GALDERMA

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF GALDERMA GROUP AG AND ITS SUBSIDIARIES

For the six-months period ended June 30, 2024

10, Zählerweg
CH-6300 Zug

Consolidated statement of profit or loss

In M USD	Notes	Six-months ended June 30, 2024	Six-months ended June 30, 2023
Net sales	**3**	**2,202**	**2,003**
Other revenue		14	12
Cost of goods sold		(667)	(584)
Gross profit		**1,549**	**1,431**
Research and development		(135)	(137)
Sales and marketing		(701)	(658)
General and administrative		(287)	(233)
Medical and regulatory		(45)	(41)
Distribution		(65)	(65)
Other income / (expenses)	**4**	(2)	(18)
Operating profit		**313**	**278**
Financial income	**5**	38	21
Financial expenses	**5**	(244)	(298)
Foreign exchange loss on financing activities		(30)	(18)
Income / (loss) before tax		**77**	**(17)**
Income taxes	**12**	(30)	21
Net income		**47**	**4**

In USD	Notes	Six-months ended June 30, 2024	Six-months ended June 30, 2023 [1]
Basic earnings per share	**6**	0.20	0.02
Diluted earnings per share	**6**	0.20	0.02

[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 interim condensed consolidated financial statements.

Consolidated statement of comprehensive income

In M USD	Six-months ended June 30, 2024	Six-months ended June 30, 2023
Net income	**47**	**4**
Foreign currency translation	(9)	(12)
Cash flow hedges – reclassified to profit or loss	(6)	-
Fair value changes on cash flow hedges, net of taxes [1]	24	23
Items that are or may be reclassified subsequently to the statement of profit or loss	**8**	**11**
Remeasurement of employee benefits, net of taxes [2]	11	(13)
Items that will never be reclassified to the statement of profit or loss	**11**	**(13)**
Other comprehensive income / (loss), net of taxes	**19**	**(2)**
Total comprehensive income	**66**	**2**

[1] Gross of tax 27 M USD (26 M USD in 2023)
[2] Gross of tax 13 M USD (-14 M USD in 2023)

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

Consolidated balance sheet

In M USD	Notes	June 30, 2024	December 31, 2023
Non-current assets			
Goodwill	**7**	5,129	5,129
Intangible assets	**7**	4,867	4,923
Property, plant and equipment	**8**	550	530
Deferred tax assets		208	235
Derivative assets		4	9
Other financial assets		3	10
Other assets		24	20
Total non-current assets		**10,786**	**10,855**
Current assets			
Inventories		414	420
Trade and other receivables		916	750
Prepayments and accrued income		54	56
Current income tax assets		12	15
Derivative assets		12	7
Cash and cash equivalents		385	368
Total current assets		**1,793**	**1,616**
Total assets		**12,579**	**12,471**
Non-current liabilities			
Financial debt	**10**	(2,915)	(4,846)
Other financial liabilities		(2)	(10)
Deferred tax liabilities		(410)	(431)
Derivative liabilities		-	(7)
Employee benefits		(107)	(221)
Provisions	**9**	(14)	(16)
Total non-current liabilities		**(3,449)**	**(5,531)**
Current liabilities			
Financial debt	**10**	(32)	(63)
Other financial liabilities		-	(58)
Current income tax liabilities		(59)	(78)
Provisions	**9**	(40)	(60)
Accruals and deferred income		(600)	(527)
Trade and other payables		(656)	(653)
Employee benefits		(104)	(127)
Derivative liabilities		(6)	(5)
Total current liabilities		**(1,498)**	**(1,571)**
Total liabilities		**(4,947)**	**(7,102)**
Equity			
Share capital and share premium	**13**	(2,133)	(6,259)
Other reserves		(54)	(43)
Hedge and currency translation reserves		24	32
Retained earnings / accumulated losses		(5,469)	901
Total equity		**(7,632)**	**(5,369)**
Total liabilities and equity		**(12,579)**	**(12,471)**

