

# GALDERMA

EST. 1981

Finance Report  
2024

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CONSOLIDATED FINANCIAL  
STATEMENTS OF GALDERMA GROUP  
AG AND ITS SUBSIDIARIES

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OF GALDERMA GROUP AG

CONSOLIDATED  
FINANCIAL STATEMENTS  
OF GALDERMA GROUP AG  
AND ITS SUBSIDIARIES

for the year ended  
December 31, 2024

10, ZÄHLERWEG, CH-6300 ZUG

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# Consolidated statement of profit or loss

<i>In M USD</i>	Notes	Year ended December 31, 2024	Year ended December 31, 2023
<b>Net sales</b>	3	<b>4,410</b>	<b>4,082</b>
Other revenue		30	35
Cost of goods sold		(1,355)	(1,232)
<b>Gross profit</b>		<b>3,085</b>	<b>2,885</b>
Research and development		(260)	(287)
Sales and marketing		(1,377)	(1,292)
General and administrative		(543)	(467)
Medical and regulatory		(95)	(95)
Distribution		(132)	(133)
Other income / (expenses)	4	(33)	(75)
<b>Operating profit</b>		<b>645</b>	<b>536</b>
Financial income	5	46	38
Financial expenses	5	(374)	(564)
Foreign exchange gain / (loss) on financing activities		(7)	2
<b>Income before tax</b>		<b>310</b>	<b>11</b>
Income taxes	18	(79)	(68)
<b>Net income / (loss)</b>		<b>231</b>	<b>(57)</b>

<i>In USD</i>	Notes	Year ended December 31, 2024	Year ended December 31, 2023 <sup>1</sup>
Basic income / (loss) per share	6	0.97	(0.24)
Diluted income / (loss) per share	6	0.97	(0.24)

1 The previously reported basic and diluted earnings per share have been restated to reflect the reorganization of Galderma (refer to note 6).

The accompanying notes form an integral part of the Consolidated Financial Statements.

# Consolidated statement of comprehensive income

<i>In M USD</i>	<b>Year ended December 31, 2024</b>	Year ended December 31, 2023
<b>Net income / (loss)</b>	<b>231</b>	<b>(57)</b>
Foreign currency translation	(58)	(23)
Cash flow hedges – reclassified to profit or loss, net of taxes <sup>1</sup>	(6)	-
Fair value changes on cash flow hedges, net of taxes <sup>2</sup>	41	(1)
<b>Items that are or may be reclassified subsequently to the statement of profit or loss</b>	<b>(23)</b>	<b>(24)</b>
Remeasurement of employee benefits, net of taxes <sup>3</sup>	5	(30)
<b>Items that will never be reclassified to statement of profit or loss</b>	<b>5</b>	<b>(30)</b>
<b>Other comprehensive loss, net of taxes</b>	<b>(18)</b>	<b>(54)</b>
<b>Total comprehensive income / (loss)</b>	<b>214</b>	<b>(111)</b>

1 Gross of tax (6) M USD

2 Gross of tax 44 M USD ((1) M USD in 2023)

3 Gross of tax 6 M USD ((32) M USD in 2023)

The accompanying notes form an integral part  
of the Consolidated Financial Statements.

# Consolidated balance sheet

<i>In M USD</i>	Notes	December 31, 2024	December 31, 2023
<b>Non-current assets</b>			
Goodwill	7	5,129	5,129
Intangible assets	7	4,829	4,923
Property, plant and equipment	8	577	529
Deferred tax assets	18	211	235
Employee benefits assets	15	0	0
Derivative assets	13	2	9
Other financial assets	13	1	10
Other assets		25	20
<b>Total non-current assets</b>		<b>10,774</b>	<b>10,855</b>
<b>Current assets</b>			
Inventories	9	403	420
Trade and other receivables	10	892	750
Prepayments and accrued income		56	56
Current income tax assets		13	15
Derivative assets	13	22	7
Cash and cash equivalents	14	457	368
<b>Total current assets</b>		<b>1,843</b>	<b>1,616</b>
<b>Total assets</b>		<b>12,617</b>	<b>12,471</b>
<b>Non-current liabilities</b>			
Financial debt	13, 14	(2,723)	(4,846)
Other financial liabilities	13	(2)	(10)
Deferred tax liabilities	18	(420)	(431)
Derivative liabilities	13	(20)	(7)
Employee benefits	15	(117)	(221)
Provisions	12	(17)	(16)
<b>Total non-current liabilities</b>		<b>(3,299)</b>	<b>(5,531)</b>
<b>Current liabilities</b>			
Financial debt	13, 14	(36)	(63)
Other financial liabilities	13	-	(58)
Current income tax liabilities		(61)	(78)
Provisions	12	(38)	(60)
Accruals and deferred income	11	(586)	(527)
Trade and other payables	10	(676)	(653)
Employee benefits	15	(119)	(127)
Derivative liabilities	13	(10)	(5)
<b>Total current liabilities</b>		<b>(1,528)</b>	<b>(1,571)</b>
<b>Total liabilities</b>		<b>(4,827)</b>	<b>(7,102)</b>
<b>Equity</b>			
Share capital and share premium	17	(2,136)	(6,259)
Other reserves	17	(48)	(43)
Hedge and currency translation reserves	17	55	32
Treasury share reserve	17	15	-
Retained earnings / accumulated losses	17	(5,676)	901
<b>Total equity</b>		<b>(7,790)</b>	<b>(5,369)</b>
<b>Total liabilities and equity</b>		<b>(12,617)</b>	<b>(12,471)</b>

The accompanying notes form an integral part of the Consolidated Financial Statements.

# Consolidated statement of cash flows

<i>In M USD</i>	Notes	Year ended December 31, 2024	Year ended December 31, 2023
<b>Net income / (loss)</b>		<b>231</b>	<b>(57)</b>
Add back non-operating (income) / expenses:			
Income taxes	18	79	68
Financial (income) / expenses	5	328	526
Foreign exchange (gain) / loss on financing activities		7	(2)
<b>Operating profit</b>		<b>645</b>	<b>536</b>
Depreciation of property, plant and equipment	8	64	55
Amortization of intangible assets	7	229	221
Impairment of assets	4	-	1
Equity-settled share-based payment transactions	16	68	-
Other non-cash items		(5)	1
Variation of trade and other receivables		(208)	47
Variation of inventories		(12)	31
Variation of trade and other payables		64	(66)
Variation of prepayments and accrued income		(3)	(21)
Variation of accruals and deferred income		72	(13)
<b>Variation of working capital</b>		<b>(87)</b>	<b>(21)</b>
Variation of other operating assets and liabilities		(61)	(13)
<b>Cash generated from operations</b>		<b>853</b>	<b>779</b>
Interest paid		(286)	(532)
Interest received		11	6
Income taxes paid		(90)	(87)
<b>Total cash flows from operating activities</b>		<b>488</b>	<b>165</b>
Acquisition of subsidiary undertakings, net of cash acquired	13.1	(50)	(25)
Expenditure on property, plant and equipment	8	(128)	(121)
Expenditure on intangible assets	7	(147)	(32)
Net proceeds from disposals		-	4
<b>Total cash flows in investing activities</b>		<b>(326)</b>	<b>(174)</b>
Proceeds from share issuance, net of direct transaction costs	17.1	2,166	1,011
Other transaction costs and duties related to the share issuance	17.1	(32)	-
Proceeds from financial debt, net of transaction costs	14	3,601	856
Repayments of financial debt	14	(5,777)	(1,725)
Purchase of treasury shares		(15)	-
<b>Total cash flows from financing activities</b>		<b>(58)</b>	<b>142</b>
Currency retranslations		(14)	0
<b>Increase in cash and cash equivalents</b>		<b>90</b>	<b>134</b>
Cash and cash equivalents at opening		368	234
<b>Cash and cash equivalents at closing</b>	<b>14</b>	<b>457</b>	<b>368</b>

The accompanying notes form an integral part of the Consolidated Financial Statements.

# Consolidated statement of changes in equity

<i>In M USD</i>		Share capital	Share premium	Other reserves	Currency translation reserve	Hedge reserve	Treasury share reserve	Retained earnings/accumul. losses	Total equity
	Notes								
<b>As at January 1, 2023</b>		<b>5</b>	<b>5,243</b>	<b>72</b>	<b>7</b>	<b>(15)</b>	<b>-</b>	<b>(844)</b>	<b>4,469</b>
Net loss for the period		-	-	-	-	-	-	(57)	(57)
Cash-flow hedges		-	-	-	-	(1)	-	-	(1)
Remeasurements of employee benefits		-	-	(30)	-	-	-	-	(30)
Foreign currency translation		-	-	-	(23)	-	-	-	(23)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>(30)</b>	<b>(23)</b>	<b>(1)</b>	<b>-</b>	<b>(57)</b>	<b>(111)</b>
Share issuance	17	1	1,010	-	-	-	-	-	1,011
<b>Total other equity movements</b>		<b>1</b>	<b>1,010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,011</b>
<b>As at December 31, 2023</b>		<b>6</b>	<b>6,253</b>	<b>43</b>	<b>(16)</b>	<b>(16)</b>	<b>-</b>	<b>(901)</b>	<b>5,369</b>
<b>As at January 1, 2024</b>		<b>6</b>	<b>6,253</b>	<b>43</b>	<b>(16)</b>	<b>(16)</b>	<b>-</b>	<b>(901)</b>	<b>5,369</b>
Net income for the period		-	-	-	-	-	-	231	231
Cash-flow hedges		-	-	-	-	35	-	-	35
Remeasurements of employee benefits		-	-	5	-	-	-	-	5
Foreign currency translation		-	-	-	(58)	-	-	-	(58)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>5</b>	<b>(58)</b>	<b>35</b>	<b>-</b>	<b>231</b>	<b>214</b>
Effect of Group reorganization	17	(4)	(6,253)	-	-	-	-	6,254	(3)
Share issuance	17	0	2,133	-	-	-	-	-	2,133
Equity-settled share-based payment	16	-	-	-	-	-	-	91	91
Purchase of treasury shares	17	-	-	-	-	-	(15)	-	(15)
<b>Total other equity movements</b>		<b>(4)</b>	<b>(4,120)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15)</b>	<b>6,345</b>	<b>2,206</b>
<b>As at December 31, 2024</b>		<b>3</b>	<b>2,133</b>	<b>48</b>	<b>(74)</b>	<b>19</b>	<b>(15)</b>	<b>5,676</b>	<b>7,790</b>

The accompanying notes form an integral part of the Consolidated Financial Statements.

# Notes to the consolidated financial statements

## 1. BASIS OF PREPARATION AND KEY ACCOUNTING ASSUMPTIONS

### 1.1 General information

Galderma Group AG (the Company) was incorporated in Switzerland on February 7, 2022. Its registered office and principal place of business is Zählerweg 10, 6300 Zug, Switzerland.

Following a legal reorganization, on March 21, 2024, Galderma Group AG became the ultimate holding company of the Group. The steps can be summarized as follows:

- On October 1, 2019, a consortium led by EQT, GIC, ADIA and PSP investments (the EQT consortium), through an investment by Sunshine Luxembourg VII SARL (Sunshine VII), a limited liability company which was founded and incorporated in Luxembourg on March 7, 2019, acquired 100% of the share capital of Galderma Holding SA, a Swiss based company, and of all its subsidiaries.
- From October 1, 2019, to March 21, 2024, Sunshine VII was the only shareholder of Sunshine SwissCo AG (Sunshine SwissCo, direct holder for the positions reported by EQT Fund Management SARL) through which it indirectly controlled Galderma Holding SA.
- On February 7, 2022, Galderma Group AG was incorporated and on March 21, 2024, became the parent entity of Galderma Holding SA and of all its controlled entities (subsidiaries).
- On March 22, 2024, Galderma Group AG made an initial public offering (IPO) in Switzerland and was listed on the SIX Swiss Exchange.

In accordance with IFRS Accounting Standards, the aforementioned reorganizations are not considered business combinations under IFRS 3 Business Combinations, but rather the continuation of the existing business activities of the Group under a new parent entity. This means that the parent company at the reporting date is considered to have been the parent company throughout the reporting periods, including those where comparative financial information is presented. The Company therefore applied so-called book value accounting, in which it recognized assets and liabilities assumed using the book values in the consolidated financial statements of the former parent company, Sunshine VII. Sunshine VII and Sunshine SwissCo (which controlled Galderma Holding SA prior to the aforementioned reorganizations) were deconsolidated. As of March 21, 2024, the Company adjusted share capital and share premium to reflect the equity of Galderma Group AG, with a corresponding adjustment of retained earnings and accumulated losses.

### 1.2 Basis of preparation

These consolidated financial statements for the year ending December 31, 2024 comprise Galderma Group AG and all its subsidiaries. The terms "Galderma", "Galderma Group" or "the Group" refer to Galderma Group AG together with its subsidiaries included in the scope of consolidation. Galderma is a global leader in dermatology. The Group offers a range of leading therapeutic dermatology, injectable aesthetics, and dermatological skincare brands.

The consolidated financial statements were prepared in accordance with the IFRS Accounting Standards. They are prepared using the going-concern principle and based on historical cost conventions unless stated otherwise.

The consolidated financial statements have been approved for issue by the Board of Directors of the Company on March 5, 2025.

### **Presentation and functional currency**

The consolidated financial statements are presented in US dollars (USD), which is also the Company's functional currency, rounded to millions.

Due to rounding, numbers presented throughout these consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. All ratios, subtotals and variances are calculated using the underlying amount rather than the presented rounded amount.

### **New and revised standards and interpretations**

In 2024, the Group implemented various minor amendments to existing standards and interpretations which have no material impact on the Group's overall results and financial position.

Galderma Group has not early-adopted the following new and revised standards which have been issued but are not yet effective.

<b>New and revised standards</b>	<b>Effective date</b>
Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
Annual Improvements to IFRS Accounting Standards (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	January 1, 2026
Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027

The Group is currently assessing the potential impacts of new and revised standards that will be mandatory from annual reporting periods beginning after January 1, 2025, which the Group has not yet applied.

### **1.3 Key accounting judgements, estimates and assumptions**

The preparation of the consolidated financial statements requires management to exercise judgement and to make estimates and assumptions that affect the application of policies, reported amounts of revenues, expenses, assets and liabilities, and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

<b>Area with key accounting judgements, estimates and assumptions</b>	<b>Reference</b>
Revenue recognition	Note 3
Goodwill and intangible assets	Note 7
Leases	Note 8
Provisions and contingencies	Note 12
Impairment of financial assets	Note 13
Pensions and other post-employment benefits	Note 15
Share-based payments	Note 16
Income taxes and other taxes	Note 18

## 2. SIGNIFICANT EVENTS

### 2.1 Initial public offering and refinancing

Refer to note 1.1 for a description of the reorganization with a resulting change in the parent company and deconsolidation of Sunshine VII and Sunshine SwissCo in financial year 2024.

On March 22, 2024, the Company performed an IPO in which it issued 37,897,635 new shares, resulting in an equity raise of 2,133 M USD, net of fees and duties. The Group recorded it as an equity contribution with an impact on share capital and share premium (see note 17.1).

In parallel, the Group raised a new five-year Term Loan with a syndicate of corporate banks, for a total of 2,917 M USD, net of fees (see note 13.2).

The proceeds of the IPO and the refinancing have been used to reduce the Group's indebtedness and cover related fees and other costs:

- 4,813 M USD have been repaid against First and Second Lien existing debt, fully repaying all related debt tranches (Senior Facility B3, B4, B5 and Second Lien B1, B2). These were recorded as non-current financial debt on the December 31, 2023 balance sheet
- 100 M USD payment of accrued interests on the aforementioned loans
- 50 M USD repayment of revolving credit facility (RCF)
- 52 M USD settlement of the value creation bonus plan (see note 16.4)

### 2.2 Bond offering

On August 29, 2024 the Group announced the successful placement of an inaugural 500 M CHF bond through a dual tranche offering:

- 250 M CHF bond with a four-year maturity and a 1.6% fixed-rate annual coupon
- 250 M CHF bond with an eight-year maturity and a 1.9% fixed-rate annual coupon

The closing of the transaction was on September 27, 2024. The bonds are listed on the SIX Swiss Exchange. The Group received proceeds of 594 M USD from the bonds which have been used to partially repay the Term Loan that was raised in parallel to the IPO. Refer to note 13 for more information on the bonds.

## 3. SEGMENT INFORMATION AND NET SALES

### 3.1 Segment information

Galderma operates as a single global segment dedicated to dermatology.

This operating structure enables the Executive Committee as the chief operating decision maker (CODM), to allocate resources and assess business performance on a global basis in order to achieve established long-term strategic goals. The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Human Resources Officer (CHRO) and Head of Operations are the members of the Executive Committee.

The Group uses certain non-IFRS measures when measuring performance, including when measuring current period results against prior periods, primarily Core EBITDA and Net Indebtedness (see note 13.2). The Group's CODM believes that these non-IFRS measures provide valuable information regarding its financial and operational performance. This is because they enable the reader to identify a consistent basis for comparing the business' performance between financial periods. Additionally, they provide more detail concerning the elements of performance that the managers are most directly able to influence or are relevant for an assessment of the Group's performance. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by management.

### 3.2 Core EBITDA

Galderma defines earnings before interest, tax, depreciation, and amortization (EBITDA) as net income excluding income taxes; depreciation of property, plant and equipment (PPE); depreciation of right-of-use-assets; amortization of intangible assets; financial income and expenses; as well as foreign exchange gains and losses on financing items.

The Group defines its Core EBITDA as EBITDA excluding the following items that are deemed non-core: acquisition and disposal; integration and carve-out related income and expenses; onerous contracts; business disposal gains and losses; restructuring and reorganization related items; litigation related items; impairment of PPE and software; IPO-related incentive plans; as well as other income and expense items that management deems non-core and that are expected to accumulate within the year to be over a 1 M USD threshold. These include transformation, carve-out and build-up-related project costs as well as post-acquisition-related accounting impacts.

The below table illustrates the reconciliation of net income to Core EBITDA:

<i>In M USD</i>	Notes	Year ended December 31, 2024	Year ended December 31, 2023
<b>Net income / (loss)</b>		<b>231</b>	<b>(57)</b>
Income taxes		79	68
<b>Income before tax</b>		<b>310</b>	<b>11</b>
Financial (income) / expenses	5	328	527
Foreign exchange (gain) / loss on financing activities		7	(2)
<b>Operating profit</b>		<b>645</b>	<b>536</b>
Amortization	7	229	221
Depreciation	8	64	55
<b>EBITDA</b>		<b>938</b>	<b>812</b>
Other (income) / expenses	4	33	75
Transformation costs <sup>1</sup>		8	27
Value creation bonus <sup>2</sup>		4	28
Other IPO related incentive plans <sup>3</sup>		48	-
<b>Core EBITDA</b>		<b>1,031</b>	<b>942</b>

1 Transformation costs relate to third-party consulting fees and project management costs, for the multi-year transformation program. These include the setup of a shared services organization, as well as implementation of IT solutions for Finance, HR, Procurement and Supply Chain.

2 Value creation bonus is a pre-IPO long-term incentive plan open to selected management employees of the Group. This plan vested upon the IPO. Refer to note 16.4 for more information.

