

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

Interim Condensed Consolidated Financial Statements and
Interim Consolidated Directors' Report for the
six-month period ended June 30, 2020

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

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries

(Almirall Group)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AT JUNE 30, 2020

(Thousand Euro)

ASSETS	Note	30/06/2020	31/12/2019	EQUITY AND LIABILITIES	Note	30/06/2020	31/12/2019
		Unaudited	Audited			Unaudited	Audited
Goodwill	9	315,966	315,966	Issued capital	16	20,947	20,947
Intangible assets	10	1,090,689	1,139,015	Share premium	16	241,011	241,011
Rights of use	11	15,091	18,271	Legal reserve	16	4,189	4,172
Property, plant and equipment	12	115,293	117,420	Other reserves	16	1,018,777	913,156
Financial assets	13	95,489	103,184	Valuation adjustments	16	(43,552)	(43,531)
Deferred tax assets	23	268,041	269,317	Translation differences	16	41,939	38,522
NON-CURRENT ASSETS		1,900,569	1,963,173	Profit (Loss) for year		42,372	105,909
				EQUITY		1,325,683	1,280,186
				Deferred income	17	27,823	69,652
				Financial liabilities	18	469,131	492,593
				Non-current lease liabilities	11	8,978	11,280
				Deferred tax liabilities	23	120,694	127,540
				Retirement benefit obligations	20	78,861	79,429
				Provisions	21	30,077	32,806
				Other non-current liabilities	19	23,682	29,774
				NON-CURRENT LIABILITIES		759,246	843,074
Inventories	14	123,845	106,418	Financial liabilities	18	6,056	452
Trade and other receivables	15	130,853	203,115	Current Lease liabilities	11	6,466	7,327
Current tax assets	23	52,835	39,888	Trade payables	19	172,412	222,478
Other current assets		10,565	8,212	Current tax liabilities	23	21,903	14,903
Current financial investments	13	7,881	1,769	Other current liabilities	19	30,560	71,367
Cash and cash equivalents	13	95,778	117,212				
CURRENT ASSETS		421,757	476,614	CURRENT LIABILITIES		237,397	316,527
TOTAL ASSETS		2,322,326	2,439,787	TOTAL LIABILITIES AND EQUITY		2,322,326	2,439,787

The accompanying Notes 1 to 29 are an integral part of the interim condensed consolidated financial statements for the six-month period ended June 30, 2020.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019

(Thousand Euro)

	Note	Period 2020	Period 2019
		Not audited	Not audited
Net Sales	22	426,005	432,554
Other Income	22	7,013	38,733
Operating income		433,018	471,287
Procurements	22	(95,704)	(88,769)
Employee benefit expenses	22	(90,652)	(91,317)
Amortization and depreciation charge	10, 11 & 12	(61,922)	(65,191)
Net change in valuation adjustments	14 & 15	(2,233)	(4,111)
Other operating expenses	22	(107,172)	(124,043)
Net gains/(losses) on disposals of assets	22	(2)	652
Other ordinary gains/(losses)		(1,353)	(7,712)
Loss (Gain) on recognition (reversal) of impairment of property, plant and equipment, intangible assets and goodwill	10	(16,794)	(7,500)
Operating profit		57,186	83,296
Financial income	22	35	839
Financial expense	22	(8,802)	(4,842)
Exchange differences	22	(806)	(3,621)
Profit/(loss) on the measurement of financial instruments	18 & 22	2,811	(2,057)
Profit /(loss) before taxes		50,424	73,615
Income tax		(8,052)	(11,674)
Net profit (loss) for the period attributable to the Parent Company		42,372	61,941
Earnings/(loss) per share (euro):	7		
A) Basic		0.24	0.36
B) Diluted		0.25	0.33

The accompanying Notes 1 to 29 are an integral part of the interim condensed consolidated financial statements for the six-month period ended June 30, 2020.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2020 AND 2019
(Thousand Euro)

	Note	Period 2020	Period 2019
		Not audited	Not audited
Profit/(loss) for the period		42,372	61,941
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Retirement benefit obligations		-	-
Corporate income tax on items that will not be reclassified		-	-
Other		-	-
Total items that will not be reclassified to profit or loss		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other changes in value		(21)	(56)
Exchange differences on translation of foreign currency	16	3,417	1,997
Total items that may be reclassified subsequently to profit or loss		3,396	1,941
Other comprehensive income for the period. net of taxes		3,396	1,941
Total comprehensive income for the period		45,768	63,882
Attributable to:			
- Owners of the parent		45,768	63,882
- Non-controlling interests			-
Total comprehensive income attributable to owners of the parent company arising on:			
Continuing operations		45,768	63,882
Discontinued operations		-	-

The accompanying Notes 1 to 29 are an integral part of the interim condensed consolidated financial statements for the six-month period ended June 30, 2020.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries

(Almirall Group)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 AND 2019

(Thousand Euro)

	Note	Share Capital	Share premium	Legal reserve	Other reserves	Valuation adjustments recognized in Equity	Exchange differences	Profit/(loss) attributable to parent company	Equity
Balance at 1 January 2019	16	20,862	229,953	4,151	872,568	(36,971)	23,512	77,674	1,191,749
Distribution of profit		-	-	21	77,653	-	-	(77,674)	-
Dividends (Note 14)		85	11,058	-	(35,292)	-	-	-	(24,149)
Treasury shares of Parent company		-	-	-	(1,378)	-	-	-	(1,378)
Total comprehensive income for the period		-	-	-	-	(56)	1,997	61,941	63,882
Balance at 30 June 2019 (Unaudited)	16	20,947	241,011	4,172	913,551	(37,027)	25,509	61,941	1,230,104

	Note	Share Capital	Share premium	Legal reserve	Other reserves	Valuation adjustments recognized in Equity	Exchange differences	Profit/(loss) attributable to parent company	Equity
Balance at 1 January 2020	16	20,947	241,011	4,172	913,156	(43,531)	38,522	105,909	1,280,186
Distribution of profit		-	-	17	105,892	-	-	(105,909)	-
Dividends (Note 14)		-	-	-	-	-	-	-	-
Treasury shares of Parent company		-	-	-	(271)	-	-	-	(271)
Total comprehensive income for the period		-	-	-	-	(21)	3,417	42,372	45,768
Balance at 30 June 2020 (Not audited)	16	20,947	241,011	4,189	1,018,777	(43,552)	41,939	42,372	1,325,683

The accompanying Notes 1 through 29 form an integral part of these interim condensed consolidated financial statements for the six-month period ended June 30, 2020

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries

(Almirall Group)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED JUNE 30, 2020 AND 2019

(Thousand Euro)

	Note	Period 2020	Period 2019
		Not audited	
Cash flow			
Profit before tax		50,424	73,615
Amortization and depreciation charge	10, 11 & 12	61,922	65,191
Impairment adjustments	10	16,794	7,500
Net profit/(loss) on disposals of assets	22	2	(652)
Financial income	22	(35)	(839)
Financial expense	22	8,802	4,842
Exchange differences	22	806	3,621
Fair value variation of financial instruments	22	(2,811)	2,057
Impacts of the Astrazeneca transaction:			
Allocation of deferred income Astrazeneca transaction	17 & 22	(41,886)	(15,439)
Change in the fair value of Astrazeneca financial asset	13 & 22	(5,954)	(36,969)
		88,064	102,927
Adjustments to changes in working capital			
Change in inventories	14	(17,228)	(9,770)
Changes in trade and other receivables	15	83,686	(18,865)
Changes in trade payables	19	(4,196)	53,669
Changes in other current assets		(51,654)	(5,747)
Changes in other current liabilities		(9,086)	(371)
Adjustments to changes in other non-current items:			
Other non-current assets and liabilities		(3,756)	1,990
		(2,234)	20,906
Cash inflows/(outflows) for income tax:		(17,669)	(15,871)
Net cash flows from operating activities (I)		68,161	107,962
Cash flows from investing activities			
Interest received		35	199
Investments:			
Intangible assets	10 & 19	(50,790)	(45,222)
Property, plant and equipment	12	(8,099)	(3,675)
Financial assets	13	(249)	(11,813)
Business combinations	8	-	-
Disposals:			
Intangible assets and property, plant and equipment	10 & 12	-	571
Financial assets	13	438	45
Business unit	6-e)	-	1,186
Net cash flows from investing activities (II)		(58,665)	(58,709)
Cash flows from financing activities:			
Interest paid	18	(3,199)	(2,753)
Equity instruments:			
Dividends paid	7	-	(24,149)
Treasury shares	16	(271)	(1,378)
Financial Instruments:			
Funds from bank borrowings	18	-	80,000
Bank borrowings repaid	18	(15,360)	(100,000)
Payments from lease agreements	11	(4,300)	(3,996)
Other		-	(5,457)
Net cash flows from financing activities (III)		(23,130)	(57,733)
Net change in cash and cash equivalents (I+II+III)		(13,634)	(8,480)
Cash and cash equivalents at the beginning of the period	13	117,293	86,270
Cash and cash equivalents at the end of the period	13	103,659	77,790

The accompanying Notes 1 to 26 are an integral part of the interim condensed consolidated financial statements for the six-month period ended June 30, 2020

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

1. General information

Almirall, S.A. is the Parent company of a corporate group (“Almirall Group”), whose corporate purpose is basically the purchase, manufacture, storage, marketing and representation in the sale of pharmaceuticals and products and all manner of raw materials used in the elaboration of said specialties and pharmaceutical products.

The Parent company’s corporate purpose also includes:

- a) The acquisition, manufacture, storage, sale and mediation in the sale of cosmetics, chemical, biotechnological and diagnostic products for human, veterinary, agrochemical and food-industry use, as well as all manner of tools, complements and accessories for the chemical, pharmaceutical and clinical industries.
- b) Research into chemical and pharmaceutical ingredients and products.
- c) The acquisition, sale, lease, subdivision and development of plots, land and properties of any kind, including the performance of construction work thereon and their disposal, in full, in part or under a condominium property arrangement.
- d) The provision of prevention services of the companies and companies participating in the company under the article 15 of Royal Decree 39/1997, of January 17, which establishes the Regulation of Prevention Services, and regulations of developing. This activity may be regulated and developed in a joint manner for related companies and participants in it according to the article 21 of the aforementioned legal text. It is expressly stated that said activity is not subject to administrative authorization as established by law. This activity may be subcontracted to other specialized entities under the provisions of article 15 of RD 39/1997.
- e) Manage and Direct the participation of the Company in the social capital of other entities, through the corresponding organization of personal and material

In accordance with the Parent company’s Articles of Association, the corporate purpose may be carried on, in full or in part, directly by the Parent company or indirectly through the ownership of shares, equity instruments or any other rights or interests in companies or other types of entity with or without legal personality, resident in Spain or abroad, engaging in activities that are identical or similar to those composing the Parent company’s corporate purpose.

Almirall, S.A. is a public limited liability company listed on the Spanish stock exchanges included in the Spanish electronic trading system (continual market). Its registered office is at Ronda General Mitre, 151 in Barcelona (Spain).

The interim condensed consolidated financial statements have been submitted to a limited review by the Parent company’s auditors.

2. Basis of presentation

- a) Financial reporting legislation applicable to the Group:

In compliance with EC Regulation 1606/2002 of the European Parliament and the Council of 19 July 2002, all companies governed by the laws of a European Union Member State and whose securities are listed on a regulated market in a Member State must file consolidated financial statements for years commencing as from 1 January 2005 under International Financial Reporting Standards, which have been previously adopted by the European Union (hereinafter IFRS-EU).

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

These interim condensed consolidated financial statements are presented in accordance with IAS 34 on Interim Financial Reporting and have been prepared by the Directors of Almirall, S.A. on July 23, 2020, in accordance with the Article 12 of Royal Decree 1362/2007.