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

Consolidated statement of cash flows

In M USD	Notes	Six-months ended June 30, 2024	Six-months ended June 30, 2023
Net income		**47**	**4**
Add back non-operating (income) / expenses:			
Income taxes		30	(21)
Financial (income) / expenses	**5**	206	278
Foreign exchange loss on financing activities		30	18
Operating profit		**313**	**278**
Depreciation of property, plant and equipment	**8**	30	25
Amortization of intangible assets	**7**	112	107
Impairment of assets		-	1
Equity-settled share-based payment transactions	**11**	46	-
Other non-cash items		(5)	(0)
Variation of trade and other receivables		(202)	(67)
Variation of inventories		(12)	(48)
Variation of trade and other payables		13	(61)
Variation of prepayments and accrued income		-	(18)
Variation of accruals and deferred income		82	(53)
Variation in working capital		**(119)**	**(246)**
Variation of other operating assets and liabilities		(61)	(8)
Cash generated from operations		**316**	**157**
Interest paid		(182)	(271)
Income taxes paid		(47)	(52)
Total cash flows in operating activities		**88**	**(166)**
Acquisition of subsidiary undertakings, net of cash acquired	**10.1**	(50)	(25)
Expenditure on property, plant and equipment	**8.1**	(64)	(62)
Expenditure on intangible assets	**7**	(66)	(16)
Total cash flows in investing activities		**(180)**	**(103)**
Proceeds from share issuance, net of direct transaction costs	**2.1**	2,166	739
Other transaction costs and duties related to the share issuance	**13.1**	(36)	-
Proceeds from financial debt, net of transaction costs		2,968	697
Repayments of financial debt		(4,975)	(1,147)
Total cash flows from financing activities		**123**	**288**
Currency retranslations		(14)	(8)
Increase in cash and cash equivalents		**17**	**11**
Cash and cash equivalents at opening		368	234
Cash and cash equivalents at closing		**385**	**245**

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

Consolidated statement of changes in equity

In M USD	**Notes**	**Share capital**	**Share premium**	**Other reserves**	**Transl. reserve**	**Hedge reserve**	**Retained earnings/ accumul. losses**	**Total equity**
As at January 1, 2023		**5**	**5,243**	**72**	**7**	**(15)**	**(844)**	**4,469**
Net income for the period		-	-	-	-	-	4	4
Cash-flow hedges		-	-	-	-	23	-	23
Remeasurements of employee benefits		-	-	(13)	-	-	-	(13)
Foreign currency translation		-	-	-	(12)	-	-	(12)
Total comprehensive income		**-**	**-**	**(13)**	**(12)**	**23**	**4**	**2**
Capital injection		**-**	**739**	**-**	**-**	**-**	**-**	**739**
As at June 30, 2023		**5**	**5,981**	**60**	**(5)**	**8**	**(840)**	**5,210**
As at January 1, 2024		**6**	**6,253**	**43**	**(16)**	**(16)**	**(901)**	**5,369**
Net income for the period		-	-	-	-	-	47	47
Cash-flow hedges		-	-	-	-	17	-	17
Remeasurements of employee benefits		-	-	11	-	-	-	11
Foreign currency translation		-	-	-	(9)	-	-	(9)
Total comprehensive income				**11**	**(9)**	**17**	**47**	**66**
Effect of Group reorganization	**1/13**	(4)	(6,253)	-	-	-	6,254	(3)
Share issuance	**13**	0	2,130	-	-	-	-	2,130
Equity-settled share-based payment	**11**	-	-	-	-	-	69	69
Total other equity movements		**(3)**	**(4,123)**	**-**	**-**	**-**	**6,323**	**2,197**
As at June 30, 2024		**3**	**2,130**	**54**	**(25)**	**1**	**5,469**	**7,632**

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

1. Accounting policies and basis of preparation

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 S.A., 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 S.à.r.l.) through which it indirectly controlled Galderma Holding S.A. On February 7, 2022, Galderma Group AG was incorporated and on March 21, 2024, became the parent entity of Galderma Holding S.A. and of all its controlled entities (“subsidiaries”). Subsequently, on March 22, 2024, Galderma Group made an initial public offering (“IPO”) in Switzerland and was listed on the SIX Swiss Exchange.

In accordance with IFRS Accounting Standards (“IFRS”), 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 has therefore applied a 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 S.A. prior to the aforementioned reorganizations were deconsolidated. As at 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 / accumulated losses.

