services; and suppliers of other services that support the entire value chain in terms of information technology, consulting and human resources.

In addition, this heading includes the amounts pending payment in the short term for contributions to health systems, as detailed in Note 5-p).

b) Other current and non-current liabilities

On 31 December 2023 and 2022 the composition of this item is as follows:

	Thousands of Euros				
		Non-current			
	Current	2025	2026	Rest	Total
Loans linked to research	1,004	1,096	444	5,040	6,580
Debts for purchases of fixed assets	89,256	2,494	-	7,831	10,325
Remuneration to be paid	30,150	2,579	2,093	6,428	11,100
Long-term tax liabilities	-	-	-	6,698	6,698
Other debts	93	-	-	24	24
Total as at 31 December 2023	**120,503**	**6,169**	**2,537**	**26,021**	**34,727**

	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**

Loans linked to research refer to subsidised-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 2023 and 2038.

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 current balance at 31 December 2023 mainly includes the outstanding payments with Sun Pharma, Lilly, Etherna and Simcere described in Note 9 (equivalent to a total of €75 million), which have been paid in January 2024. Additionally, the balances classified as non-current correspond mainly to the agreements signed in 2023 with Novartis and Etherna, described in Note 9. The current balance at 31 December 2022 mainly included the amount corresponding to the outstanding payments with Athenex described in Note 9, which were paid in January 2023.

As at 31 December 2023 and 31 December 2022, 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-s)).

As a result of the application of IFRIC 23 “Uncertainty over income tax treatments” (Note 5-q)), at 31 December 2023, €6,698 thousand is classified as “Long-term tax liabilities” (€6,964 thousand on 31 December 2022).

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

(Thousands of euros)

19. 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:

	2023	2022
At 1 January	**54,046**	**77,883**
Current services cost	191	251
Interest cost	1,912	680
Contributions from plan participants	13	49
Actuarial losses / (gains)	6,347	(21,798)
Benefits paid	(2,036)	(2,220)
Other changes	8	(799)
At 31 December	**60,481**	**54,046**

The amount recorded as actuarial losses mainly reflects the impact of the variation in the discount rate used in the actuarial calculations in 2023 and 2022 based on the interest rate hike.

The main assumptions used to calculate the actuarial valuation of these commitments were as follows in 2023 and 2022:

2023	Almirall Hermal GmbH	Almirall AG	Polichem, S.A.
Mortality tables	Richttafeln 2018 G von K. Heubeck	BVG 2020 GT	BVG 2020 GT
Discount rate	3.17%	1.65%	1.45%
Rate of salary increase	3.50%	2.25%	1.20%
Rate of benefit increase	2.00%	1.50%	0.00%
Turnover rate	Variable according to age and gender	7.48%	-
Retirement age	65 - 67	65 - 65	64 - 65

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

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 changes in the assumptions are reasonable with those indicated by the actuarial reports, which the Group's Management considers appropriate.

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

	2023	2022
Current service cost	191	251
Interest cost	1,912	680
Total	**2,103**	**931**

Finally, in the case of the defined contribution pension plans, the contributions are made to non-related entities, such as insurance companies, and the amount recognised as an expense in 2023 and 2022 amounted to €4.4 and €4.2 million, respectively.

20. Provisions

The changes in 2023 and 2022 under the "Provisions" heading in the accompanying consolidated balance sheet were as follows:

	Thousands of Euros	
	2023	2022
Balance as of 1 January	**20,746**	**24,505**
Additions and provisions	4,021	1,163
Reclassifications	(3,758)	-
Reversals	(7,083)	(4,922)
Balance as of 31 December	**13,926**	**20,746**

This heading 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.

21. Income and expenses

Net turnover

As mentioned in Note 5-o), the Group separates net turnover into two concepts and three major segments:

	Thousands of Euros	
	2023	2022
Sales of products	868,824	831,263
Income from granting licenses	25,692	31,985
Net turnover	**894,516**	**863,248**

	Thousands of Euros	
	2023	2022
Marketing through own network	766,125	732,243
Marketing through licensees	105,215	106,885
Manufacturing for third parties and intermediation	23,176	24,120
Net turnover	**894,516**	**863,248**

The net turnover amount by geographic area, together with details of the main countries in which it is obtained, is shown below:

	Thousands of Euros	
	2023	2022
Spain	296,916	277,360
Europe and Middle East	491,567	459,383
America, Asia and Africa	106,033	126,505
Net turnover	**894,516**	**863,248**

	Thousands of Euros	
	2023	**2022**
Spain	296,916	277,360
Germany	217,580	206,618
Italy	74,828	86,741
United States	57,486	74,169
France	42,712	35,249
United Kingdom	27,798	23,387
Other countries	177,196	159,724
Net turnover	**894,516**	**863,248**

Finally, the contribution from the main therapeutic areas of the various products sold by the Group is detailed:

	Thousands of Euros	
	2023	**2022**
Dermatology and others	465,248	429,466
Gastrointestinal and metabolism	110,735	127,612
Respiratory	86,809	90,678
Cardiovascular	86,130	76,381
Central nervous system	74,800	72,918
Musculoskeletal	31,809	26,811
Other therapeutic specialities	38,985	39,382
Net turnover	**894,516**	**863,248**

Other income

The itemisation of this heading is as follows:

	Thousands of Euros	
	2023	**2022**
Income due to agreement with AZ/Covis (Note 12)	2,994	12,029
Others	1,277	3,234
Total	**4,271**	**15,263**

Supplies

The itemisation of this heading is as follows:

	Thousands of Euros	
	2023	**2022**
Purchases	258,917	219,044
Change in stocks of finished or semi-finished products	(26,664)	(12,688)
Change in stocks of raw materials and goods	(10,758)	1215
Total	**221,495**	**207,571**

Staff costs

The composition of staff costs is as follows:

	Thousands of Euros	
	2023	**2022**
Payroll and salaries	163,769	151,276
Social security payable by the company	30,634	27,379
Compensation payments	(606)	8,841
Other welfare expenses	15,004	14,164
Total	**208,801**	**201,660**

In fiscal years 2023 and 2022, the average number of employees of the Group, distributed by professional category and gender, is as follows:

	2023			2022		
	Men	Women	Total	Men	Women	Total
Directors	1	-	1	2	-	2
Executives	64	40	104	52	28	80
Managers	100	89	189	110	97	207
Technical staff	452	596	1,048	450	594	1,044
Administrative staff	261	280	541	221	258	479
Others	-	2	2	-	2	2
Total	**878**	**1,007**	**1,885**	**835**	**979**	**1,814**

At year-end 2023 and 2022, the staff team is as follows:

	31 December 2023			31 December 2022		
	Men	Women	Total	Men	Women	Total
Directors	1	-	1	1	-	1
Executives	62	41	103	67	38	105
Managers	101	89	190	95	89	184
Technical staff	454	605	1,059	442	585	1,027
Administrative staff	265	284	549	249	278	527
Others	-	2	2	-	2	2
Total	**883**	**1,021**	**1,904**	**854**	**992**	**1,846**

In addition, at year-end 2023 the number of non-employee directors was 8, of whom 3 were women and 5 were men (in 2022 there were 9, of whom 3 were women and 6 were men).