3 Other IPO-related incentive plans include a 44 M USD expense resulting from the IPO Incentive Plan as described in Note 16.3.

### 3.3 Net sales by products and geographic area

The Group operates globally and derives revenue from a range of medical and consumer brands to meet a broad variety of skin health needs. The Group's net sales are mainly attributable to the sales of Cetaphil®, Restylane®, Dysport®/Azzalure®, Sculptra® and ALASTIN Skincare®. The different countries in which the Group operates are the basis to disaggregate revenue into categories that depict how the nature, amount and timing of revenue and cash flows are influenced by economic factors.

The table below illustrates the disaggregation of net sales by product categories:

In M USD	Year ended December 31, 2024	Year ended December 31, 2023
Neuromodulators	1,285	1,162
Fillers & Biostimulators	1,014	966
Injectable Aesthetics	2,299	2,128
Dermatological Skincare	1,331	1,212
Therapeutic Dermatology	780	742
<b>Total net sales</b>	<b>4,410</b>	<b>4,082</b>

Galderma launched Nemluvio® (nemolizumab) in 2024. In August 2024, Nemluvio® was approved by the U.S. Food and Drug Administration (FDA) for the treatment of adults with prurigo nodularis, followed by FDA approval for the treatment of patients 12 years and older with moderate-to-severe atopic dermatitis in December 2024. The Group generated net sales of 23 M USD for Nemluvio® as of December 31, 2024, which are reported in the Therapeutic Dermatology category.

The table below illustrates the disaggregation of net sales by destination:

In M USD	Year ended December 31, 2024	Year ended December 31, 2023
U.S.	1,810	1,811
International <sup>1</sup>	2,600	2,271
<b>Total net sales</b>	<b>4,410</b>	<b>4,082</b>

<sup>1</sup> International includes sales in Switzerland, the Company's country of domicile, of 35 M USD (38 M USD as of December 31, 2023).

Net sales attributed to the U.S. are collectively the most material to the Group. The U.S. is the only territory where sales contribute 10% or more of total net sales.

In 2024, one wholesale distributor, located in the U.S., accounted for 25% of total net sales for the year (26% in 2023). This distributor provides distribution services to its customers—including customer billing and collections, distribution and logistics services (known as 4PL services)—and is one of the leading providers of such services in the U.S. working with the top healthcare companies.

#### Key accounting judgements, estimates and assumption

Galderma recognizes revenue when control of promised goods or services is transferred to its customers, in an amount that reflects the consideration Galderma expects to be entitled to in exchange for those goods or services. Certain contracts include a right of return, rebates, discounts and refunds that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount based on which method better predicts the amount of consideration to which it will be entitled. Estimates and assumptions are based on historical data, market conditions and customer behavior and are reviewed periodically to ensure accuracy.

### 3.4 Non-current assets by country

<i>In M USD</i>	<b>December 31, 2024</b>	December 31, 2023
Switzerland <sup>1</sup>	9,449	4,624
Luxembourg <sup>1</sup>	-	4,889
Rest of the world	1,110	1,088
<b>Total non-current assets<sup>2</sup></b>	<b>10,559</b>	<b>10,601</b>

1 As part of the Group reorganization (see note 1.1), goodwill was allocated from the previous parent Sunshine VII (Luxembourg) to the new parent company, Galderma Group AG (Switzerland).

2 Deferred tax assets, derivative assets and other financial assets are excluded from Total Non-current assets.

### 4. OTHER INCOME / (EXPENSES)

<i>In M USD</i>	<b>Year ended December 31, 2024</b>	Year ended December 31, 2023
Litigations and onerous contracts	(11)	(24)
Restructuring costs	(9)	(14)
Acquisition and disposal related costs	(6)	(3)
Foreign exchange loss on operating activities	(4)	(31)
Impairment of assets	-	(1)
Other miscellaneous expenses	(2)	(3)
<b>Total other income / (expenses)</b>	<b>(33)</b>	<b>(75)</b>

Litigation and onerous contract expenses are primarily related to legal fees for legal arbitration cases.

Restructuring costs primarily relate to the platform transformation program and HQ corporate restructuring.

### 5. FINANCIAL INCOME / (EXPENSES)

Financial income and expenses are composed as follows:

<i>In M USD</i>	<b>Year ended December 31, 2024</b>	Year ended December 31, 2023
Value creation bonus plan revaluation	28	32
Interest income	12	6
Cash flow hedges – reclassified from OCI upon derecognition	6	-
<b>Total financial income</b>	<b>46</b>	<b>38</b>
<i>Interest expense related to financial debt</i>		
Interest expense – Financial liabilities measured at amortized cost	(271)	(561)
Interest expense – Other financial instruments	(10)	-
Interest expense – Early repayment of financial debt	(71)	-
<i>Other financial expenses</i>		
Interest expense on defined benefit plans	(4)	(3)
Other financial expenses	(18)	-
<b>Total financial expenses</b>	<b>(374)</b>	<b>(564)</b>
<b>Total financial income / (expenses)</b>	<b>(328)</b>	<b>(527)</b>

Interest expenses decreased compared to the comparative period mainly due to reduction of the Groups' indebtedness and the refinancing resulting from the IPO, as well as from the bonds issued in 2024 as further described in notes 2 and 13.2.

As a result of the IPO, the value creation bonus plan was modified and settled (refer to note 16.4) and the previous debt was repaid in full early, resulting in an accelerated

recognition of the remaining transaction costs of 65 M USD (refer to note 13.2). The Group used the net proceeds from the bonds issued in September 2024 to partially repay the Term Loan which resulted in an additional accelerated recognition of transaction cost of 6 M USD.

## 6. EARNINGS PER SHARE

As a result of the group reorganization on March 21, 2024, Galderma Group AG became the parent entity of Galderma Holding SA and all of its subsidiaries as listed on the SIX Swiss Exchange on March 22, 2024 (refer to note 1.1). To present earnings per share (EPS) in a meaningful way and to reflect the continuation of the existing Group, the previously reported basic and diluted EPS have been restated.

In order to obtain a comparable weighted average number of outstanding shares used to calculate basic EPS in the periods presented, the number of outstanding shares as of March 22, 2024, was used as the basis. The aim of this approach was to reflect the targeted capital structure as of the IPO, which includes the shares issued at the date of the IPO less the treasury shares available to the Group for serving the new long-term incentive plan. It was therefore assumed in the calculation that the number of issued shares and treasury shares for all relevant balance sheet dates prior to March 22, 2024 corresponds to the number of issued shares and treasury shares as of March 22, 2024. As such, the EPS for 2023 is pro forma rather than historical.

### 6.1 Basic earnings per share

	Year ended December 31, 2024	Year ended December 31, 2023 <sup>1</sup>
<b>Net income / (loss) (in M USD)</b>	<b>231</b>	<b>(57)</b>
Weighted average number of issued shares	237,897,635	237,897,635
Weighted average number of treasury shares held	(382,151)	(331,207)
<b>Weighted average number of outstanding shares used to calculate basic EPS</b>	<b>237,515,484</b>	<b>237,566,428</b>
<b>Basic earnings per share (in USD)</b>	<b>0.97</b>	<b>(0.24)</b>

1 Restated; see explanations above.

### 6.2 Diluted earnings per share

The following table highlights the minor dilution impact from the Group's Long-term Incentive Plan established in 2024 (see note 16.1) on EPS.

	Year ended December 31, 2024	Year ended December 31, 2023 <sup>1</sup>
<b>Net income / (loss) (in M USD)</b>	<b>231</b>	<b>(57)</b>
Weighted average number of outstanding shares used to calculate basic EPS	237,515,484	237,566,428
Adjustment for assumed exercise of equity-settled share-based payment plans, where dilutive	277,790	-
<b>Weighted average number of outstanding shares used to calculate diluted EPS</b>	<b>237,793,274</b>	<b>237,566,428</b>
<b>Diluted earnings per share (in USD)</b>	<b>0.97</b>	<b>(0.24)</b>

1 Restated; see explanations above.

## 7. GOODWILL AND INTANGIBLE ASSETS

### 7.1 Movement in goodwill and intangible assets

<i>In M USD</i>	Goodwill	Brands and intellectual property rights	Operating rights and others	Management Information system	Total intangible assets
<b>Net book value as at January 1, 2023</b>	<b>5,129</b>	<b>3,394</b>	<b>1,596</b>	<b>111</b>	<b>5,100</b>
Capital expenditure	-	-	2	29	31
Amortization	-	(38)	(144)	(40)	(221)
Disposals	-	-	-	(1)	(1)
Currency retranslations	-	-	4	9	13
<b>Net book value as at December 31, 2023</b>	<b>5,129</b>	<b>3,356</b>	<b>1,458</b>	<b>109</b>	<b>4,923</b>
<b>As at December 31, 2023</b>					
Gross value	5,129	3,515	2,092	205	5,812
Accumulated amortization and impairments	-	(160)	(633)	(97)	(889)
<b>Net book value</b>	<b>5,129</b>	<b>3,356</b>	<b>1,458</b>	<b>109</b>	<b>4,923</b>
<i>of which indefinite useful life</i>		3,032	-	-	3,032
<b>Net book value as at January 1, 2024</b>	<b>5,129</b>	<b>3,356</b>	<b>1,458</b>	<b>109</b>	<b>4,923</b>
Capital expenditure	-	-	126	21	147
Amortization	-	(38)	(148)	(44)	(229)
Currency retranslations	-	-	(6)	(6)	(12)
<b>Net book value as at December 31, 2024</b>	<b>5,129</b>	<b>3,318</b>	<b>1,431</b>	<b>80</b>	<b>4,829</b>
<b>As at December 31, 2024</b>					
Gross value	5,129	3,515	2,207	205	5,928
Accumulated amortization and impairments	-	(197)	(776)	(126)	(1,099)
<b>Net book value</b>	<b>5,129</b>	<b>3,318</b>	<b>1,431</b>	<b>80</b>	<b>4,829</b>
<i>of which indefinite useful life</i>		3,032	-	-	3,032

#### Significant assets with an indefinite useful life

<i>In M USD</i>	December 31, 2024	December 31, 2023
<b>Intangible assets in use</b>		
Cetaphil - Brands	1,242	1,242
Restylane - Brands	1,143	1,143
Galderma - Brands	647	647

#### Significant assets with a finite useful life

<i>In years and M USD</i>	Remaining amortization period	December 31, 2024	December 31, 2023
<b>Intangible assets in use</b>			
Customer relationships – Injectable Aesthetics (Ax)	5	266	322
Dysport (license agreement)	12	251	272
Sculptra (trademark)	5	87	105
Alastin Skincare (trademark)	27	124	128
Customer relationships – Therapeutic Dermatology (Rx)	5	78	94
Nemolizumab (license agreement)	17	516	-
<b>Intangible asset not available for use</b>			
Nemolizumab (IPR&D – Therapeutic Dermatology (Rx))	N/A	-	397

## 7.2 Impairment

### Annual impairment tests

To estimate the recoverable amount of a cash-generating unit (CGU) or group of CGUs, the Group calculates its value in use using the discounted cash flow method. The projected cash flows (including sales and EBITDA margins) used in the calculation correspond to estimates made by management in financial plans and business strategies covering a period of five years after making adjustments to take into consideration the assets in their current condition. These projected cash flows were based on expectations of future outcomes taking into account past experience. They are then projected in perpetuity using a multiple that corresponds to the average of the real gross domestic product (GDP) and the inflation rates for the countries in which the CGU operates, or only the GDP only in cases where inflation exceeds it.

The discount rate applied to the expected cash flows is the weighted average cost of capital related to each CGU or group of CGUs. It has been derived from a capital asset pricing model using data from capital markets, including 15-year sovereign yields of the relevant currencies.

Overleaf are the key components and assumptions used for the annual impairment test of goodwill, intangible assets with indefinite useful life and intangible assets not available for use.

In M USD	Carrying amount			Terminal growth rate	Pre-tax discount rate
	Goodwill	Intangible assets with indefinite useful life	Intangible asset not available for use		
<b>CGU as at December 31, 2023</b>					
Injectable Aesthetics	2,977	1,143	-	2.1%	11.2%
Dermatological Skincare	2,152	1,242	-	2.1%	9.3%
Therapeutic Dermatology	-	-	397	2.1%	8.8%
Galderma brand <sup>1</sup>	-	647	-	2.1%	10.9%
<b>Total carrying amount</b>	<b>5,129</b>	<b>3,032</b>	<b>397</b>		
<b>CGU as at December 31, 2024</b>					
Injectable Aesthetics	2,977	1,143	-	2.2%	11.4%
Dermatological Skincare	2,152	1,242	-	2.2%	8.8%
Therapeutic Dermatology	-	-	-	2.2%	8.5%
Galderma brand <sup>1</sup>	-	647	-	2.2%	10.0%
<b>Total carrying amount</b>	<b>5,129</b>	<b>3,032</b>	<b>-</b>		

1 The Galderma brand was measured based on the recoverable amount of the group of all the above-mentioned CGUs.

### Sensitivity

Management considers that no reasonably possible change in any of the key assumptions used in testing goodwill, intangible assets with indefinite useful life and intangible assets not yet available for use would cause their recoverable amounts as of December 31, 2024, and December 31, 2023, to significantly fall below their carrying values.

#### Key accounting judgements, estimates and assumption

Goodwill, intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment at least once a year. This involves estimating the value in use of the CGU or group of CGUs to which the goodwill and intangible assets are allocated. The determination of the value in use requires a forecast of expected future cash flows as well as the use of estimates such as the determination of an appropriate discount rate to calculate the present value of the future cash flows.

## 8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of owned and leased assets.

In M USD	Notes	December 31, 2024	December 31, 2023
Owned assets	8.1	478	426
Right of use assets (leases)	8.2	99	103
<b>Total property, plant and equipment</b>		<b>577</b>	<b>529</b>

### 8.1 Owned assets

In M USD	Land and buildings	Machinery and equipment	IT equipment	Tools, furniture, and other equipment	Vehicles	Asset under construction <sup>1</sup>	Total
<b>Net book value as at January 1, 2023</b>	<b>129</b>	<b>70</b>	<b>9</b>	<b>12</b>	-	<b>103</b>	<b>323</b>
Capital expenditure	15	19	6	1	-	80	121
Disposals	(1)	(2)	-	-	-	-	(3)
Depreciation	(13)	(12)	(5)	(2)	-	-	(32)
Currency retranslations	6	6	1	(1)	-	5	17
<b>Net book value as at December 31, 2023</b>	<b>136</b>	<b>81</b>	<b>11</b>	<b>11</b>	-	<b>188</b>	<b>426</b>
<b>As at December 31, 2023</b>							
Gross value	248	176	31	29	1	188	672
Accumulated depreciation and impairments	(112)	(95)	(20)	(18)	(1)	-	(246)
<b>Net book value</b>	<b>136</b>	<b>81</b>	<b>11</b>	<b>11</b>	-	<b>188</b>	<b>426</b>
<b>As at December 31, 2024</b>							
<b>Net book value as at January 1, 2024</b>	<b>136</b>	<b>81</b>	<b>11</b>	<b>11</b>	-	<b>188</b>	<b>426</b>
Capital expenditure	18	12	3	2	-	93	128
Disposals	-	-	(1)	-	-	-	(1)
Depreciation	(15)	(12)	(5)	(3)	-	-	(35)
Reclassification	11	37	-	3	-	(51)	-
Currency retranslations	(13)	(9)	(1)	(1)	-	(18)	(41)
<b>Net book value as at December 31, 2024</b>	<b>136</b>	<b>110</b>	<b>8</b>	<b>12</b>	-	<b>213</b>	<b>478</b>
<b>As at December 31, 2024</b>							
Gross value	253	199	28	38	1	213	731
Accumulated depreciation and impairments	(117)	(88)	(20)	(27)	(1)	-	(253)
<b>Net book value</b>	<b>136</b>	<b>110</b>	<b>8</b>	<b>12</b>	-	<b>213</b>	<b>478</b>

1 To have a more meaningful presentation of the asset under construction, a separate column was included in the above table showing the cost of asset under construction and the reclassifications separately. The information presented in the comparative period was adjusted respectively. The majority of the capitalized asset under construction relate to the new production facility in Uppsala, Sweden, which is being built for the production of injectable aesthetics and other biologics.

### 8.2 RIGHT OF USE ASSETS (LEASES)

#### Real estate leases

The Group leases land and buildings for its office and warehouse space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 5–15 years and may include extension options which provide operational flexibility.

#### Other leases

The Group leases vehicles, machinery and equipment, and tools, furniture and other equipment, which, in aggregate, are insignificant to the total leased asset portfolio.

<i>In M USD</i>	<b>Real estate leases</b>	<b>Other leases</b>	<b>Total</b>
<b>As at January 1, 2023</b>	<b>70</b>	<b>8</b>	<b>78</b>
Additions	30	17	47
Currency retranslations	3	0	3
Depreciation	(17)	(7)	(24)
Impairment	(1)	0	(1)
Other	1	(1)	0
<b>As at December 31, 2023</b>	<b>86</b>	<b>17</b>	<b>103</b>
<b>As at January 1, 2024</b>	<b>86</b>	<b>17</b>	<b>103</b>
Additions	12	25	37
Currency retranslations	(4)	(2)	(6)
Depreciation	(16)	(13)	(29)
Disposals	(1)	(2)	(3)
Other	(3)	-	(3)
<b>As at December 31, 2024</b>	<b>74</b>	<b>25</b>	<b>99</b>

### **Other lease disclosures**

A maturity analysis of lease liabilities is disclosed in note 13.3. The Group incurred interest expense on lease liabilities of 7 M USD as of December 31, 2024 (6 M USD as of December 31, 2023).

The expenses relating to short-term leases and variable lease payments not included in the measurement of lease liabilities was 1 M USD during the period (1 M USD as of December 31, 2023). The total cash outflow for leases amounted to 23 M USD (25 M USD as of December 31, 2023).

### **Key accounting judgements, estimates and assumption**

The Group applies significant judgement to determine the lease term for some lease contracts that include renewal options and whether the Group is reasonably certain to exercise extension options. The assessment of whether the Group is reasonably certain to exercise extension options impacts the lease term, which significantly affects the amount of the resulting right-of-use asset and lease liability.

## **9. INVENTORIES**

<i>In M USD</i>	<b>December 31, 2024</b>	December 31, 2023
Raw materials	124	119
Finished goods	318	335
Provision for inventories	(39)	(34)
<b>Total inventories</b>	<b>403</b>	<b>420</b>

In the reporting period, 998 M USD (896 M USD as of December 31, 2023) was recognized as an expense in "cost of goods sold" in the consolidated statement of profit or loss. During 2024 and 2023, no material inventory write-down was recognized.

## 10. TRADE AND OTHER RECEIVABLES AND PAYABLES

### 10.1 Trade and other receivables

<i>In M USD</i>	<b>December 31, 2024</b>	December 31, 2023
Trade receivables gross carrying amount	758	640
Expected credit loss allowance	(4)	(9)
<b>Trade receivables</b>	<b>754</b>	<b>632</b>
Doubtful receivables gross amount	11	14
Provision for doubtful receivables	(11)	(14)
<b>Doubtful receivables</b>	<b>-</b>	<b>-</b>
<b>Total trade receivables</b>	<b>754</b>	<b>632</b>
Other receivables	138	119
<b>Total trade and other receivables</b>	<b>892</b>	<b>750</b>

Other receivables include advance payments to suppliers and other debit balances with suppliers of 84 M USD (59 M USD as of December 31, 2023) and VAT and other tax receivables of 38 M USD (43 M USD as of December 31, 2023).

