Almirall S.A. and Subsidiary Companies
(Almirall Group)

Consolidated management report
(Year ended 31 December 2024)

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

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1. Summary of the year: main milestones

The financial year ending 31 December 2024 was characterised by an increase in net turnover, mainly due to the performance of the Group's dermatology portfolio in Europe. Growth is mainly being led by products marketed under the brand names Ilumetri (for treating moderate to severe plaque psoriasis), Wynzora (for treating mild to moderate psoriasis) and Ebglyss (launched in December 2023 in Germany and for treating moderate to severe atopic dermatitis). Additional launches of Ebglyss in new territories are expected throughout 2025. The Spanish market is also growing thanks to the dermatology portfolio, Almax and the products acquired throughout 2023 (Physiorelax in February and Prometax in August), which offset the erosion in sales of products marketed under the Efficib and Tesavel brands, affected by the competition from generics since August 2022.

From the macroeconomic and geopolitical point of view, inflation in the various territories where the Group operates (mainly the European Union and the United States) remained at low levels as a result of the central banks' more restrictive monetary policies, which resulted in lower interest rates faced with the prospect of the central banks easing their monetary policy. The conflicts between Ukraine and Russia, and in the area of the Middle East remain active (both events mainly affect the licensee marketing segment), but did not have a significant impact on the Group's operations in 2024.

In the specific case of Spain, the Pharmaceutical Industry's Strategy for the 2024-2028 period has been approved, which seeks to integrate innovation, production and access to medicines, taking into account sustainability and control of health spending. This strategy recognises that the pharmaceutical sector is crucial to people's health and quality of life, as well as to the global economy. Drawn up by an inter-ministerial group and the main employers' organisations of the sector in Spain, it focuses on three key aspects: equitable access to medicines, sustainability of the National Health System (NHS) and the promotion of innovation and competitiveness of the industry. It is part of Spain's Recovery, Transformation and Resilience Plan and contributes to the European Pharmaceutical Strategy. At the end of 2024, the concrete impacts that may result from this strategy are unknown.

From the point of view of R&D activities, there has been no relevant regulatory event, although two development agreements have been signed (with Novo Nordisk and Eloxx Pharmaceuticals), as explained in the following sections.

The dividend proposed by the Board of Directors on 16 February 2024 was approved at the General Meeting of Shareholders held on 10 May 2024. The payment of the dividend has been implemented as a flexible dividend in which shareholders have been offered the choice between receiving newly issued Parent Company shares or the cash amount equivalent to the dividend. The cash payment was chosen by 8.5% of the rights holders (which entailed a disbursement of 3.3 million euros), while the remaining 91.5% opted to receive new shares at the unit par value, which were issued as a capital increase. On 12 June 2024, a total of 4,074,994 new shares of the Parent Company from this flexible dividend were admitted to trading on the Barcelona, Madrid, Bilbao and Valencia stock exchanges.

From a liquidity standpoint, the Group ended the year with a cash position that amounted to €377.1 million (€388.0 million at 31 December 2023). This evolution is explained by:

- A robust cash flow from operating activities (+€160.8 million), in line with the operating profit plus amortisation, but partially offset by interim corporate income tax payments (mainly in Germany and Switzerland) and a certain increase in working capital, although this has improved significantly compared to 2023.
- Net payments from investment activities (-€140.0 million) resulting mainly from various licence payments accrued at the end of 2023 (€75 million), from the acquisition of the worldwide rights for Klisyri, the first milestone payment for sales of Wynzora, the agreements signed with Eloxx Pharmaceuticals and Novo Nordisk in 2024 and from investments in the Group's production facilities, partially offset by proceeds from the agreement with Covis Pharma GmbH and the interest from financial investments.
- Net payments from financing activities (-€31.6 million) due to interest payments on debt, quarterly repayments of the loan with the European Investment Bank, the dividend payment and financial lease payments.