According to what is established in the IAS 34, interim financial information is prepared only with the intention of providing updates to the content of the latest consolidated annual accounts prepared by the Group, emphasizing any new activities, events and circumstances that have taken place during the six-month period and not duplicating the information previously published in the consolidated annual accounts for the year ended December 31, 2019. Accordingly, in order to adequately understand the information presented in these interim condensed consolidated financial statements, they must be read together with the Group's consolidated annual accounts for 2019 prepared under IFRS-EU.

b) **Comparability**

The financial statements included in these consolidated condensed interim financial statements have been prepared under the same criteria as the information relating to the comparative periods of June 30, 2019 and / or December 31, 2019. There have been no significant changes in the composition of the Group that may significantly affect the comparability of the balance sheet figures as of June 30, 2020 with those of December 31, 2019, as well as those of the interim consolidated profit and loss account for the six-month period ended on June 30, 2020 with those of the same period ended on June 30, 2019.

Regarding the impact of COVID-19 in these consolidated condensed interim financial statements, it is detailed in Note 28.

3. Accounting policies

The policies, accounting methods and consolidation principles applied when preparing these interim condensed consolidated financial statements are the same as those applied to the consolidated annual accounts for 2019, except for the following standards and interpretations that entered into force during the first half of 2020:

Mandatory standards, amendments and interpretations for all years starting January 1, 2020:

IAS 1 (Modification) and IAS 8 (Modification) "Definition of materiality (or relative importance)", IFRS 9 (Modification), IFRS 7 (Modification) and IAS 39 (Modification) "Reform of the reference interest rates" and IFRS 3 (Modification) "Definition of a business".

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

As of the date of signature of these consolidated condensed interim financial statements, there are no standards, modifications or interpretations by the IASB or the IFRS Interpretations Committee that may be applied in advance.

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

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

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

IFRS 10 (Modification) and IAS 28 (Modification) "Sale or contribution of assets between an investor and its associates or joint ventures", IFRS 17 "Insurance contracts", IAS 1 (Modification) "Classification of liabilities as current or non-current", IAS 16 (Modification) "Property, plant and equipment - Income obtained before use planned ", IAS 37 (Modification) "Expensive contracts - Cost of fulfilling a contract " and IFRS 16 (Modification) "Rental concessions related to COVID-19".

As indicated above, the Group has not considered the anticipated application of the Standards and interpretations described above, and in any case the Group is analyzing the impact that these new standards / modifications / interpretations may have on the Group's consolidated annual accounts, if adapted by the European Union.

4. Estimates

Consolidated profit/(loss) and the calculation of consolidated equity are sensitive to accounting principles and policies, measurement criteria and estimates made by the parent company's Directors when preparing the interim condensed consolidated financial statements. The main accounting standards and policies and measurement criteria are indicated in Note 5 of the notes to the consolidated annual accounts for 2019. With respect to the accounting estimates and judgments it have been applied the same policies as indicated in Note 7 of the notes to the consolidated annual accounts for the year ended December 31, 2019 and there has been no change that gave rise to a material effect on these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements occasionally used estimates prepared by the Management of the Group and consolidated companies, subsequently ratified by the Directors of the parent company, to quantify some of the assets, liabilities, income, expenses and commitments recognized therein. These estimates basically relate to the following:

- Useful life of intangible assets and property, plant and equipment (Notes 10 and 12).
- Evaluation of the recoverability of deferred tax assets (Note 23).
- Impairment losses affecting certain intangible assets and property, plant and equipment deriving from the failure to recover the carrying amount recognized for those assets (Notes 9, 10 and 12).
- The fair value of certain unlisted assets (Note 13).
- The evaluation of litigation, commitments and contingent assets and liabilities (Note 25).
- Estimate of the appropriate provisions for the obsolescence of inventories, the impairment of receivables and product returns.
- Estimate of provisions for restructuring (Note 21).
- Calculation of the precise assumptions required to determine the actuarial liability relating to retirement benefit obligations, in coordination with an independent expert (Note 20).
- Estimate of the liability relating to share-based payments to be settled in cash.
- Brexit: the United Kingdom formally left the European Union on January 31, 2020 and became a non-EU country for the purposes of the European Union. A transition period has started on February 1, 2020 that will ends on December 31, 2020. Both parties (UK and EU) now have eleven months to negotiate the future relationship and the Trade agreements. The Group has taken all the necessary actions to deal with a possible hard Brexit, so it is in a good position to make any possible agreement that is needed by January 1, 2021. Meanwhile, the pharmaceutical law of The EU as established in the "Acquis Communautaire" will continue to be applicable in the United Kingdom, which means that pharmaceutical companies can carry out their activities until the end of 2020. The% of the Group's Net Sales in said market amounts to 3%.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

- Corporate income tax expense is recognized in interim periods based on the best estimate of the weighted average tax rate that the Group expects for the year, in accordance with IAS 34.
- Estimation of the lease term (IFRS 16, Note 11): when determining the lease term, the management considers all the factors and circumstances that create an economic incentive to exercise an option of extension, or not exercise a rescission option. Extension options (or periods after rescission options) are only included in the lease term if it is reasonably certain that the lease is extended (or not terminated). In general, the Group is based on the financial projections made periodically to determine the reasonableness of exercising or not the extensions for the most significant contracts (mainly, the lease agreement of the head office as described in Note 26).

Despite the fact that the aforementioned estimates are made based on the best information available at the date of the analyzed facts, it is possible that future events could give rise to upward or downward adjustments at the end of 2020 or in coming years, which would be made prospectively in accordance with IAS 8 in order to recognize the impact of the change in the estimate on the consolidated income statement for the years in question.

During the six-month period ended June 30, 2020 there have been no significant changes in the estimates made at the end of 2019, except as described in Note 10.

5. Financial risk management

The Group's activities are exposed to several financial risks: market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk.

There have been no significant changes in the risk management department or in any risk management policy since the end of last year.

6. Other disclosures

a) Contingent assets and liabilities

Information regarding contingent assets and liabilities is included in Note 26 of the notes to the Group's consolidated annual accounts for the year ended December 31, 2019 and in Note 25 of the notes to the accompanying interim condensed consolidated financial statements.

b) Seasonality of the Group's transactions

The seasonality of the operations carried out by the Group that basically relate to the supply of pharmaceuticals is inherent to the nature of the products supplied, since customer purchases are not distributed on a linear basis over calendar years. The primary cause is the seasonal occurrence of certain illnesses and/or symptoms.

c) Materiality

When determining the information to be disclosed in the explanatory notes regarding the various headings in the financial statements or other matters, the Group has taken into account their materiality with respect to these interim condensed consolidated financial statements, in accordance with IAS 34.

d) Interim condensed consolidated cash flow statements.

The following terms are used in the interim condensed consolidated cash flow statements:

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are those activities making up the Company's main source of revenue and other operations that cannot be classified as investing or financing activities.
- Investing activities consist of the acquisition and disposal of non-current assets, as well as other investments not included under cash and cash equivalents.
- Financing activities are those activities that give rise to changes in the size and composition of the equity and loans obtained by the Company.

When preparing the consolidated cash flow statement, "Cash and cash equivalents" are considered to be the petty cash held by the Group and current bank deposits that may provide immediate liquidity at the Group's discretion without any penalty. These items are included in the heading "Current financial investments" in the accompanying interim condensed consolidated balance sheet. The carrying amount of these assets approximates their fair value.

e) Changes in the Group's structure

During the six-month period ended June 30, 2020, there has not been any change in the Group's structure.

7. Dividends paid by the Parent Company

Find below dividends paid by the Parent Company during the first six months of 2020 and 2019 were as follows:

	First half of 2020			First half of 2019		
	% of nominal amount	Euros per share	Amount (in Euros thousand)	% of nominal amount	Euros per share	Amount (in Euros thousand)
Ordinary shares	-	-	-	169%	0.203	35,292
Total dividends paid	-	-	-	169%	0.203	35,292
Dividends charged against profit/(loss)	-	-	-	169%	0.203	35,292

The dividend distribution proposed by the Board of Directors of the Parent Company on February 21, 2020, which amounts to 35.4 million euros (equivalent to 0.203 euros per share), will be submitted for approval at the General Shareholders' Meeting scheduled for July 24, 2020. For the purposes of carrying out this dividend distribution, it is proposed to use the shareholder remuneration system called "Script Dividend", already applied in 2019. In this way, its shareholders are offered an alternative that will allow to receive liberated shares of the Parent Company without limiting its possibility of receiving in cash an amount equivalent to the payment of the dividend

Basic earnings/(loss) per share

Basic earnings per share are calculated by dividing net profit or loss attributable to the parent by the weighted average number of ordinary shares outstanding during the period, excluding the average number of treasury shares held during that same period. Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would have been issued if all the potential ordinary shares were to be converted

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

into ordinary shares of the Parent company. Therefore, conversion is deemed to take place at the start of the period or when the potential ordinary shares are issued, when they have become outstanding during the period in question.

For these purposes, it should be taken into account that the diluted earnings per share considers the potential shares that the Parent Company should issue according to the exchange price of the convertible bond (see Note 18), that is, 13,753,191 shares, given that said The bond has become effectively convertible on June 25, 2019.

Accordingly:

	First half 2020	First half 2019
Net income for the period (thousand euro)	42,372	61,941
Average ordinary shares number available (*)	174,421	174,421
Weighted average diluted shares number (**)	188,174	188,174
Basic earnings per share (euros)	0.24	0.36
Diluted earnings per share (euros)	0.25	0.33

(*) Number of issued shares deducted shares in treasury stock

(**) Average number of ordinary shares available and potential shares associated with financial instruments convertible into shares

No new shares have been created in the six-month period ended June 30, 2020. During the six-month period ended June 30, 2019, and as a consequence of the capital increase released through this Script Dividend 701,153 new shares of the Parent Company were created and admitted to trading on June 12, 2019.

According to what is established in IAS 33, if there had been capital increases in the six-month period ended June 30, 2020, it would have involved an adjustment of earnings per share corresponding to the first half of 2019 included in the interim financial statements consolidated summaries of said period, as happened during the first half of 2019 as a consequence of the aforementioned capital increase.

Finally, the calculation of the consolidated profit per diluted share, considers the consolidated profit for the year attributable to the Parent Company, excluding the expense accrued by the financial instruments convertible into shares, net of their tax effect.

8. Business combination

No business combinations are recognized for the six-month period ended June 30, 2020.

9. Goodwill

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six-month period ended June 30, 2020 were as follows:

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

	Thousand euro			
	Balance at 31 December 2019	Exchange rate differences	Impairment	Balance at 30 June 2020
Almirall, S.A.	35,407	-	-	35,407
Almirall Hermal, GmbH	227,743	-	-	227,743
Poli Group	52,816	-	-	52,816
Total	315,966	-	-	315,966

The goodwill of Almirall, S.A., the net value of which amounts to 35.4 million euros, arose in 1997 as a result of the difference between the carrying amount of the shares of Prodesfarma, S.A. and the underlying carrying amount of this company at the time of its merger into the parent company, after having allocated any unrealized gains arising from property, plant and equipment and financial assets.

The goodwill on Almirall Hermal, GmbH arose in 2007 as a result of the difference between the acquisition cost of the shares of the Hermal Group companies and the underlying carrying amount thereof at the acquisition date, having allocated any difference between their fair value and their carrying amount in the financial statements for the companies acquired to the identifiable assets and liabilities. This goodwill has been allocated to the cash-generating unit formed by Almirall Hermal, GmbH as a whole in accordance with the segmentation and follow-up financial reporting policies of Almirall Group management.