### 10.2 Trade and other payables

<i>In M USD</i>	<b>December 31, 2024</b>	December 31, 2023
Trade payables	571	557
Other payables	105	96
<b>Total trade and other payables</b>	<b>676</b>	<b>653</b>

Other payables include VAT payables of 43 M USD as of December 31, 2024 (37 M USD as of December 31, 2023) and royalties payables of 48 M USD as of December 31, 2024 (43 M USD as of December 31, 2023).

### 10.3 Supplier finance arrangements

The Group participates in a supplier finance arrangement under which its suppliers may elect to receive early payment of their invoices from a bank. Under the arrangement, the bank agrees to pay amounts due to participating suppliers in respect of invoices owed by the Group, and the Group repays the bank at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and provide the willing suppliers early payment terms, compared with the related invoice payment due date.

The Group has not derecognized the original trade payables relating to the arrangement because neither a legal release was obtained nor was the original liability substantially modified on entering into the agreement and presents the amounts subject to the arrangement within trade payables. The carrying amount of trade payables subject to the supplier finance arrangement amounts to 34 M USD as of December 31, 2024. Suppliers have received payments from the bank for all trade payables subject to the supplier finance arrangement.

The payment due dates (i.e., days after the invoice date) of trade payables subject to the Group's supplier finance arrangement have not changed for all suppliers that are part of the supplier financing agreement when they became part of the agreement. As such, it is the same as for comparable trade payables.

The payments to the bank are included within operating cash flows.

## 11. ACCRUALS AND DEFERRED INCOME

<i>In M USD</i>	<b>December 31, 2024</b>	December 31, 2023
Accruals for discounts, allowances and rebates	345	309
Accruals for marketing, R&D and other operating expenses	238	217
Deferred income	3	1
<b>Total accruals and deferred income</b>	<b>586</b>	<b>527</b>

## 12. PROVISIONS

<i>In M USD</i>	<b>Restructuring</b>	<b>Legal and non-income tax</b>	<b>Return provision &amp; others</b>	<b>Total</b>
<b>As at December 31, 2023</b>	<b>20</b>	<b>7</b>	<b>50</b>	<b>76</b>
<i>of which expected to be settled within 12 months</i>	19	2	40	<b>60</b>
<i>of which expected to be settled after 12 months</i>	1	5	10	<b>16</b>
<b>As at January 1, 2024</b>	<b>20</b>	<b>7</b>	<b>50</b>	<b>76</b>
Provisions made during the year	10	5	33	49
Amounts used	(21)	(2)	(26)	(49)
Reversal of unused amounts	(2)	(2)	(15)	(19)
Currency retranslations	(1)	(1)	(1)	(3)
<b>As at December 31, 2024</b>	<b>7</b>	<b>8</b>	<b>41</b>	<b>55</b>
<i>of which expected to be settled within 12 months</i>	6	1	31	<b>38</b>
<i>of which expected to be settled after 12 months</i>	1	6	9	<b>17</b>

### **Restructuring**

Restructuring provisions arise from several projects across the Group. These include plans to optimize production, sales and administration structures. Restructuring provisions are expected to result in future cash outflows when implementing the plans, usually over the following one to three years. As of December 31, 2024, the major part of the restructuring provisions are expected to be settled within 12 months. For the year ended December 31, 2024, Galderma recorded net pre-tax restructuring costs of 9 M USD (14 M USD as of December 31, 2023).

### **Legal and non-income tax**

Legal provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. Tax provisions include disputes and uncertainties on non-income taxes and are mainly comprised of value-added tax (VAT) and sales taxes. The Group does not believe that any of these cases will have a material adverse impact on its financial position. The timing of outflows is uncertain as it depends upon the outcome of the cases.

### **Return provisions and others**

Other provisions are mainly constituted by sales returns of 34 M USD as of December 31, 2024 (37 M USD as of December 31, 2023), and onerous contracts of 1 M USD as of December 31, 2024 (7 M USD as of December 31, 2023). The majority of these provisions are expected to be settled within 12 months from balance sheet date.

### **Key accounting judgements, estimates and assumption**

Events can occur where there is uncertainty over future obligations arising from past events. Judgement is required to determine if an outflow of economic resources is probable, or possible but not probable. Where it is probable, a liability is recognized, and further judgement is used to determine the amount of the provision. Where it is possible but not probable, further judgement is used to determine if the likelihood is remote, in which case no disclosures are provided; if the likelihood is not remote then judgement is used to determine the contingent liability disclosed.

## 13. FINANCIAL INSTRUMENTS

### 13.1 Financial assets and liabilities by class and by category

In M USD	At amortized cost <sup>1</sup>		At fair value through profit or loss		Total	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Cash and cash equivalents	457	368	-	-	457	368
Trade receivables	754	632	-	-	754	632
Other financial assets <sup>2</sup>	1	10	-	-	1	10
Derivative assets designated as hedging instruments	-	-	2	10	2	10
Derivative assets not designated as hedging instruments	-	-	22	6	22	6
<b>Total financial assets</b>	<b>1,212</b>	<b>1,010</b>	<b>24</b>	<b>16</b>	<b>1,236</b>	<b>1,025</b>
Trade payables	571	557	-	-	571	557
Other payables <sup>3</sup>	61	58	-	-	61	58
Accruals	494	446	-	-	494	446
Other financial liabilities	2	-	-	68	2	68
Financial debt	2,759	4,909	-	-	2,759	4,909
Derivative liabilities designated as hedging instruments	-	-	25	7	25	7
Derivative liabilities not designated as hedging instruments	-	-	5	5	5	5
<b>Total financial liabilities</b>	<b>3,887</b>	<b>5,970</b>	<b>30</b>	<b>80</b>	<b>3,917</b>	<b>6,050</b>
<b>Net financial position</b>	<b>(2,675)</b>	<b>(4,960)</b>	<b>(7)</b>	<b>(65)</b>	<b>(2,681)</b>	<b>(5,025)</b>
<i>of which at fair value</i>	-	-	(7)	(65)	(7)	(65)

1 If not otherwise stated in this note, the carrying amount of these instruments is a reasonable approximation of their fair value.

2 Other financial assets include 1 M USD of cash held as collateral as at December, 2024 (9 M USD as at December 31, 2023).

3 Other payables that are not financial liabilities are not included.

Other financial liabilities include premiums on interest rate financial hedges of 2 M USD as of December 31, 2024 (17 M USD as of December 31, 2023). In addition, other financial liabilities included an earn-out liability of 50 M USD for the Alastin acquisition which was outstanding as of December 31, 2023. This liability was fully paid in May 2024.

#### Factoring

The Group has a trade receivable factoring program. Based on an analysis of the risks and rewards, the Group has derecognized 107 M USD of factored receivables as of December 31, 2024 (112 M USD as of December 31, 2023) and recognized 102 M USD of cash as of December 31, 2024 (107 M USD as of December 31, 2023).

#### Master netting agreements

Agreements with derivative counterparties are based on an International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default) will the net position be owing, or receivable to, a single counterparty in the same currency be taken as owing, and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet but have been presented separately in the table above.

### **Fair value hierarchy of financial instruments**

The fair value levels are defined as follows.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

<i>In M USD</i>	<b>December 31, 2024</b>	December 31, 2023
Derivative assets	24	16
Derivative liabilities	(30)	(12)
<b>Valuation techniques based on observable market data (level 2)</b>	<b>(7)</b>	<b>4</b>
Other financial liabilities <sup>1</sup>	-	(68)
<b>Valuation techniques based on unobservable market data (level 3)</b>	<b>-</b>	<b>(68)</b>
<b>Total financial instruments at fair value</b>	<b>(7)</b>	<b>(65)</b>

1 The amount as of December 31, 2023 mainly related to an earn-out liability from the Alastin acquisition.

There have been no transfers between the different hierarchy levels in the reporting periods ending on December 31, 2024 and December 31, 2023.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate options, swaps, FX forwards and cross-currency swaps contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

## 13.2 Financial debt

On March 25, 2024, as part of the IPO, the Group raised a new Term Loan of 2,950 M USD, which was used to repay the previously existing loans as described in note 2.1. The proceeds from the Term Loan, net of transaction costs, amounted to 2,917 M USD.

On August 29, 2024 the Group announced the successful placement of two bonds with a nominal amount of 500 M CHF that are listed on the SIX Swiss Exchange. The transaction was closed on September 27, 2024 and the Group received proceeds of 594 M USD. The net proceeds from the bonds were used to make a partial repayment of the Term Loan.

As of December 31, 2024, the Group has early repaid 850 M USD of the Term Loan.

<i>In M USD</i>	Interest rate	Floor	Maturity	December 31, 2024	December 31, 2023
<b>Current financial debt</b>					
Lease liabilities			≤ 1 year	30	24
Senior Facility B3	USD TERM SOFR +3.60%	1.00%	≤ 1 year	-	31
Other financial debt			≤ 1 year	3	4
Accrued interest not paid			≤ 1 year	3	4
<b>Total current financial debt</b>				<b>36</b>	<b>63</b>
<b>Non-current financial debt</b>					
Lease liabilities		-	Up to 2036	87	98
1.60% CHF bond (ISIN: CH1373904403)	1.60%	-	2028	277	-
1.90% CHF bond (ISIN: CH1373904411)	1.90%	-	2032	277	-
Term Loan Facility	USD TERM SOFR +2.47% <sup>1</sup>	0.00%	2029	2,100	-
Senior Facility B3 <sup>2</sup>	USD TERM SOFR +3.60%	1.00%	-	-	3,012
Senior Facility B4 <sup>2</sup>	EURIBOR +3.25%	0.00%	-	-	520
Senior Facility B5 <sup>2</sup>	CHF SARON +6.00%	0.00%	-	-	285
Second Lien B1 <sup>2</sup>	USD TERM SOFR +7.65%	1.00%	-	-	707
Second Lien B2 <sup>2</sup>	EURIBOR +7.50%	0.00%	-	-	293
Transaction cost related to the debt				(17)	(69)
<b>Total non-current financial debt</b>				<b>2,723</b>	<b>4,846</b>
<b>Total financial debt</b>				<b>2,759</b>	<b>4,909</b>

1 Weighted average of actual margin in the period. The interest rate for the new Term Loan Facility applicable for the period starting on March 25, 2024, and ending on July 24, 2024 was the USD TERM SOFR plus a margin of 2.75% p.a. On July 25, 2025, the applicable

margin was reduced to 2.25% p.a. The applicable margin varies between 1.75% p.a. and 2.75% p.a. depending on the consolidated leverage ratio (adjustment bi-annually after filing of interim or annual financial statements with the lenders).

2 The First and Second Lien debt have been repaid during the refinancing in connection with the IPO (refer to note 1.1). The original repayments were due in 2026 or 2027.

The Group monitors its Net Indebtedness which refers to its financial indebtedness.

<i>In M USD</i>	December 31, 2024	December 31, 2023
<b>Total financial debt</b>	<b>2,759</b>	<b>4,909</b>
Transaction cost related to the debt	17	69
Accrued interest not paid	(3)	(4)
Secured trade payables	-	26
Hedged foreign currency risk on debt	40	-
<b>Total Indebtedness</b>	<b>2,813</b>	<b>5,001</b>
Cash and cash equivalent	(457)	(368)
<b>Total Net Indebtedness</b>	<b>2,356</b>	<b>4,633</b>

The table below outlines the fair value of the debt facilities and bonds:

In M USD	December 31, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Term Loan Facility	2,083	2,100	-	-
1.60% CHF bond (ISIN: CH1373904403)	277	284	-	-
1.90% CHF bond (ISIN: CH1373904411)	277	290	-	-
Senior Facility B3 in USD	-	-	3,009	3,061
Senior Facility B4 in EUR	-	-	511	521
Senior Facility B5 in CHF	-	-	278	290
Second Lien B1 in USD	-	-	693	711
Second Lien B2 in EUR	-	-	287	293
<b>Total</b>	<b>2,636</b>	<b>2,674</b>	<b>4,779</b>	<b>4,874</b>

### Capital management

The Group's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Group monitors the Term Loan (2,083 M USD) and RCF (as of December 31, 2023 Senior Facility B3, B4 and B5 of 3,848 M USD and RCF). To monitor its capital, the Group uses a Net Debt to Core EBITDA ratio (Leverage Ratio), each as defined in the financing arrangement. This ratio is the metric used by the lenders to ensure the Group adheres to its financial covenant when tested at each relevant financial half year and financial year of the Group. A breach of the financial covenant is subject to a cure regime. However, if not cured or remedied within the applicable grace period, such breach of the financial covenant shall result in an event of default which would permit the requisite majority of lenders to accelerate the debt and seek additional remedies, including cancelling available commitments and/or declaring all utilizations thereunder immediately due and payable.

There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in any of the periods presented. For the period ending December 31, 2024, the Leverage Ratio totaled 2.3 (4.9 as of December 31, 2023).

	December 31, 2024	December 31, 2023
<b>Core EBITDA for the last 12 months</b>	<b>1,031</b>	<b>942</b>
<b>Net Indebtedness</b>	<b>2,356</b>	<b>4,633</b>
<b>Leverage Ratio (adjusted Net Debt to Core EBITDA)</b>	<b>2.3</b>	<b>4.9</b>

The Group's objective when managing capital is to safeguard the ability to continue as a going concern and provide returns for shareholders and benefits for other stakeholders.

The Group manages its liquidity risk and settles its obligations as they fall due, by managing its working capital (including relying on its RCF) and utilizing the undrawn portion of its RCF (685 M USD as of December 31, 2024 and 457 M USD as of December 31, 2023).

### 13.3 Financial risks

The Group's principal financial liabilities comprise financial debt, trade and other payables, accruals and other financial liabilities. The main purpose of the Term Loan was to refinance the indebtedness of the Group in the course of the IPO (see note 2.1) in March 2024. In addition, the net proceeds from the bonds listed in September 2024 were used to partially refinance the Term Loan at more attractive conditions. The RCF and the other financial liabilities aim at financing the general corporate and working capital needs of the Group. The Group's principal financial assets include cash and

cash equivalents, trade receivables and other financial assets. The Group also enters into derivative transactions for hedging purposes.

In the course of its business, the Group is exposed to a number of financial risks associated with the financial instruments described above: credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk). This note presents the Group's objectives, policies and processes for managing its financial risk.

Financial risk management is an integral part of the way the Group is managed. The Board of Directors determines the financial control principles as well as the principles of financial planning. Treasury policies approved by the Board of Directors and Audit Committee define and classify risks as well as define by category of risks the management of those specific approval, execution and monitoring procedures as defined in sub policies.

### **Credit risk**

#### *(a) Credit risk management*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group considers a financial asset to be in default when the counterparty is unlikely to pay its obligations to the Group in full. In assessing whether a counterparty is in default, the Group considers both qualitative and quantitative indicators (e.g., overdue status) that are based on data developed internally and, for certain financial assets, are also obtained from external sources. Part of the Group's receivables which are past due for more than 90 days relate to public customers. Risk of default of public customers is considered low. The Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate for this particular customer segment.

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Identified concentrations of credit risks are controlled and managed accordingly. The Group's largest customer balance represents 22.2% as of December 31, 2024 (14.2% as of December 31, 2023) of trade receivables. No other individual customer individually exceeds 10%. The Group assesses its credit risk to be minimal.

#### *(b) Trade receivables*

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. For more detail on the Group methodology for determining the expected credit losses for trade receivables, refer to note 23. The Group believes that the below expected credit loss allowance sufficiently covers the risk of default. The table below provides a view of the Group's customer credit risk exposure based on trade receivables days overdue.

<i>In M USD</i>	<b>Current</b>	<b>Overdue in 1 to 30 days</b>	<b>Overdue 31 to 90 days</b>	<b>Overdue by 90+ days</b>	<b>Doubtful receivables</b>	<b>Total</b>
<b>As at December 31, 2024</b>						
Gross carrying amount	702	36	12	8	11	<b>769</b>
Group's expected credit loss rate	0%	2%	3%	16%	100%	<b>2%</b>
Expected credit loss allowance	(2)	(1)	(0)	(1)	(11)	<b>(15)</b>
<b>As at December 31, 2023</b>						
Gross carrying amount	580	28	14	18	14	<b>654</b>
Group's expected credit loss rate	0%	3%	11%	29%	100%	<b>3%</b>
Expected credit loss allowance	(1)	(1)	(2)	(5)	(14)	<b>(22)</b>

As at December 31, 2024, 91% of the trade receivables balances (89% as of December 31, 2023) are not overdue, supporting the Group's assessment of a limited customer credit risk. Outstanding customer receivables are monitored.

*(c) Financial instruments and cash deposits*

Credit risk from balances or derivatives with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policies. The Group maintains relationships with banks that are assessed on credit ratings and for which internal limits have been fixed. The counterparty risks are assessed continuously to consider macroeconomic conditions that could affect the ability of a banking partner to meet their obligation.

Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's CFO. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

*(d) Other financial assets*

Other financial assets include cash held as collateral for loans. These cash balances are managed by the Group's treasury department along with the other cash deposits mentioned above.

**Key accounting judgements, estimates and assumption**

The allowance for doubtful accounts is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the calculation of the allowance for doubtful accounts, based on the company's past experience, existing market conditions as well as forward-looking estimates at the end of each reporting period.

## Liquidity risk

Liquidity risk is the risk that a company may encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Such risk may result from inadequate market depth, disruption or refinancing problems. The Group has sufficient access to various sources of funding so that it meets its financial obligations when they become due such as a RCF on which the group can draw. The amount of available RCF as of December 31, 2024 amounts to 685 M USD (457 M USD as of December 31, 2023).

Contractual maturities of financial liabilities and derivatives are summarized in the table below.

<i>In M USD</i>	1st year	2nd year	3rd – 5th year	5th year+	Contractual amount	Carrying amount
<b>As at December 31, 2024</b>						
Trade payables	571	-	-	-	571	571
Other payables	61	-	-	-	61	61
Accruals	493	-	-	-	493	493
Other financial liabilities	-	2	-	-	2	2
1.6% CHF bond (ISIN: CH1373904403)	4	4	286	-	294	277
1.9% CHF bond (ISIN: CH1373904411)	5	5	16	293	319	277
Other interest-bearing loans and borrowings	138	138	2,411	-	2,687	2,086
Lease liabilities	30	26	40	25	120	117
Other financial debt	3	-	-	-	3	3
Derivative liabilities						30
• Outflow	640	57	425	343	1,465	n/a
• Inflow	(612)	(36)	(403)	(396)	(1,446)	n/a
<b>Total</b>	<b>1,333</b>	<b>196</b>	<b>2,775</b>	<b>264</b>	<b>4,568</b>	<b>3,917</b>
<b>As at December 31, 2023</b>						
Trade payables	557	-	-	-	557	557
Other payables	58	-	-	-	58	58
Accruals	446	-	-	-	446	446
Other financial liabilities	59	10	-	-	69	68
Interest-bearing loans and borrowings	483	480	4,959	-	5,923	4,848
Lease liabilities	31	27	52	30	139	123
Other financial debt	4	-	-	-	4	4
Derivative liabilities						12
• Outflow	203	48	20	-	271	n/a
• Inflow	(204)	(37)	(17)	-	(258)	n/a
<b>Total</b>	<b>1,637</b>	<b>528</b>	<b>5,014</b>	<b>30</b>	<b>7,209</b>	<b>6,116</b>

## Market risk

### (a) Currency risk

The Group operates in multiple countries and is exposed to currency risk arising from transactions and balances denominated in foreign currencies. The Group manages its foreign currency risk by hedging main balance sheet exposure and transactions that are expected to occur within a maximum 18-month period via derivatives instruments such as cross-currency swap, forward contract or currency swap. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure.