The interim condensed consolidated financial statements for the six months ended June 30, 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.

These interim condensed consolidated financial statements have been approved for issue by the Board of Directors of the Company (“the Board”) on July 24, 2024.

The interim condensed 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 interim condensed consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

1.2 Material accounting principles applied in the preparation of the interim condensed consolidated financial statements

Basis of presentation

These financial statements are the unaudited interim condensed consolidated financial statements (hereafter ‘the Interim Consolidated Financial Statements’) of the Galderma Group for the six months ended June 30, 2024. They have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023, prepared in accordance with IFRS, as they provide an update of previously reported information. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group since the last annual financial statements.

The accounting policies are the same as those applied in the consolidated financial statements for the year ended December 31, 2023.

Use of judgment and estimates

The preparation of the Interim Consolidated Financial Statements requires the Group's management to exercise judgment and to make estimates and assumptions that affect the application of policies, reported amounts of revenues, expenses, assets, and liabilities and disclosures. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the Interim Consolidated Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied in the consolidated financial statements for the year ended December 31, 2023.

Income tax expense is recognized based on management's best estimate of the annual income tax rate expected to be applicable for the full financial year adjusted for certain discrete items which occurred in the interim period in accordance with IAS 34. As such, the effective tax rate in the Interim Consolidated Financial Statements may differ from management's estimate of the effective tax rate for the annual financial statements.

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.

New and revised standards	Effective date
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
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, 2024 which the Group has not yet applied.

2. Significant changes in current reporting period

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 the six-months period ended June 30, 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 2,130 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 13.1).

In parallel, the Group raised a new 5-year Term Loan with a syndicate of corporate banks, for a total of 2,917 M USD, net of fees (see note 10.2).

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 the Revolving credit facility;
- 52 M USD settlement of the value creation bonus plan (see note 11.3).

3. Segment information and net sales

3.1 Seasonality

The Group operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the financial year.

3.2 Segment information

Galderma operates as a single global segment dedicated to Dermatology.

This operating structure enables the Executive Committee (“ExCo”) 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 CEO, CFO, CHRO and Head Operations are the members of the ExCo.

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 10.2). The Group's CODM believes that these non-IFRS measures provide valuable information regarding its financial and operational performance because they enable the reader to identify a consistent basis for comparing the business' performance between financial periods and provide more detail concerning the elements of performance that the managers are most directly able to influence or are relevant for an assessment of our performance. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by management.

3.3 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, amortizations of intangible assets, financial income and expenses and 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:

In M USD	**Notes**	**Six-months ended June 30, 2024**	**Six-months ended June 30, 2023**
Net income		**47**	**4**
Income taxes		30	(21)
Income / (loss) before tax		**77**	**(17)**
Financial (income) / expenses	**5**	206	278
Foreign exchange loss on financing activities		30	18
Operating profit		**313**	**278**
Amortization		112	107
Depreciation		30	25
EBITDA		**455**	**410**
Other (income) / expenses	**4**	2	18
Transformation costs [1]		5	13
Value creation bonus [2]		4	10
Other IPO related incentive plans [3]		48	-
Core EBITDA		**514**	**450**

[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, 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 11.3 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 11.2.*

3.4 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. The different countries from where 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	**Six-months ended June 30, 2024**	**Six-months ended June 30, 2023**
Neuromodulators	*622*	*536*
Fillers & Biostimulators	*517*	*479*
Injectable Aesthetics	1,139	1,014
Dermatological skincare	675	608
Therapeutic Dermatology	388	381
Total Net sales	**2,202**	**2,003**

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

In M USD	**Six-months ended June 30, 2024**	**Six-months ended June 30, 2023**
USA	925	884
International [1]	1,277	1,119
Total Net sales	**2,202**	**2,003**

[1] *International includes sales in Switzerland, the Company's country of domicile, of 20 M USD (20 M USD as of June 30, 2023).*

Net sales attributed to the United States of America (USA) are collectively the most material to the Group. The USA is the only territory where sales contribute 10% or more of total net sales.