At 31 December 2023, the number of employees with a disability equal to or greater than thirty-three per cent totalled 36 people (37 people at 31 December 2022).

As of 31 December 2023 and 2022, the number of Group employees engaged in research and development activities amounted to 257 and 239 people, respectively.

Other operating expenses

The composition of other operating expenses is as follows:

	Thousands of Euros	
	2023	2022
R&D activities	66,908	64,278
Leases and fees	39,672	28,994
Repairs and maintenance	23,225	20,414
Independent professional services	26,749	25,428
Transport	14,202	13,753
Insurance premiums	3,612	3,249
Bank services and similar	741	620
Promotional activities	88,781	83,934
Supplies	5,954	9,752
Other services	35,085	34,780
Other taxes	2,256	4,339
Total	**307,185**	**289,541**

The heading of leases and fees includes royalties linked mainly to several of the licence agreements described in Note 9. The amounts corresponding to 2023 and 2022 reached €25.9 million and €16.6 million, respectively. The increase is mainly explained by the growth in sales of products marketed under the Ilumetri, Wynzora and Klisyri brands.

Net change in valuation adjustments

The composition of this heading is as follows:

	Thousands of Euros	
	2023	**2022**
Change in bankruptcies valuation adjustment	(940)	606
Change in stock valuation adjustment	(407)	(682)
Change in other current provisions	(1,250)	1,652
Total	**(2,597)**	**1,576**

Net gains / (losses) on disposal of assets

The itemisation of net gains/ (losses) on disposal of non-current assets in fiscal years 2023 and 2022 is as follows:

	Thousands of Euros			
	2023		**2022**	
	Gains	**Losses**	**Gains**	**Losses**
For disposal or retirement of intangible assets	-	(1,190)	211	(4,527)
For disposal or retirement of property, plant and equipment	-	(153)	-	(547)
	-	**(1,343)**	**211**	**(5,074)**
Net gains (losses) on disposal of assets	**(1,343)**		**(4,863)**	

The losses recorded in 2023 correspond to the discontinuation of one of the products that formed a part of the takeover of Aqua Pharmaceuticals (Veltin), now called Almirall LLC (as described in Note 9).

The losses recorded in 2022 corresponded to the divestment of a product belonging to the Almirall LLC Cash-Generating Unit (as described in Note 9) and to the write-offs of property, plant and equipment as a result of the fire described in Note 11.

Financial income and expenses

The breakdown of financial income and expenses in fiscal years 2023 and 2022 is as follows:

	Thousands of Euros			
	2023		**2022**	
	Income	**Expenses**	**Income**	**Expenses**
Bond issuance costs (Note 17)	-	(7,439)	-	(7,439)
Financial and similar income / (expenses)	5585	(7,208)	637	(5,346)
Change in fair value of financial instruments (Note 17)	-	(1,544)	-	(5,675)
Exchange rate differences	(1,321)	-	1,984	-
	4264	**(16,191)**	**2,621**	**(18,460)**
Financial result	**(11,927)**		**(15,839)**	

The breakdown of “Other finance income/(expenses) and similar” includes financial expenses derived from bank loans, as well as the impact of the financial restatement of liabilities carried at amortised cost and the financial cost of the pension payments, with the exception of the financial cost of the senior unsecured bonds (as described in Note 17), which are included in the breakdown of “Bond issuance costs” (€7.4 million in both 2023 and 2022). In addition, with the rise in interest rates in 2023, the Group earned interest income of €5.6 million, mostly from investments in deposits made during the year, all of which had matured at year-end.

In 2023 and 2022, the breakdown of "Changes in fair value of financial instruments" includes mainly the restatement of the fair value of the Equity Swap described in Note 17.

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

In 2023, this heading includes the impairment of the product marketed under the Seysara brand, which forms a part of the Allergan portfolio CGU, amounting to €47.3 million (see Note 9).

In fiscal year 2022, this heading included 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).

Foreign currency transactions

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

	Amount in euros (thousands)			
	Expenses		**Income**	
	2023	**2022**	**2023**	**2022**
Swiss franc	4,227	4,117	19,730	15,221
Czech koruna	760	218	2,304	1,292
Danish krone	1,773	952	1,176	965
Pound sterling	15,378	13,809	24,352	22,814
Japanese Yen	3,753	151	1,508	4,097
Norwegian Krone	211	39	2,717	1,870
Polish Zloty	971	662	4,872	3,284
Renminbi	278	140	-	-
Swedish Krona	477	212	2,740	2,806
US Dollar	68,892	70,361	81,639	87,879
Other currencies	126	71	219	486

Remuneration of auditors

During fiscal years 2023 and 2022, 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.	2023	259	77	-	-
Other companies in the PwC network		283	50	47	73
Total		**542**	**127**	**47**	**73**
KPMG Auditores, S.L.	2022	217	58	-	-
Other companies in the PwC network		283	8	256	37
Total		**500**	**66**	**256**	**37**

In 2023 and 2022, other auditors have accrued €70 thousand and €79 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" mainly includes fees related to the limited review of the Group's interim consolidated financial statements and to the review of information relating to ICFR.

The "Tax services" heading in 2022 included 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.

22. Tax situation

Consolidated Tax Group

The Parent Company (Almirall S.A.) is subject to Corporate Income Tax under the Tax Consolidation regime, as described in Note 5-q).

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 the Parent Company, 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 Parent Company, 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. These inspections were finalised with the signing of the certificates of conformity on 31 March 2023, without any significant amounts arising therefrom.

Consequently, the Parent Company and the companies forming part of the Spanish tax group are currently being audited for fiscal years 2019 to 2022 regarding Corporate Income Tax, and for fiscal years 2020 to 2023 for all other applicable taxes.

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. This inspection was completed in fiscal year 2023, with no significant aspect arising.

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.