At the reporting date, the Group's principal foreign currency exposure were in CHF and SEK. As of December 31, 2023, the Group was also exposed to the EUR.

The significant exchange rates that are applicable to these financial statements are listed in the table below:

	December 31, 2024		December 31, 2023	
	Average rate	Year end spot rate	Average rate	Year end spot rate
CHF	1.1364	1.1069	1.1133	1.1864
EUR	1.0822	1.0403	1.0818	1.1071
SEK	0.0947	0.0907	0.0943	0.1002

The cross-currency swaps have been designated as hedging instruments in cash flow hedges of variability in foreign exchange rates. To comply with the risk management policy, the hedge ratio is based on a hedging instrument with the same notional amount in CHF terms as the underlying exposure. This results in a hedge ratio of 1:1 or 100%. Potential sources of ineffectiveness of the cross-currency swaps are the credit risk arising from the credit rating of Galderma and the counterparty to the interest rate swap and the cross-currency swap basis spread. The credit risk has been assessed not significant. The foreign currency basis spreads were separated from the hedging instruments and changes were recognized in the statement of comprehensive income and separately reported in the cost of hedging reserve.

The Group analyzed the sensitivity to a reasonable possible change (assessed at 5%) in CHF and SEK (as of December 31, 2023: CHF, SEK and EUR) exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. Based on its analysis, the Group has concluded that the impact of a reasonable possible change in CHF and SEK exchange rates (with all other variables held constant) on the Group's profit before tax and the Group's pre-tax equity is not material.

*(b) Interest rate risk*

The Group's principal interest-bearing liabilities comprise of the financial debt in the form of bank borrowings, bonds and lease liabilities. The bonds issued have fixed interest rates and, therefore, are not subject to interest rate risk. As most of the bank borrowings, including the Term Loan, bear variable interest rates that are based on inter-bank indices, the Group is exposed to cash flow interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in Secured Overnight Financing Rate (TERM SOFR), Swiss Average Rate Overnight (SARON) and Euro Interbank Offered Rate (EURIBOR) with all other variables held constant. The impact on equity is not material.

Reference rate	2024		2023	
	Change in basis point	Effect on profit before income taxes	Change in basis point	Effect on profit before income taxes
TERM SOFR	+100	(5)	+100	8
EURIBOR	+100	-	+100	8
SARON	+100	-	+100	(2)
TERM SOFR	-100	5	-100	(16)
EURIBOR	-100	-	-100	(8)
SARON	-100	-	-100	2

The Group manages its exposure to interest rate risk with interest rate caps and interest rate swaps. These derivative instruments hedge 71% of the Group's long-term borrowings from the IPO and 83% for 2025 (75% of long-term borrowings in 2023).

The change in the intrinsic value of the hedging instrument is recognized in the statement of comprehensive income (and then in the cash flow hedge reserve in equity) and released to the statement of profit or loss over the life of the relationship as the interest payments on the underlying hedged loan occur.

The change in the time value of an option and currency basis spread of a cross-currency swap that hedges a time-period related hedged item is recognized in a separate component of equity to the extent that it relates to the hedged item. The initial time value and basis spread that exists at the inception of the hedging relationship is amortized to the statement of profit or loss on a systematic and rational basis over the same period over which any intrinsic value of the cap would affect the statement of profit or loss. As the cap and swap hedge interest risk on a time-period related item, the initial time value is amortized over the period for which the interest rate risk is hedged. If this is a forward starting interest rate option, the time-value needs to be amortized over the interest periods that the option covers.

The caps and swaps have been designated as hedging instruments in cash flow hedges of variability in interests paid on the facilities that the group has contracted and that are TERM SOFR based. The Group hedged the cash flows related to the interest paid for the first three years in a leveraging strategy.

As the same interest rate basis is used and the timing for interest resets and payments match, there is a clear economic relationship between the hedging instrument and the hedged item. It is assumed that the economic relationship is present throughout the entire designated hedge period.

To comply with the risk management policy, the hedge ratio is based on a percentage of 2,100 M USD equivalent term loan. This debt is offset with interest rate caps and interest rate swaps with the same critical terms. The notional amount of the hedging instrument is designated as hedge for the same nominal of the term loan. The hedge ratio is therefore 1:1 or 100%. Potential sources of ineffectiveness of the swaps are the credit risk arising from the credit rating of Galderma and the counterparty to the interest rate swap and the cross-currency swap basis spread. The credit risk has been assessed not significant.

*(c) Commodity price risk*

The Group has limited exposure to price risk related to anticipated purchases of certain commodities used as raw materials by the Group's businesses. A change in those prices may alter the gross margin of a specific business, but generally below the Group's risk management tolerance levels. Accordingly, the Group does not enter into significant commodity futures, forward or option contracts to manage fluctuations in prices of anticipated purchases.

**Derivative assets and liabilities and hedge accounting**

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

The full fair value of hedging derivatives is classified as non-current asset or liability when the remaining maturity of the hedging instrument is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedging instrument is less than 12 months. Trading derivatives are classified as a current asset or liability.

The Group's risk management strategy and how it is applied to manage risk are explained above.

*(a) Derivatives not designated as hedging instruments*

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. All foreign exchange forward contracts entered into during the year ended December 31, 2024 to hedge forecast sales in foreign currencies and forecast purchases in foreign currencies are not designated as cash flow hedges. The forward contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1-12 months.

(b) *Derivatives designated as hedging instruments*

Galderma's foreign currency exposure arises from a highly probable forecast: when the interest rate in CHF have been fixed for a period and, when we know settlement denominated in foreign currencies.

Galderma's policy is to hedge most of its material foreign exchange risk associated with highly probable forecast transactions denominated in foreign currencies. Cash flow hedge is a hedge of the foreign currency risk arising from a highly probable forecast settlement of interest denominated in a currency other than USD. The hedged risk arises when the interest rate has been fixed for CHF, settlement amount is known in currencies so the hedged risk is the foreign currency forward risk due to changes in the CHF/USD or exchange rate.

(c) *Derivatives by hedged risks:*

<i>In M USD</i>	<b>National amount &lt;1 year</b>	<b>National amount &gt; 1 year</b>	<b>Total</b>	<b>Fair value asset</b>	<b>Fair value liability</b>	<b>Weighted average rate</b>
<b>Cash flow hedges as at December 31, 2024</b>						
<i>Risk hedged: foreign exchange rate fluctuations</i>						
Cross-currency swap CHF to USD fixed to fixed	-	594	594	-	(17)	N/A
<i>Risk hedged: interest rate fluctuations</i>						
USD cap	-	250	250	1	-	N/A
USD swap floating to fixed	1,100	1,200	2,300	-	(8)	N/A
<b>Cash flow hedges as at December 31, 2023</b>						
<i>Risk hedged: foreign exchange rate fluctuations</i>						
EUR FX forward contracts – forecast interest payments	30	-	30	-	-	0.9054
CHF FX forward contracts – forecast interest payments	5	-	5	-	-	0.8452
<i>Risk hedged: interest rate fluctuations</i>						
USD caps	-	1,350	1,350	8	-	N/A
EUR swap	221	-	221	0	-	N/A
USD swaps	100	1,950	2,050	2	(8)	N/A

The impact of the hedging instruments on the balance sheet is as follows:

<i>In M USD</i>	<b>December 31, 2024</b>		<b>December 31, 2023</b>		
	<b>Carrying amount</b>	<b>Change in fair value used for measuring ineffectiveness</b>	<b>Carrying amount</b>	<b>Change in fair value used for measuring ineffectiveness</b>	
Caps	Derivative assets	1	1	8	8
Swaps	Derivative assets	1	1	2	2
Swaps	Derivative liabilities	(9)	(9)	(7)	(7)
Cross-currency swap	Derivative liabilities	(16)	(16)	-	-
<b>Total</b>		<b>(23)</b>	<b>(23)</b>	<b>2</b>	<b>2</b>

The impact of the hedged items on the balance sheet is as follows:

<i>In M USD</i>	December 31, 2024		December 31, 2023	
	Cash flow hedge reserve	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Change in fair value used for measuring ineffectiveness
Bonds in CHF	12	12	-	-
Term Loan	8	8	-	-
Senior Facilities	-	-	15	(1)
<b>Total</b>	<b>20</b>	<b>20</b>	<b>15</b>	<b>(1)</b>

(d) *Hedge reserve*

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items resulting from cash flow hedge accounting:

<i>In M USD</i>	Hedging reserve	Cost of hedging	Total hedge reserve
<b>As at January 1, 2023</b>	<b>(15)</b>	-	<b>(15)</b>
<i>Changes in fair value</i>			
Foreign currency risk	(1)	-	(1)
Tax on movements on reserves during the year	(0)	-	(0)
<b>As at December 31, 2023</b>	<b>(16)</b>	-	<b>(16)</b>
<b>As at January 1, 2024</b>	<b>(16)</b>	-	<b>(16)</b>
<i>Changes in fair value</i>			
Foreign currency risk	35	(4)	31
Interest rate risk	13	-	13
<i>Amount reclassified to profit or loss</i>			
Interest rate risk <sup>1</sup>	(6)	-	(6)
Tax on movements on reserves during the year	(3)	1	(3)
<b>As at December 31, 2024</b>	<b>23</b>	<b>(4)</b>	<b>19</b>

1 In the course of the refinancing connected to the IPO (see note 1.1) the Group has discontinued hedging instruments linked to the previous debt which resulted in a reclassification of 6 M USD to the statement of profit and loss (see note 5).

## 14. CASH FLOW STATEMENT RECONCILIATIONS

### 14.1 Reconciliation of net financial debt

<i>In M USD</i>	<b>Financial debt current</b>	<b>Subordinated loan</b>	<b>Financial debt non-current</b>	<b>Total net financial debt</b>	<i>of which: lease obligation</i>
<b>As at January 1, 2023</b>	<b>(413)</b>	<b>(337)</b>	<b>(4,909)</b>	<b>(5,658)</b>	<b>(99)</b>
Cash inflows	(595)	-	(261)	(856)	-
Cash outflows	1,003	337	386	1,725	25
Foreign exchange adjustments	6	-	(61)	(55)	(3)
Non-cash movements	(61)	-	(2)	(63)	(45)
Interests accrued	(4)	-	-	(4)	-
<b>As at December 31, 2023</b>	<b>(63)</b>	<b>-</b>	<b>(4,846)</b>	<b>(4,909)</b>	<b>(123)</b>
<b>As at January 1, 2024</b>	<b>(63)</b>	<b>-</b>	<b>(4,846)</b>	<b>(4,909)</b>	<b>(123)</b>
Cash inflows	(90)	-	(3,510)	(3,601)	-
Cash outflows	148	-	5,629	5,777	23
Foreign exchange adjustments	1	-	79	80	6
Non-cash movements	(34)	-	(75)	(109)	(25)
Interests accrued	2	-	-	2	2
<b>As at December 31, 2024</b>	<b>(36)</b>	<b>-</b>	<b>(2,723)</b>	<b>(2,759)</b>	<b>(117)</b>

### 14.2 Cash and cash equivalents

<i>In M USD</i>	<b>December 31, 2024</b>	December 31, 2023
Cash and bank balances	282	241
Time deposits	175	127
<b>Cash and cash equivalents</b>	<b>457</b>	<b>368</b>

The Group has no material restricted cash balances at December 31, 2024 and at December 31, 2023.

## 15. EMPLOYEE BENEFITS

The Group's salaries of 821 M USD (677 M USD as of December 31, 2023) and welfare expenses of 175 M USD (150 M USD as of December 31, 2023) represent a total of 997 M USD (827 M USD as of December 31, 2023). Contributions to defined contribution plans amount to 20 M USD (15 M USD as of December 31, 2023). Employee remuneration is allocated to the appropriate headings of expenses by function.

The table below shows employee benefit items recognized in the Group's balance sheet.

In M USD	December 31, 2024			December 31, 2023		
	Current	Non-current	Total	Current	Non-current	Total
Short-term benefits	119	-	119	127	-	127
Post-employment retirement defined benefit plans, net	-	88	88	-	95	95
Post-employment medical defined benefits plans	-	27	27	-	26	26
Other employee benefit liabilities <sup>1</sup>	-	2	2	-	100	100
<b>Employee benefit liabilities, net</b>	<b>119</b>	<b>117</b>	<b>236</b>	<b>127</b>	<b>221</b>	<b>347</b>
<b>Presented in the balance sheet as follows:</b>						
Employee benefit assets	0	0	0	0	0	0
Employee benefit liabilities	119	117	236	127	221	347

<sup>1</sup> Other employee benefit liabilities in the comparative period are primarily comprised of the Value Creation Bonus. Refer to note 16.4

### 15.1 Post-employment benefits

#### **Post-employment retirement benefit plans**

Apart from legally required social security arrangements, most of the Group employees are eligible for benefits through pension plans in case of retirement, death in service, disability and in case of resignation. Those plans are either defined contribution plans or defined benefit plans based on pensionable remuneration and length of service. All pension plans comply with local tax and legal restrictions in their respective countries, including funding obligations.

The major plans, classified as defined benefit plans, are in Switzerland, Germany, the U.S. and the U.K. In accordance with applicable legal frameworks, these plans have boards of trustees or general assemblies that are generally independent from the Group and are responsible for the management and governance of the plans.

#### **Post-employment medical benefit plans**

The Group, principally in the U.S., maintains medical benefit plans, which are classified as defined benefit plans and cover eligible retired employees.

#### **Risks related to defined benefit plans**

The main risks to which the Group is exposed in relation to defined benefit plans are:

- **Mortality risk:** the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the plans and consequently increases in the plans' liabilities. In order to minimize this risk, mortality assumptions are reviewed on a regular basis.
- **Market and liquidity risks:** these are the risks that the investments do not meet the expected returns. This also encompasses the mismatch between assets and liabilities. In order to minimize the risks, the structure of the portfolios is reviewed and asset-liability matching analyses are performed on a regular basis.

These risks are mitigated as certain of the Group's pension arrangements permit benefits to be adjusted in the case that downside risks emerge.

### **Asset-liability management and funding arrangement**

Plan trustees or general assemblies are responsible for determining the mix of asset classes and target allocations of the Group's plans with the support of investment advisors. Periodic reviews of the asset mix are made by mandating external consultants to perform asset liability matching analyses. Such analyses aim at comparing dynamically the fair value of assets and the liabilities in order to determine the most adequate strategic asset allocation.

The overall investment policy and strategy for the Group's funded defined benefit plans are guided by the objective of achieving an investment return which, together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans. As those risks evolve with the development of capital markets and asset management activities, the Group addresses the assessment and control process of the major investment pension risks. In order to protect the Group's defined benefit plans funding ratio and to mitigate the financial risks, protective measures on the investment strategies are in force. To the extent possible, the risks are shared equally amongst the different stakeholders.

### **Funding situation of defined benefit plans by country**

<i>In M USD</i>	<b>Switzerland</b>	<b>USA</b>	<b>Germany</b>	<b>UK</b>	<b>Other<sup>1</sup></b>	<b>Total</b>
<b>As at December 31, 2023</b>						
Defined benefit obligations	225	-	-	18	7	249
Fair value of plan assets	(187)	-	-	(18)	(5)	(210)
<b>Net funded defined benefit obligations / (assets)</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>2</b>	<b>39</b>
<b>As at December 31, 2024</b>						
Defined benefit obligations	229	-	-	15	8	252
Fair value of plan assets	(195)	-	-	(15)	(5)	(215)
<b>Net funded defined benefit obligations / (assets)</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>3</b>	<b>36</b>
Post-employment retirement defined benefit obligations	12	6	27	-	11	56
Post-employment medical defined benefit obligations	-	26	-	-	-	26
<b>Unfunded defined benefit obligations</b>	<b>12</b>	<b>32</b>	<b>27</b>	<b>-</b>	<b>11</b>	<b>82</b>
Post-employment retirement defined benefit obligations	11	5	24	-	12	51
Post-employment medical defined benefit obligations	-	27	-	-	-	27
<b>Unfunded defined benefit obligations</b>	<b>11</b>	<b>32</b>	<b>24</b>	<b>-</b>	<b>12</b>	<b>78</b>

1 Consists of countries that have plans of which its net funded and unfunded obligations are individually below 5 M USD.

## Movement in net defined benefit liability / (asset)

In M USD	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability / (asset)	
	2024	2023	2024	2023	2024	2023
<b>As at January 1</b>	<b>331</b>	<b>314</b>	<b>(210)</b>	<b>(226)</b>	<b>121</b>	<b>88</b>
<i>of which funded defined benefit plans</i>	249	238	(210)	(226)	39	12
<i>of which unfunded defined benefit plans</i>	82	76	-	-	82	76
<b>Included in profit or loss</b>						
Current service cost	21	21	-	-	21	21
Past service cost	-	(2)	-	-	-	(2)
Interest expense / (income)	7	8	(3)	(5)	4	3
<b>Included in other comprehensive income (OCI)</b>						
Actuarial loss/(gain) arising from:						
- demographic assumptions	0	(1)	-	-	0	(1)
- financial assumptions	7	24	-	-	7	24
- experience adjustments	3	(6)	-	-	3	(6)
Return on plan assets excluding interest income	-	-	(16)	14	(16)	14
Currency retranslations	(19)	25	15	(18)	4	8
<b>Other</b>						
Contributions paid by employee	8	9	(8)	(9)	-	-
Contributions paid by employer	-	-	(15)	(23)	(15)	(23)
Benefits paid on funded defined benefit plans	(22)	(56)	22	56	-	-
Benefits paid on unfunded defined benefit plans	(6)	(6)	-	-	(6)	(6)
<b>As at December 31</b>	<b>330</b>	<b>331</b>	<b>(215)</b>	<b>(210)</b>	<b>115</b>	<b>121</b>
<i>of which funded defined benefit plans</i>	252	249	(215)	(210)	37	39
<i>of which unfunded defined benefit plans</i>	78	82	-	-	78	82

## Plan asset allocation

The major categories of plan assets as a percentage of total plan assets of the Group's defined benefit plans are summarized in the table below.

	December 31, 2024	December 31, 2023
Equity securities	29%	26%
Debt securities	15%	12%
Real estate	24%	29%
Cash and cash equivalents	8%	8%
Alternative investments	18%	17%
Buy-in policy	6%	8%

## Principal financial actuarial assumptions and sensitivity analyses

The following table shows the principal weighted average actuarial assumptions used for calculating defined pension plans.