3.5 Non-current assets by country

In M USD	**June 30, 2024**	**December 31, 2023**
Switzerland [1]	9,475	4,624
Luxembourg [1]	-	4,890
Rest of the world	1,095	1,088
Total Non-current assets [2]	**10,570**	**10,601**

[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)

In M USD	**Six-months ended June 30, 2024**	**Six-months ended June 30, 2023**
Foreign exchange gain on operating activities	6	-
Other income	**6**	**-**
Restructuring costs	(3)	(2)
Litigations and onerous contracts	(4)	(11)
Acquisition and disposal related costs	(2)	(3)
Impairment of assets	-	(1)
Foreign exchange loss on operating activities	-	(1)
Other expenses	**(8)**	**(18)**
Other income / (expenses)	**(2)**	**(18)**

5. Financial income / (expenses)

In M USD	Six-months ended June 30, 2024	Six-months ended June 30, 2023
Value creation bonus plan revaluation	28	19
Cash flow hedges – reclassified from OCI	6	-
Interest income	4	2
Total Financial income	**38**	**21**
Interest expense on financial debt	(177)	(297)
Interest expense on defined benefit plans	(2)	(1)
Interest expense from early repayment of financial debt	(65)	-
Total Financial expenses	**(244)**	**(298)**
Total Financial income / (expenses)	**(206)**	**(278)**

Interest expenses decreased compared to the comparative period mainly due reduction of the Groups' indebtedness and the refinancing resulting from the IPO as further described in notes 2.1 and 10.2.

As a result of the IPO, the value creation bonus plan was modified and settled (refer to note 11.3) and the previous debt was repaid in full early resulting in a full impairment of the remaining transaction costs of 65 M USD (refer to note 10.2).

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 S.A. and all of its subsidiaries and 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 at March 22, 2024, was used as the basis. The aim of this approach was to reflect the targeted capital structure as at 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 at March 22, 2024. As such, the EPS for 2023 is pro forma rather than historical.

6.1 Basic earnings per share

	Six-months ended June 30, 2024	Six-months ended June 30, 2023[1]
Net income (in M USD)	**47**	**4**
Weighted average number of issued shares	237,897,635	237,897,635
Weighted average number of treasury shares held	(331,207)	(331,207)
Weighted average number of outstanding shares used to calculate basic EPS	**237,566,428**	**237,566,428**
Basic earnings per share (in USD)	**0.20**	**0.02**

6.2 Diluted earnings per share

	Six-months ended June 30, 2024	Six-months ended June 30, 2023[1]
Net income (in M USD)	**47**	**4**
Weighted average number of outstanding shares used to calculate basic EPS	237,566,428	237,566,428
Adjustment for assumed exercise of equity-settled share-based payment plans, where dilutive	49,808	-
Weighted average number of outstanding shares used to calculate diluted EPS	**237,616,236**	**237,566,428**
Diluted earnings per share (in USD)	**0.20**	**0.02**

[1] *Restated; see explanations above.*

7. Goodwill and intangible assets

In M USD	**Goodwill**	*Brands and intellectual property rights*	*Operating rights and others*	*Management Information system*	**Total intangible assets**
Net book value as at January 1, 2023	**5,129**	**3,394**	**1,596**	**111**	**5,100**
Capital expenditure	-	-	-	16	**16**
Amortization	-	(18)	(71)	(18)	**(107)**
Currency retranslations	-	-	3	2	**5**
Net book value as at June 30, 2023	**5,129**	**3,376**	**1,528**	**111**	**5,014**
As at June 30, 2023					
Gross value	5,129	3,515	2,086	182	**5,783**
Accumulated amortization and impairments	-	(140)	(558)	(71)	**(769)**
Net book value	**5,129**	**3,376**	**1,528**	**111**	**5,014**
of which indefinite useful life		*3,032*	-	-	*3,032*
Net book value as at January 1, 2024	**5,129**	**3,356**	**1,458**	**109**	**4,923**
Capital expenditure	-	-	58	8	**66**
Amortization	-	(19)	(71)	(23)	**(112)**
Currency retranslations	-	-	(3)	(6)	**(10)**
Net book value as at June 30, 2024	**5,129**	**3,337**	**1,442**	**88**	**4,867**
As at June 30, 2024					
Gross value	5,129	3,515	2,144	197	**5,855**
Accumulated amortization and impairments	-	(178)	(701)	(110)	**(988)**
Net book value	**5,129**	**3,337**	**1,442**	**88**	**4,867**
of which indefinite useful life		*3,032*	-	-	*3,032*

8. Property, plant and equipment

Property, plant and equipment comprises of owned and leased assets.