During the 2023 fiscal year, the inspection procedure in relation to the following foreign Group companies was communicated, which at the date of preparing these annual accounts are still in progress:

- Almirall Hermal GmbH (Germany), in respect of the financial years 2018, 2019, 2020, and 2021, relating to Corporate Income Tax, Value Added Tax, as well as Withholdings and income on account for Personal Income Tax.
- Polichem SA (Luxembourg), in respect of the fiscal years 2019, 2020 and 2021, relating to Value Added Tax.
- Polichem SA (Switzerland), for the fiscal years 2020 and 2021, concerning the Cantonal Tax of Ticino in Switzerland.

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 2023 and 2022, are as follows:

	Thousands of Euros	
	31/12/2023	**31/12/2022**
VAT receivable from Tax Authorities	8,302	6,378
Corporate Income Tax receivable from Tax Authorities	7,223	14,432
Other concepts	11	7
Total debtor balance	**15,536**	**20,817**
VAT payable to Tax Authorities	3,505	3,327
Personal income tax	6,594	7,701
Social Security Agencies payables	3,536	3,004
Corporate Income Tax payable to Tax Authorities	15,409	12,611
Total credit balances	**29,044**	**26,643**

The corporate income tax receivables are mainly due to the expected tax refund for the scope of consolidation in Spain for 2023.

Income tax recognised

Income taxes recognised in the consolidated income statement and in equity in fiscal years 2023 and 2022, are as follows:

	Thousands of Euros	
	Expense / (Income)	
	2023	**2022**
Corporate Income Tax:		
- Recognised in the consolidated income statement	21,283	26,746
- Recognized in equity	(1,777)	6,024
Total	**19,506**	**32,770**

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	
	2023	**2022**
Consolidated pre-tax profit or loss	(17,191)	31,027
Permanent differences:		
Increase	276,098	224,053
Decrease	(271,559)	(237,046)
Adjusted accounting profit	(12,652)	18,034
Tax rate	25%	25%
Gross Tax	**(3,163)**	**4,509**
Deductions:		
Deductions applied and/or regularized in the fiscal year and other consolidation adjustments	(4,513)	2,259
Corporate Income Tax for Almirall, S.A. paid abroad	27	32
Effect of temporary differences not recognized in the balance sheet	-	8,414
Effect on income tax expense of subsidiaries in losses	28,023	12,440
Others	1,490	76
Accrued cost for theoretical tax	**21,864**	**27,730**
Effect of rate difference between countries	(492)	(688)
Other changes	(89)	(296)
Expense / (Income) accrued for Corporate Income Tax	**21,283**	**26,746**

In relation to financial year 2023:

- The positive permanent differences, €276.1 million, mainly corresponded to provisions for holdings in subsidiaries mainly of the US business, given that in 2023 Almirall, S.A. made a negative adjustment to its holding in Almirall Inc. (approximately €115 million) and Almirall Inc. also made a negative adjustment to its holding in Almirall LLC (approximately €106.7 million). Additionally, in 2023 the subsidiary Almirall Hermal GmbH distributed a dividend to the Parent Company for the amount of €45 million, which has also been adjusted as a permanent difference.
- The negative permanent differences, -€271.6 million, corresponded, in turn, to consolidation adjustments for elimination of the valuation adjustments on subsidiaries (the aforementioned €115 million and €106.7 million) and the dividend distributed by Almirall Hermal GmbH, while the remaining amount corresponds mainly to certain non-deductible expenses of the subsidiary Almirall SpA and the partial crediting of certain revenue linked to the exploitation of intellectual property by the subsidiary Polichem S.A.

In relation to financial year 2022:

- The positive permanent differences, €224 million, mainly corresponded to provisions for holdings in subsidiaries mainly of the US business, given that in 2022 Almirall, S.A. made a negative adjustment to its holding in Almirall Inc (approximately €92 million) and Almirall Inc. also made a negative adjustment to its holding in Almirall LLC (approximately €122 million).
- The negative permanent differences, -€237 million, corresponded, in turn, to consolidation adjustments for elimination of the valuation adjustments on subsidiaries (the aforementioned €92 million and €122 million), while the remaining amount corresponded mainly to certain non-deductible expenses of the subsidiary Almirall SpA and the partial crediting of certain revenue linked to the exploitation of intellectual property by the subsidiary Polichem S.A.

The amount of the deductions applied and/or adjusted in Spain during the 2023 and 2022 fiscal years include, among other concepts, the partial monetisation of the research and development deduction generated in fiscal years 2022 and 2021, respectively. These amounts are detailed in the section on deductions due to maturity.

The Group has complied with the following requirements in order to be able to apply such monetisation:

- At least one year has elapsed since the end of the tax period in which the deduction was generated, without the deduction having been applied.
- The average number of employees or, alternatively, the average number of employees assigned to research and development and technological innovation activities has not reduced since the end of the tax period in which the deduction was generated until the end of the period referred to in the following paragraph.
- An amount equivalent to the deduction applied or paid is used for research and development and technological innovation expenses or for investments in tangible fixed assets or intangible fixed assets exclusively assigned to such activities, excluding real estate, within 24 months following the end of the tax period in whose tax return the corresponding application or request for payment is made.
- The entity has obtained a reasoned report on the qualification of the activity as research and development or technological innovation or a prior agreement on the valuation of the expenses and investments corresponding to these activities.

The effect on the tax expense of subsidiaries in losses mainly includes the effect of the losses of the US subsidiaries (Almirall LLC and Almirall Inc), which do not record tax credit assets on their balance sheet.

The nature and amount of the incentives applied in 2023 and 2022, and those pending deduction as of 31 December 2023 and 2022 for the Spanish tax group, are as follows:

Nature	Thousands of Euros			
	2023		2022	
	Compensated	Pending compensation	Compensated	Pending compensation
Research and Development	4,937	337,174	6,029	323,753
Technological Innovation	-	3,323	-	3,323
International Double Taxation	-	23	638	-
Reinvestment of extraordinary profits	-	67	-	67
Donations	-	328	-	300
Temporary measures	-	324	-	321
Total deductions credited	**4,937**	**341,239**	**6,667**	**327,764**
Tax loss carryforwards (quota)	**198**	**80,407**	**-**	**62,604**
Total tax credits credited	**5,135**	**421,646**	**6,667**	**390,368**

The period for 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. The expiry dates of the deductions for Research and Development are detailed below:

Year generation	Cut-off year of application	Thousands of Euros			
		2023		2022	
		Compensated	Pending compensation	Compensated	Pending compensation
2007	2025	-	23,710	1,392	23,710
2008	2026	-	34,841	-	34,841
2009	2027	-	26,883	-	26,883
2010	2028	-	34,628	-	34,628
2011	2029	-	35,845	-	35,845
2012	2030	-	32,841	-	32,841
2013	2031	-	28,660	-	28,660
2014	2032	-	23,387	-	23,387
2015	2033	-	12,247	-	12,247
2016	2034	-	11,521	-	11,521
2017	2035	-	9,824	-	9,824
2018	2036	-	8,908	-	8,908
2019	2037	-	9,786	-	9,786
2020	2038	-	7,823	-	7,823
2021	2039	-	7,470	4,637	7,470
2022	2040	4,937	10,444	-	15,379
2023	2041	-	18,356	-	-
Total R&D deductions		**4,937**	**337,174**	**6,029**	**323,753**

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.