<i>In M USD</i>	December 31, 2024	December 31, 2023
Discount rates	2.0%	2.3%
Expected rates of salary increases	1.5%	1.7%
Expected rates of pension adjustments	0.3%	0.4%
Medical cost trend rates	4.5%	5.0%

The weighted-average duration of the defined benefit obligation is 15.1 years as of December 31, 2024 (13.3 years as of December 31, 2023).

The mortality tables used and the life expectancies for the major defined benefit pension plans are summarized in the table below.

Country	Mortality Table	Life expectancy expressed in years	
		At age 65 for a male currently aged 65	At age 65 for a female currently aged 65
<b>As at December 31, 2024</b>			
Switzerland	BVG 2020 (CMI2019 LTR=1.25%)	21.9	23.6
Germany	Heubeck Richttafeln 2018 G	20.9	24.3
U.K.	101% S3PMA "Middle" tables (CMI2023) /104% S3PFA "All lives" tables (CMI2023)	21.2	24.1
U.S.	PRI-2012	20.7	22.7
<b>As at December 31, 2023</b>			
Switzerland	BVG 2020 (CMI2019 LTR=1.25%)	21.8	23.5
Germany	Heubeck Richttafeln 2018 G	20.8	24.2
U.K.	101% S3PMA "Middle" tables (CMI2022) /104% S3PFA "All lives" tables (CMI2022)	21.0	23.8
U.S.	MP-2021	20.7	22.7

Life expectancy is reflected in the defined benefit obligations by using the best estimate of the mortality of plan members. When appropriate, base mortality tables are adjusted to take into consideration expected changes in mortality, (e.g., by allowing for future longevity improvements.)

The following table shows the changes in the defined benefit obligation when major assumptions are changed. The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated.

<i>In M USD</i>	December 31, 2024	December 31, 2023
<b>Defined benefit obligations</b>	<b>330</b>	<b>331</b>
<b>Discount rates</b>		
Increase of 50 basis points	311	309
Decrease of 50 basis points	355	356
<b>Expected rates of salary increases</b>		
Increase of 50 basis points	333	334
Decrease of 50 basis points	328	328
<b>Expected rates of pension adjustments</b>		
Increase of 50 basis points	345	344
Decrease of 50 basis points	330	328
<b>Mortality assumption</b>		
Increase by 1 year	327	325
Decrease by 1 year	337	338
<b>Medical cost trend rates</b>		
Increase of 50 basis points	330	331
Decrease of 50 basis points	329	330

## 15.2 Other information

The Group expects to pay 19 M USD in contributions to its defined benefit plans in the next reporting period.

### Key accounting judgements, estimates and assumption

Defined benefit obligations are calculated using actuarial calculations based on assumptions. The measurement is particularly sensitive to changes in assumptions such as discount rates, inflation rates, expected mortality, medical cost trend rate and future salary/pension growth rates. The actuarial assumptions may differ from actual results due to changes in market and economic conditions as well as longer or shorter lifespans of participants, and other changes in the factors being assessed. These differences could impact the (net) defined benefit assets or obligations recognized.

## 16. SHARE-BASED PAYMENT PLANS

### 16.1 Long-Term Incentive Plan

In May 2024, Galderma established a new Long-Term Incentive Plan (LTI) designed to align compensation with the strategic goals of the Group. The equity-settled share-based payment arrangement consists of awards of restricted share units (RSUs) and performance share units (PSUs), providing participants with a conditional right to a number of shares of the Company.

#### RSUs

The plan foresees the award of RSUs to senior management and selected employees of the Group. RSUs will convert into unrestricted shares in the Company on a 1:1 ratio in three tranches after a required service period of between one and three years.

#### PSUs

Galderma has awarded a selection of the most senior leaders, including the Executive Committee, PSUs which convert into unrestricted shares, after completion of a three-year service period and subject to the achievement of specific performance conditions. A PSUs award is divided into two tranches with the following conditions.

- 50% of the PSUs are subject to the achievement of a non-market performance condition, being net sales growth with a potential payout in shares ranging from nil to a maximum of 200%
- 50% of the PSUs are subject to the achievement of a market performance condition linked to the total shareholder return (TSR) ranking of the Group as compared to an identified reference group, with a potential payout in shares also ranging from nil to a maximum of 200%

Both the RSUs and PSUs are converted into shares of the Company without any additional consideration from the employee (exercise price equal to zero).

The number of RSUs and PSUs was as follows.

<i>In units</i>	<b>RSUs</b>	<b>PSUs</b>
<b>Outstanding as at January 1, 2024</b>	-	-
Granted during the period	782,162	323,752
Forfeited during the period	(52,332)	(15,986)
<b>Outstanding as at December 31, 2024</b>	<b>729,830</b>	<b>307,766</b>
<i>Exercisable at the end of the period</i>	0	0
Weighted average remaining contractual life of outstanding instruments in years	1.4	2.4
Weighted average grant date fair value in USD	81	95

The Group applied the Black-Scholes formula to determine the grant date fair value of RSUs and PSUs subject to the achievement of non-market performance conditions. For PSUs subject to market performance conditions, the grant date fair value was determined using a Monte Carlo simulation model, which resulted in a weighted average estimate of the potential payout in shares of 134%. Both option pricing models were performed with reference to the share price of the Company on grant date. The weighted average reference share price on grant date was 82 USD for RSUs and 81 USD for PSUs. Further inputs for the fair value measurement were the expected volatility of 30%, the expected dividend yield and the risk-free interest rate. Due to a lack of sufficient historical data, the estimate of the expected volatility was determined on the basis of peer data. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

During the reporting period, the Group recognized an expense of 29 M USD in relation to the LTI.

### **16.2 Board of Directors share compensation**

Members of the Board of Directors are paid 50% in cash and 50% in unrestricted shares of the Company. The part of the compensation paid in unrestricted shares is an equity-settled share-based payment arrangement.

In 2024, 9,721 shares were granted to members of the Board of Directors. The grant date fair value of 77 USD was determined by reference to the share price of the Company on grant date.

During the reporting period, the Group recognized an expense of 1 M USD in relation to the Board of Directors share compensation.

### **16.3 IPO Incentive Plan**

The IPO Incentive Plan consisted of the award of restricted shares delivered directly from institutional investors of Galderma Group AG to selected employees of the Group, to align the interests of the members of the Board of Directors and the Executive Committee, management and selected employees of the Group with the interests of the new shareholders at the time of the offering. The plan provided for the issues of shares in the Company, and therefore qualified as an equity-settled plan.

The key features of the plan were as follows:

- The extent of the awards issued to employees is linked to the final offer price at the IPO, with no required period of service beyond the IPO, meaning that the awards fully vested at the IPO date.
- Shares are subject to a lock-up period of at least 18 months following completion of the offering. Such awards are subject to a market performance condition being the achievement of the volume weighted average price of shares over a period of three consecutive months of 58 CHF or higher. Such lock-up period shall be automatically extended to 24 months in case the target performance condition is not satisfied in the original 18-month blocking period. A pro-rata entitlement in the performance condition is achieved in the last three months of the extended performance period. This performance condition, linked entirely to the market price of the share, qualifies as a market condition which is reflected in the fair value of the shares granted.
- To the extent that the above market performance condition will not be met, institutional investors have a call option to re-acquire the shares at nominal value.

As of December 31, 2024, the number of blocked shares allocated to participants in relation to the IPO Incentive Plan amounted to 965,737. The IPO Incentive Plan was settled in existing shares funded and delivered by the selling shareholders upon completion of the IPO. Such shares carry dividend rights, but no voting rights during the blocking period. The market condition has been met. The grant date fair

value of 43 USD per share (or 38 CHF per share) has been determined using a Monte Carlo simulation model that takes into account the initial offer price at the IPO, the probability of achieving the market performance condition based on expected share volatility of 30%, the expected dividend yield, and the risk-free interest rate over the blocking period. Due to a lack of sufficient historical data, the estimate of the expected volatility was determined on the basis of peer data.

On June 24, 2024, the plan administrator confirmed that the market performance condition had been met, as the volume weighted average share price traded above 58 CHF for three consecutive months following the IPO. The only remaining feature is the lock-up period of 18 months.

During the reporting period, the Group recognized an expense of 38 M USD in relation to the IPO Incentive Plan and a corresponding expense for social security contributions of 6 M USD in the operating result.

#### **16.4 Value creation bonus plan**

The value creation bonus plan (VCB) was a long-term plan open to selected management employees of the Group and aimed to incentivize participants to maximize shareholder value in case of an exit (being defined as the sale or partial sale of the Group). The VCB was introduced in 2020 (Original VCB) and was classified as a cash-settled share-based payment plan resulting in a liability of 100 M USD as of December 31, 2023 (see note 15).

On March 7, 2024 (Modification Date), in connection with the planned IPO, the Group amended terms of the Original VCB by partly modifying the settlement terms of the plan. Instead of receiving settlements of the vested benefits entirely in cash, participants were offered the choice of receiving any vested benefit as either:

- 50% in cash and 50% in the form of restricted shares awards (RSAs) of the Company; or
- 100% of their entitlement in the form of RSAs

The value of the RSA was determined by the offer price of the shares in the IPO. The respective shares are subject to a 360-day lock-up period.

The entitlement of leavers, and all other terms of the plan, had remained unaltered from the Original VCB. The scheme's primary value driver was the "cash on cash" (CoC) return realized by the EQT consortium. The CoC represented the total value of investments divided by total cost of investments for the EQT consortium.

The amendment of the VCB was treated as a plan modification that changed the classification of the share-based payment plan from fully cash-settled to partly equity-settled. The remeasurement of the liability at the Modification Date resulted in a financial income of 28 M USD (see note 5). The financial income of 32 M USD in the comparative period was due to the fair value remeasurement of the VCB liability.

The modification resulting in the settlement of 50% entitlement in RSA was accounted for as equity-settled at the Modification Date, by reclassifying the remeasured liability portion of 23 M USD to equity.

The remaining VCB liability has been settled in the reporting period, resulting in a cash outflow of 52 M USD.

#### **16.5 Management equity participation plan**

Shortly after the acquisition of Galderma Holding SA and all its subsidiaries by the EQT-led consortium in 2019, a management equity participation plan (MPP) was put in place in order to enable the top management of the Galderma Group to be exposed to the long-term financial success of the Group. The MPP was accounted for as an equity-settled share-based payment plan, and the plan was settled in accordance with its rules when the IPO took place.

The key features of the plan were as follows:

- There was no minimum period that a participant must remain in employment with the Group before benefiting from the shares under the plan. As a result, the awards were considered fully vested immediately upon grant.
- After evaluation of the relevant factors, this plan was not considered to be compensatory as participants paid a price for their award which was equal to or higher than the fair value of the instruments received. As a result, grant date fair value of the instruments was considered nil and no expenses were required to be recognized in the current and previous reporting periods.

The MPP comprised a pool of 50,000,000 shares in total. Thereof, 42,972,952 shares were allocated as of December 31, 2023. No further shares were allocated in the current reporting period. The plan participants received 3,169,691 shares of the Company in exchange for previously allocated shares of Sunshine Luxembourg III SARL (which controls 100% of the equity of Sunshine VII). The MPP settlement had no impact on these consolidated financial statements.

#### **Key accounting judgements, estimates and assumption**

In preparing the consolidated financial statements, management applies judgments in the definitions of assumptions regarding LTI and IPO Incentive Plan. Judgmental areas include the determination of the grant date, the fair value of the RSUs, PSUs and shares granted, and the estimate of instruments expected to vest. The fair values of RSUs, PSUs and shares granted are determined based on option pricing models that include estimates such as the expected dividend yield, risk-free interest rate, volatility and achievement factor of market performance conditions. The estimate of the instruments expected to vest is based on assumptions of expected attrition rates as well as achievement of non-market performance conditions. Management performs the estimates based on historical data, future expectations and its business plans. The assumptions are reviewed and updated on each balance sheet date.

## **17. EQUITY**

The legal reorganization of the Group on March 21, 2024 (see note 1.1) had an impact on share capital, share premium and retained earnings / accumulated losses, and is presented under the item 'Effect of Group Reorganization'. The IPO-related capital increase on March 22, 2024 impacted share capital and share premium. Both transactions are explained in the sections below.

### **17.1 Share capital and share premium**

As of December 31, 2024, the share capital of the Company amounted to 3 M USD and consisted of 237,897,635 fully paid shares with a nominal value of 0.01 CHF per share. The share capital of Sunshine VII, which is the entity that prepared the Group's consolidated financial statements prior to the legal reorganization (see note 1.1), totaled 6.3 M USD as of December 31, 2023 represented by 6,188,879,332 shares without nominal value.

As part of the legal reorganization of the Group on March 21, 2024, share capital was adjusted in order to align it with the share capital of Galderma Group AG amounting to 2.3 M USD representing 200,000,000 shares with a nominal value of 0.01 CHF per share. The resulting reduction of 4 M USD was reclassified to retained earnings / accumulated losses. In addition, share premium of Sunshine VII amounting to 6,253 M USD as of December 31, 2023 was reclassified to retained earnings / accumulated losses in the reporting period.

In the course of the IPO on March 22, 2024, the Company issued 37,897,635 shares with a nominal value of 0.01 CHF per share. The Company raised capital of 2,216 M USD, which it recognized in equity, net of directly attributable transaction costs of 83 M USD. Following the IPO, the Group received net proceeds of 2,166 M USD (less directly

deducted transaction costs). Additionally, the remaining transaction costs and duties led to an extra cash outflow of 32 M USD in the reporting period. The issuance of shares during the IPO on March 22, 2024 resulted in a total increase in equity of 2,133 M USD, of which 0.4 M USD was recognized as an increase in share capital and the remaining amount in share premium.

In the comparative period, the Group executed a private placement for 1,011 M USD which was recognized as an equity contribution.

## 17.2 Share capital range and conditional share capital

### **Capital range**

The Company has a share capital ranging from 2,260,028 CHF (lower limit) to 2,616,874 CHF (upper limit). The Board of Directors is authorized within the capital range to increase or reduce the share capital once or several times and in any amount or to acquire or dispose of shares directly or indirectly, until March 12, 2029 or until an earlier expiry of the capital range. The capital increase or reduction may be affected by issuing fully paid-in registered shares with a par value of 0.01 CHF each and by cancelling registered shares with a par value of 0.01 CHF each, as applicable; by increasing or reducing the par value of the existing shares within the limits of the capital range; or by simultaneous reduction and re-increase of the share capital. In the event of a capital increase within the capital range, the Board of Directors shall, to the extent necessary, determine the issue price, the type of contribution, the date of issue, the conditions for the exercise of subscription rights, and the beginning date for dividend entitlement. In the event of a share issue, the Board of Directors is authorized to withdraw or restrict subscription rights of existing shareholders and allocate such rights to third parties, the Company or any of its subsidiaries for the purposes as defined in the Company's articles of association.

### **Conditional share capital**

The Company has a conditional share capital for employee participation and a conditional capital for financing, acquisitions and other purposes. The Company can therefore raise additional share capital up to the upper limit of the capital range for the purposes stated below.

- *Conditional share capital for employee participation:* the share capital may be increased in an amount not to exceed 237,898 CHF through the issuance of up to 23,789,763 fully paid-in registered shares with a par value of 0.01 CHF per share. Such shares may be issued at a price lower than the respective market price quoted on the stock exchange and such rights or acquisition obligations may be granted below their intrinsic value. The subscription rights and advance subscription rights of the shareholders of the Company shall be excluded in connection with the issuance of such shares, rights or purchase obligations.
- *Conditional share capital for financing, acquisitions and other purposes:* the share capital may be increased in an amount not to exceed 237,898 CHF through the issuance of up to 23,789,763 fully paid-in registered shares with a par value of 0.01 CHF each. The increase can be facilitated through the exercise or mandatory exercise of conversion, exchange, option, subscription or other rights to acquire shares, or through obligations to acquire shares granted to or imposed on shareholders or third parties, either alone or in connection with bonds, notes, options, warrants or other securities or contractual obligations of the Company or any of its subsidiaries. The subscription rights of shareholders shall be excluded upon the exercise of any instruments in connection with the issuance of shares. The main conditions of such instruments shall be determined by the Board of Directors.

### 17.3 Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. On December 31, 2024, the Group held 491,486 of the Company's shares (December 31, 2023: Nil).

In the reporting period, 331,207 treasury shares were created in the course of the capital increase on March 22, 2024, without any proceeds flowing to the Group. The resulting increase in the nominal value of these shares amounting to 4 K USD was credited to share capital and debited to retained earnings / accumulated losses.

## 18. INCOME TAXES

### 18.1 Current and deferred income tax expense

<i>In M USD</i>	Year ended December 31, 2024	Year ended December 31, 2023
Current income taxes, current year	(95)	(78)
Current income taxes, prior year	16	17
Deferred tax expense	(1)	(8)
<b>Total income taxes</b>	<b>(79)</b>	<b>(68)</b>

### 18.2 Reconciliation of effective tax rate

<i>In M USD, respectively in percentage</i>	Year ended December 31, 2024		Year ended December 31, 2023	
<b>Income before tax</b>	<b>310</b>		<b>11</b>	
Expected income tax at statutory tax rate <sup>1</sup>	(40)	13.0%	(1)	13.0%
Non-tax-deductible expenses	(9)	2.9%	(131)	1,198.8%
Non-taxable income	2	(0.5%)	1	(11.0%)
Prior years' taxes	16	(5.0%)	(1)	10.9%
Transfer from unrecognized deferred tax assets	37	(11.8%)	94	(855.1%)
Transfer to unrecognized deferred tax assets	(40)	12.8%	(1)	10.9%
Changes in tax rates	1	(0.2%)	(6)	58.2%
Difference in tax rates	(36)	11.5%	(16)	140.8%
Withholding & other income taxes	(9)	2.7%	(6)	52.7%
<b>Total income taxes</b>	<b>(79)</b>	<b>25.5%</b>	<b>(68)</b>	<b>619.1%</b>

1 The Group operates in several different tax jurisdictions and as a result, management has decided to use the statutory tax rate of 13.0% in 2024 (13.0% in 2023) applicable to the main Swiss-based operating companies to determine the expected tax expense of the group.

The 2024 effective tax rate was mainly negatively impacted by the difference in tax rates and the non-recognition of tax losses, which was partially offset by the favorable impact from the recognition of deferred tax assets on previously unrecognized tax loss carryforwards and the release of tax provisions after finalizing tax assessments. The 2023 effective tax rate was negatively impacted by the permanent tax effect from the taxable reversal of an impairment of investments in subsidiaries following a merger of two Swiss entities. This merger was partially offset by the favorable impact from the recognition of deferred tax assets on previously unrecognized tax loss carryforwards while maintaining a similar level of deferred tax assets as in the prior period.