In M USD	Notes	June 30, 2024	December 31, 2023
Owned assets	**8.1**	449	426
Right of use assets (leases)	**8.2**	101	103
Total Property, plant and equipment		**550**	**529**

8.1 Owned assets

In M USD	Land and buildings	Machinery and equipment	Information technology equipment	Tools, furniture and other equipment	Vehicles	Total
Net book value as at January 1, 2023	**168**	**133**	**10**	**12**	**-**	**323**
Capital expenditure	33	23	4	3	-	**62**
Depreciation	(6)	(6)	(2)	(2)	-	**(16)**
Currency retranslations	(4)	2	-	-	-	**(2)**
Net book value as at June 30, 2023	**190**	**152**	**12**	**12**	**-**	**366**
As at June 30, 2023						
Gross value	295	245	25	26	1	**591**
Accumulated depreciation and impairments	(105)	(93)	(13)	(14)	(1)	**(226)**
Net book value	**190**	**152**	**12**	**12**	**-**	**366**
Net book value as at January 1, 2024	**235**	**167**	**12**	**11**	**-**	**426**
Capital expenditure	34	27	2	1	-	**64**
Disposals	-	(1)	(1)	-	-	**(1)**
Depreciation	(7)	(6)	(3)	(1)	-	**(17)**
Currency retranslations	(13)	(9)	(1)	(1)	-	**(23)**
Net book value as at June 30, 2024	**249**	**180**	**10**	**10**	**-**	**449**
As at June 30, 2024						
Gross value	363	274	30	28	1	**697**
Accumulated depreciation and impairments	(114)	(94)	(20)	(18)	(1)	**(247)**
Net book value	**249**	**180**	**10**	**10**	**-**	**449**

8.2 Right of use assets (leases)

In M USD	Real estate leases	Other leases	Total
As at January 1, 2023	**70**	**8**	**78**
Additions	29	10	**39**
Currency retranslations	1	0	**1**
Depreciation	(6)	(4)	**(11)**
Disposal	(1)	-	**(1)**
Other	(4)	-	**(4)**
As at June 30, 2023	**89**	**14**	**103**
As at January 1, 2024	**86**	**17**	**103**
Additions	7	13	**20**
Currency retranslations	(3)	(1)	**(4)**
Depreciation	(8)	(6)	**(14)**
Disposals	(1)	(1)	**(2)**
Other	(3)	-	**(3)**
As at June 30, 2024	**78**	**23**	**101**

9. Provisions

In M USD	Restructuring	Legal and non-income tax	Return provision & others	Total
As at December 31, 2023	**20**	**7**	**50**	**76**
of which expected to be settled within 12 months	19	2	40	**60**
of which expected to be settled after 12 months	1	5	10	**16**
As at January 1, 2024	**20**	**7**	**50**	**76**
Provisions made during the year	2	2	13	**18**
Amounts used	(12)	(1)	(12)	**(24)**
Reversal of unused amounts	(2)	(1)	(10)	**(13)**
Currency retranslations	(1)	(0)	(1)	**(2)**
As at June 30, 2024	**7**	**7**	**41**	**55**
of which expected to be settled within 12 months	7	1	31	40
of which expected to be settled after 12 months	-	5	9	14

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 at June 30, 2024, the restructuring provisions are expected to be settled within 12 months from the balance sheet date. For the six-months ended June 30, 2024, Galderma recorded net pre-tax restructuring costs of 3 M USD (13.7 M USD as at 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 the business. Tax provisions include disputes and uncertainties on non-income taxes and are mainly comprised of 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 at June 30, 2024 (37 M USD as at December 31, 2023) and onerous contracts of 4 M USD as at June 30, 2024 (7 M USD as at December 31, 2023).