For all other deductions, the deadline is 15 years immediately and successively as from the generation thereof.

In relation to tax credits by tax base, a breakdown of the most significant tax jurisdictions is given below:

Jurisdiction tax	Year generation	Thousands of Euros			
		2023		2022	
		Compensated	Pending compensation	Compensated	Pending compensation
Spain	2017	198	4,133	-	4,331
	2019	-	26,526	-	26,526
	2021	-	814	-	814
United States	2017	-	65	-	65
	2019	-	430	-	430
	2020	-	1,729	-	1,729
	2021	-	12,548	-	12,548
	2022	-	16,161	-	16,161
	2023	-	18,001	-	-
Tax loss carryforwards (quota)		**198**	**80,407**	**-**	**62,604**

These tax loss carryforwards have no time limit for application, with the exception of €9,356 thousand corresponding to state tax loss carryforwards generated in the United States, whose application limit is between 2027 and 2043.

Deferred taxes

The breakdown of deferred tax assets and liabilities recorded on the consolidated balance sheet is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Deferred tax assets (net)	5,308	6,985
Deferred tax liabilities	(71,920)	(77,254)
Tax loss carryforwards	31,473	31,671
Deductions to be applied	144,980	144,315
Deferred tax assets (net)	**109,841**	**105,717**

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

	Thousands of Euros	
	2023	2022
At 1 January	105,717	116,648
Credit to the consolidated profit and loss account	7,284	(270)
Partial monetization R&D deductions	(4,937)	(4,637)
Tax (Charged)/ Paid to consolidated equity	1,777	(6,024)
At 31 December	**109,841**	**105,717**

Pursuant to the tax regulations in force in the different countries in which the consolidated entities are located, certain timing differences have arisen in 2023 and 2022 that must be taken into account when quantifying the corresponding income tax expense.

The breakdown of deferred tax assets and liabilities (net) by concept is as follows:

	Thousands of Euros			
	31/12/2023		31/12/2022	
	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	57,321	12,706	60,329	13,656
Provisions	36,217	9,256	44,545	11,309
Retirement benefit obligations	28,473	8,349	22,480	6,577
Stock valuation	40,105	10,083	33,795	8,489
Freedom of amortization R.D. 27/84, 2/85, 3/93	(12,736)	(3,184)	(13,439)	(3,361)
Goodwill amortisation	(118,444)	(29,611)	(109,060)	(27,265)
Others	(9,172)	(2,291)	(4,292)	(2,420)
Deferred tax assets (net):	**21,764**	**5,308**	**34,358**	**6,985**
Deferred tax liabilities (net):				
Capitalization of intangible assets	2,408	602	2,176	545
Allocation of capital gains to assets in business combinations	231,599	57,900	254,529	63,807
Goodwill amortisation	42,488	10,622	42,488	10,622
Others	11,184	2,796	14,395	2,280
Deferred tax liabilities (net)	**287,679**	**71,920**	**313,588**	**77,254**

The amount of net deferred tax assets that will reverse in a period of less than 12 months amounts to €7.7 million at 31 December 2023.

In accordance with IAS 12, the Group presents net deferred tax assets and liabilities for each of the tax jurisdictions in which the Group operates, although this only occurs with those relating to the Spanish consolidated tax group. The breakdown of deferred tax assets and liabilities by jurisdiction at 31 December 2023 and 2022 is as follows:

	Thousands of Euros					
Jurisdiction	**31/12/2023**			**31/12/2022**		
tax	**Posted**	**Not recorded**	**Total**	**Posted**	**Not recorded**	**Total**
Net deferred tax assets:						
Spain	(30,949)	-	(30,949)	(26,678)	-	(26,678)
Germany	8,343	-	8,343	6,562	-	6,562
United States	4,545	41,055	45,600	6,243	31,696	37,939
Rest (*)	(48,551)	-	(48,551)	(56,396)	-	(56,396)
Total	**(66,612)**	**41,055**	**(25,557)**	**(70,269)**	**31,696**	**(38,573)**
Tax loss to carryforward						
Spain	31,473	-	31,473	31,671	-	31,671
United States	-	48,934	48,934	-	30,933	30,933
Total	**31,473**	**48,934**	**80,407**	**31,671**	**30,933**	**62,604**
For deductions pending offset						
Spain	144,980	196,259	341,239	144,315	183,449	327,764
Total	**144,980**	**196,259**	**341,239**	**144,315**	**183,449**	**327,764**
Group Total	**109,841**	**286,248**	**396,089**	**105,717**	**246,078**	**351,795**

(*) Mainly due to consolidation adjustments

The aforementioned net deferred tax assets of €109.8 million (€105.7 million at 31 December 2022) 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 taxable profits that justify this recovery analysis, the following has been used as a starting point:

- Projections of estimated taxable profits 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.
- Estimated additional impacts expected on results in the coming years taking into account the relevant investments made in and prior to the financial year 2023. For this purpose, expected target returns, as well as probabilities of success in achieving them, have been considered.
- Finally, it should be noted that on 29 December 2021, Law 22/2021, of 28 December, on the General State Budget for 2022, was published in the Official State Gazette, thereby amending the Corporate Income Tax Law and establishing the concept of "minimum taxation" in Spain (as from 1 January 2022 and for an indefinite period of time). 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.

The sensitivity analysis performed on the projected taxable income (within a +/-5% range of variation) would not result in a significant impact on the consolidated financial statements at 31 December 2023 and 2022.

Most of the unrecorded tax assets recognised in the consolidated balance sheet correspond to the United States, specifically to the subsidiaries Almirall LLC and Almirall Inc. (which are tax consolidated), based on the expectations of local profit for this subsidiary and the associated CGUs (as described in Note 5-d)).

In the case of deductions pending offset, which correspond to the Spanish consolidated tax group, the amount that is expected to be recovered beyond 10 years has not been recognised in the consolidated balance sheet, even though the application limit is 18 years.