### 18.3 Movement in deferred tax balances

<i>In M USD</i>	Property, plant and equipment	Intangible assets	Employee benefits	Inventories, receivables, payables and provisions	Unused tax losses and unused tax credits	Total
<b>Net deferred tax balances as at January 1, 2023</b>	<b>(10)</b>	<b>(534)</b>	<b>14</b>	<b>150</b>	<b>184</b>	<b>(197)</b>
Deferred tax (expense) / income	(23)	8	1	10	(5)	(8)
Recognized in other comprehensive income (OCI)	(0)	-	5	(4)	2	3
Currency retranslations	(1)	(1)	1	0	7	6
<b>Net deferred tax balances as at December 31, 2023</b>	<b>(34)</b>	<b>(527)</b>	<b>20</b>	<b>156</b>	<b>188</b>	<b>(196)</b>
<i>Deferred tax assets</i>	-	-	20	178	188	387
<b>Deferred tax assets after offset</b>						<b>235</b>
<i>Deferred tax liabilities</i>	(34)	(527)	-	(22)	-	(582)
<b>Deferred tax liabilities after offset</b>						<b>(431)</b>
<b>Net deferred tax balances as at January 1, 2024</b>	<b>(34)</b>	<b>(527)</b>	<b>20</b>	<b>156</b>	<b>188</b>	<b>(196)</b>
Deferred tax (expense) / income	5	18	(1)	15	(38)	(1)
Recognized in other comprehensive income (OCI)	-	-	(1)	(3)	1	(3)
Currency retranslations	2	1	(1)	(7)	(6)	(10)
<b>Net deferred tax balances as at December 31, 2024</b>	<b>(27)</b>	<b>(507)</b>	<b>18</b>	<b>162</b>	<b>145</b>	<b>(209)</b>
<i>Deferred tax assets</i>	-	0	18	196	145	359
<b>Deferred tax assets after offset</b>						<b>211</b>
<i>Deferred tax liabilities</i>	(27)	(507)	-	(34)	-	(568)
<b>Deferred tax liabilities after offset</b>						<b>(420)</b>

The utilization of deferred tax assets on unused tax losses and unused tax credits is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. Some of the entities that have recognized deferred tax assets in this category of 140 M USD as of December 31, 2024 (177 M USD in 2023), have suffered losses in the current and/or preceding periods in the tax jurisdictions to which the deferred tax assets relate. Management has analyzed estimated future taxable profits and considers it probable that future taxable profit will be available in the next five years against which these tax losses and tax credits can be recognized.

### 18.4 Unrecognized tax losses

The unused tax losses for which no deferred tax assets are recognized expire as follows:

<i>In M USD</i>	December 31, 2024	December 31, 2023
Within one year	141	363
Between two and five years	623	890
More than five years	-	74
<b>Total unrecognized tax losses</b>	<b>764</b>	<b>1,328</b>

In 2024, the reduction in unrecognized tax losses was primarily attributed to the expiration of tax losses and the change in the consolidation scope due to the Group reorganization (see note 1.1).

In 2023, the Group used previously unrecognized losses as a result of an intragroup corporate reorganization involving an Alchemee entity that had not been disposed of.

### 18.5 Unremitted earnings

Deferred tax liabilities have not been recognized for withholding tax and other taxes that would be payable on the remittance of earnings of subsidiaries, where such amounts are currently regarded as permanently reinvested. The total unremitted earnings of the Group amounted to 2,166 M USD as of December 31, 2024 (1,992 M USD in 2023).

## 18.6 Uncertain tax positions

Current income tax liabilities include provisions for uncertain tax positions in several tax jurisdictions which are individually not material.

## 18.7 Global minimum top-up tax

In October 2021, over 135 jurisdictions in the Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) reached a landmark agreement on international tax reform and agreed to a two-pillar solution to address the tax challenges arising from the digitization of the economy. Pillar Two of the solution contains rules aimed at reducing opportunities for base erosion and profit shifting by requiring that applicable multinational corporations pay a minimum effective corporation tax rate of 15%.

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has been enacted or substantively enacted in most of the jurisdictions where Galderma operates, including in Switzerland where it has come into effect as of January 1, 2024.

The Group has assessed its exposure to the Pillar Two legislation, and expects to be subject to a top-up tax liability in relation to its operations in Ireland, Switzerland and the United Arab Emirates. However, the Group does not anticipate that these will have a material impact on the Group's overall tax position on the basis of the calculations performed for 2024.

The Group continues to apply the temporary mandatory exception from deferred tax accounting for the top-up tax, per International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), and accounts for it as a current tax when it is incurred.

The Swiss Federal Council issued a decision to introduce the Pillar Two Income Inclusion Rule with effect from January 1, 2025. The Group expects that the impact of these changes to tax legislation will also not be material to the Group's consolidated financial position.

### **Key accounting judgements, estimates and assumption**

The determination of current and deferred tax assets and liabilities includes estimates that are partly based on interpretations of existing or future tax laws or regulations. Where tax positions are uncertain, accruals are recorded within income tax liabilities for management's best estimate of the ultimate liability that is expected to arise based on the specific circumstances and the Group's historical experience. Factors that may have an impact on the current and deferred taxes include changes in tax laws, regulations or rates, changing interpretations of existing tax law or regulations, future levels of research and development spending and changes in pre-tax earnings. The tax impact of a transaction or an item can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group uses in-house tax experts when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate.

In addition, management makes key judgments and estimates regarding the recognition of deferred tax assets. The primary judgment involves assessing whether it is probable that future taxable profits will be available against which temporary differences and unused tax losses can be utilized. Significant estimates include projecting future taxable income and determining the timing of the reversal of temporary differences.

These estimates and assumptions are reassessed on each balance sheet date.

## 19. COMMITMENTS AND CONTINGENCIES

### 19.1 Commitments

The Group's committed payments (undiscounted and not risk-adjusted) and their estimated timing are summarized in the following table.

<i>In M USD</i>	Less than one year	One to two years	Two to three years	Over three years	Total
Acquisition of intangible assets - conditional commitments	23	-	-	-	23
Other unconditional commitments	2	2	2	-	5
Capital commitments for property, plant and equipment	65	37	13	9	124
Lease commitments for leases not yet recognized at balance sheet date	2	2	2	11	17
<b>As at December 31, 2024</b>	<b>91</b>	<b>41</b>	<b>16</b>	<b>9</b>	<b>168</b>
Acquisition of intangible assets - conditional commitments	131	25	-	-	155
Other unconditional commitments	2	2	2	2	6
Capital commitments for property, plant and equipment	60	8	-	-	68
<b>As at December 31, 2023</b>	<b>192</b>	<b>34</b>	<b>2</b>	<b>2</b>	<b>229</b>

The Group entered into long-term agreements to in-license or acquire intellectual property or operating rights from some third parties or related parties, notably for Nemolizumab, which accounted for all the conditional commitments to acquire intangible assets as of December 31, 2024 and December 31, 2023.

The capital commitments for property, plant and equipment mainly relate to the expansion of the Group's Injectable Aesthetics factory in Uppsala, Sweden, announced in the final quarter of 2022.

A new lease agreement was signed in the reporting period. The lease commencement date is January 1, 2025, which is when the lease agreement will be recognized on the balance sheet. There were no unrecognized lease commitments in the comparative period.

In the comparative period, the Group provided a parent guarantee from Sunshine VII SARL for certain bank facilities worldwide which was capped at 37 M USD. This guarantee was transferred to the Company in the course of the reorganization of the Group (see note 1.1). Other bank guarantees not recognized on the balance sheet amounted to 16 M USD (34 M USD as of December 31, 2023). The guarantees disclosed as of December 31, 2023 partly expired during the refinancing as part of the IPO.

### 19.2 Contingencies

As of December 31, 2024 and 2023, the Group had no material contingent assets.

The Group is exposed to certain commercial, tax and employee matters totaling approximately 73 M USD (90 M USD in 2023) of contingent liabilities. Part of these contingent liabilities relate to tax authority assessments on non-income taxes totaling 73 M USD as of December 31, 2024 (72 M USD as of December 31, 2023). The Group has assessed the merits of the tax assessments and determined that it has complied with applicable tax laws and regulations and is challenging the assessments.

There were no other material developments in legal, commercial and employee matters as of December 31, 2024 and December 31, 2023.

## 20. HYPERINFLATION

The years ending December 31, 2024 and December 31, 2023 include Argentina, considered to be a hyperinflation economy. There was no material impact from hyperinflation in the presented periods.

## 21. COMPANIES OF THE GROUP AND RELATED PARTIES

### 21.1 Companies of the Group

The table below shows the companies of Galderma Group as of December 31, 2024. Unless indicated otherwise, these entities' share capital comprises exclusively ordinary shares, which are either directly or indirectly owned by the Company. The percentage of ownership interests is directly proportional to the voting rights possessed by the Group. Furthermore, the country of incorporation or registration for these subsidiaries also serves as their main place of business.

Country	Entity Name	Operating purpose	Voting Rights		Country	Entity Name	Operating purpose	Voting Rights	
			2024	2023				2024	2023
<b>Company</b>									
Switzerland	Galderma Group AG	Parent company <sup>1</sup>	-	n/a	Mexico	Galderma Mexico SA de CV	Operating company	100%	100%
Luxembourg	Sunshine Luxembourg VII SARL	Parent company <sup>1</sup>	n/a	-	Netherlands	Galderma Benelux B.V.	Operating company	100%	100%
<b>Subsidiaries</b>									
Argentina	Galderma Argentina SA	Operating company	100%	100%		Galderma Finance Europe BV	Financing company	100%	100%
Australia	Galderma Australia Pty Ltd	Operating company	100%	100%	Philippines	Galderma Philipines, Inc.	Operating company	100%	100%
Austria	Galderma Austria GmbH	Operating company	100%	100%	Poland	Galderma Polska Sp. ZOO	Operating company	100%	100%
Brazil	Galderma Brasil Ltda	Operating company	100%	100%	Russia	OOO Galderma	Operating company	100%	100%
	Galderma Distribuidora do Brasil Ltda.	Operating company	100%	100%	Singapore	Galderma Singapore Private Ltd	Operating company	100%	100%
Canada	G. Production Inc.	Operating company	100%	100%		Galderma Production Singapore Pte. Ltd	Operating company	100%	100%
	Galderma Canada Inc.	Operating company	100%	100%	South Africa	Galderma Laboratories South Africa (PTY) Ltd	Operating company	100%	100%
Chile	Galderma Chile Laboratorios Ltda	Operating company	100%	100%	South Korea	Galderma Korea Ltd	Operating company	100%	100%
China	Q-Med International Trading (Shanghai) Ltd	Operating company	100%	100%	Spain	Laboratorios Galderma SA	Operating company	100%	100%
Colombia	Galderma de Colombia SA	Operating company	100%	100%		Galderma Services Spain SL	Operating company	100%	100%
France	Galderma International SAS	Operating company	100%	100%	Sweden	Galderma Nordic AB	Operating company	100%	100%
	Galderma Research and Development SNC	Operating company	100%	100%		Q-MED AB	Operating company	100%	100%
	Galderma SAS	Operating company	-	100%	Switzerland	Galderma Holding SA	Holding company	100%	100%
	Laboratoires Galderma SAS	Operating company	100%	100%		Galderma Pharma SA	Holding company	100%	100%
Germany	Galderma Laboratorium GmbH	Operating company	100%	100%		Galderma SA	Operating company	100%	100%
Hong Kong	Galderma Hong Kong Ltd	Operating company	100%	100%		Sunshine SwissCo AG	Holding company	-	100%
India	Galderma India Private Limited	Operating company	100%	100%	Thailand	Galderma (Thailand) Ltd.	Operating company	100%	100%
Indonesia	PT Galderma Indonesia Healthcare	Operating company	100%	100%	United Arab Emirates	Galderma Middle East FZ LLC	Operating company	100%	100%
Italy	Galderma Italia Spa	Operating company	100%	100%	United Kingdom	Galderma (U.K.) Ltd	Operating company	100%	100%
Japan	Galderma K.K.	Operating company	100%	100%	United States	Galderma Laboratories LP	Operating company	100%	100%
Kingdom of Saudi Arabia	Galderma Arabia Limited	Operating company	100%	-		Galderma Research & Development LLC	Operating company	100%	100%
Malaysia	Galderma Malaysia Sdn. Bhd.	Operating company	100%	100%		SHDS, Inc.	Operating company	100%	100%
						Galderma Services Inc.	Operating company	100%	100%
						Alastin Skincare, Inc.	Operating company	100%	100%
					Vietnam	Galderma Vietnam Company Limited	Operating company	100%	100%

<sup>1</sup> Refer to note 1.1 for more information on the reorganization of Galderma Group in 2024.

## Acquisitions, incorporations and liquidations

Year	Entity Name	Country	Status
2024	Sunshine Luxembourg VII SARL	Luxembourg	Disposed (previous parent) <sup>1</sup>
	Sunshine SwissCo AG	Switzerland	Disposed <sup>1</sup>
	Galderma Arabia Limited	Kingdom of Saudi Arabia	Incorporated
	Galderma SAS	France	Merged
2023	Galderma II Sàrl (fka The Proactiv Company Sàrl)	Switzerland	Merged

1 Refer to note 1.1 for more information on the reorganization of Galderma Group in 2024.

### 21.2 Transactions with related parties

Since March 21, 2024, Galderma Group AG is the parent of the Group. The former parent of the Group was Sunshine Luxembourg VII SARL. Refer to note 1.1 for more information on the group reorganization.

As of December 31, 2024, the ultimate controlling entities are Sunshine SwissCo AG, EQT VIII SCSp, EQT VIII Co-Investment (D) SCSp, Abu Dhabi Investment Authority and Auba Investment Pte. Ltd., acting as a shareholder group represented by EQT Fund Management SARL. As of December 31, 2023, the ultimate controlling entities of the new and previous parent of the Group are EQT VIII SCSp and EQT VIII Co-Investment (D) SCSp, both managed by EQT Fund Management SARL (EFMS), a Luxembourg limited liability company. Related parties include other entities of the EQT portfolio, pension funds, members of the key management of Galderma Group AG (previously Sunshine Luxembourg VII SARL) and members of the key management of the Group.

Key management personnel of Galderma Group AG include the members of the Board of Directors and the Executive Committee.

### Key management compensation

In M USD	Year ended	Year ended
	December 31, 2024	December 31, 2023
Short-term employee benefits	15	13
Post-employment benefits	1	1
Share-based payment	31	1
<b>Total</b>	<b>47</b>	<b>15</b>

### Other related-party transactions

The Group has several transactions and relationships with related parties.

Purchases for the year ending December 31, 2024 from related parties including EQT portfolio companies were 13 M USD (9 M USD in 2023).

In 2023, the Group repaid a loan with Sunshine Luxembourg VI SARL of 337 M USD, which included accrued interest of 21 M USD.

## 22. EVENTS AFTER THE BALANCE SHEET DATE

On March 5, 2025 the Board of Directors proposed a repayment of reserves from capital contribution of 0.15 CHF per share to be approved at the Annual General Meeting on April 23, 2025. The dividend will be translated to USD two days before the date of approval by the Annual General Meeting.

There were no other significant events after the balance sheet date.

## **23. MATERIAL ACCOUNTING POLICIES**

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied, unless otherwise stated.

### **23.1 Basis of consolidation**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains and losses) arising from intra-group transactions, are eliminated.

### **23.2 Net sales**

Sales represent amounts received and receivable from third parties for goods supplied to the customers and for services rendered. Sales are recognized when a contractual promise to a customer has been fulfilled by transferring control over the promised goods and services to the customer, substantially all of which is at the point in time upon arrival to the customer. The large majority of the contracts have one performance obligation. If a contract contains more than one performance obligation, the consideration is allocated based on the standalone selling price of each performance obligation.

Sales are measured as the amount of consideration which the Group expects to receive, based on the list price applicable to a given distribution channel after deduction of returns, sales taxes, pricing allowances, other trade discounts, and couponing and price promotions to consumers. The level of discounts, allowances, and promotional rebates is recognized as a deduction from revenue at the time that the related sales are recognized or when the rebate is offered to the customer (or consumer if applicable). The provisions and accruals relating to rebates are included in "Accruals and deferred income" on the balance sheet. They are estimated using judgements based on historical experience and the specific terms of the agreements with the customers. If actual future results vary, these estimates need to be adjusted with an effect on sales and earnings in the period of adjustments. Payments made to customers for commercial services received are expensed. The Group has a range of credit terms which are typically between 30 to 60 days, in line with market practice and without any financing component. Historical experience is used to estimate returns at the time of sale. No asset is recognized for products to be recoverable from these returns, as they are not anticipated to be resold.

### **23.3 Expenses allocated to functions**

Cost of goods sold is determined on the basis of the cost of production or of purchase, adjusted for the variation of inventories. All other expenses, including those in respect of advertising and promotions, are recognized when the Group has control over the goods or when it receives the services. Government grants (mainly R&D credit) that are not related to assets are credited to the statement of profit or loss as a deduction of the related expenses when they are received, if there is reasonable assurance that the terms of the grant will be met.

### **23.4 Other operating income / expenses**

Other operating expenses comprise results on disposals of businesses; acquisition-related costs; restructuring costs; impairment of property, plant and equipment; goodwill and intangible assets; litigations and onerous contracts; results on disposal of property, plant and equipment; foreign exchange gains and losses on operating activities; as well as specific other expenses.

Results on disposals of businesses include impairment and subsequent remeasurement of businesses classified as held for sale, as well as other directly

related disposal costs like restructuring costs directly linked to businesses disposed of and legal, advisory and other professional fees. Restructuring costs are restricted to dismissal indemnities and employee benefits paid to terminated employees upon the reorganization of a business or function. It does not include dismissal indemnities paid for normal attrition, poor performance or professional misconduct.

## **23.5 Goodwill and intangible assets**

### **Goodwill**

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

### **Indefinite useful life intangible assets**

Indefinite useful life intangible assets comprise of brands and trademarks. Brands and trademarks are protected and are deemed indefinite when the Group has a proven track record of successful life cycle management and there is no foreseeable limit on the period during which the asset is expected to generate positive cash flows. Indefinite useful life intangible assets are recognized at cost less accumulated impairment losses. They are not amortized but tested for impairment annually or more frequently if an impairment indicator is triggered. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Payments made to third parties to in-license or acquire intellectual property rights, compounds and products are capitalized, as they are separately identifiable, controllable and expected to generate future benefits using the cost accumulation method. These intangible assets are tested for impairment if not amortized. Any impairment charge is recorded in the Group statement of profit or loss under other operating expenses.

### **Finite useful life intangible assets**

Finite useful life intangible assets are recognized at cost less accumulated amortization and any accumulated impairment losses. They are amortized over the shorter of their contractual or useful economic lives. They comprise mainly management information systems, manufacturing process, license agreements, patents and rights to carry on an activity (e.g., exclusive rights to sell products or to perform a supply activity). Finite life intangible assets are amortized on a straight-line basis assuming a zero-residual value over the estimated useful life or the related contractual period depending on specific circumstances. The useful lives are as follows:

- Brands and intellectual property rights – *up to 30 years*
- Operating rights and others – *approximately 25 years*
- Management information systems – *3-8 years*

Useful lives and residual values are reviewed annually. Amortization of finite life intangible assets starts when they are available for use and is allocated to the appropriate headings of expenses by function in the statement of profit or loss.