10. Financial instruments

10.1 Financial assets and liabilities by class and by category

In M USD	At amortized cost [1]		At fair value through profit or loss		Total	
	June 30, 2024	**December 31, 2023**	**June 30, 2024**	**December 31, 2023**	**June 30, 2024**	**December 31, 2023**
Cash and cash equivalents	385	368	-	-	**385**	368
Trade receivables	823	632	-	-	**823**	632
Other financial assets [2]	3	10	-	-	**3**	10
Derivative assets designated as hedging instruments	-	-	10	10	**10**	10
Derivative assets not designated as hedging instruments	-	-	6	6	**6**	6
Total financial assets	**1,211**	**1,010**	**16**	**16**	**1,227**	**1,025**
Trade payables	550	557	-	-	**550**	557
Other payables [3]	59	58	-	-	**59**	58
Other financial liabilities	-	-	2	68	**2**	68
Financial debt	2,947	4,909	-	-	**2,947**	4,909
Derivative liabilities designated as hedging instruments	-	-	-	7	**-**	7
Derivative liabilities not designated as hedging instruments	-	-	6	5	**6**	5
Total financial liabilities	**3,556**	**5,524**	**8**	**80**	**3,565**	**5,605**
Net financial position	**(2,346)**	**(4,515)**	**8**	**(65)**	**(2,338)**	**(4,579)**
of which at fair value	*-*	*-*	*8*	*(65)*	*8*	*(65)*

[1] If not otherwise stated (refer to Note 10.2), the carrying amount of these instruments is a reasonable approximation of their fair value.
[2] Other financial assets include 1.7 M USD of cash held as collateral as at June 30, 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 1 M USD as at June 30, 2024 (17 M USD as at December 31, 2023). In addition, an earn-out liability of 50 M USD for the Alastin acquisition which was outstanding as of December 31, 2023 and presented in other financial liabilities, was fully paid in May 2024, reducing the balance to zero as of June 30, 2024.

Factoring

The Group has a trade receivable factoring program. Based on an analysis of the risks and rewards as defined by IFRS 9, the Group has derecognized 89 M USD of factored receivables as at June 30, 2024 (112 M USD as at December 31, 2023) and recognized 85 M USD of cash as at June 30, 2024 (107 M USD as at December 31, 2023).

Fair value hierarchy of financial instruments

In M USD	**June 30, 2024**	**December 31, 2023**
Derivative assets	16	16
Derivative liabilities	(6)	(12)
Valuation techniques based on observable market data (level 2)	**10**	**4**
Other financial liabilities [1]	(2)	(68)
Valuation techniques based on unobservable market data (level 3)	**(2)**	**(68)**
Total financial instruments at fair value	**8**	**(65)**

[1] The amount as of December 31, 2023 mainly related to an earn-out liability from the Alastin acquisition (see explanations above).

There have been no transfers between the different hierarchy levels in the reporting periods ending on June 30, 2024 and December 31, 2023. 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.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate options and foreign exchange forward 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.

10.2 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 existing loans as described in Note 2.1. The proceeds from the Term Loan, net of transaction costs, amounted to 2,917 M USD. As of June 30, 2024 the Group has early repaid 100 M USD of the Term Loan.

In M USD	**Interest rate**	**Floor**	**Maturity**	**June 30, 2024**	**December 31, 2023**
Current financial debt					
Lease liabilities			≤ 1 year	26	24
Senior Facility B3	USD TERM SOFR +3.60%	1.00%	≤ 1 year	-	31
Other financial debt			≤ 1 year	4	4
Accrued interest not paid			≤ 1 year	2	4
Total Current financial debt				**32**	**63**
Non-current financial debt					
Lease liabilities			Up to 2029	93	98
Term Loan Facility [1]	USD TERM SOFR +2.75%	0.00%	2029	2,850	-
Senior Facility B3 [2]	USD TERM SOFR +3.60%	1.00%	2026	-	3,012
Senior Facility B4 [2]	EURIBOR +3.25%	0.00%	2026	-	520
Senior Facility B5 [2]	CHF SARON +6.00%	0.00%	2026	-	285
Second Lien B1 [2]	USD TERM SOFR +7.65%	1.00%	2027	-	707
Second Lien B2 [2]	EURIBOR +7.50%	0.00%	2027	-	293
Transaction cost related to the debt				(29)	(69)
Total non-current financial debt				**2,915**	**4,846**
Total financial debt				**2,947**	**4,909**