The goodwill on Poli Group, arose in February 2016 as a result of the difference between the acquisition cost of the shares of the Poli Group companies and the underlying carrying amount thereof at the acquisition date, having allocated any difference between their fair value and their carrying amount in the financial statements for the companies acquired to the identifiable assets and liabilities.

There have been no changes in the composition of the goodwill with respect to that described in the consolidated annual accounts for the year ended on December 31, 2019.

Impairment losses

No impairment losses have been recorded in the six-month period ended June 30, 2020.

As of June 30, 2020, there have been no significant changes in the key assumptions on which the Management has based its determination of the recoverable amount of the cash generating units, nor has there been any indication of impairment or change in the analysis of sensitivity as described in Note 5-d of notes to the consolidated accounts for the year ended December 31, 2019.

As there were no impairment indicators in December 31, 2019 for any of the Cash Generating Units that have goodwill assigned, Management has not updated the impairment calculations for the purposes of the six month period ended June 30, 2020. In accordance with what is mentioned in Note 28, the potential impact of COVID-19 on the cash-generating units associated with said commercial funds has also been considered, and no significant impact has been identified.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

10. Intangible assets

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six-month period ended June 30, 2020 were as follows:

	Patents and trademarks	Development expenditure	Computer software	Prepayments and assets under construction	Total
Cost					
At 31 December 2019	1,900,289	84,316	94,859	144,906	2,224,370
Additions	685	-	247	13,390	14,322
Disposals	(125)	-	(100)	-	(225)
Transfers	30	(1,255)	2,583	-	1,358
Exchange differences	2,485	378	-	162	3,025
Business combinations	-	-	-	-	-
At 30 June 2020	1,903,364	83,439	97,589	158,458	2,242,850
Accumulated amortization					
At 31 December 2019	(740,678)	(843)	(82,118)	-	(823,639)
Allocation to amortization	(47,362)	(314)	(2,642)	-	(50,318)
Disposals	125	-	96	-	221
Transfers	-	-	-	-	-
Exchange differences	90	(190)	345	-	245
Business combinations	-	-	-	-	-
At 30 June 2020	(787,825)	(1,347)	(84,319)	-	(873,491)
Impairment losses					
At 31 December 2019	(203,828)	(52,816)	(5,072)	-	(261,716)
Impairment losses	(16,794)	-	-	-	(16,794)
Disposals	-	-	-	-	-
Exchange differences	(160)	-	-	-	(160)
Business combinations	-	-	-	-	-
At 30 June 2020	(220,782)	(52,816)	(5,072)	-	(278,670)
Carrying amount					
Cost	1,903,364	83,439	97,589	158,458	2,242,850
Accumulated amortization	(787,825)	(1,347)	(84,319)	-	(873,491)
Impairment losses	(220,782)	(52,816)	(5,072)	-	(278,670)
At 30 June 2020	894,757	29,276	8,198	158,458	1,090,689

Most of the intangible assets described in the above table have a defined useful life and have been acquired from third parties or as part of a business combination. There are no assets subject to debt guarantees.

During the first six months of the year 2020, the main additions to intangible assets amounted to 13.1 million euros and correspond mainly to:

- On February 12, 2019, the Group announced an option and license agreement with Dermira by which it acquires the option to exclusively license the rights to develop and market Lebrikizumab for the treatment of atopic dermatitis and other indications in Europe. As a consequence of this agreement, during the first semester of 2020, the Group has paid 15 million dollars (about 13 million euros) due to the fulfillment of two milestones related to phase III clinical studies.

Regarding the option agreement to acquire a pharmaceutical component under development from Bioniz Therapeutics, Inc. signed at the end of 2019, an initial payment of 15 million dollars (about 13 million euros) was made to Bioniz in exchange for the option to acquire all of the company's shares. This agreement established that after the availability of the results of the phase 1/2 study in LCCT, certain clinical data on biomarkers and the report of the End of Phase II meeting with the FDA, Almirall

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

would have 60 days to exercise his option. According to the current development plan, said conditions would become effective during the first half of 2021.

The conversion differences of the period are mainly related to the evolution of the US dollar exchange rate, mainly linked to the portfolio of 5 products specialized in the treatment of acne, psoriasis and dermatoses acquired from Allergan Sales, LLC and Allergan Pharmaceuticals International Limited ("Allergan"), on September 21, 2018 in the amount of 471.2 million euros (equivalent to 548 million dollars).

The aggregate amount of research and development expenses that have been recognized in the profit and loss interim condensed consolidated statement for the six-month period ended June 30, 2020 and 2019 totals 40.8 million euros and 43.9 million euros, respectively. Those amounts include the amortization of assets associated with development activities, the expenses accruing for the group's personnel and expenditures made by third parties.

Impairment losses

During the six month period ended June 30, 2020 there have been no significant changes in the estimates made at the end of December 31, 2019, except for what is described in the following paragraph.

As of June 30, 2020, the impairment tests of those assets that presented any impairment indicator have been updated as of December 31, 2019. Additionally, the Management has evaluated the impacts of the COVID-19 on the financial projections of the various generating units of cash, with no impact detected with the exception of the portfolio acquired in the business combination of Aqua Pharmaceuticals, LLC in 2013 (now Almirall LLC), whose net book value at December 31, 2019 amounted to 74.6 million euros. As a consequence of the new estimate made at June 30, 2020, an impairment loss has been recorded in the consolidated condensed interim income statement amounting to 16.8 million euros. Once the amortization of the six-month period ended on June 30, 2020 and the impairment have been deducted, the net book value of said asset amounts to 61.2 million as of June 30, 2020.

Find below a sensitivity analysis performed for those cash generating units with indications of possible deterioration that includes variations that are reasonably possible from the main key hypotheses:

Cash generating unit or intangible asset	Sensitivity analysis	Impact on value (million euros)
Portfolio acquired in the business combination of Aqua Pharmaceuticals LLC in 2013 (actually Almirall LLC)	- Increase / Decrease estimated volume of sales by 10% (*)	+2 / (2)
	- Increase / Decrease by 5 points in the growth rate	(4) / +7
	- Increase / Decrease by 0.5 point in the discount rate	(2) / +2

(*) Sales volume and costs directly linked to such volume

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

11. Rights of use

The composition and movement under this heading of the consolidated condensed interim balance during the six-month period ended on June 30, 2020 have been as follows:

	Buildings	Machinery	Vehicles	Total
Cost				
At 1 January 2019	16,470	299	8,896	25,665
Additions	-	-	944	944
Disposals	(755)	-	(770)	(1,525)
Exchange differences	1	-	1	2
At 31 December 2019	15,716	299	9,071	25,086
Accumulated depreciation				
At 1 January 2019	(4,305)	(100)	(2,989)	(7,394)
Additions	(2,169)	(54)	(1,913)	(4,136)
Disposals	755	-	770	1,525
Exchange differences	4	-	6	10
At 31 December 2019	(5,715)	(154)	(4,126)	(9,995)
Net carrying amount				
At 1 January 2019	15,716	299	9,071	25,086
Cost	(5,715)	(154)	(4,126)	(9,995)
Accumulated depreciation	10,001	145	4,945	15,091
At 31 December 2019	16,470	299	8,896	25,665

As explained in Note 2-b) of the report on the consolidated annual accounts for the year ended December 31, 2019, this heading arose as a result of the first application of IFRS 16 and includes the assets corresponding to the lease contracts that mainly obey leases of offices and transport elements.

The additions for the year correspond mainly to the renewal of vehicle contracts for the Group's commercial networks. The payments made in the six-month period ended on June 30, 2020 for leases amounted to 4,300 thousand euros.

The detail of the lease liabilities as of June 30, 2020 is as follows, along with their future maturities:

	Amount at June 30, 2020	Amount at 31 December 2019
Lease liabilities		
Current	6,466	7,327
Non-current	8,978	11,280
Total	15,444	18,607

	Thousand Euros				
	Current	Non-current			Total
		2021/2022	2022/2023	Rest	
Leases liabilities	6,466	5,634	3,049	295	8,978

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

12. Property, plant and equipment

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended June 30, 2020 were as follows:

	Land and buildings	Plant and machinery	Other fixtures, tools and furniture	Other property, plant and equipment	Prepayments and assets under construction	Total
Cost						
At 31 December 2019	95,513	95,607	257,859	23,134	13,892	486,005
Additions	19	321	1,492	95	6,173	8,100
Disposals	-	(2,989)	(3,208)	(16)	(1,110)	(7,323)
Transfers	-	756	3,194	57	(6,620)	(2,613)
Exchange differences	(54)	(2)	(16)	3	-	(69)
At 30 June 2020	95,478	93,693	259,321	23,273	12,335	484,100
Accumulated depreciation						
At 31 December 2019	(46,721)	(62,555)	(237,962)	(21,219)	-	(368,457)
Depreciation charge	(1,113)	(1,875)	(4,039)	(441)	-	(7,468)
Disposals	-	2,989	3,208	1,129	-	7,326
Exchange differences	46	2	(125)	(3)	-	(80)
At 30 June 2020	(47,788)	(61,439)	(238,918)	(20,534)	-	(368,679)
Impairment losses						
At 31 December 2019	-	(3)	(110)	(15)	-	(128)
At 30 June 2020	-	(3)	(110)	(15)	-	(128)
Carrying amount						
Cost	95,478	93,693	259,321	23,273	12,335	484,100
Accumulated depreciation	(47,788)	(61,439)	(238,918)	(20,534)	-	(368,679)
Impairment losses	-	(3)	(110)	(15)	-	(128)
At 30 June 2020	47,690	32,251	20,293	2,724	12,335	115,293

The additions to the six-month period ended June 30, 2020 are basically related to improvements in the production centres of the Group's chemical and pharmaceutical plants, as well as improvements in the Group's headquarters.

13. Financial assets

As detailed in Note 5-i) of the consolidated annual accounts report for the year ended December 31, 2019, the Group classifies its financial assets in the following valuation categories:

- those that are valued after fair value (either with changes in other comprehensive income or results), and
- those that are valued at amortized cost.

In this sense, this classification is distributed as follows:

- Financial assets measured at fair value through profit or loss: these assets do not meet the criteria to be classified at amortized cost in accordance with IFRS 9 because their cash flows do not only represent principal and interest payments. As a result, this heading includes the balances receivable derived from the recognition of the sale of business to Astrazeneca described in Note 7 of the consolidated annual accounts for year ended on December 31, 2019, as well as those derivative financial instruments that do not meet the necessary requirements to be considered hedges.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

- Financial assets measured at fair value through changes in other comprehensive income: equity instruments are considered included in this heading. As of June 30, 2020, the Group has not registered any assets in this category.

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

Non-current

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended June 30, 2020 were as follows:

	Thousand euro		
	Deposits and guarantees	Non-current loans and other financial assets	Total
Balance at 31 December 2019	964	102,220	103,184
Additions or allocations	242	8	250
Disposals	(74)	(195)	(269)
Changes in fair value (Note 22)	-	5,954	5,954
Transfers	-	(10,184)	(10,184)
Valuations adjustments	-	(3,519)	(3,519)
Business combination	(3)	76	73
Balance at 30 June 2020	1,129	94,360	95,489

The heading "Financial assets- Non-current loans and other financial assets" includes, mainly an amount of 94,164 thousand euros (98,394 thousand euros as of December 31, 2019), corresponding to the fair value of futures long-term payments to be received by AstraZeneca in accordance with what is described in Note 7 of the report on the consolidated annual accounts for the year ended December 31, 2019. The movement of the first six-months of year 2020, mainly it is due to the recognition of changes in the fair value of the asset, assuming an increase of 5,954 thousand euros in said asset and to the decrease derived from the short-term transfer, based on the expectations of the collection time horizon of certain milestones to be collected at June 30, 2020, whose fair value amounts to 10,184 thousand euros (Note 15).