Global minimum complementary tax

In March 2022, the Organisation for Economic Co-operation and Development (OECD) approved its Pillar 2 international taxation model, which establishes a global minimum corporate tax rate of 15% for groups with a turnover of more than €750 million. On 23 May 2023, the IASB published an amendment to IAS 12 pertaining to Pillar 2 standards, effective for periods beginning as from 1 January 2023. The amendments to IAS 12 provide a mandatory temporary exemption from recognition of the deferred tax balances arising from the implementation of Pillar 2 legislation.

Likewise, in Spain, on 19 December 2023, the Council of Ministers approved the draft bill transposing the European directive to guarantee this minimum overall taxation of 15%.

In this regard, the Group is assessing the potential impact of this measure, and based on the analyses carried out, it does not expect to have significant impacts in the application thereof.

23. 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 2023 and 2022 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.

Broadly speaking, the Group's Management Committee is divided between the commercial areas (which are those that generate recurring revenue) and the other areas (which do not usually generate revenue and/or provide services to the other areas). The Group's segments are therefore divided into:

- Commercial areas: within this part, three segments are distinguished, in line with what is explained in Note 5-o):
  i. Marketing through its own network
  ii. Marketing through its own network (United States)
  iii. Marketing through licensees
- All other areas: within this part, two segments are distinguished:
  iv. Research and development
  v. Corporate and manufacturing services

The reported operating segments are those whose income, results and/or are assets greater than 10% of the corresponding consolidated figure.

The marketing segment through the company's own network is divided geographically (Europe and the United States) according to the specific product portfolio of each region (which is mostly exclusive to each area, except for Klisyri) and market dynamics, which especially in the area of access to prescription medicinal products is very different, as mentioned in the Note 5-p).

Research and development is separated due to being considered a key activity to secure the long-term future of the Group, and it has a significant budget allocation (as a target figure, around 12% of net turnover).

All other activities, essentially support functions such as Human Resources, Information Technology, Finance and Legal, among others, provide services to the rest of the areas and have independent managers in charge of the commercial business units, which is why they are presented separately and aggregated in the Corporate and Manufacturing Services segment. In addition, this segment incorporates the revenue derived from the manufacturing activity for third parties and the intermediation mentioned in Note 5-o) (product sales section), which mainly corresponds to manufacturing for Covis, linked to the contract explained in Note 12. The costs of the production centres are incorporated in the segments of the commercial areas (as a higher cost of Procurement), which is why there is an "Adjustments and reclassifications" column for arriving at the figures presented in the consolidated income statement.

Basis and methodology for reporting by business segments

The following aspects should be taken into account when segmenting the consolidated profit and loss account:

- In the case of the commercial areas, the main allocation criterion is determined by net turnover, such that the expenses allocated to these segments are those that are directly attributable to the products that are marketed under that segment. As mentioned above, this also includes the manufacturing costs incurred at the Group's production plants. In addition, it includes the personnel and other operating expenses of the various business units in each territory, together with amortisation mainly of the intangible assets linked to the licences described in Note 9.

- The financial result is grouped in the Corporate Services and Manufacturing segment, given that the Group's cash management is centralised. Furthermore, the corporate income tax expense is also grouped because the business managers do not manage the results in each tax jurisdiction, with the exception of the US segment, where the business unit coincides with the tax jurisdiction.
- The information by segments considers the consolidated balances of each segment, therefore attributing the relevant consolidation adjustments to each of the segments and without intercompany transactions.
- 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.

When segmenting the Consolidated Balance Sheet, the following aspects must be taken into account:

- Goodwill and intangible assets are assigned as detailed in the Notes 8 and 9. In particular, goodwill is assigned to marketing through the company's own network (Europe), with the exception of the licensee part of Poli Group's goodwill. In the case of intangible assets associated with business combinations and licensing agreements, the criterion is similar to that for goodwill, with the exception of those agreements where the products are under development, which are classified under the R&D segment. Software is mainly classified in the corporate services and manufacturing segment.
- The assets for rights of use assigned to the segments of Marketing through the company's own network correspond to the leasing contracts for the vehicles and commercial offices of those business units. The HQ contract is assigned to the Corporate Services segment.
- Property, plant and equipment is mostly assigned to the Corporate Services and Manufacturing segment, given that the main properties are the chemical and pharmaceutical plants, with the exception of the R&D centre in Sant Feliu de Llobregat (Barcelona, Spain), which is assigned to the Research and Development segment. Further details of the Group's main properties and their geographical location can be found in Note 11.
- Inventories (finished goods and merchandise) and trade receivables are classified in the segment to which the associated product sales correspond. Raw materials, work in progress and semi-finished goods are classified in the corporate services and manufacturing segment.
- Cash, financial assets (current and non-current) and tax assets (deferred and current) are classified in the Corporate services and manufacturing segment, the latter according to the criterion already explained for the corporate income tax expense.
- In the case of the financial asset with Covis (Notes 12 and 15), it is assigned to the Corporate services and manufacturing segment, in line with revenue, as explained in this Note.
- The Group has not established criteria for the allocation of equity and liabilities by segments and, therefore, it does not itemise this information.

(Thousands of euros)

Financial information by segments

Consolidated segmented income statement for the year ending on 31 December 2023:

	Commercial areas			Other areas			
	Own network (Europe)	**Own network (USA)**	**Licensees**	**R & D**	**Corporate services and manufacturing**	**Reclassifications**	**Total**
Net turnover	708,639	57,486	88,215	-	40,176	-	894,516
Other Income	-	-	-	-	4,271	-	4,271
Operating income	**708,639**	**57,486**	**88,215**	**-**	**44,447**	**-**	**898,787**
Work carried out on fixed assets	-	-	-	9,016	-	-	9,016
Supplies	(227,857)	(13,979)	(42,002)	(1,474)	(5,052)	68,869	(221,495)
Staff costs	(77,798)	(18,454)	(1,177)	(28,159)	(47,737)	(35,476)	(208,801)
Depreciation	(30,868)	(41,603)	(9,995)	(5,002)	(26,280)	(10,568)	(124,316)
Net change in valuation adjustments	-	(765)	-	-	(1,832)	-	(2,597)
Other operating expenses	(102,607)	(25,468)	(5,944)	(85,411)	(64,930)	(22,825)	(307,185)
Net gains (losses) on disposal of assets	-	-	-	-	(1,343)	-	(1,343)
Impairment losses on property, plant and equipment, intangible assets and goodwill	-	(47,330)	-	-	-	-	(47,330)
Operating profit	**269,509**	**(90,113)**	**29,097**	**(111,030)**	**(102,727)**	**-**	**(5,264)**
Financial income	-	-	-	-	5,585	-	5,585
Financial expenses	-	-	-	-	(14,647)	-	(14,647)
Exchange rate differences	-	-	-	-	(1,321)	-	(1,321)
Valuation gains on financial instruments	-	-	-	-	(1,544)	-	(1,544)
Earnings before tax	**269,509**	**(90,113)**	**29,097**	**(111,030)**	**(114,654)**	**-**	**(17,191)**
Corporate income tax	-	(1,529)	-	-	(19,754)	-	(21,283)
Net profit for the year attributable to the Parent Company	**269,509**	**(91,642)**	**29,097**	**(111,030)**	**(134,408)**	**-**	**(38,474)**