### **Research and development**

Internal research costs are charged to the statement of profit or loss in the year in which they are incurred. Development costs are only recognized as assets on the balance sheet if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resource to complete development and to use or sell the asset. Development costs that do not meet these criteria are charged to the statement of profit or loss in the year in which they are incurred. This is currently the case for most development projects of the Group due to uncertainties inherent in the development of new products because the expected future economic benefits cannot be reliably determined.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and impairment losses.

## 23.6 Property, plant, and equipment

### **Owned assets**

Property, plant and equipment are shown on the balance sheet at their historical cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated. Depreciation is assessed on components that have homogenous useful lives by using the straight-line method so as to depreciate the initial cost down to the residual value over the estimated useful lives. The useful lives are as follows:

- Buildings – 20-40 years
- Machinery and equipment – 10-25 years
- Information technology equipment – 3-8 years
- Tools, furniture and other equipment – 3-15 years
- Vehicles – 3-8 years

Useful lives, components and residual amounts are reviewed annually. Such a review takes into consideration the nature of the assets, their intended use including but not limited to the closure of facilities and the evolution of the technology and competitive pressures that may lead to technical obsolescence. Depreciation of property, plant and equipment is allocated to the appropriate headings of expenses by function in the statement of profit or loss.

### **Leases – Group as a lessee**

The Group recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date. The Group has elected not to recognize ROU assets and lease liabilities for leases of low-value assets and short-term leases (lease term of less than 12 months). The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate at the lease commencement date because, generally, the interest rate implicit in the lease is not readily determinable. At inception, the ROU asset comprises the initial lease liability, initial direct costs, and any obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is recognized at cost less accumulated amortization and any accumulated impairment losses. It is depreciated over the shorter of the lease term and the useful life of the underlying asset. ROU assets are included in property, plant, and equipment, and the lease liability is part of current and non-current financial debt.

## 23.7 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. An indication could be unfavorable development of a business under competitive pressures or severe economic slowdown in a given market as well as reorganization of the operations to leverage their scale. If any such indication exists, then the assets recoverable amount is estimated. Goodwill and intangible assets with an indefinite useful life or not yet available for use are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflow of other assets or CGUs. Goodwill arising from business combinations is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate. The discount rate reflects the current assessment of the time value of money and the country specific risk to the level at which the impairment test is performed. The business risks

specific to the asset or CGU are included in the determination of the cash flows. Both the cash flows and the discount rates include inflation.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss on goodwill is not reversed. Impairment loss on other assets is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount had no impairment loss been recognized.

### **23.8 Inventories**

Raw materials and purchased finished goods are valued at the lower of purchase cost calculated using the first-in, first-out (FIFO) method and net realizable value. Work in progress, sundry supplies and manufactured finished goods are valued at the lower of their weighted average cost and net realizable value.

### **23.9 Trade and other receivables**

Trade and other receivables are recognized initially at their transaction price and then generally measured at amortized cost less loss allowances.

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

### **23.10 Provisions**

Provisions comprise liabilities of uncertain timing or amounts that arise from restructuring plans, environmental, litigation, and other risks. Provisions are recognized when a legal or constructive obligation stemming from a past event exists and when the future cash outflows can be reliably estimated. Provisions are measured at the present value of the expenditures unless the impact of discounting is immaterial. Obligations arising from restructuring plans are recognized when detailed formal plans have been established and when there is a valid expectation that such plans will be carried out by either starting to implement them or announcing their main features. Provisions reflect management's best estimate of the outcome based on the facts known at the balance sheet date.

### **23.11 Financial instruments**

Financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

#### **Financial assets – classification and subsequent measurement**

On initial recognition, a financial asset is classified as subsequently measured at: amortized cost or fair value through profit or loss (FVTPL). The Group currently has no assets that are classified as fair value through other comprehensive income (FVTOCI).

##### *(a) Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to collect contractual cash flows, and
- Its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Group's financial assets at amortized cost mainly include trade receivables and cash and cash equivalents.

##### *(b) Financial assets measured at fair value through profit or loss (FVTPL)*

All financial assets that are not measured at amortized cost or FVOCI are measured at FVTPL. This includes derivative instruments.

Financial assets at FVTPL are carried in the balance sheet at fair value with net changes in fair value recognized in the statement of profit or loss. However, see explanations below for derivatives designated as hedging instruments.

##### *(c) Financial assets – derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

##### *(d) Financial assets – impairment*

For cash, the Group applies the Expected Credit Loss (ECL) approach. For trade receivable the Group uses the simplified approach in calculating Expected Credit Loss (ECL) and recognizes a loss allowance based on lifetime ECLs at each reporting date (see above).

### **Financial liabilities – classification and subsequent measurement**

Financial liabilities are classified at initial recognition as financial liabilities measured at fair value through profit or loss (FVTPL) or at amortized cost. The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

#### *(e) Financial liabilities measured at amortized cost*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans, borrowings and trade payables.

#### *(f) Financial liabilities – derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### *(g) Derivative financial instruments and hedge accounting*

##### *i. Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as forward currency contracts and interest rate caps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at FVTPL. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair values are recognized in profit and loss. However, refer to the below explanations for derivatives designated as hedging instruments.

##### *ii. Hedge accounting*

For the purpose of hedge accounting, hedges are classified as cash flow hedges since they hedge the exposure to variability in cash flows that is either attributable to the interest risk associated with the group financial liability or a highly probable forecast transaction.

When a derivative is designated as cash flow hedging instrument, the effective portion of the fair value changes in the fair value of the derivative is recognized in other comprehensive income (OCI) and accumulated in the hedging reserves. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income (OCI) is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. In addition, the Group uses options (caps and swaps) to hedge its interest rate risk coming from its financial liabilities towards external banks.

The accounting entries during the duration of the hedge are as follows:

- The change in the intrinsic value of the hedging instrument is recognized in other comprehensive income (and then in the hedge reserve in equity) and released to the statement of profit or loss over the life of the hedging relationship, which is shorter than the life of the hedged item in this case, as the interest payments on the underlying hedged loan occur.
- The change in fair value of the time value of an option that hedges a time-period related hedged item such as a floating rate debt is recognized in a separate component of equity to the extent that it relates to the hedged item. The initial time value that exists at the inception of the hedging relationship is amortized to profit or loss on a systematic and rational basis over the same period over which any intrinsic value of the cap would affect profit or loss.

If hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedge reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

### **23.12 Equity items**

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

When shares recognized as equity are repurchased, the amount of consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchase shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within equity.

### **23.13 Foreign currencies**

The functional currency of an entity is the currency of the primary economic environment in which it operates. Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated into the presentation currency USD at the exchange rates on the reporting date. The income and expenses of foreign operations are translated into USD at the exchange rates at the dates of transactions. Foreign currency differences from the translation of foreign operations into USD are recognized in OCI.

### **23.14 Share-based payment arrangements**

The Group operates equity-settled share-based payment arrangements. The grant date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amounts recognized as an expense are adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance condition at the vesting date. For share-based payment awards with market performance conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

In addition, before the IPO, the Group operated a cash-settled share-based payment arrangement. The Group measured the services rendered by the plan participants and the liability incurred at the fair value of the liability. At each

reporting date the fair value of the liability was remeasured. Changes in the fair value were recognized in the statement of profit or loss as finance income or finance costs.

### **23.15 Employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and if the obligation can be estimated reliably.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The obligations of the Group arising from defined benefit plans and other long-term employee benefits, and the related current service cost, are determined using the projected unit credit method. Actuarial advice is provided both by external consultants and by actuaries employed by the Group. The actuarial assumptions used to calculate the defined benefit obligations vary according to the economic conditions of the country in which the plan is located and include the discount rate, inflation future salary and pension developments, mortality, and the employee turnover rate. Such plans are either externally funded (in the form of independently administered funds) or unfunded. The deficit or excess of the fair value of plan assets over the present value of the defined benefit obligation is recognized as a liability or an asset on the balance sheet.

Remeasurement of the defined benefit liability from defined benefit plans, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Current and past service cost, net interest expense and other expenses related to the defined benefit plans are recognized in profit or loss.

### **23.16 Taxes**

Income taxes include current and deferred taxes as well as actual or potential withholding taxes on current and expected transfers of income from subsidiaries. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The Group reflects the effect of uncertainty using either the most likely outcome or the expected value outcome, depending on which method the entity expects to better predict the resolution of the uncertainty. Current tax is measured using the tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction affects neither the accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. In addition, the Group does not recognize deferred tax on temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future as well as on taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each balance sheet date.

# Statutory Auditor's Report

To the General Meeting of Galderma Group AG, Zug

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Galderma Group AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 5 to 58) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

### Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters



#### REVENUE RECOGNITION - VARIABLE CONSIDERATION (GROSS TO NET) IN THE US BUSINESS



#### VALUATION OF GOODWILL AND INTANGIBLES ASSETS WITH INDEFINITE USEFUL LIVES

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## REVENUE RECOGNITION - VARIABLE CONSIDERATION (GROSS TO NET) IN THE US BUSINESS

### Key Audit Matter

Variable consideration is common in the Therapeutic Dermatology and Injectable Aesthetics industry for determining the transaction price because sales agreements frequently contain clauses for rebates and discounts.

Management is required to make estimations in respect of revenue recognition, particularly regarding the anticipated levels of rebates and discounts that will affect Galderma's revenue, and more specifically in the United States of America. In this country, the underlying contractual agreements are customer specific, complex and significant in volume for the Therapeutic Dermatology and Injectable Aesthetics products. The estimated amounts are deducted from gross sales and recorded as accruals.

As a consequence of management's judgment in estimating the variable consideration and its impact on the consolidated financial statements, we identified the recognition of variable consideration in the United States of America as a Key Audit Matter.

### Our response

The following are the primary procedures we performed to address this key audit matter:

- We obtained an understanding of the Group's process for developing the estimates, including the calculation process and the determination of the underlying assumptions.
- We evaluated the design and implementation of the relevant key controls relating to the estimates.
- We performed substantive audit procedures over actual payments and claims received from third parties.
- We verified the accuracy of the estimated accruals by testing management's process for the key data and assumptions of the estimate.
- We evaluated the appropriateness of the Group's revenue recognition policies, including the recognition and measurement of deduction to gross sales relating to variable consideration and related disclosures.

For further information on revenue recognition – variable consideration (gross to net) in the US business refer to the following:

- Note 3 'Segment information and net sales' section 'Net sales by products and geographic area' page 13
- Note 11 'Accruals and deferred income' page 22
- Note 23 'Material accounting policies' section 'Net sales' page 50



## VALUATION OF GOODWILL AND INTANGIBLES ASSETS WITH INDEFINITE USEFUL LIVES

### Key Audit Matter

The Group reports goodwill totaling USD 5,129 million and intangible assets with indefinite useful lives of USD 3,032 million as of 31 December 2024, arising from past business combinations.

Management tests goodwill and intangible assets with indefinite useful lives for impairment, annually or more frequently when there are indications of impairment, using a discounted cash flow model to determine the value in use of the cash generating units (CGUs).

Performing the impairment tests on the level of individual CGUs requires the use of a number of key assumptions and judgements, including estimated future cash flows, discount rates, perpetuity growth rates and tax rates. In addition, the determination of the cash generating units requires judgement.

As a consequence of management's judgement involved, we identified the valuation of goodwill and intangible assets with indefinite useful lives as a Key Audit Matter.

### Our response

We obtained an understanding of the Group's impairment process and evaluated the design and implementation of certain controls related to the Group's recoverable amount calculation and underlying assumptions. Our audit procedures included, amongst others, evaluating the methodological and mathematical accuracy of the valuation model used for the impairment tests as well as the appropriateness of the assumptions and the methodology used by management to prepare its cash flow forecasts. We used our own valuation specialists to support our procedures.

In particular, we performed the following:

- Gained an understanding and assessing the reasonableness of business plans and forecasts by back-testing historical forecasts to actual results;
- Compared business plan data against the latest plans approved by the board of directors and forecasts approved by management;
- Challenged the robustness of the key assumptions used to determine the recoverable amount, including identification of the CGUs and allocation of the respective goodwill and intangible assets, forecasted future cash flows, discount rates, perpetuity growth rates and tax rates based on our understanding of the commercial prospects of the related CGUs and by comparing them with publicly available data, where possible;
- Conducted sensitivity analysis on key assumptions;
- Considered the appropriateness of disclosures in relation to impairment sensitivities in the consolidated financial statements.

For further information on Valuation of goodwill and intangible assets with indefinite useful lives refer to the following:

- Note 7 'Goodwill and intangible assets' page 17
- Note 23 'Material accounting policies' section 'Goodwill and intangible assets' page 51

**Other matter**

The consolidated financial statements for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 28 February 2024.

**Other Information**

The Board of Directors is responsible for the other information. The other information comprises the corporate governance report, the business highlights report and the non-financial matters report but does not include the consolidated financial statements, the stand-alone financial statements of the company, the compensation report and our auditor's report thereon. The corporate governance report, the business highlights report and the non-financial matters report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that

is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Stéphane Nusbaumer  
Licensed Audit Expert  
Auditor in Charge

Cécile Ginier  
Licensed Audit Expert

Zug, 5 March 2025



STATUTORY  
FINANCIAL STATEMENTS  
OF GALDERMA GROUP AG

for the year ended  
December 31, 2024

10, ZÄHLERWEG, CH-6300 ZUG

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# Statement of profit or loss

<i>In K USD / CHF</i>	<b>Year ended December 31, 2024 (USD)</b>	Year ended December 31, 2023 (USD)	<b>Year ended December 31, 2024 (CHF)</b>	Year ended December 31, 2023 (CHF)
Personnel expenses	(21,514)	-	(18,931)	-
General and administration expenses	(9,647)	(13)	(8,488)	(12)
Management and marketing fees	(218)	(79)	(192)	(71)
Other operating expenses	(184)	(1)	(162)	(1)
<b>Total operating expenses</b>	<b>(31,563)</b>	<b>(93)</b>	<b>(27,773)</b>	<b>(84)</b>
<b>Operating result</b>	<b>(31,563)</b>	<b>(93)</b>	<b>(27,773)</b>	<b>(84)</b>
Financial income	52,118	-	45,861	-
Financial expenses	(58)	(1)	(51)	(1)
Foreign exchange gains	2,236	-	1,968	-
Foreign exchange losses	(2,196)	(4)	(1,932)	(4)
<b>Total financial result</b>	<b>52,100</b>	<b>(5)</b>	<b>45,845</b>	<b>(5)</b>
<b>Result before taxes</b>	<b>20,538</b>	<b>(97)</b>	<b>18,072</b>	<b>(88)</b>
Taxes	(2,538)	-	(2,233)	-
<b>Profit / (loss) for the year</b>	<b>18,000</b>	<b>(98)</b>	<b>15,839</b>	<b>(88)</b>

# Balance sheet

<i>In K USD / CHF</i>	Notes	December 31, 2024 (USD)	December 31, 2023 (USD)	December 31, 2024 (CHF)	December 31, 2023 (CHF)
<b>Current assets</b>					
Cash and cash equivalents		-	10	-	9
Trade accounts receivable					
from entities in which the entity holds a participation		39,000	-	35,233	-
Other short-term receivables					
from third parties		79	1	72	1
from entities in which the entity holds a participation		758	-	685	-
Deferred expenses and accrued income		337	-	304	-
<b>Total current assets</b>		<b>40,174</b>	<b>12</b>	<b>36,293</b>	<b>10</b>
<b>Non-current assets</b>					
Loans to entities in which the entity holds a participation		1,560,346	-	1,409,616	-
Investment in affiliates, net	3.1	6,188,217	3,000	5,590,435	2,529
<b>Total non-current assets</b>		<b>7,748,563</b>	<b>3,000</b>	<b>7,000,051</b>	<b>2,529</b>
<b>Total assets</b>		<b>7,788,736</b>	<b>3,012</b>	<b>7,036,344</b>	<b>2,539</b>
<b>Short-term liabilities</b>					
Trade accounts payable					
to third parties		2,810	13	2,539	11
to entities in which the entity holds a participation		3,079	-	2,781	-
Other short-term liabilities					
to entities in which the entity holds a participation		444	100	401	84
Accrued expenses and deferred income		11,204	-	10,121	-
<b>Total short-term liabilities</b>		<b>17,537</b>	<b>113</b>	<b>15,843</b>	<b>95</b>
<b>Total liabilities</b>		<b>17,537</b>	<b>113</b>	<b>15,843</b>	<b>95</b>
<b>Shareholders' equity</b>					
Share capital	2.1	2,678	110	2,379	100
Legal capital reserves					
Reserves from capital contributions	2.2	7,735,692	3,000	6,937,941	2,791
Legal retained earnings					
Reserves for treasury shares	2.3	15,041	-	12,753	-
Available earnings					
Accumulated loss brought forward		(212)	(114)	(196)	(109)
Profit / (loss) for the year		18,000	(98)	15,839	(88)
Cumulative translation adjustment		n/a	n/a	51,786	(252)
<b>Total shareholders' equity</b>	2.4	<b>7,771,200</b>	<b>2,898</b>	<b>7,020,502</b>	<b>2,443</b>
<b>Total liabilities and shareholders' equity</b>		<b>7,788,736</b>	<b>3,012</b>	<b>7,036,344</b>	<b>2,539</b>

# Notes to the statutory financial statements

## 1. PRINCIPLES

### 1.1 General aspects

Galderma Group AG (the Company) was incorporated on February 7, 2022 in Zug, Switzerland.

The Company was incorporated to become the parent of Galderma Group with the purpose of listing its shares. On March 22, 2024, Galderma Group AG made an initial public offering (IPO) in Switzerland and was listed on the SIX Swiss Exchange. One day prior to the IPO, on March 21, 2024, Sunshine SwissCo AG (direct holder for the positions reported by EQT Fund Management SARL) contributed all of the shares in Galderma Holding SA to the Company. Galderma Holding SA directly or indirectly controls most of the subsidiaries of Galderma Group.

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the Company's going concern, its financial statements may be influenced by the creation and release of hidden reserves.

Due to rounding, numbers presented throughout these financial statements may not add up precisely to the totals provided.

### 1.2 Foreign currency translation

The functional currency of the Company is United States Dollars (USD). Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at year-end rates. Any resulting exchange differences that are realized or deemed to be realized are recognized in the respective captions of the statement of profit or loss depending upon the nature of the underlying transactions. The aggregate unrealized exchange difference is calculated by reference to original transaction date exchange rates. Where this gives rise to a net loss, it is charged to the statement of profit or loss whilst a net gain is deferred.

### 1.3 Financial assets and liabilities

Financial assets and liabilities such as cash and cash equivalents, short-term receivables, trade accounts payable and other short-term liabilities are recognized in the balance sheet at nominal value.

### 1.4 Reserves for treasury shares

Reserves for treasury shares are recognized when directly or indirectly controlled affiliates of the Company acquire shares of the Company. Treasury share reserves are recognized at the cost of the treasury shares incurred by the respective affiliate and are released at cost of the shares when they are sold or distributed (first in first out). Recognition and releases of treasury share reserves are credited/debited to reserves from capital contributions.