On March 31, 2020, the Group received 30 million dollars (27.5 million euros at the time of collection) corresponding to the second tranche of the 65 million dollars milestone accrued on April 5, 2019, the first tranche of which was collected in April 2019 (35 million dollars, 31.2 million euros at the time of collection).

The update to fair value of said financial asset at June 30, 2020 has been carried out using the same method used by the independent expert in the initial valuation, with an amount of € 22.0 million being recorded in the short term and in the long term 94.2 million euros (53.8 and 98.4 million euros, respectively, as of December 31, 2019). The variation in the value of this financial asset during the six-month period ended June 30, 2020 is due, on the one hand, to the fluctuation of the exchange rate of the Euro / United States dollar for the amount of 0.9 million euros, the financial update which has meant an income of 5.0 million euros and, lastly, a reduction in assets for the collection of milestones and royalties for a total of 42 million euros (which are due to the collection of the aforementioned milestone (27, 5 million euros) with the remaining amount collected as royalties). As a consequence, the total amount of 5.9 million euros of fair value change is recorded under the heading "Other

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

income" in the condensed consolidated profit and loss account for the six-month period ended June 30, 2020 (Note 22).

Additionally, as of December 31, 2019, the remaining amount (3.6 million euros) of the loans granted to the buyer of Thermigen LLC, Celling Aesthetics LLC (and other related companies), as mentioned in the note, was included in this heading. 3-b) of the memory of the consolidated annual accounts for the year ended on December 31, 2019. During the first half of 2020, delays in the payment schedule have been reiterated, so the Group has finally executed guarantees against said creditor, having collected in June 2020 a total of 0.1 million euros. Consequently, the Group has recognized a loss under the heading of "Impairment losses on loans" (Note 22) for the remaining amount (3.5 million euros).

Current financial investments

An analysis of the balance under this heading in the interim condensed consolidated balance sheet is as follows:

	Thousand de Euros	
	30/06/2020	31/12/2019
Short term investments	7,811	18
Short term deposits	24	-
Short term guarantees	46	64
Total equivalent to cash	7,881	82
Derivative financial instruments (Note 16)	-	1,687
Total no equivalent to cash	-	1,687
Total current financial investments	7,881	1,769

When preparing the cash flow statement, and in accordance with the provisions of IAS 7, the Group considers cash equivalents to be all highly liquid current investments that can easily be converted into certain amounts of cash, and are subject to little risk of changes in value (see Note 5-i of the consolidated annual accounts year ended 31 December 2019). In this sense, when preparing the condensed consolidated cash flow statement for the period, the Group included all of the current financial investments as cash equivalents given that current bank deposits may be immediately obtained at the Group's discretion without any penalty whatsoever, which at June 30, 2020 amounts to 7,881 thousand euros (82 thousand euros at December 31, 2019).

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

Details of the current and non-current held-for-trading are as follows:

	Thousand euro	
	30/06/2020	31/12/2019
Loans and other receivables	1,325	4,790
Financial assets at fair value through profit or loss (Financial Assets with AZ)*	94,164	98,394
Financial assets at fair value through profit or loss	-	1,687
Held-to-maturity financial assets	7,881	82
Total	103,370	104,953

(*) Includes only the non-current part of the fair value of the future payments receivable from AstraZeneca at June 30, 2020 and December 31, 2019. As of June 30, 2020, there are 22 million euros in the short term (53.8 million euros as of December 31, 2019), classified under the heading of "Other debtors" (Note 15).

In accordance with the hierarchy levels established by IFRS 13 and indicated in Note 31 to the consolidated annual accounts for the year ended December 31, 2019, the financial assets for which fair value is estimated our Level 1 (interests in the share capital of other listed companies), Level 2 (financial derivative instruments) and Level 3 (financial assets at fair value profit or loss).

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

14. Inventories

The breakdown of this heading in the interim condensed consolidated balance sheet of "Inventories" at June 30, 2020 and December 31, 2019 is as follows:

	Thousand Euro	
	30/06/2020	31/12/2019
Raw materials and packaging	41,184	35,656
Work in progress	15,326	15,297
Goods held for resale and finished products	83,349	70,030
Advances to suppliers	87	422
Impairment	(16,101)	(14,987)
Total	123,845	106,418

No inventories are pledged as guarantees. There are no significant commitments to purchase inventories at June 30, 2020 and December 31, 2019.

15. Trade and other receivables

The breakdown of this heading in the interim condensed consolidated balance sheet at June 30, 2020 and December 31, 2019 is as follows:

	Thousand Euro	
	30/06/2020	31/12/2019
Trade receivables for sales and services	116,415	156,280
Other receivables	24,125	56,703
Provision for Impairment losses	(9,687)	(9,868)
Total receivables	130,853	203,115

At June 30, 2020 "Other Receivables" mainly included 22.0 million euros (53.8 million euros at December 31, 2019) corresponding to the fair value of current receivables from AstraZeneca as described in Note 13. The decrease with respect to December 31, 2019 is mainly due to the milestone amounting to 30 million collected on March 31, 2020, see Note 13.

At June 30, 2020 and December 31, 2019 the overdue balances written down amount 9,687 thousand euros and 9,868 thousand euros, respectively. Additionally, as a result of the application of the "expected loss" model (simplified approach) in accordance with IFRS 9 (Note 5-i of the report on the consolidated annual accounts for the year ended December 31, 2019), the Group has recognized a provision for impairment losses on the balances of financial assets (Trade receivables) of 1,530 thousand euros as of June 30, 2020 (the same amount as at December 31, 2019).

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

At June 30, 2020 the percentage of receivables from public authorities related to the hospital business as a percentage of the total trade receivable balance for sales and services stands at 2.9% (2.0% at December 31, 2019).

None of the trade receivable balances have been pledged as security.

The receivables are stated at nominal value and there are no significant differences compared with their fair value.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

16. Equity

Share capital

At June 30, 2020 the parent company's share capital consists of 174,554,820 shares with a nominal value of 0.12 euros each, fully subscribed and paid up (174,554,820 shares a nominal value as at December 31, 2019).

The shareholders with significant direct or indirect ownership interests in the share capital of Almirall, S.A. of over 3% of the share capital which are known to the Parent company, in accordance with the information contained in the official records of the Spanish National Securities Market Commission (CNMV) at June 30, 2020 and December 31, 2019, are as follows:

<i>Name of direct holder of the ownership interest</i>	% interest 30/06/2020	% interest 31/12/2019
Grupo Plafin, S.A.	40.9%	40.9%
Grupo Corporativo Landon, S.L.	18.8%	18.8%
Total	59.7%	59.7%

At June 30, 2020 and December 31, 2019, the Parent Company is unaware of other ownership interests over 3% in the parent's share capital or any voting rights held at the Parent Company under 3% that permit significant influence to be exercised.

Legal reserve

The legal reserve can be used to increase capital in the part of its balance that exceeds 10% of the capital already increased. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

4,189 thousand euros disclosed under this heading at June 30, 2020 relates to the balance of the legal reserve of the Parent company (4,172 thousand euros at December 31, 2019).

Share premium

The Spanish Companies Act expressly allows the use of the share premium account to increase share capital and there are no specific restrictions with respect to the availability of this balance. During 2007 and as a result of several operations within the framework of the listing of all of the parent's shares on Spanish stock markets, there was an increase in the share premium account amounting to 105,800 thousand euros.

The balance of this reserve at June 30, 2020 was 241,011 thousand euros (241,011 thousand euros at December 31, 2019).

Other reserves

The breakdown of this heading is as follows:

	Thousand euro	
	30/06/2020	31/12/2019
Canary Islands investment reserves	3,485	3,485
Redeemed capital reserve	30,539	30,539
Merger reserve	4,588	4,588
Other reserves	982,210	876,317
Treasury shares	(2,045)	(1,773)
Total other reserves	1,018,777	913,156

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

The "Other reserves" caption includes the "Revaluation reserve" of the Parent Company as of June 30, 2020 and December 31, 2019, amounting to 2,539 thousand euros and is available.

Canary Islands investment reserves

Pursuant to Law 19/1994, the Parent began to avail itself of the tax incentives established therein, appropriating a portion of the profit earned by the establishment in the Canary Islands to the Canary Islands investment reserve which is restricted to the extent that the resulting assets must remain at the company.

At June 30, 2020 and December 31, 2019 the balance of this reserve included in "Other Reserves" is 3,485 thousand euros.

Redeemed capital reserve

Under the Spanish Companies Law, this reserve may be used based on the conditions required for reductions of share capital.

The balance of this reserve at June 30, 2020 and December 31, 2019 amounted to 30,539 thousand euros.

Liquidity and treasury stock contract

The Parent Company has a liquidity contract effective as of March 4, 2019, with a financial intermediary, with the objective of promoting liquidity and regularity in the price of the Company's shares, within the limits established by the Annual General Meeting and by the Circular 1/2017, of April 26 as per the National Securities Market Commission, on liquidity contracts. Said agreement assumes that the Parent Company has a treasury stock on June 30, 2020, which represents 0.08% of the share capital (0.07% at December 31, 2019) and an aggregate nominal value of 16.1 thousand euros and that have been registered in accordance with the IFRS-EU. The average purchase price of these shares was 12.07 euros per share. The shares of the Parent Company in its possession are for trading in the market.

Valuation adjustments and others

The amount of this caption – 43,552 thousand euros at June 30, 2020 and - 43,531 thousand euros at December 31, 2019, mainly relates to:

- Net accumulated actuarial losses for recalculations of the valuations of retirement benefit obligations due to variations in the calculation hypotheses: - 30,776 thousand euros at June 30, 2020 and at December 31, 2019.
- Financial assets valued at fair value with changes in other comprehensive income: as explained in Note 12 of the consolidated annual accounts for the year ended December 31, 2019, according to the application of IFRS 9, the Group recorded the impairment losses on the Suneva Medical Inc and Dermelle LLC investees under this heading. The balance as of 30 June 2020 and 31 December 2019 amounts to - 10,092 thousand euros.

Exchange differences

This heading in the accompanying interim condensed consolidated balance sheet includes the net amount of the exchange differences arising in the conversion to the Group's presentation currency of the assets and liabilities of the companies that operate in a functional currency other than the euro.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

The breakdown of the balance of this caption at June 30, 2020 and December 31, 2019 is as follows:

	Thousand euro	
	30/06/2020	31/12/2019
Almirall Limited (UK)	(1,523)	(737)
Almirall, A.G.	290	225
Almirall SP, Z.O.O.	(150)	(79)
Almirall Aps	2	(5)
Almirall Inc / Almirall LLC (EEUU)	38,906	37,062
Polichem, S.A.	4,414	2,056
Total exchange differences	41,939	38,522

Movements in the six month period ended June 30, 2020 were as follows:

	Thousand euro
Balance at 31 December 2019	38,522
Exchange differences variation	3,417
Balance at 30 June 2020	41,939

17. Deferred income

Movements recorded under this interim condensed consolidated balance sheet heading during the six month period ended June 30, 2020 are as follows:

	Thousand euro
Balance at 31 December 2019	69,652
Allocated to profit and loss (Note 22)	(41,829)
Balance at 30 June 2020	27,823

During the first six-months period ended June 30, 2020, the Group has not signed any agreement which give rise any deferred income in addition to the deferred income described in Note 7 of the consolidated annual accounts for the year ended December 31, 2019.

The main component of the balances at June 30, 2020 and December 31, 2019 set out above consist of amounts of the initially non-reimbursable collections described in Note 7-a to the consolidated annual accounts for 2019. The initial collections for the AstraZeneca rights transfer agreements yet to be taken to the income statement at June 30, 2020 are valued at 27.8 million euros (69.7 million euros at December 31, 2019). Deferred income is taken to the income statement on a straight-line basis over the estimated development phase.