Segmented assets at 31 December 2023:

	Commercial areas			Other areas		
	Own network (Europe)	**Own network (USA)**	**Licensees**	**R & D**	**Corporate services and manufacturing**	**Total**
Goodwill	270,550	-	45,416	-	-	315,966
Intangible assets	489,973	210,162	153,894	81,320	16,066	951,415
Right-of-use assets	11,386	-	101	-	31,529	43,016
Property, plant and equipment	577	5,552	19	26,242	108,897	141,287
Financial assets	-	-	-	-	22,878	22,878
Deferred tax assets	1,985	4,993	5,740	-	169,043	181,761
NON-CURRENT ASSETS	**774,471**	**220,707**	**205,170**	**107,562**	**348,413**	**1,656,323**
Stocks	114,116	9,886	11,595	-	31,931	167,528
Trade and other receivables	69,646	26,199	17,767	-	17,886	131,498
Current tax assets	-	4,846	-	-	10,690	15,536
Other current assets	-	3,488	-	-	12,522	16,010
Current financial investments	-	-	-	-	136	136
Cash and cash equivalents	-	-	-	-	387,954	387,954
CURRENT ASSETS	**183,762**	**44,419**	**29,362**	**-**	**461,119**	**718,662**
TOTAL ASSETS	**958,233**	**265,126**	**234,532**	**107,562**	**809,532**	**2,374,985**

(Thousands of euros)

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

	Commercial areas			Other areas			Total
	Own network (Europe)	**Own network (USA)**	**Licensees**	**R & D**	**Corporate services and manufacturing**	**Reclassifications**	**Total**
Net turnover	658,340	74,179	86,509	-	44,220	-	863,248
Other Income	183	-	110	-	14,970	-	15,263
Operating income	**658,523**	**74,179**	**86,619**	**-**	**59,190**	**-**	**878,511**
Work carried out on fixed assets	-	-	-	7,539	-	-	7,539
Supplies	(184,489)	(15,702)	(43,733)	148	(31,367)	67,572	(207,571)
Staff costs	(69,301)	(22,417)	(1,093)	(24,447)	(51,053)	(33,349)	(201,660)
Depreciation	(31,411)	(48,958)	(9,771)	(4,888)	(14,811)	(10,797)	(120,636)
Net change in valuation adjustments	-	-	-	-	1,576	-	1,576
Other operating expenses	(109,841)	(31,983)	(4,911)	(81,582)	(37,798)	(23,426)	(289,541)
Net gains (losses) on disposal of assets	-	(1,510)	-	-	(3,353)	-	(4,863)
Impairment losses on property, plant and equipment, intangible assets and goodwill	-	(16,489)	-	-	-	-	(16,489)
Operating profit	**263,481**	**(62,880)**	**27,111**	**(103,230)**	**(77,616)**	**-**	**46,866**
Financial income	-	-	-	-	637	-	637
Financial expenses	-	-	-	-	(12,785)	-	(12,785)
Exchange rate differences	-	-	-	-	1,984	-	1,984
Valuation gains on financial instruments	-	-	-	-	(5,675)	-	(5,675)
Earnings before tax	**263,481**	**(62,880)**	**27,111**	**(103,230)**	**(93,455)**	**-**	**31,027**
Corporate income tax	-	(2,595)	-	-	(24,151)	-	(26,746)
Net profit for the year attributable to the Parent Company	**263,481**	**(65,475)**	**27,111**	**(103,230)**	**(117,606)**	**-**	**4,281**

Segmented assets at 31 December 2022:

	Commercial areas			Other areas		
	Own network (Europe)	**Own network (USA)**	**Licensees**	**R & D**	**Corporate services and manufacturing**	**Total**
Goodwill	270,550	-	45,416	-	-	315,966
Intangible assets	213,591	307,990	170,113	41,217	165,766	898,677
Right-of-use assets	4,465	43	157	-	33,988	38,653
Property, plant and equipment	577	3,389	18	24,202	95,865	124,051
Financial assets	170	1,057	10	-	33,418	34,655
Deferred tax assets	1,544	6,661	5,845	-	168,921	182,971
NON-CURRENT ASSETS	**490,897**	**319,140**	**221,559**	**65,419**	**497,958**	**1,594,973**
Stocks	66,629	12,179	8,213	-	43,074	130,095
Trade and other receivables	44,366	37,857	18,590	-	37,448	138,261
Current tax assets	-	4,962	-	-	15,855	20,817
Other current assets	-	4,302	-	-	10,420	14,722
Current financial investments	-	-	-	-	443	443
Cash and cash equivalents	-	11,589	-	-	236,791	248,380
CURRENT ASSETS	**110,995**	**70,889**	**26,803**	**-**	**344,031**	**552,718**
TOTAL ASSETS	**601,892**	**390,029**	**248,362**	**65,419**	**841,989**	**2,147,691**

Additions to non-current assets by segment during the six months ending 31 December 2023:

	Commercial areas			Other areas		Total
	Own network (Europe)	Own network (USA)	Licensees	R & D	Corporate services and manufacturing	
Total additions to non-current assets	170,500	2,433	3,860	32,516	46,429	**255,738**

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

	Commercial areas			Other areas		Total
	Own network (Europe)	Own network (USA)	Licensees	R & D	Corporate services and manufacturing	
Total additions to non-current assets	20,415	3,146	-	28,330	75,716	**127,607**

24. Dividends paid by the Parent Company

The dividends paid by the Parent Company during fiscal years 2023 and 2022, which in both cases correspond to the dividends approved on the results of the previous year, are shown below:

	2023			2022		
	% of nominal	Euros per share	Amount (Thousands of Euros)	% of nominal	Euros per share	Amount (Thousands of Euros)
Ordinary shares	158%	0.19	34,488	158%	0.19	34,158
Total Dividends paid	**158%**	**0.19**	**34,488**	**158%**	**0.19**	**34,158**
Dividends charged to income statement	158%	0.19	34,488	158%	0.19	34,158

The 2023 and 2022 dividend payments have been implemented as a Scrip 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 2023, the cash payment was chosen by 7.8% of the holders of rights (which meant a disbursement of €2.6 million), and the remaining 92.2% opted to receive new shares, each at par value, which were issued as a capital increase (Note 16).