### 1.5 Cumulative translation adjustment

For Swiss law purposes, the balance sheet and statement of profit or loss are required to be converted in Swiss Franc (CHF). The method used is the closing rate method, whereby assets and liabilities are converted using the closing rates, and in the statement of profit or loss are converted using the average yearly rate. Share capital, reserves from capital contributions, treasury share reserves and other equity positions are converted using the historical rate. Any difference arising from such conversion is

recorded under the equity account 'Cumulative Translation Adjustment.' Closing rate is 0.9034 and average rates used is 0.8799 (in 2023, closing rate was 0.8429 and average rate was 0.8982).

## **1.6 Cash pool**

Galderma Holding SA, a subsidiary of Galderma Group AG, is the pool leader with regards to a zero-balance cash-pool account with several entities of the Group. Through this agreement, a current account exists that can fluctuate between either a debtor or a credit balance. This account bears interest. In the case of balance in favor of the Company, the balance of the current account is presented in the line 'Other short-term receivables from entities in which the entity holds a participation.' In the opposite situation, the balance of the account is presented in the line 'Other short-term liabilities from entities in which the entity holds a participation.'

## **1.7 Foregoing a cash flow statement**

As the Company prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS Accounting Standards), it has decided to forego presenting a cash flow statement in accordance with the law.

# **2. SHAREHOLDERS' EQUITY**

## **2.1 Share capital**

As of December 31, 2024, the share capital of the Company amounted to 2,678 K USD (2,379 K CHF) and consisted of 237,897,635 fully paid shares (December 31, 2023: 110 K USD / 100 K CHF / 10,000,000 fully paid shares) with a nominal value of 0.01 CHF per share.

On March 5, 2024, the Company increased its share capital by 2,143 K USD (1,900 K CHF) to 2,253 K USD (2,000 K CHF), divided into 200,000,000 fully paid-in registered shares with a nominal value of 0.01 CHF each. In the course of the IPO on March 22, 2024 the Company issued 37,897,635 shares with a nominal value of 0.01 CHF per share. Galderma Group AG increased its share capital to issue new shares for future management and Board of Directors compensation commitments (subscribed by Galderma Holding SA) at nominal value for 426 K USD (379 K CHF).

### **Capital range**

The Company has a share capital ranging from 2,260,028 CHF (lower limit) to 2,616,874 CHF (upper limit). The Board of Directors is authorized within the capital range to increase or reduce the share capital once or several times and in any amounts, or to acquire or dispose of shares directly or indirectly, until March 12, 2029 or until an earlier expiry of the capital range. The capital increase or reduction may be affected by issuing fully paid-in registered shares with a par value of 0.01 CHF each and cancelling registered shares with a par value of 0.01 CHF each, as applicable; by increasing or reducing the par value of the existing shares within the limits of the capital range; or by simultaneous reduction and re-increase of the share capital. In the event of a capital increase within the capital range, the Board of Directors shall, to the extent necessary, determine the issue price, the type of contribution, the date of issue, the conditions for the exercise of subscription rights and the beginning date for dividend entitlement. In the event of a share issue, the Board of Directors is authorized to withdraw or restrict subscription rights of existing shareholders and allocate such rights to third parties, the Company or any of its subsidiaries for the purposes as defined in the Company's articles of association.

### **Conditional share capital**

The Company has a conditional share capital for employee participation and a conditional capital for financing, acquisitions and other purposes. The Company can therefore raise additional share capital up to the upper limit of the capital range for the purposes stated below.

- Conditional share capital for employee participation: The share capital may be increased in an amount not to exceed 237,898 CHF through the issuance of up to 23,789,763 fully paid-in registered shares with a par value of 0.01 CHF

per share. Such shares may be issued at a price lower than the respective market price quoted on the stock exchange and such rights or acquisition obligations may be granted below their intrinsic value. The subscription rights and advance subscription rights of the shareholders of the Company shall be excluded in connection with the issuance of such shares, rights or purchase obligations.

- Conditional share capital for financing, acquisitions and other purposes: The share capital may be increased in an amount not to exceed 237,898 CHF through the issuance of up to 23,789,763 fully paid-in registered shares with a par value of 0.01 CHF each. The increase can be facilitated through the exercise or mandatory exercise of conversion, exchange, option, subscription or other rights to acquire shares. It can also be facilitated through obligations to acquire shares, which were granted to or imposed on shareholders or third parties alone or in connection with bonds, notes, options, warrants or other securities or contractual obligations of the Company or any of its subsidiaries. The subscription rights of shareholders shall be excluded upon the exercise of any instruments in connection with the issuance of shares. The main conditions of such instruments shall be determined by the Board of Directors.

## 2.2 Legal capital reserves

<i>In USD / CHF</i>	<b>December 31, 2024 (USD)</b>	December 31, 2023 (USD)	<b>December 31, 2024 (CHF)</b>	December 31, 2023 (CHF)
Reserves from capital contributions	7,735,692,242	3,000,001	6,937,940,931	2,791,366
<b>Total legal capital reserves</b>	<b>7,732,692,242</b>	<b>3,000,001</b>	<b>6,937,940,931</b>	<b>2,791,366</b>

From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as repayment of share capital. The Swiss Federal Tax Administration (SFTA) has confirmed that it will recognize disclosed reserves from capital contributions as a capital contribution as per Article 5 (1<sup>bis</sup>) of the Withholding Tax Act, while the final amount will be confirmed after the financial statements are approved by the shareholders.

One day prior to the IPO, Sunshine SwissCo AG contributed all shares in Galderma Holding SA to the Company at book value by way of contribution to equity. This transaction resulted in an increase in the reserves from capital contributions of 5,614,257 K USD (5,048,846 K CHF). The issuance of shares during the IPO on March 22, 2024 resulted in a further increase in the reserves from capital contributions of 2,133,475 K USD (1,899,416 K CHF). Refer to section 2.1 for more information.

## 2.3 Reserves for treasury shares

The table below shows an overview of treasury shares purchased, distributed and owned by affiliates.

<i>In units or K USD / CHF</i>	<b>Number of treasury shares</b>	<b>Reserves for treasury shares (USD)</b>	<b>Reserves for treasury shares (CHF)</b>
<b>At January 1, 2024</b>	-	-	-
Purchase of treasury shares issued during the IPO	663,927	7	7
Transfer of shares to employees to settle share-based payment schemes	(332,720)	(4)	(3)
Transfer of shares to Board of Directors	(9,721)	-	-
Purchase of treasury shares	170,000	15,037	12,750
<b>At December 31, 2024</b>	<b>491,486</b>	<b>15,041</b>	<b>12,753</b>

In the course of the IPO, Galderma Holding SA subscribed shares of the Company at nominal value with the aim to settle existing and future obligations from share-based employee incentivization schemes. In addition, 170,000 treasury shares were acquired at an average purchase price of 88.45 USD per share (75.00 CHF per share), which corresponds to market prices at acquisition date.

## 2.4 Movements on shareholders' equity

<i>In K USD</i>	Share capital	Reserves from capital contributions	Reserves for treasury shares	Accumul. loss brought forward	Cumulative translation adjustment	Profit / (loss) for the year	Total
<b>At January 1, 2023</b>	110	3,000	-	(114)	n/a	-	2,996
Loss for the year	-	-	-	-	n/a	(98)	(98)
<b>At December 31, 2023</b>	110	3,000	-	(114)	n/a	(98)	2,898
<b>At January 1, 2024</b>	110	3,000	-	(212)	n/a	-	2,898
<b>IPO:</b>							
- Increase of share capital March 5, 2024	2,143	-	-	-	n/a	-	2,143
- Increase of share capital during IPO	426	-	-	-	n/a	-	426
- Issuance of shares	-	2,133,476	-	-	n/a	-	2,133,476
Contribution from shareholder	-	5,614,257	-	-	n/a	-	5,614,257
Reserves for treasury shares	-	(15,041)	15,041	-	n/a	-	-
Profit for the year	-	-	-	-	n/a	18,000	18,000
<b>At December 31, 2024</b>	<b>2,678</b>	<b>7,735,692</b>	<b>15,041</b>	<b>(212)</b>	<b>n/a</b>	<b>18,000</b>	<b>7,771,200</b>

<i>In K CHF</i>	Share capital	Reserves from capital contributions	Reserves for treasury shares	Accumul. loss brought forward	Cumulative translation adjustment	Profit / (loss) for the year	Total
<b>At January 1, 2023</b>	100	2,791	-	(109)	-	-	2,783
Loss for the year	-	-	-	-	-	(88)	(88)
Cumulative translation adjustment	-	-	-	-	(252)	-	(252)
<b>At December 31, 2023</b>	100	2,791	-	(109)	(252)	(88)	2,443
<b>At January 1, 2024</b>	100	2,791	-	(196)	(252)	-	2,443
<b>IPO:</b>							
- Increase of share capital March 5, 2024	1,900	-	-	-	-	-	1,900
- Increase of share capital during IPO	379	-	-	-	-	-	379
- Issuance of shares	-	1,899,416	-	-	-	-	1,899,416
Contribution from shareholder	-	5,048,486	-	-	-	-	5,048,486
Reserves for treasury shares	-	(12,753)	12,753	-	-	-	-
Profit for the year	-	-	-	-	-	15,839	15,839
Cumulative translation adjustment	-	-	-	-	52,038	-	52,038
<b>At December 31, 2024</b>	<b>2,379</b>	<b>6,937,941</b>	<b>12,753</b>	<b>(196)</b>	<b>51,786</b>	<b>15,839</b>	<b>7,020,502</b>

## 3. INVESTMENTS IN AFFILIATES

### 3.1 Direct investments in affiliates

The Company has the following direct investments:

<i>In K USD / CHF</i>	Domicile	Shareholding and voting rights	2024 (USD)	2023 (USD)	2024 (CHF)	2023 (CHF)
Galderma Finance Europe BV	Breda, The Netherlands	100%	3,000	3,000	2,710	2,529
Galderma Holding SA	Zug, Switzerland	100%	6,185,217	-	5,587,725	-

On March 21, 2024, prior to the IPO, the Company became the parent entity of Galderma Holding SA and of all its controlled affiliates. Galderma Holding SA directly or indirectly controls all affiliates listed in the following section.

### 3.2 Indirect investments in affiliates

The below table shows affiliates that are indirectly controlled by the Company through Galderma Holding SA. The information presented in the 2023 column refers to affiliates that were directly or indirectly controlled by Galderma Holding SA under the pre-IPO group structure. The Company obtained control of these affiliates when it became the parent of Galderma Holding SA on March 21, 2024.

Name	Domicile	Country	Shareholding & voting rights	
			2024	2023 <sup>1</sup>
Galderma Argentina S.A.	Buenos Aires	Argentina	100%	100%
Galderma Australia Pty Ltd	Sydney	Australia	100%	100%
Galderma Austria GmbH	Vienna	Austria	100%	100%
Galderma Brasil Ltda	Hortolândia	Brazil	100%	100%
Galderma Distribuidora do Brasil Ltda	São Paulo	Brazil	100%	100%
G Production Inc	Baie-D'Urfé	Canada	100%	100%
Galderma Canada Inc	Saint John	Canada	100%	100%
Galderma Chile Laboratorios Ltda	Santiago de Chile	Chile	100%	100%
Q-MED International Trading (Shanghai) Ltd	Shanghai	China	100%	100%
Galderma De Colombia S.A.	Bogota	Colombia	100%	100%
Galderma International SAS	Courbevoie	France	100%	100%
Galderma SAS	Courbevoie	France	-	100%
Galderma Research and Development SNC	Biot	France	100%	100%
Laboratoires Galderma SAS	Alby-Sur-Chéran	France	100%	100%
Galderma Laboratorium GmbH	Düsseldorf	Germany	100%	100%
Galderma Hong Kong Ltda	Hong Kong	Hong Kong	100%	100%
Galderma India Private Limited	Mumbai	India	100%	100%
PT Galderma Indonesia Healthcare	Jakarta	Indonesia	100%	100%
Galderma Italia Spa	Milano	Italy	100%	100%
Galderma K.K.	Tokyo	Japan	100%	100%
Galderma Korea Ltd	Seoul	South Korea	100%	100%
Galderma Malaysia Sdn Bhd	Kuala Lumpur	Malaysia	100%	100%
Galderma Mexico, SA de CV	Mexico City	Mexico	100%	100%
Galderma Benelux B.V.	Breda	Netherlands	100%	100%
Galderma Philippines, Inc	Manila	Philippines	100%	100%
Galderma Polska Sp. ZOO	Warsaw	Poland	100%	100%
OOO Galderma	Moscow	Russia	100%	100%
Galderma Arabia Limited	Sajir	Kingdom of Saudi Arabia	100%	-
Galderma Production Singapore Pte. Ltd	Singapore	Singapore	100%	100%
Galderma Singapore Private Ltd	Singapore	Singapore	100%	100%
Galderma Laboratories South Africa (PTY) Ltd	Johannesburg	South Africa	100%	100%
Galderma Services Spain SL	Barcelona	Spain	100%	100%
Laboratorios Galderma, SA	Madrid	Spain	100%	100%
Galderma Nordic AB	Uppsala	Sweden	100%	100%
Q-MED AB	Uppsala	Sweden	100%	100%
Galderma Pharma SA	Zug	Switzerland	100%	100%
Galderma SA	Zug	Switzerland	100%	100%
Galderma (Thailand) Limited	Bangkok	Thailand	100%	100%
Galderma Middle East FZ LLC	Dubai	United Arab Emirates	100%	100%
Galderma (U.K.) Ltd	London	United Kingdom	100%	100%
Galderma Laboratories LP	Dallas	United States	100%	100%
Galderma Research & Development, LLC	Dallas	United States	100%	100%
Galderma Services, Inc	Dallas	United States	100%	100%
Alastin Skincare, Inc	Carlsbad	United States	100%	100%
SHDS, Inc	Dallas	United States	100%	100%
Galderma Vietnam Company Limited	Ho Chi Minh City	Vietnam	100%	100%

1 Directly and indirectly controlled affiliates of Galderma Holding SA under the pre-IPO group structure. The Company did not control these affiliates as of December 31, 2023.

#### 4. SHARES AND OPTIONS ON SHARES FOR MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

In 2024, shares and options on shares were granted to members of the Board of Directors and the Executive Committee. The shares and options on shares that were granted for the services in financial year 2024 are disclosed in the following table:

In units or K USD / CHF	Shares		Options		Total Value in USD	Total Value in CHF
	Number of shares	Value in USD	Number of options	Value in USD		
Granted to members of the Board of Directors	9,721	930	-	-	930	818
Granted to members of the Executive Committee	-	-	335,630	27,627	27,627	24,310

The share-based payment compensations to all eligible employees of Galderma Group are administered by an affiliate of the Company. The shares and options on shares were granted by this affiliate and recharged based on the values of the compensation calculated in accordance with IFRS Accounting Standards.

The value of the shares granted to the Board of Directors equals the part of the Board of Directors fee compensated in shares. The options granted to the members of the Executive Committee are restricted share units (RSUs) and performance share units (PSUs) from the Long-Term Incentive Plan of Galderma Group awarded in 2024. The RSUs and PSUs are measured on the basis of a dividend-adjusted share price, taking into account the different vesting dates of the options. The calculation of the value is based on a 100% achievement rate of the performance conditions.

#### 5. FULL-TIME EQUIVALENTS

The annual average number of full-time equivalents did not exceed 10 for the reporting year.

#### 6. AUDIT FEES

The auditor's fee for audit-related services amounted to 91 K USD / 80 K CHF (December 31, 2023: 11 K USD / 10 K CHF). The fee for other services provided by the auditor was 2,164 K USD / 1,904 K CHF (December 31, 2023: 0 K USD / 0 K CHF) (Group audit fees).

#### 7. OFF-BALANCE SHEET COMMITMENTS

Galderma Group AG is a guarantor for the following financial liabilities of affiliates:

- Bonds in CHF: The maximum guaranteed amount at balance sheet date is 619,880 K USD (560,000 K CHF) which includes principal amount, interest, accrued interest and other charges
- Term Loan in USD: The maximum guaranteed amount at balance sheet date is 2,100,000 K USD (1,897,141 K CHF)

#### 8. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities, or which should be disclosed here.

# Proposed appropriation of available earnings and proposed repayment from legal capital reserves

<b>Proposed appropriation of available earnings:</b>	<b>December 31, 2024 (USD)</b>	<b>December 31, 2024 (CHF)</b>
Accumulated loss brought forward	(211,543)	(196,381)
Profit for the year	17,999,686	15,838,680
Cumulative translation adjustment	n/a	51,786,278
<b>Total available earnings</b>	<b>17,788,143</b>	<b>67,428,577</b>

The Board of Directors proposes the following appropriation of available earnings:

Accumulated profit to be carried forward	17,788,143	15,642,299
Cumulative translation adjustment to be carried forward	n/a	51,786,278

<b>Proposal for the repayment from the legal capital reserve</b>	<b>December 31, 2024 (USD)</b>	<b>December 31, 2024 (CHF)</b>
The Board of Directors proposes the following repayment from the reserves from capital contributions:		
Reserves from capital contributions	7,735,692,242	6,937,940,931
<b>Total at the disposition of the Annual General Meeting</b>	<b>7,735,692,242</b>	<b>6,937,940,931</b>
Repayment from the reserves from capital contributions	(49,500,000)	(35,684,645)
<b>Reserves from capital contributions after repayment</b>	<b>7,686,192,242</b>	<b>6,902,256,286</b>

The Board of Directors proposes a repayment of reserves from capital contributions of 35,684,645 CHF, which may not exceed 49,500,000 USD. The approved repaid reserves from capital contributions in CHF will be translated to USD two days before the date of the approval of the repayment of reserves from capital contributions by the Annual General Meeting using the exchange rate prevailing on that day. If the resulting amount in USD is higher than the amount of 49,500,000 USD as presented above, the amount of repaid reserves from capital contributions in CHF will be reduced in order to not exceed the upper threshold of 49,500,000 USD. If the repaid reserves from capital contributions in CHF per share has to be reduced, the amount paid per share will be rounded down to the nearest Swiss centime.

Dividend-bearing shares are all shares issued except for treasury shares held by Galderma Group AG or its direct or indirect fully owned subsidiaries as of April 24, 2025. The amount of 35,684,645 CHF presented is based on the total number of shares issued as of December 31, 2024.

In accordance with applicable tax regulations, up to 50% of the repaid reserves from capital contributions is subject to a 35% Swiss withholding tax, while at least 50% is repaid free from Swiss withholding tax.

# Statutory Auditor's Report

To the General Meeting of Galderma Group AG, Zug

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Galderma Group AG (the Company), which comprise the balance sheet as at 31 December 2024, and the statement of profit or loss for the year then ended, and notes to the statutory financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 68 to 75) comply with Swiss law and the Company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### Other matter

The financial statements for the year ended 31 December 2023 were subject to a limited statutory examination.

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the corporate governance report, the business highlights report and the non-financial matters report but does not include the consolidated financial statements, the stand-alone financial statements of the company, the compensation report and our auditor's report thereon. The corporate governance report, the business highlights report and the non-financial matters report are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

#### **Board of Directors' Responsibilities for the Financial Statements**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.



- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and the proposed repayment of legal capital reserve comply with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Stéphane Nusbaumer  
Licensed Audit Expert  
Auditor in Charge

Cécile Ginier  
Licensed Audit Expert

Zug, 5 March 2025

# GALDERMA

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