In this sense, during the first quarter of 2020 the Group decided to end its involvement in the development of one of the programs, for which the heading of "Net sales" was charged with 31,407 thousand euros corresponding to amount pending deferral as of December 31, 2019.

In relation to the other programs under development, whose amount pending deferral at December 31, 2019 amounted to 38,245 thousand euros, it is still imputed straight-line basis until its estimated completion in 2021. As of June 30, 2020, they have been impacted in the heading of "Net sales" 10,422 thousand euros corresponding to the allocation of deferred income according to the established development plan (10,422 thousand euros in the same period of 2019).

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

18. Financial liabilities

As detailed in Note 5-i) of the consolidated annual accounts report for the year ended December 31, 2019, the Group classifies its financial liabilities into the following valuation categories:

- those that are valued after fair value (either with changes in other comprehensive income or results), and
- those that are valued at amortized cost.

In this sense, this classification is distributed as follows:

- Financial liabilities measured at fair value through profit or loss: included in this heading are liabilities related to bonds and other marketable securities issued that the Group may purchase in the short term based on changes in value, portfolio of financial instruments jointly identified and managed for which there is evidence of recent actions to obtain short-term gains, or derivative financial instruments, provided that it is not a financial guarantee contract or has been designated as hedging instruments. As of June 30, 2020 and December 31, 2019, the Group has the following financial instruments: forward exchange rate hedging, equity swap on shares of Almirall, S.A. and the issuance of a Convertible Bond of which we attach detail below.
- Financial liabilities valued at amortized cost: this heading mainly includes bank debts and revolving lines of credit. On the date of initial application, the group's business model is to maintain these loans to pay contractual cash flows that represent only principal and interest payments on the principal amount.

The detail of the bank borrowings and other financial liabilities at June 30, 2020 and December 31, 2019 is as follows:

	Limit	Amount drawn down (*)	Current	Non-current			
				2021/2022	2022/2023	Subsequent years	Total
Credit lines	270,109	-	-	-	-	-	-
Loans with credit institutions	230,000	229,239	-	10,000	10,000	209,239	229,239
Obligations	250,000	234,446	-	234,446	-	-	234,446
Liabilities for derivative financial instruments	N/A	11,066	5,620	5,446	-	-	5,446
Accrued interest payable	N/A	436	436	-	-	-	-
Total at June 30, 2020	750,109	475,187	6,056	249,892	10,000	209,239	469,131

(*) Amount drawn down netted of the issuance costs

	Limit	Amount drawn down (*)	Current	Non-current			
				2020	2021	Subsequent years	Total
Credit lines	269,583	15,133	-	15,133	-	-	15,133
Loans with credit institutions	230,000	229,133	-	5,000	10,000	214,133	229,133
Obligations	250,000	229,245	-	229,245	-	-	229,245
Liabilities for derivative financial instruments	N/A	19,082	-	19,082	-	-	19,082
Accrued interest payable	N/A	452	452	-	-	-	-
Total at December 31, 2019	749,583	493,045	452	268,460	10,000	214,133	492,593

(*) Amount drawn down netted of the issuance costs

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

Bank debts

During 2017, the Parent Company obtained a revolving line of credit for a maximum of 250 million euros, for a term of 4 years (due date February 24, 2021) and accruing an average interest rate of less than 1%. At June 30, 2020 and December 31, 2019 no balance have been drawn. On July 17, 2020 a new credit revolving policy has been signed, see Note 29.

On December 4, 2018, the Parent Company formalized an unsecured syndicated loan of the type "Club Bank Deal" led by BBVA for an amount of 150 million euros (with a single maturity on December 14, 2023) and which accrues an interest of 2.1% annual payable semi-annually. Within the contract of this line of credit, the Company is obliged to comply with a series of covenants, among which the fulfillment of a certain "Net Financial Debt / EBITDA Ratio" stands out, which at 30 June 2020 is considered fulfilled.

On March 27, 2019, the Parent Company formalized a loan with the European Investment Bank (EIB) for an amount of up to 120 million euros, to finance its research and development efforts, with the aim of offering cutting-edge innovation and therapies, differentiated in the area of medical dermatology. The first tranche of 80 million euros was granted on April 17, 2019, with a fixed interest of 1.35% and 32 equal capital amortizations between April 17, 2021 and April 17, 2029, this being the last expiration date. As of June 30, 2020 there have been no additional provisions. Within the contract of this loan, the Parent Company is obliged to comply with a series of covenants, among which the fulfillment of a certain "Consolidated Net Financial Debt / Consolidated EBITDA Ratio" and another certain "Financial Leverage Ratio of subsidiary companies / consolidated EBITDA ". Both covenants are considered fulfilled as of June 30, 2020.

Convertible bond

On December 4, 2018 a simple unsecured senior-level bond issue with final maturity on December 14, 2021 was also formalized for an aggregate nominal amount of 250 million euros, eventually convertible into or exchangeable for ordinary shares of the parent company to be approved by the General Shareholders' Meeting before June 30, 2019. The Bonds bear a fixed annual interest of 0.25% payable semiannually. Once the convertibility conditions have been met, the Bonds have become convertible bonds at the option of the Noteholders at a conversion price set at 18,1776 Euros per share, after applying a conversion premium of 27.5% on the weighted average price of the ordinary shares of the Parent during the period between the opening and closing of the market on the day of the prospectus. This conversion price is subject to customary adjustment formulas in accordance with the terms and conditions of the Bonds. The Parent Company will deliver newly issued or existing shares (decision that will correspond to the Parent Company) each time the bondholders exercise their conversion rights. In the event that the Board Agreements have been proposed but not approved by the General Meeting before June 30, 2019 or the Board Agreements have been proposed and approved by the General Meeting before June 30, 2019 but the rest of the Convertibility Conditions were not fulfilled within the terms indicated in the terms and conditions, subject to prior notification to the bondholders, the company could have decided to amortize in full, but not in part, the Bonds, for the greater value between (i) 102% of the nominal value of the Bonds, plus accrued interest, or (ii) 102% of the listed price of the Bonds, plus interest accrued. Additionally, in the event that the bondholders are not notified of the modification of the Bonds within the terms provided in the terms and conditions and provided that the Parent Company had not notified the early amortization of the Bonds in accordance with the preceding paragraph, each bondholder could, subject to prior notice, request the amortization of its Bonds for the greater value between (i) 102% of the nominal value of the Bonds plus accrued interest, or (ii) 102% of the listed price of the Bonds, plus interest accrued. Likewise, at any time, each bondholder may, subject to prior notification for a specific period of time, request the amortization of his Bonds, at their nominal value plus accrued interest, in the event of a change of control in the Issuer or to reduce its floating capital below certain limits and, if any of these events occurred prior to the Modification Date, for the greater value between the nominal value of the Bonds plus the interest accrued, or the price of the Bonds. , plus interest accrued.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

For this bond issue, in accordance with IFRS 9, the fair value of the derivative financial instruments embedded in the host instrument (the financial liability for the bond) was first determined. The value of the initial recognition of the host instrument was determined on a residual basis after deducting from the total amount of the instrument, the fair value assigned to the derivative financial instruments.

Within the derivative financial instrument, the following options with a significant value that required the separation of the host contract were identified (among others whose value was estimated close to zero both at the beginning and at the closing date of the period):

- Conversion option: once the Transformation Option was exercised by the Shareholders' Meeting (fact actually announced before the CNMV on June 17, 2019), the bonds are convertible into Almirall shares at the option of the holders of the Bonds (this is a purchase option purchased by the holders of the bonds and sold by Almirall) at a conversion price of 18.1776 euros per share (this price is subject to anti-dilution adjustments). If the exchange for all the bonds takes place, a total of 13,753,191 shares will be delivered. The swap could take place in newly issued shares or in existing shares at the discretion of Almirall. Because, within the scenarios of adjustment of the price of conversion into shares, there are mechanisms whose nature implies that presentation as equity is not adequate, this option represents a derivative financial instrument separable from the host contract (financial liability) for the Group.
- Cancellation option: the Parent Company may, after the "Modification Date", amortize in advance, in full, but not in part, the bonds at their nominal value plus interest accrued and not paid if:
 - a) At any time, 15% or less of the aggregate face value of the bonds issued remains outstanding.
 - b) As of the day on which 2 years and 21 days have elapsed since the Issue Date (that is, as of January 4, 2021, inclusive), the aggregate market value of the underlying shares for each bond, during a certain period of time exceeds 125 thousand euros (that is, taking into account that each bond corresponds to 5,501 shares to an exchange of 18,776 euros per share, if the share price of Almirall S.A. exceeds 22,722 euros per share).

With respect to this option purchased by Almirall, given that the nominal value of the bonds (plus their respective accrued interest) would not be "approximately equal" to the amortized cost plus the value of the derivative financial instrument mentioned above, this cancellation option anticipated would not be closely related to the host contract and would be separable from it.

At the time of initial recognition (December 14, 2018), these options were valued at 23.4 million euros, classified under the heading of "Liabilities for derivative financial instruments" of this same Note and remaining 226.6 million euros. remaining euros as a component of the host bonus. As of June 30, 2020, the fair value of these options amounts to 5.4 million euros (19.1 million euros at December 31, 2019).

The change in the fair value of these options is recorded in the income statement between the moment of initial recognition and the valuation made at the time of closing, until they are extinguished. For the six-month period ended June 30, 2020, the impact on the Group's Interim condensed consolidated income statement amounted to 13.6 million euros of gains (9.3 million euros of losses for the six-month period ended June 30, 2019), see Note 22. The Group has accounted for both options at their net value, as permitted by IFRS 9.

The valuation of both options has been carried out by an independent expert, using standard valuation methodologies of derivative financial instruments and in accordance with the provisions of IFRS 13 and IFRS 9.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

The component of the host bond, on the other hand, once discounted the issuance expenses (which amounted to 2.9 million euros), is recorded at amortized cost using the effective interest method.

Financial derivatives

On May 10, 2018, the Ordinary General Shareholders' Meeting approved the execution of a swap transaction of interest and shares ("Equity swap"). This operation is made effective through a contract dated May 11, 2018 with Banco Santander, S.A., by which Almirall S.A. must pay a variable interest to the bank as a compensation and Banco Santander, S.A. commits, as acquirer of underlying common shares of Almirall S.A. (with a maximum nominal limit of 2.99% of the share capital (5,102,058 shares) or EUR 50 million, and with a term of 24 months and other additional 4 months), to deliver the dividend received for its investment in Almirall S.A. and sell the shares of Almirall, S.A. to the company itself at expiration date.

As a result, under "Assets for derivative financial instruments" (in the case of a latent capital gain) or "Liabilities for derivative financial instruments" (in the case of a latent capital loss), the fair value of the derivative corresponding to the difference between the fair value of the underlying asset (2,510,952 shares equivalent to 35.1 million euros, corresponding to 1.4% of the share capital of the Parent Company) and the acquisition cost thereof for Banco Santander, which as of June 30, 2020 it amounts to a capital loss of 5.6 million euros although at December 31, 2019 it amounted to 1.7 million euros of unrealized loss (Note 13). It is considered that the value of the derivative of the option that would suppose the acquisition of the total of the maximum shares (50 million euros) would not be significant at the closing date. Said derivative, when it does not comply with the accounting coverage requirements, is recorded with changes in value in the profit and loss account. For the six-month period ended June 30, 2020, the impact on the Group's Interim condensed consolidated income statement has amounted to a loss of 7.3 million euros (9.3 million euros loss for the six-month period ended on June 30, see Note 22).