In 2022, the cash payment was chosen by 37.1% of the holders of rights (which meant a disbursement of €12.4 million), while the remaining 62.9% opted to receive new shares, each at par value, which were issued as a capital increase (Note 16).

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.

25. 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 2023 and 2022, there were no financial instruments with dilutive effects.

Accordingly:

	2023	2022
Net result of the year (thousands of euros)	(38,474)	4281
No. of weighted average ordinary shares available (*)	196,992	196,992
No. of weighted average diluted shares (**)	196,992	196,992
Basic earnings per share (euros)	**(0.20)**	**0.02**
Diluted earnings per share (euros)	**(0.20)**	**0.02**

(*) Number of issued shares minus treasury shares

(**) Average number of available ordinary shares

As described in Note 16, during 2023 a total of 27,878,356 new shares of the Parent Company were created in the respective capital increases on 7 and 12 June 2023. During 2022, as a result of the increase in the fully-paid share capital through which the Scrip Dividend programme was implemented, a total of 1,738,566 new Parent Company shares were created and admitted to trading on 8 June 2022.

In accordance with the provisions of IAS 33, these capital increases have been taken into account in the earnings per share for 2022, with no change in the amount with respect to that published in the financial statements for the year ended 31 December 2022.

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, if any.

26. 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 2023 and 2022, firm agreements had been entered into for the performance of these activities at a cost of €67.1 and €43.6, respectively, and in future years these agreements will have to be honoured.

As of 31 December 2023, the Group has set up various guarantees with the public administration and third parties in the amount of €13.3 million at 31 December 2023 (€13.3 million at 31 December 2022).

As of 31 December 2023 and 2022, 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

See Note 9 for details of the amounts that the Group could potentially face if all milestones of the licensing and development contracts are met. As at 31 December 2023, there are no other contingent assets.

27. 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 2023 and 2022, Group companies have carried out the following transactions with related parties, consequently maintaining the following balances at 31 December 2023 and 2022:

Company	Related party	Concept	Year	Thousands of Euros		
				Transactions	Balances - Debtor / (Creditor)	
				Transactions - Income/(Expenses)	Commercial	Lease liabilities
Almirall, S.A.	Sinkasen, S.L.U.	Leases	2023	(3,185)	-	(30,898)
			2022	(1,580)	-	(34,083)
Almirall, S.A.	Sinkasen, S.L.U.	Re-invoicing works	2023	54	38	-
			2022	351	382	-
Almirall, S.A.	Grupo Corporativo Landon, S.L.	Leases	2023	-	-	-
			2022	(1,580)	-	-
Almirall, S.A.	Grupo Corporativo Landon, S.L.	Re-invoicing works	2023	-	-	-
			2022	315	-	-
Almirall, S.A.	Grupo Corporativo Landon, S.L.	Others	2023	8	-	-
			2022	(2)	-	-

The Group's head office is leased to the related entity Sinkasen S.L.U. (Note 10), under a contract that was renewed in January 2023 for a minimum period of ten years (until 31 December 2032). Up to 30 June 2022, the building was owned by Grupo Corporativo Landon S.L. (which in turn is the sole shareholder of Sinkasen S.L.U.).

Transactions with related parties are carried out at market price.

28. Remuneration of the Board of Directors and Senior Management

The amount accrued during fiscal years 2023 and 2022 by current and former members of the Parent Company's Board of Directors for all remuneration items (salaries, bonuses, allowances, remuneration in kind, life insurance, compensation, incentive schemes and social security contributions) amounted to €2,517 and €6,840 thousand, respectively. There are life insurance policies accrued for an amount of €2 thousand in 2023 (€5 thousand in 2022).

During fiscal year 2023, civil liability insurance premiums in the amount of €249 thousand (€268 thousand in 2022) 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 for multi-year incentive and loyalty plans and the SEUS Plan (see Note 5-s)), amounted to €615 thousand in 2023 (€0 thousand in 2022). The balance of the provision for these plans amounts to €861 thousand in 2023 (€0 thousand in 2022).

As of 31 December 2023 and 2022, 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 2023 and 2022 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, compensation, incentive schemes and social security contributions), came to €6,883 thousand and €6,874 thousand, respectively. There are life insurance policies accrued in the amount of €13 thousand in 2023 (€11 thousand in 2022).

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 amounted to €1,326 thousand and €1,238 thousand in fiscal years 2023 and 2022, respectively. The balance of the provision for these plans totals €4,283 thousand in 2023 (€3,011 thousand in 2022).

As of 31 December 2023 and 2022, 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.

29. 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.

30. 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 2023 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 of €13.8 million euros on 31 December 2023 (€12.0 million on 31 December 2022). In addition, investments in the amount of €4.1 million were made during 2023 (€3.2 million in 2022).

The consolidated income statements for fiscal years 2023 and 2022 include expenses related to environmental protection for the amounts of €1.7 million in both years.

The Group has made investments for an amount of €1,360 thousand related to photovoltaic panels intended for the production of electricity for self-consumption in 2023, the carrying value of which amounts to €2,733 thousand as of 31 December 2023 (€1,464 thousand as of 31 December 2022). The profit and loss statement for 2023 includes expenses related to the maintenance of these plates, which amount to €31 thousand (€46 thousand in 2022), and related depreciation expenses that amount to €90 thousand (€67 thousand in 2022); but it does not include any amount for electricity tax expenses in 2023 and 2022.

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.

31. 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 2023, 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 17, the main debt instruments are as follows:

- 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 increased by 0.30%, and therefore the interest rate is 1.651%.
- 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.
- Finally, the Group has taken out a revolving credit facility, which accrues interest at a variable rate tied to the Euribor, but at 31 December 2023 and 2022, no amounts had been drawn down.

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; 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.

Monthly, the Group analyses 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 occasionally reduced its exposure to exchange rate risk in larger commercial transactions by taking out specific insurance policies for exchange rates to cover incoming and outgoing 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 fulfilment therewith (as well as expected fulfilment, so that it may take corrective measures, if necessary). As of 31 December 2023, all covenants are considered to be fulfilled, as mentioned in Note 17.