2. Corporate Development

During FY 2024, the corporate development agreements concluded and the significant events that occurred were as follows:

- On 16 February 2024, an agreement was signed with Novo Nordisk for the rights to NN-8828 for the use thereof in various fields, including immune-mediated inflammatory skin diseases. NN-8828 is an IL-21 blocker that inhibits IL-21-induced pathophysiological functions in several immunomodulatory diseases.
- On 11 March 2024, an agreement was signed with Eloxx Pharmaceuticals Inc. for the rights to ZKN-013, including its use in orphan dermatological diseases. ZKN-013 is a potentially promising oral drug for reading nonsense mutations, which allows host cells to produce functional proteins that counteract the root cause of these rare dermatological diseases and potentially others.
- On 10 June 2024, it was announced that the US Food and Drug Administration (FDA) had approved the Supplemental New Drug Application (sNDA), which involves extension of the treatment area to 100 cm2 of Klisyri (tirbanibulin), a topical treatment for actinic keratosis (AK) of the face or scalp, which is applied once daily for five days. This new approval will modify the previous dosing of Klisyri for treatment, from a surface area of up to 25 cm2 to a surface area of up to 100 cm2, thereby allowing physicians to treat a larger surface area on the face or scalp. This approval has been backed by an open-label Phase III safety study with over 100 patients in the United States.
- At the Congress of the European Academy of Dermatology and Venereology (EADV), held from 25 to 28 September in Amsterdam, in the Netherlands, Almirall presented new long-term results from the ADjoin extension trial. More than 80% of adults and adolescents with moderate to severe atopic dermatitis who responded to treatment with lebrikizumab at week 16 of the ADvocate 1 and 2 trials, and continued the treatment for up to three years, experienced sustained skin clearance with monthly maintenance dosing. Nearly 87% of patients treated with this biological agent have not required high potency topical corticosteroids or systemic treatments during the three-year period

3. Evolution of the main figures of the consolidated income statement

- Operating income totalled €990.6 million (+10.2%) due to:
    - Net turnover amounted to €985.7 million, showing an increase of 10.2% thanks to the growth in dermatological products in Europe (led by Ilumetri, Ebglyss and Wynzora), partially offset by lower income from granting licences (there were two one-off agreements in the first semester of 2023).
    - Other income amounted to 4.9 million euros, increasing thanks to income from grants and offset by lower income from the Covis agreement.
- The R&D expenses of the financial year amounted to €124.2 million (+12% compared to the 2023 financial year) due to the developments associated with the agreements signed at the end of 2023 and the beginning of 2024, together with the development of IL-2muFc, which has initiated Phase I, and Anti-IL-1RAP mAb, which is in Phase I.
- Operating expenses increased as a result of the commercial roll-out of Ebglyss (for which successive launches are expected in several territories in 2025), Ilumetri and Wynzora.
- Staff costs increased due to the new-hires during the period, together with the salary increase of Spanish companies as a result of applying the salary review clause for the period from 2021 to 2023, as established by the collective bargaining agreement of the chemical sector in force for those years. In addition, a new agreement was signed in 2024 for the 2024 - 2026 period, which provides for annual increases of 3%. The average workforce for the fiscal year 2024 was 2,026 people (1,904 in 2023).
- Depreciation and amortisation amounted to €139.1 million (+11.9%), increased by the start of the amortisation associated with the acquired rights of Ebglyss, partially offset by the reduction derived from the impairments made in 2023 on the rights of Seysara (an acne product marketed in the United States).
- The net financial result has improved compared to 2023 as a result of the interest generated by deposits and current accounts (in 2023 they started to be remunerated from the second half of the year).
- The heading “Impairment of property, plant and equipment, intangible assets and goodwill” includes the net loss related to the impairment of certain products in the U.S. market.
- Hence, for the reasons indicated, the net result for the year amounts to a profit of €10.1 million, compared to a loss of €38.5 million in 2023.

4. Consolidated balance sheet. Financial position

The main changes in the Consolidated Balance Sheet as at 31 December 2024 compared to the end of FY 2023 are described below:

- Intangible assets decreased slightly, mainly as a result of amortisation, offset by additions in the period and the positive effect of the US dollar on assets linked to the US business.
- Trade receivables have increased mainly due to the increase in turnover and the recognition of the right to collect various loans granted by the Spanish Ministry of Science and Technology to finance R&D activities.
- The cash position at 31 December 2024 amounts to €377.1 million, maintaining similar levels to year-end 2023, despite payments made in connection with licence agreements, including various licence agreement milestones that were earned at the end of 2023, but paid in 2024 (approximately €75 million), in addition to various agreements signed in 2024.
- Financial debt has decreased as a result of quarterly repayments of the loan from the European Investment Bank.
- Other current liabilities have decreased as a result of the milestone payment mentioned above, although partially offset by the Ilumetri sales milestone accrued in November 2024, which at the date of preparation of these consolidated financial statements has not yet been paid.