Additionally, under certain conditions in which the fair value is lower than 85% of the cost value, the Group must partially settle this debt with the bank (thereby reducing the fair value of the derivative). For this reason, the Group has chosen to classify this asset/liability as current. During July 2020, said instrument was settled for an amount of 5.7 million euros.

During the first six-months of the period ended June 30, 2019, the Group contracted a forward that was settled on June 28, 2019 for 5.9 million euros. The impact generated in the profit and loss account by the interest rate differentials between the euro and the US dollar is detailed in Note 21. As of June 30, 2020 and December 31, 2019, there were no forward contracted.

At the date of preparation of these consolidated summary financial statements, the Directors of the Parent Company consider that there has been no breach of the aforementioned obligations (including the series of covenants mentioned above).

Accrued and unpaid interest as of June 30, 2020 amounted to 436 thousand euros (452 thousand euros as of December 31, 2019).

Cash flow from financing activities

In application of the amendment to IAS 7, the reconciliation of the cash flows arising from the financing activities with the corresponding liabilities in the statement of initial and final financial position is included below, separating the movements that assume Cash flows from those that do not.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

	Balance 01.01.2020	Effective flows	Interest paid	Accrued interest	Changes in fair value	Balance 30.06.2020
Credit lines	15,133	(15,133)	-	-	-	-
Loans with credit institutions	229,133	-	-	106	-	229,239
Obligations	229,245	-	-	5,201	-	234,446
	473,511	(15,133)	-	5,307	-	463,685
Liabilities for derivative instruments	19,082	-	-	-	(8,016)	11,066
Accrued interest payments	452	-	(3,199)	3,183	-	436
Total Financial liabilities	493,045	(15,133)	(3,199)	8,490	(8,016)	475,187

	Balance 01.01.2019	Effective flows	Interest paid	Accrued interest	Changes in fair value	Balance 30.06.2019
Credit lines	150,000	(100,000)	-	-	-	50,000
Loans with credit institutions	148,925	80,000	-	104	-	229,029
Obligations	223,745	-	-	480	-	224,225
	522,670	(20,000)	-	584	-	503,254
Liabilities for derivative instruments	25,611	(5,938)	-	-	12,997	32,670
Accrued interest payments	407	-	(2,753)	3,099	-	753
Total Financial liabilities	548,688	(25,938)	(2,753)	3,683	12,997	536,677

19. Trade payables and Other current liabilities

Trade payables

The detail at 30 June 2020 and 31 December 2019 is as follows:

	Thousand euro	
	30/06/2020	31/12/2019
Suppliers	81,602	87,730
Payables	90,810	134,748
Total accounts payable short term	172,412	222,478

Other current liabilities

The breakdown of this heading at 30 June 2020 and 31 December 2019 is as follows:

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

	Thousand euro				
	Current	Non-current			
		2020/2021	2021/2022	Subsequent years	Total
Research related loans	2,708	1,742	2,116	3,576	7,434
Payables on purchases of assets	2,302	-	-	-	-
Wages and salaries payable	25,493	3,099	2,109	3,902	9,110
Long term tax provisions	-	-	-	7,137	7,137
Other liabilities	57	-	-	1	1
Total at June 30, 2020	30,560	4,841	4,225	14,616	23,682

	Thousand euro				
	Current	Non-current			
		2021	2022	Subsequent years	Total
Research-related loans	3,655	2,243	2,048	2,544	6,835
Payables for purchases of fixed assets	40,391	-	-	-	-
Wages and salaries payable	26,654	5,243	5,229	4,485	14,957
Long term tax provisions	-	-	-	7,981	7,981
Other liabilities	667	-	-	1	1
Total at Diciembre 31, 2019	71,367	7,486	7,277	15,011	29,774

The research-related loans involve the interest-free loans granted by the Ministry of Science and Technology to promote research. They are presented in accordance with Note 5-i to the consolidated annual accounts for the year ended December 31, 2019. These loans are granted subject to the fulfilment of certain investments and levels of expenditure over the years that they are granted. They mature between 2020 and 2030.

The debts for purchases of fixed assets correspond, basically, to the pending disbursements on the acquisition of goods, products and marketing licenses made in the year and before. The balance as of December 31, 2019 included the part pending disbursement in the short term by the agreement reached with Astrazeneca for the amount of 35 million euros corresponding to the equivalent value in euros of the current value of future pending payments for the purchase of said license. This amount has been paid in March 2020.

The balance of Wages and salaries payable at June 30, 2020 and December 31, 2019 includes, mainly, the outstanding balances with the personnel corresponding to the accrued parts of the extra payments, as well as the bonuses for the Group.

As a result of the application of IFRIC 23 "Uncertainty regarding the treatment of income tax" (Note 2 of the consolidated annual accounts for the year ended December 31, 2019), as of June 30, 2020 and December 31, 2019 has been classified as "Long-term tax liabilities" 7,137 and 7,981 thousand euros, respectively.

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

20. Retirement benefit obligations

Retirement benefit obligations mainly relate to the subsidiaries Almirall Hermal GmbH, Almirall AG and Polichem, S.A. and correspond to unfunded plans (there are no assets related to said plans). There has been no significant qualitative change in the retirement benefit liabilities at 30 June 2020 compared to those existing at 31 December 2019.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

21. Provisions

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended 30 June 2020 were as follows:

	Thousand euro
Balance at 31 December 2019	32,806
Additions or allocations	-
Reversals	(2,729)
Balance at 30 June 2020	30,077

It corresponds mainly to the provision for long-term remuneration (see note 5-v of the report of the consolidated annual accounts for the annual year ended December 31, 2019) and to the estimate made by the Group of the disbursements that it should make in the future to face other liabilities derived from the nature of its activity. There have been no significant variations with respect to December 31, 2019.

22. Income and expense

Net Sales

The following table presents revenue for the six month periods ended June 30, 2020 and 2019, by commercial model:

	Thousand euro	
	Period 2020	Period 2019
Sales through own network	324,091	366,033
Sales through licensees	87,992	53,953
Corporate management and revenue not allocated to other segments	13,922	12,568
Net Sales	426,005	432,554

	Euro Thousand	
	Period 2020	Period 2019
Product sales income	372,019	411,584
Royalties income	6,938	4,137
Income from up-front payments (Note 15)	41,829	15,439
Income from other up-front payments	5,219	1,394
Net Sales	426,005	432,554

The following table presents revenue for the six month periods ended June 30, 2020 and 2019, by geographic area:

	Thousand euro	
	Period 2020	Period 2019
Spain	122,866	127,500
Europe and Middle East	213,160	171,142
America, Asia and Africa	76,057	106,857
Corporate management and revenue not allocated to other segments	13,922	27,055
Net Sales	426,005	432,554

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

Other income

The following table presents the composition of other income for the six month period ended June 30, 2020 and 2019:

	Thousand euro	
	Period 2020	Period 2019
Incomes coming from Astrazeneca agreement (Note 11)	5,954	36,969
Reinvoicing of services rendered to AstraZeneca	739	401
Other	320	1,363
Total Other income	7,013	38,733

Procurements

The following table presents the composition of procurements for the six month period ended June 30, 2020 and 2019:

	Thousand euro	
	Period 2020	Period 2019
Purchases	114,580	97,417
Stock variation for Finished Goods and Work in progress	(13,348)	(7,261)
Stock variation for Raw materials and Merchandises	(5,528)	(1,387)
Total Procurements	95,704	88,769

Personnel

The average number of Group employees, by professional category and gender was as follows at June 30, 2020 and 2019:

	Period 2020			Period 2019		
	Male	Female	Total	Male	Female	Total
Board member	1	-	1	1	-	1
Senior management	34	13	47	33	13	46
Middle management	147	110	257	147	115	262
Technical personnel	473	587	1,060	468	576	1,044
Administrative personnel	184	237	421	163	245	408
Other	-	1	1	-	1	1
Total	839	948	1,787	812	950	1,762

The average number of employees at 30 June 2020 with a 33% or higher disability is 9 people (10 people at December 31, 2019).

The employees structure at June 30, 2020 and December 31, 2019 is as follows:

	30 June 2020			31 December 2019		
	Male	Female	Total	Male	Female	Total
Board member	1	-	1	1	-	1
Senior management	34	13	47	32	13	45
Middle management	147	113	260	148	108	256
Technical personnel	466	581	1,047	472	587	1,059
Administrative personnel	185	232	417	169	236	405
Other	-	1	1	-	1	1
Total	833	940	1,773	822	945	1,767

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

Other operating expenses

The detail of Other Operating Expenses during the six month period ended June 30, 2020 and 2019 is as follows:

	Thousands of Euros	
	Period 2020	Period 2019
R&D activities	19,999	22,432
Rental fees and royalties	8,895	7,773
Repair and upkeep expenses	9,758	8,736
Independent professional services	13,450	15,847
Transport	4,825	4,564
Insurance premiums	1,164	982
Banking and similar services	247	298
Congresses and other promotional activities	31,221	41,017
Utilities	1,834	2,086
Other services	15,068	19,426
Other taxes	711	882
Total	107,172	124,043

Net gains (losses) on disposals of assets

The detail of the net gain (loss) on disposals of non-current assets during the six month period ended June 30, 2020 and 2019 is as follows:

	Thousand euro			
	Period 2020		Period 2019	
	Profit	Profit	Loss	Loss
Sale or write-off intangible assets	5	(4)	-	-
Sale or write-off property, plant and equipment	-	(3)	89	(23)
Sale of business units (Note 6-e)	-	-	586	-
	5	(7)	675	(23)
Net result from sale of assets	(2)		652	

Financial income and expenses

The detail of net financial income/(expense) and exchange differences during the six month period ended June 30, 2020 and 2019 is as follows:

	Thousand euro			
	Period 2020		Period 2019	
	Profit	Profit	Loss	Loss
Interest Income / (expense) from financial instruments	35	(8,801)	839	(4.842)
Valuation adjustment for financial assets (Note 13)	-	(3,519)	-	-
Change in fair value of financial instruments (Note 18)	13,636	(7,307)	7,213	(9.270)
Exchange differences gains / (losses)	-	(806)	-	(3.621)
	13,671	(20,433)	8,052	(17.733)
Financial result		(6,762)		(9,681)

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

Within the heading "Exchange differences" there are recorded 3.3 million euros linked to the hedge exchange forward of USD that has been in force in the first half of 2019 (and settled at the end of this, as explained in the Note 18).

The result recorded under the heading "Variation in the fair value of financial instruments" corresponds to the change in the fair value of the Equity swap (as explained in Note 18) with a loss of 7.3 million euros in the period 2020 (7.2 million euros profit in the 2019 period) and changes in the fair value of the derivatives associated with the convertible bond (as explained in Note 18) with a profit of 13.6 million euros in the period 2020 (9.3 million euros loss in the 2019 period).

23. Tax situation

Balances maintained with public entities

Amounts receivable from and payable to public entities at June 30, 2020 and December 31, 2019 are as follows:

	Thousand euro	
	30/06/2020	31/12/2019
VAT refundable	10,633	8,345
Corporate income tax refundable	42,138	31,546
Other receivables	64	(3)
Total receivables	52,835	39,888
VAT payable	2,704	3,493
Personal income tax withholdings payable	4,065	3,508
Social security payable	2,608	2,351
Corporate income tax payable	12,526	5,551
Total payables	21,903	14,903

Exercise subject to tax inspection

The Parent Company and the member companies of the Spanish tax group have open for inspection the years 2014 to 2019 in relation to Corporation Tax and the years 2016 to 2019 in relation to the other taxes that are applicable. In this sense, during 2019 Almirall, S.A. has received a notice regarding a partial inspection related to 2014.