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 2023, the forecast for liquidity reserves is as follows:

(Thousands of Euros)	**2024**	**2025 and following years**
Cash and other cash equivalents (Note 13)	387,954	-
Credit lines agreed by banks, not used (Note 17)	-	275,000
Closing Balance	**387,954**	**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 2023				
Loans with credit institutions (Note 17)	10,810	10,675	31,215	4,528
Financial derivatives held for trading (Note 17)	1,569	-	-	-
Bonds (Note 17)	6,375	6,375	304,781	-
Lease liabilities (Note 10)	6,206	6,135	14,620	16,850
Trade and other payables (Note 18)	181,354	-	-	-
Total	**206,314**	**23,185**	**350,616**	**21,378**
At 31 December 2022				
Loans with credit institutions (Note 17)	10,810	10,675	31,215	15,203
Financial derivatives held for trading (Note 17)	25	-	-	-
Bonds (Note 17)	6,375	6,375	311,156	-
Lease liabilities (Note 10)	5,100	4,869	11,631	17,435
Trade and other payables (Note 18)	184,287	-	-	-
Total	**206,597**	**21,919**	**354,002**	**32,638**

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.

At 31 December 2023 and 2022, the Group only has assets measured at level 3 fair value, which corresponds to the financial asset with Covis (Notes 12 and 15) and at level 2, which corresponds to the derivative described in Note 17.

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 breakdown by maturity, as well as the amounts provided for at year-end 2023 and 2022 are detailed in Note 15.

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 2023 and 2022 were as follows:

Thousands of Euros	**31 December 2023**	**31 December 2022**
Financial debts (Note 17)	355,819	363,160
Retirement benefit obligations (Note 19)	60,481	54,046
Cash and cash equivalents (Note 13)	(387,954)	(248,823)
Net debt	**28,346**	**168,383**
Equity (Note 16)	1,463,400	1,3187,15
Share Capital (Note 16)	25,127	21,782
Leverage Index(1)	**1.9%**	**12.8%**

(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 18 and the lease liabilities included in Note 10).

Macroeconomic and geopolitical risks

The Group's operations can be conditioned by economic cycles and international geopolitical conflicts, whether in areas in which it operates directly or in territories that impact other activities (such as the supply chain or clinical trials, for example). However, the pharmaceutical sector is generally considered counter-cyclical, given that chronic and prescription treatments tend to have stable demand and do not benefit (or are not harmed) by favourable macroeconomic scenarios (or recession, in the latter case).

In the year ended 31 December 2023, inflation in the various territories where the Group operates (mainly the European Union and the United States) has returned to lower levels as a result of the more restrictive monetary policies of the central banks, which has resulted in higher interest rates (although this has not had an impact on the Group's financial cost for the reasons mentioned in the section on interest rate risk). Energy costs have also eased in 2023, as well as supply chain disruptions, although the Group has put in place mechanisms to avoid *stock-outs* because of the uncertainty of recent years (partly reflected in the increase in inventories). The conflict between Ukraine and Russia remains active, and in 2023 the conflict in the Middle East erupted (both events mainly affect the licensee marketing segment), but they have not had a significant impact on the Group's operations in 2023.

32. 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:

	2023	**2022**
	Days	**Days**
Average period of payment to suppliers	43	50
Ratio of paid transactions	44	54
Ratio of transactions pending payment	24	19
Total payments made	**575,157**	**481,055**
Total payments due	**44,485**	**55,968**

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:

	2023		2022	
	Thousands of Euros	**Number of invoices**	**Thousands of Euros**	**Number of invoices**
Invoices paid within the deadline*	387,328	17,549	300,426	16,488
Total invoices paid	575,157	36,833	481,055	36,767
% paid within the deadline*	**67.3%**	**47.6%**	**62.5%**	**44.8%**

* in accordance with Spanish default regulations

33. Subsequent events

In January 2024, the Group has made payments in the aggregate amount of €75 million linked to the achievement, by the end of 2023, of certain milestones linked to the contracts with Eli Lilly, Sun Pharma and Simcere, together with the amounts derived from the agreement with Etherna, as described in Notes 9 and 18-b).

On 2 February 2024, the Parent Company signed a novation of the revolving credit facility entered into in July 2020 with several financial institutions to extend the maturity until February 2028, with the possibility of extending the term for a further year, until February 2029, maintaining the same financial conditions, which will be used for general corporate purposes.

Finally, at the date of preparation of these consolidated financial statements, the Board of Directors of Almirall, S.A. resolved to propose to the General Shareholders' Meeting the distribution of a dividend charged to unrestricted reserves in the amount of €39.8 million (equivalent to €0.19 per share). For the purposes of this dividend distribution, it is proposed to again utilise the "Scrip Dividend" shareholder remuneration system, already applied in 2023. 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 Tecnobio S.A.	Industrias Farmacéuticas Almirall S.A.	Ranke Química S.A.	Almirall Holding Iberia S.L. (1)	Almirall, NV	Almirall - Productos Farmacêuticos. Lda.
Address	Spain	Spain	Spain	Spain	Spain	Belgium	Portugal
Activity	Intermediation services	Inactive	Manufacturing of specialities	Manufacture of raw materials	Holding	Pharmaceutical laboratory	Pharmaceutical laboratory
31 December 2023							
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	8,458	1,274	58,557	21,308	17,615	2,437	2,769
Net profit/(loss) for the year	680	44	3,661	1,128	(110)	132	145
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	55,272	20,303	75,457	2,315	2,610
Net profit/(loss) for the year	424	202	3,285	1,005	3,840	122	159

(1) Formerly Almirall International BV, with headquarters in the Netherlands (Note 5-q).

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	Inactive	Pharmaceutical laboratory	Pharmaceutical laboratory	Intermediation services	Intermediation services	Pharmaceutical laboratory
31 December 2023							
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	500	12,527	51	36	1,000
Reserves	3,143	171	10,889	23,613	6,834	2,632	5,563
Net profit/(loss) for the year	499	5	583	2,625	45	384	744
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

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 (2) Almirall LLC	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 2023								
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	125	-	-	31	1,447	540
Reserves	57,257	43,812	23,826	374,412	391,351	46,713	205,048	7,435
Net profit/(loss) for the year	4,159	32,369	229	(106,577)	(105,652)	(31)	33,819	1,344
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

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

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 S.r.o.	Almirall S.r.o	Almirall AS	Almirall AS
Address	Czech Republic	Slovak Republic	Norway	Sweden
Activity	Intermediation services	Intermediation services	Intermediation services	Intermediation services
31 December 2023				
Fraction of capital held				
- Directly	-	100%	100%	100%
- Indirectly	100%	-	-	-
% voting rights	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Capital	10	5	300	25
Reserves	12,600	556	5,424	5,700
Net profit/(loss) for the year	38	17	16	30
31 December 2022				
Fraction of capital held				
- Directly	-	1	1	1
- Indirectly	100%	0%	0%	0%
% 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	-	-

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.