[1] *The interest rate for the new Term Loan Facility applicable for the period starting on March 2024, and ending on June 30, 2024 was the USD TERM SOFR plus a margin of 2.75% p.a. The applicable margin varies between 1.75% p.a. and 2.75% p.a. depending on the consolidated leverage ratio and is expected to decrease to 2.25% as of the date of filing these Interim Consolidated 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).*

In M USD	**June 30, 2024**	**December 31, 2023**
Total financial debt	**2,947**	**4,909**
Transaction cost related to the debt	29	69
Accrued interest not paid	(2)	(4)
Secured trade payables	-	26
Total Indebtedness [1]	**2,974**	**5,001**
Cash and cash equivalent	(385)	(368)
Total Net Indebtedness	**2,589**	**4,633**

[1] *The Group monitors its Net Indebtedness which refers to its financial indebtedness.*

The Term Loan and revolving credit facilities are supported by a guarantee provided by Galderma Holding SA limited to the available statutory earnings of Galderma Holding SA.

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

In M USD	June 30, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Term Loan Facility	2,821	2,850	-	-
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
Total	**2,821**	**2,850**	**4,779**	**4,874**

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 and revolving credit facility (2,821 M USD as of June 30, 2024 and 4,779 M USD as of December 31, 2023). To monitor this capital, the Group uses a Net debt to Core EBITDA ratio (each as defined in the financing arrangement) that 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, but 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 ended June 30, 2024, the Leverage ratio totaled 2.6 (4.9 for December 31, 2023).

	June 30, 2024	December 31, 2023
Core EBITDA January to June 2023	-	450
Core EBITDA July to December 2023	492	492
Core EBITDA January to June 2024	514	-
Core EBITDA for the last twelve months	**1,006**	**942**
Net Indebtedness	**2,589**	**4,633**
Leverage ratio (adjusted Net Debt to Core EBITDA)	**2.6**	**4.9**

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 settle its obligations as they fall due, by managing its working capital (including relying on its revolving credit facility) and utilizing the undrawn portion of its RCF facility (685 M USD as of June 30, 2024 and 457 M USD as of December 31, 2023).

11. Share based payment plans

11.1 Long-Term Incentive Plan

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

RSU

The plan foresees the award of RSU to senior management and selected employees of the Group. RSU 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.

PSU

Galderma has awarded senior management and selected employees PSU which convert into unrestricted shares, after completion of a three-year service period and subject to the achievement of specific performance conditions. A PSU award is divided into two tranches with the following conditions.

- 50% of the PSU are subject to the achievement of a non-market performance condition, being sales growth with a potential payout in shares ranging from nil to a maximum of 200%.
- 50% of the PSU are subject to the achievement of a market performance condition linked to the TSR ranking of the Group as compared to an identified peer group, with a potential payout in shares also ranging from nil to a maximum of 200%.

Both the RSU and PSU are converted into shares of the Company without any additional consideration from the employee (exercise price equal to zero). The number of RSU and PSU was as follows.

In units	**RSU**	**PSU**
Outstanding as at January 1, 2024	**-**	**-**
Granted during the period	786,241	323,751
Outstanding as at June 30, 2024	**786,241**	**323,751**
Exercisable at the end of the period	*0*	*0*
Weighted average remaining contractual life of outstanding instruments in years	1.8	2.8
Weighted average grant date fair value in CHF	73	85
Weighted average grant date fair value in USD	81	93

The Group applied the Black-Scholes formula to determine the grant date fair value of RSU and PSU subject to the achievement of non-market performance conditions. For PSU subject to market performance conditions, the grant date fair value was determined using a Monte Carlo simulation model. Both option pricing models were performed with reference to the share price on grant date. Further inputs for the fair value measurement were the expected volatility, 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 8 M USD in relation to the LTI and a corresponding expense for social security contributions of 1 M USD in the operating result.