During 2016, the following inspection procedures were initiated in relation to the following foreign companies of the group, which as of the date of formulation of these Interim condensed consolidated financial statements are still ongoing:

- Almirall Hermal GmbH (Germany), in relation to the 2009, 2010, 2011, 2012 and 2013 financial years, related to Corporation Tax, Value Added Tax as well as Withholdings and Income on account of Personal Income Tax.

During 2019 the following inspection procedures were reported in relation to the following foreign companies of the group, which as of the date of formulation of these Interim condensed consolidated financial statements are still in ongoing:

- Almirall SAS (France) in relation to the 2016 and 2017 financial years, related to Corporate Income Tax, Value Added Tax, as well as Withholdings and Income on account of Personal Income Tax.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

- Almirall LLC (USA) in relation to the period between January 2016 and March 2019 (both included), related to the Value Added Tax (Sales and Use Tax) of the State of Pennsylvania.

During 2018, the following inspection procedures were reported in relation to the following foreign companies of the group, which as of the date of formulation of these Interim condensed consolidated financial statements are still ongoing:

- Almirall AG (Switzerland). Federal inspection in relation to the years 2013, 2014, 2015 and 2016.
- Almirall Inc and investee companies (United States). In relation to the 2014, 2015 and 2017 fiscal years related to Corporate Income Tax.

During the financial year 2020, the following inspection procedures were reported in relation to the following foreign companies of the group, which as of the date of formulation of these Interim condensed consolidated financial statements are still ongoing:

- Almirall Hermal GmbH (Germany) in relation to the declarations of Value Added Tax filed in Spain for the 2019 financial year.
- Almirall N.V. (Belgium) in relation to the declarations of Value Added Tax filed in Belgium for the 2018 and 2019 financial years.

The Group's foreign companies are open to the inspection of their applicable taxes in each local jurisdiction for the indicated years.

The directors do not expect the indicated tax reviews to give rise to any liabilities that could significantly affect these interim condensed consolidated financial statements at June 30, 2020.

In general, due to the possible different interpretations that can be given to tax regulations, the results of the inspections that are being carried out, or that may be carried out in the future by the tax authorities for the years subject to verification, may give instead of tax liabilities the amount of which cannot currently be quantified objectively. However, in the opinion of the Parent Company's administrators, the possibility of materializing significant liabilities for this concept in addition to those registered is remote.

Deferred taxes

In relation to the recoverability of deferred taxes assets (mainly from the Spanish tax group), there has been no significant variation on the estimation of future results in the analysis of recovery described in Note 22 of the annual report for the consolidated annual accounts as at 31 December 2019.

24. Business segments

Basis of segmentation

The segmentation principles used when preparing these interim consolidated financial statements for Almirall Group are consistent with those used when preparing the consolidated annual accounts for the year ended 31 December 2019. Those annual accounts provide details of bases and methodology used to prepare segment financial information.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

Financial information by business segment

Segmented income statement for the six month period ended 30 June 2020

	Sales through own network	Sales through licensees	Research and development activity	Dermatology in the US	Corporate management and results not allocated to other segments	Adjustments and reclassifications	Total
Net Sales	275.210	86.531	-	50.343	13.921	-	426.005
Other Income	298	-	739	-	5.976	-	7.013
Operating income	275.508	86.531	739	50.343	19.897	-	433.018
Procurements	(80.794)	(19.856)	-	(12.294)	(13.073)	30.313	(95.704)
Employee benefit expenses	(30.045)	(567)	(12.774)	(8.457)	(22.998)	(15.811)	(90.652)
Amortization and depreciation charge	(16.532)	(4.383)	(2.616)	(26.591)	(6.575)	(5.225)	(61.922)
Net change in provisions	-	-	-	(1.424)	(809)	-	(2.233)
Other operating expenses	(40.095)	(1.497)	(25.458)	(10.333)	(20.512)	(9.277)	(107.172)
Net gains/(losses) on disposals of assets	-	-	-	-	(2)	-	(2)
Other ordinary gains/(losses)	-	-	-	(1.099)	(254)	-	(1.353)
Loss (Gain) on recognition (reversal) of impairment of property, plant and equipment, intangible assets and goodwill	-	-	-	(16.794)	-	-	(16.794)
Operating profit	108.042	60.228	(40.109)	(26.649)	(44.326)	-	57.186
Financial income	-	-	-	-	35	-	35
Financial expense	-	-	-	(157)	(8.645)	-	(8.802)
Exchange differences	-	-	-	-	(806)	-	(806)
Profit/(loss) on the measurement of financial instruments	-	-	-	-	2.811	-	2.811
Profit/(loss) before taxes	108.042	60.228	(40.109)	(26.806)	(50.931)	-	50.424
Income tax	-	-	-	5.302	-	(13.354)	(8.052)
Net profit (loss) for the period attributable to the Parent Company	108.042	60.228	(40.109)	(21.504)	(50.931)	(13.354)	42.372

Segmented income statement for the six month period ended 30 June 2019:

	Sales through own network	Sales through licensees	Research and development activity	Dermatology in the US	Corporate management and results not allocated to other segments	Adjustments and reclassifications	Total
Net Sales	280.823	52.594	925	85.185	13.027	-	432.554
Other Income	984	-	401	379	36.969	-	38.733
Operating income	281.807	52.594	1.326	85.564	49.996	-	471.287
Procurements	(81.267)	(15.707)	-	(13.148)	(8.492)	29.845	(88.769)
Employee benefit expenses	(30.018)	(786)	(12.274)	(9.966)	(22.581)	(15.692)	(91.317)
Amortization and depreciation charge	(18.414)	(5.135)	(2.980)	(26.022)	(7.494)	(5.146)	(65.191)
Net change in provisions	-	(529)	-	(2.257)	(1.325)	-	(4.111)
Other operating expenses	(44.582)	(2.610)	(28.691)	(19.725)	(19.428)	(9.007)	(124.043)
Net gains/(losses) on disposals of assets	-	-	-	(6.200)	(860)	-	(7.060)
Other ordinary gains/(losses)	-	-	-	-	-	-	-
Loss (Gain) on recognition (reversal) of impairment of property, plant and equipment, intangible assets and goodwill	-	-	-	-	(7.500)	-	(7.500)
Operating profit	107.526	27.827	(42.619)	8.246	(17.684)	-	83.296
Financial income	-	-	-	-	839	-	839
Financial expense	-	-	-	(142)	(4.700)	-	(4.842)
Exchange differences	-	-	-	-	(3.621)	-	(3.621)
Profit/(loss) on the measurement of financial instruments	-	-	-	-	(2.057)	-	(2.057)
Profit/(loss) before taxes	107.526	27.827	(42.619)	8.104	(27.223)	-	73.615
Income tax	-	-	-	(1.389)	(10.285)	-	(11.674)
Net profit (loss) for the period attributable to the Parent Company	107.526	27.827	(42.619)	6.715	(37.508)	-	61.941

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

Asset side of the segmented interim condensed consolidated balance sheet at 30 June 2020:

ACTIVO	Sales through own network	Sales through licensees	Research and development activity	Dermatology in the US	Corporate management and results not allocated to other segments	Total
Goodwill	227,743	52,816	-	-	35,407	315,966
Intangible assets	222,517	210,659	-	522,601	134,912	1,090,689
Rights-of-use assets	4,341	151	-	369	10,230	15,091
Property, plant and equipment	-	-	26,324	-	88,969	115,293
Financial assets	207	45,522	-	538	49,222	95,489
Deferred tax assets	3,096	7,734	-	23,651	233,560	268,041
NON-CURRENT ASSETS	457,904	316,882	26,324	547,159	552,300	1,900,569
Inventories	65,889	7,719	-	24,020	26,217	123,845
Trade and other receivables	35,333	34,610	-	40,364	20,546	130,853
Current tax assets	5,665	235	-	7,095	39,840	52,835
Other current assets	2,785	71	-	1,262	6,447	10,565
Current financial investments	-	-	-	-	7,881	7,881
Cash and other liquid assets	-	-	-	21,958	73,820	95,778
CURRENT ASSETS	109,672	42,635	-	94,699	174,751	421,757
TOTAL ASSETS	567,576	359,517	26,324	641,858	727,051	2,322,326

Additions of non-current assets by segment during the six month period ended 30 June 2020:

	Sales through own network	Sales through licensees	Research and development activities	Dermatology USA	Corporate management and results not allocated to other segments	Total
Total additions of non-current assets	14	-	1,419	-	20,990	22,423

Assets at 31 December 2019 by segment

ACTIVO	Sales through own network	Sales through licensees	Research and development activity	Dermatology in the US	Corporate management and results not allocated to other segments	Total
Goodwill	227,743	52,816	-	-	35,407	315,966
Intangible assets	235,507	218,769	-	518,399	166,340	1,139,015
Rights-of-use assets	5,067	206	-	811	12,187	18,271
Property, plant and equipment	298	-	28,257	405	88,460	117,420
Financial assets	193	45,522	-	315	57,154	103,184
Deferred tax assets	3,368	8,261	-	18,647	239,041	269,317
NON-CURRENT ASSETS	472,176	325,574	28,257	538,577	598,589	1,963,173
Inventories	51,109	4,866	-	17,270	33,173	106,418
Trade and other receivables	35,122	26,645	-	97,241	44,107	203,115
Current tax assets	2,054	128	-	-	37,706	39,888
Other current assets	627	46	-	3,609	3,930	8,212
Current financial investments	-	-	-	-	1,769	1,769
Cash and other liquid assets	-	-	-	20,204	97,008	117,212
CURRENT ASSETS	88,912	31,685	-	138,324	217,693	476,614
TOTAL ASSETS	561,088	357,259	28,257	676,901	816,282	2,439,787

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

Additions of non-current assets by segment during annual year ended 31 December 2019:

	Thousand euro					
	Sales through own network	Sales through licensees	Research and development activities	Dermatology USA	Corporate management and results not allocated to other segments	Total
Total additions of non-current assets	74,398	-	1,033	14,897	25,838	116,166

25. Commitments acquired, contingent liabilities and contingent assets

a) Commitments acquired

As a result of the research and development activities carried out by the Group, firm agreements for 36,6 million euros and 31.1 million euros were entered into at June 30, 2020 and December 31, 2019, respectively, which would be paid in future years.

The rest of the commitments are maintained in accordance with the matters mentioned in notes to the consolidated annual accounts for 2019.

b) Contingent liabilities

There are no other contingent liabilities at the date of preparation of these interim condensed consolidated financial statements that could represent significant cash disbursements, except those mentioned in Note 10, linked to contingent payments for the acquisition of intangible assets.

c) Contingent assets

As a result of the operation with AstraZeneca described in Note 7-a to the consolidated annual accounts for 2019, the Group is entitled to receive payment of certain amounts for milestones related to certain regulatory and commercial events.

26. Related-party transactions

Transactions between the parent company and its subsidiaries have been eliminated in the consolidation process and are not broken down in this note.

Balances and transactions with other related parties

During the six month periods ended June 30, 2020 and 2019 the group companies have carried out the following transactions with related parties and recorded the following balances at June 30, 2020 and December 31, 2019.

Company	Related party	Description	Year	Thousand euro	
				Transactions - Income/(Expense)	Debtor/(Creditor) Balance
Almirall, S.A.	Grupo Corporativo Landon, S.L.	Leases	2020	(1,482)	-
			2019	(1,466)	-
Almirall, S.A.	Grupo Corporativo Landon, S.L.	Reinvoicing of works	2020	-	-
			2019	-	-

The Group's headquarters are leased to the company Grupo Corporativo Landon S.L., under a contract that is tacitly renewed by both parties on an annual basis.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

All related party transactions are carried out on an arm's-length basis.