5. Risk factors

Noteworthy risk factors that may affect the achievement of business targets are as follows:

- Pressures related to price reductions, reimbursement conditions, contributions to the healthcare system or more restrictive regulations, which could increase with growing government budget deficits on the horizon and with a potential overall worsening of the macroeconomic conditions in European countries.
- Price increases in materials, transport and energy, as well as supply shortages, due to constant geopolitical and socio-economic threats.
- Unexpected climate changes and increasing risks of major natural disasters could accelerate the adoption of new regulations to reduce emissions, energy and water use and changes to increase climate resilience, thereby generating greater transition costs.
- Cyberattacks or security incidents that could allow access to confidential information or could cause a disruption of business activities.
- Impairment of intangible assets and goodwill due to lower-than-projected revenue streams.
- Inability to have a sufficiently balanced and differentiated R&D pipeline in its various phases, either with internal or external innovation, to nurture the portfolio of products.
- Difficulties in attracting and retaining talent.
- Delays in the implementation of new launches.

In addition, in the Consolidated Non-Financial Information Statement and Sustainability Information of Almirall S.A and its subsidiaries for the fiscal year 2024, the Group's risk management system is explained (section 2.1.4).

6. Financial risk management and use of hedging instruments

Interest rate risk

As of 31 December 2024, 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 18, 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 2024 and 2023, 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 2024, all covenants are considered to be fulfilled, as mentioned in Note 18.

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.

7. Trends for the year 2025

2025 will be a significant year for Ebglyss, consolidating growth in the territories where it has already launched and paying special attention on the new territories where it will launch in 2025. As for the rest of the dermatology portfolio, growth is expected to continue with the leadership of Ilumetri, Wynzora and Klisyri.

In terms of R&D activities, the focus will be on products that are in the early development stages, linked to agreements with Evotec, Ichnos, Simcere, Etherna, Novo Nordisk and Eloxx.

Finally, the Group's Management continues to focus on opportunistic acquisition transactions that fit with the Group's business strategy, while always maintaining a prudent financial approach.

8. Annual Corporate Governance Report

The Annual Corporate Governance Report is attached as Annex II to this document.

9. Management Bodies, Board

Appointment of directors

Directors are appointed (i) at the proposal of the Appointments and Remuneration Committee, in the case of independent directors, and (ii) after a report from the Appointments and Remuneration Committee, in the case of other directors, by the General Shareholders' Meeting or by the Board of Directors in accordance with the provisions of the Spanish Capital Companies Act.

When a new director is appointed, they must follow the orientation programme for new directors established by the Parent Company, so that they can quickly acquire sufficient knowledge of the Parent Company and of its rules for corporate governance.

When designating external directors, the Board of Directors endeavours to ensure that candidates are chosen who have recognised solvency, competence and experience, given that great care must be taken when filling the posts of independent director provided for in Art. 6 of the Board Regulations.

Directors affected by proposals for re-election will abstain from taking part in deliberations and from voting on such proposals.

Directors hold office for the term stipulated by the General Shareholders' Meeting, which must be the same for all of them and may not exceed four years. At the end of this term, they may be re-elected one or more times for periods of the same maximum duration.

Replacement of directors

Directors will leave office when the term for which they were appointed has elapsed or when so decided by the General Shareholders' Meeting in the exercise of the powers conferred upon it by law or by the Company's Articles of Association. In any case, the appointment of directors will end when the term has expired and the next General Meeting has been held or when the legal deadline for holding the meeting that must pass a resolution approving the previous year's accounts has elapsed.

The Board of Directors may only propose the dismissal of an independent director before expiry of the term established in the Articles of Association when there is just cause, as determined by the Board following a report from the Appointments and Remuneration Committee. In particular, just cause will be deemed to exist when the director has failed to comply with the duties inherent in their position or has incurred in any of the circumstances that prevent them from holding office as described in the definition of independent director established in the good corporate governance recommendations currently in force.

Directors affected by proposals for dismissal will abstain from taking part in the deliberations and voting on such proposals.