11.2 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 are linked to the final offer price at 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 for a 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 CHF 58 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 months 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 at June 30, 2024, the number of blocked shares allocated to participants in relation to the IPO Incentive Plan amounts 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 USD 43 per share (or CHF 38 per share) has been determined using a Monte Carlo simulation model that takes into account the initial offer price at IPO, the probability of achieving the market performance condition based on expected share volatility, 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.

11.3 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 cash-settled share-based payment plan resulting in a liability of 100 M USD as at December 31, 2023.

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

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

The value of the RSA was determined as 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" (the "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. The financial income of 19 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.

11.4 Management equity participation plan

The 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 the plan 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 at 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 S.a.r.l (which controls 100% of the equity of Sunshine VII). The MPP settlement had no impact on these Interim Consolidated Financial Statements.

12. Taxes

Galderma recognized an income tax expense of 30 M USD for the six-months period ended June 30, 2024 (21 M USD of income tax benefit for the six-months period ended June 30, 2023), representing an effective tax rate of 38.9% (123.5% for the six-months period ended June 30, 2023). The effective tax rate is based on management's best estimate of the annual income tax rate expected to be applicable for the full financial year. The effective tax rate is further impacted by one-time events relating to the interim period, which include non-tax-deductible IPO expenses, the reversal of a tax provision for an uncertain tax position, and losses incurred by the Group for which no tax benefit has been recognized.

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 from January 1, 2024. The Group is in the process of assessing its exposure to the Pillar Two legislation, however, estimates that the impact of the application of the Pillar Two legislation will not be material on the Group's overall tax position.

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).

13. 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 in item Effect of Group reorganization. The IPO-related capital increase on March 22, 2024 impacted share capital, share premium and treasury shares. Both transactions are explained in the sections below.

13.1 Share capital and share premium

As at June 30, 2024 the share capital of the Company amounted to USD 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 at 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 reclassed to retained earnings / accumulated losses. In addition, share premium of Sunshine VII amounting to 6,253 M USD as at December 31, 2023 was reclassed to retained earnings / accumulated losses in the reporting period.

In the course of the IPO on March 22, 2024 the Company issued 37,897,535 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 86 M USD. Following the IPO, the Group received net proceeds 2,166 M USD (less directly deducted transaction costs). Additionally, the remaining transaction costs and duties led to an extra cash outflow of 36 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 2,130 M USD of which 0.4 MUSD was recognized as an increase in share capital and the remaining amount in share premium.

13.2 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 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 effected by issuing fully paid-in registered shares with a par value of CHF 0.01 each and cancelling registered shares with a par value of CHF 0.01 each, as applicable, or 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 CHF 0.01 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 CHF 0.01 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, 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.

13.3 Treasury shares

At June 30, 2024, the Group held 331,207 of the Company’s shares (December 31, 2023: Nil).

These 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.

14. Commitments and contingencies

As at June 30, 2024, the Group had no material contingent assets.

The Group is exposed to certain commercial, other taxes and employee matters totaling approximately 70 M USD (December 31, 2023, 90 M USD) of contingent liabilities. The contingent liabilities include tax authority assessments relating to non-income taxes totaling 70 M USD (December 31, 2023: 72 M USD). 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. The reduction in contingencies since December 31, 2023, primarily stems from a successful resolution of a commercial dispute.

There were no other material developments in legal, commercial and employee matters as at June 30, 2024.

15. Hyperinflation

The six-months periods for June 30, 2024 and June 30, 2023 include Argentina, considered as a hyperinflation economy. There was no material impact from hyperinflation in the presented periods.

16. Events after the balance sheet date

There were no significant events after the balance sheet date.

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Independent Auditor's Report on the Review of Consolidated Interim Financial Information

to the Board of Directors of Galderma Group AG, Zug

Introduction

We have been engaged to review the accompanying interim condensed consolidated financial statements of Galderma Group AG and its subsidiaries ("The Group"), which comprise the consolidated balance sheet as at 30 June 2024, the consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the six-month period then ended, and selected explanatory notes ("the consolidated interim financial information") on pages 3 to 22. The Board of Directors is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at 30 June 2024 are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

KPMG AG

Stéphane Nusbaumer Licensed Audit Expert	Cécile Ginier Licensed Audit Expert

Zug, 24 July 2024