27. Remuneration of the Board of Directors and Executives

The amount accrued during the six-month periods ended on June 30, 2020 and 2019 by the current and former members of the Board of Directors of the Parent Company for all remuneration items (salaries, bonuses, allowances, remuneration in kind, insurance of life, compensation, incentive plans and contribution to social security) amounted to 1,892 and 2,015 thousand euros, respectively. There are accrued life insurance for an amount of 8 thousand euros in the six-month period ended June 30, 2020 (8 thousand euros in the same period of 2019).

During the six-month period ended June 30, 2020, civil liability insurance premiums have been accrued amounting to 60 thousand euros (51 thousand euros in the same period of 2019) that cover possible damages caused in the year of their positions to the members of the Board of Directors and Senior Management.

Additionally, the remuneration accrued, satisfied and not satisfied, by the Board of Directors of the Parent Company for multi-year incentive and loyalty plans and SEUS Plan, which has amounted to 387 and 538 thousand euros in the six-month periods ended on June 30, 2020 and 2019, respectively. The balance at the year-end of the provision for said plans amounts to 3,251 thousand euros as of June 30, 2020 (3,578 thousand euros as of December 31, 2019).

There are no other pension commitments with the current and previous components of the Parent Company's Board of Directors as of June 30, 2020 and December 31, 2019.

The Group has included in the determination of the Board members for the purposes of the consolidated annual accounts the members of the Management Committee while they are not part of the Board of Directors.

The amount accrued during the six-month periods ended on June 30, 2020 and 2019 by the Directors, not members of the Parent Company's Board of Directors, for all remuneration items (salaries, bonuses, allowances, remuneration in kind, compensation, incentive plans and contribution to social security) amounted to 3,515 and 2,226 thousand euros, respectively.

Additionally, the remuneration accrued, satisfied and not satisfied, by the Group's Directors in respect of multi-year incentive and loyalty plans and the SEUS Plan (see Note 5-x of the memory of the consolidated annual accounts for the financial year 2019) has risen to 487 and 519 thousand euros in the six-month period ended June 30, 2020 and 2019, respectively. The balance at the year end of the provision for such plans amounts to 2,730 thousand euros as of June 30, 2020 (3,544 thousand euros as of December 31, 2019).

There are no other pension commitments with Directors as of June 30, 2020 and December 31, 2019.

The members of the Board of Directors and of the Group's Directors have not received shares or share options during the six-month period ended June 30, 2020, nor have they exercised options or have options pending exercise, nor have they granted advances or credits .

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

28. COVID-19 financial impacts

Following Royal Decree 463/2020 of March 14, which decreed the state of alarm in Spain (where the Group's headquarters is located), different measures were established in order to protect the health and safety of citizens, to contain the disease progression and strengthen the public health system. Similar measures were taken by other countries in which the Group operates.

Given the sector in which the Group operates, its activities are considered essential and therefore the activity has not been interrupted by the state of alarm or by the confinement, especially with regard to the production activity of both the productive centers of the Group (located in Spain and Germany) as well as by third-party manufacturers that supply certain products. There have been no shortages in this period, since the Group prior to the state of alarm had already established a contingency plan as a consequence of the expansion of the virus in China in early 2020, in order to avoid possible cuts in the supply chain. This plan was added to the one that had also been established by Brexit, as detailed in Note 4.

Despite not interrupting the production activity, the Group's sales have been negatively impacted as a consequence of the slowdown in the world economy and also as a consequence of the restriction of people mobility, which has impacted both delays and cancellations of product promotion activities as well as the reduction of global demand in the different countries in which the Group operates.

In this context, it should be noted that the impact of COVID-19 on EU countries has been lower than in the United States as a result of the type of product sold in each of these territories, with the EU market being particularly focused on chronic treatments that have been less impacted whereas in the United States the product portfolio is among the so-called non-essential ones where the falling sales has been more pronounced. It should be noted that the market share of the Group's main products has not been significantly impacted and that most of the decline in sales is in line with the reduction in global demand.

From the point of view of R&D activities, there have been delays in some activities linked to clinical studies given restrictions on access to hospitals that made difficult to recruit new patients. However, Management considers that there has been no significant delay that could affect the long term. The registration process for Tirbanibulin in the EU and the US is ongoing with expected approval and subsequent launch in early 2021. As for Lebrikizumab's Phase III, the development schedule is maintained with submission to the EMA expected in 2022 and subsequent approval and release in early 2023.

Promotional activities were the most affected by confinement and measures to prevent contagion. As a result, various activities such as congresses or medical visits have been cancelled and/or postponed, which has caused the slowdown in sales of some medicines, especially those that do not correspond to chronic diseases.

Finally, support and administration activities have continued to be carried out by adopting certain measures of labor flexibility in the different workplaces and in accordance with the exceptional measures established in each country. Telework has generally been chosen in all those functions that would allow it without significant disruption.

In application of the provisions of IAS 34 of Interim Financial Statements, in this Note the Group Management proceeds to evaluate the impacts of the pandemic caused by the COVID-19 outbreak that may have affected the company's activities in the EU and the United States, regions where the Group has the greatest presence, as can be seen in the breakdown of the net amount of Net Sales (Note 22).

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

Impact on non-financial assets

As of June 30, 2020, no significant risk has been identified except in the case of the portfolio acquired in the business combination of Aqua Pharmaceuticals, LLC in 2013 (now Almirall LLC), which already presented scenarios of potential deterioration in the analysis of sensitivity of Note 5-d) to the consolidated annual accounts report for the year ended December 31, 2019. However, certain government measures to limit pharmaceutical spending in the different geographies in which the Group operates may require to reconsider new scenarios.

Note 10 includes a sensitivity analysis of the main intangible assets and cash-generating units. Said analysis contemplates scenarios of both income falls and increases in the discount rate derived from an increase in the cost of financing due to the rise in interest rates in the debt markets.

Regarding the intangible assets linked to products currently under development, no additional risk has been detected for possible delays in the various activities necessary for their completion, as mentioned in the previous section.

With respect to the tax credits recorded in the balance sheet, which mainly correspond to the Spanish perimeter (Note 23), Management has re-evaluated the asset recoverability plan without any indication of impairment as of June 30, 2020. However, future fiscal measures that the Spanish government could adopt as a consequence of the new macroeconomic environment, could significantly impact said plan.

With respect to the valuation of inventories, given that the sales of the products have been able to be carried out without interruptions, there has been no provision for slow rotation or expiration related to COVID-19 (Note 14).

Impact on financial assets

In relation to accounts receivable, the Group has not seen an increase in the overdue debts during this first semester and no relevant balance has been provided for this purpose. The amounts receivable with hospitals is the one that could represent the greatest risk due to possible treasury tensions that the health administrations of the different countries may experience due to the increase in the deficit. In this sense, the Group's Management estimates that if there is any potential delay in payments, it would not have a significant impact on equity or on the Group's liquidity, since hospital receivable debt amounts to only 2.9% of the Group's accounts receivable at June 30, 2020 (Note 15).

With respect to the financial asset related to the fair value of future payments to be received in the long term by AstraZeneca (Note 13), the Group has updated the projections according to the methodology described in Note 7 of the report of the Consolidated annual accounts for the year ended December 31, 2019 without any significant impact with respect to COVID-19. However, when dealing with flows linked to the performance of products managed by a third party, the Group's visibility in the short term is limited, so the Group will perform future re-evaluations in order to quantify potential changes in estimates that could suppose and that would prospectively adjust the income statement.

Finally, with respect to the Group's liquidity position, no impairment was observed, mainly due to three factors:

- As indicated in Note 31 of the report to the consolidated annual accounts for the year ended December 31, 2019, the Group does not have relevant maturities of financial debt until December 14, 2021, that is the maturity date of the convertible bond described in Note 18. Additionally, the Group has a credit policy with a limit of up to 250 million euros to cover eventual short-term liquidity needs.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

- With respect to collections, as mentioned above, there have been no delays, so cash generation has not been significantly negatively affected.
- Given the slowdown in some activities due to confinement, the volume of payments have decreased slightly.

Significant uncertainties and risks associated with COVID-19

As mentioned in the previous sections, the main risks and uncertainties stem mainly from the new macroeconomic environment after the pandemic, as well as the possibility of a new outbreak in the second half of the year that would worsen the situation after the first wave. In this regard, the main uncertainties that could significantly affect the estimates made as of June 30, 2020 are:

- Measures applied by the governments where the Group operates to contain pharmaceutical spending due to the increase in the deficit and public debt generated by exceptional measures to mitigate the effects of COVID-19. Such measures could come in the form of additional contributions to national health systems in the form of discounts, measures to favor the use of generic drugs to the detriment of brand name drugs, application of reference prices by groups of molecules, lower reimbursement prices for new releases, among others.
- Measures applied by governments to maximize tax revenues, either in the form of tax increases, or in the form of restrictions on the use or granting of tax incentives.
- Increase in debt in markets that hinder or limit the Group's activity and / or growth in certain geographies.
- New waves of virus spread could limit the growth and / or access of certain medications by patients and / or limitations to the sales network to make medical visits and promotion due to new restrictions on mobility; or budgetary limitations when choosing treatment by national health systems.
- Risk of cutting the supply chain of the relevant products due to new outbreaks that could cause a market shortage and the consequent loss of profit.

Breakdown of items related to COVID-19 in the income statement

During the first weeks of the outbreak, the Group implemented an action plan valued in more than 430 thousand euros that included a wide range of measures to respond to the pandemic, mitigate its adverse effects and provide health professionals with the appropriate tools to face it. Some of those measures are detailed below:

- More than 112,000 units of Blastactiva and Balneum topical creams were donated to various hospitals in Spain, the United Kingdom, Poland and Germany to help health professionals treat dry and sore skin due to the prolonged use of masks and glasses, and repeated hand washing and hand disinfection. More than 30 thousand units of personal protective equipment, including face masks, gloves, goggles and Tyvek gowns, were also donated to various hospitals, health centers and institutions in and around Barcelona. More than 200 laboratory equipment and materials were also made available to the Spanish health authorities and research centers.
- Several hospitals in Italy, Spain and Portugal were subsidized to ensure that health professionals had the necessary supplies and equipment.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the
six-month period ended 30 June 2020
(Thousand Euro)

- The initiative led by the Leitat Technology Center to design and develop the first industrialized and reusable 3D printed respirator with a financial contribution of 50 thousand euros was sponsored. Authorized by the Spanish Agency for Medicines and Health Products (AEMPS), it is helping to alleviate and support the work carried out by hospitals, especially that of the ICUs.
- We contributed to the financing for the creation of a field hospital in Sant Andreu de la Barca (Barcelona) to serve patients with COVID-19 and the facilities of our production plant in Reinbek (Germany) have been partially reused to manufacture 10,000 hand sanitizer gel dispensers for hospitals and health centers in Germany and Portugal.

Additionally, in the six-month period ended June 30, 2020, certain expenses and investments have been incurred, linked both to the adaptation of the facilities to the new health requirements and to the management of personnel in the face of mobility restrictions, which have amounted to 761 and 157 thousand euros, respectively.

The Group has not received any government aid due to exceptional measures of the COVID-19, and therefore no breakdown is applied in accordance with the provisions of IAS 20 "Accounting for government subsidies".

Likewise, all the lease agreements have been paid in a timely manner as agreed, without having agreed to any deferment with the lessors, and therefore no additional breakdown applies in relation to IFRS16 "Leases".

29. Events after the reporting period

As of July 17, 2020, the Parent Company has signed a credit line for an amount of 275 million euros, for an initial term of 3 years with the possibility of an additional 1 year extension and intended for general corporate use. The BBVA entity has acted as coordinator of the operation, in which Santander, CaixaBank, BNP Paribas and Banca March have also participated.

A part from the above there are no other significant subsequent events to the closing date of the formulation of these condensed consolidated interim financial statements.