Directors must submit their resignation to the Board of Directors and, if the Board deems it appropriate, officially resign their post in the following cases:

a) When they leave the executive positions associated with their appointment as director.
b) When they find themselves in any of the situations resulting in incompatibility or prohibition as stipulated by law.
c) When they are seriously reprimanded by the Board of Directors for having breached their obligations as directors.
d) When their continued presence on the Board may jeopardise or damage the interests, credit or reputation of the Parent Company or when the reasons for which they were appointed cease to exist (for example, when a proprietary director sells their stake in the Parent Company).
e) In the case of independent directors, they may not remain in their posts for a continuous period of more than 12 years, and once this period has elapsed, they must submit their resignation to the Board of Directors and officially resign.
f) In the case of proprietary directors (i) when the shareholder they represent sells its entire stake and; , likewise (ii) in the corresponding number, when this shareholder reduces its stake to a level that requires a reduction in the number of proprietary directors.

In the event that, due to resignation or for any other reason, a director leaves their post before the end of their term of office, they must explain the reasons in a letter to be sent to all the members of the Board.

Amendment of Articles of Association

The amendment of the Articles of Association is the responsibility of the General Shareholders' Meeting and is governed by Art. 160 of the Spanish Capital Companies Act and other concordant provisions, and there are no relevant specifications in this regard in the Articles of Association or the Regulations of the General Shareholders' Meeting.

Powers of Members of the Board of Directors

All the powers corresponding to the Board of Directors are permanently delegated in favour of the Chief Executive Officer of Almirall S.A. (Parent Company of the Group), according to a deed authorised on 11 May 2023 by the Notary Public of Barcelona, Mr. Enrique Viola Tarragona, acting in replacement of and for the notarial records of his colleague of the same city, Ms. Blanca Pardo García.

10. Capital structure. Significant shareholdings

The Parent Company's share capital as at 31 December 2024 is represented by 213,468,718 shares with a par value of €0.12, fully subscribed and paid up (209,393,724 shares as at 31 December 2023).

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 2024 and 2023, are as follows:

Name or company name of the direct holder of the interest	**% Interest 31/12/2024**	**% Interest 31/12/2023**
Grupo Plafin, S.A.	44.5%	44.5%
Grupo Corporativo Landon, S.L.	15.6%	15.6%
Norbel Inversiones	5.1%	5.1%
Wellington Management	-	5.0%
Total	**65.2%**	**70.2%**

As of 31 December 2024 and 2023, 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.

11. 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 2024 the Parent Company holds treasury shares representing 0.10% of the share capital (0.09% at 31 December 2023) and an overall nominal value of €24.5 thousand (€23.0 thousand at 31 December 2023), which have been recognised in accordance with EU-IFRS. The average acquisition price of these shares was €8.4 per share. The treasury shares held by the Parent Company are intended to be traded on the market.

12. Private agreements among shareholders and restrictions on transferability and voting

There is a private agreement among shareholders, which has been duly notified to the CNMV, and the full text thereof can be consulted on the website www.almirall.com. It was concluded by Mr. Antonio Gallardo Ballart and Mr. Jorge Gallardo Ballart, and it regulates the concerted action of its signatories in Almirall, S.A. and the exercise of the voting rights that indirectly have in the Parent Company through the company Grupo Plafin, S.A.U. and Grupo Corporativo Landon, S.L. (formerly Todasa, S.A.U.).

There are no restrictions set out in the Articles of Association on the free transferability of the Company's shares, nor are there any statutory or regulatory restrictions set out in the Articles of Association or in other regulations on voting rights.

13. Significant agreements

There are no significant agreements, either in relation to changes of control of the Parent Company or between the Parent Company and its Directors and Management or Employees, regarding compensation for resignation (except those described in the Annual Remuneration Report), dismissal or takeover bids (except those described in the Annual Report on Directors' Remuneration and the Corporate Governance Report).

14. Subsequent events

On 31 January 2025, an agreement has been signed corresponding to the divestment of Algidol® and the Sekisan® licence in Spain. As a result, the Group has collected €12 million, with certain unconditional future collections pending. As at 31 December 2024 there are no significant assets associated with this transaction.

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 €40.6 million (equivalent to €0.19 per share). For the purposes of this dividend distribution, it is proposed to again utilise the "Flexible Dividend" shareholder remuneration system, already applied in 2024, or alternatively, to pay it fully in cash.

15. Annual remuneration report

The Annual remuneration report is attached as Annex III to this document.

16. Sustainability information

The Consolidated Non-Financial Information Statement and Sustainability Information of Almirall S.A and its subsidiaries for the fiscal year 2024 is attached in Annex I of this document.