

Press release

Ad hoc announcement pursuant to Art. 53 LR

Date 8 August 2023
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Subject: Galenica Group half-year results 2023

Galenica achieves strong sales growth in the first half of 2023

In the first half of 2023, Galenica increased consolidated net sales by 5.5% compared to the first half of the previous year to CHF 1,851.2 million. The “Logistics & IT” segment in particular posted strong growth of 5.8%. The “Products & Care” segment also performed well with sales growth of 4.2%, supported by the strong performance of 19.8% in the “Products & Brands” sector.

Adjusted² EBIT decreased by 5.1% to CHF 90.2 million. The negative EBIT development was due to special factors totalling CHF 9.8 million. Firstly, an extraordinary expense of CHF 3.8 million had to be recognised at HCI Solutions in respect of a well-known ruling issued by the Swiss Competition Commission (COMCO) in 2017. In addition, extraordinary allowances on customer receivables of around CHF 6 million occurred in the first half of 2023, especially in the wholesale business with physicians. Adjusted for these special factors, adjusted² EBIT would have increased by 5.2% to CHF 100.0 million.

Completion of the strategic partnership and joint venture with Redcare Pharmacy (formerly Shop Apotheke Europe) resulted in a profit of CHF 112.8 million (profit from discontinued operations). Thanks to this extraordinary result, net profit increased to CHF 187.3 million (previous year: CHF 83.1 million).

Outlook for sales and EBIT 2023

Due to the development of earnings in the first half of 2023 and the special factors, Galenica is revising its EBIT guidance for 2023 and now expects adjusted² EBIT to be roughly at the prior-year level based on the restated¹ prior-year figures (adjusted² EBIT 2022: CHF 190.6 million). Previously, Galenica expected EBIT growth of between 4% and 7%. On the other hand, Galenica confirms its 2023 outlook for consolidated net sales (growth between 3% and 6%) and dividends (at least at the same level as the previous year).

Highlights of the first half of 2023

- **Together with Redcare Pharmacy, Galenica establishes Switzerland’s leading online pharmacy, adding an online-only pharmacy to its offering.**
- **Over 70,000 customers (+34%) made use of the services and advice offered by Galenica pharmacies in the first half of the year 2023.**
- **The acquisition of Padma further enhances Verfora’s complementary medicine offering.**
- **By investing in the “Benecura public” digital healthcare platform, Galenica is strengthening its digital offerings for chronically ill people.**
- **Galenica’s Home Care coordination service makes it easier for patients to access home care services.**

Galenica Ltd.

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- **With the “Safety Stock” initiative Galexis is committed to greater security of supply in Switzerland.**
- **Based on their contribution to improving equal pay in Switzerland, Galenica companies receive the “We pay fair” award.**

Key figures of the Galenica Group in the first half of 2023

in million CHF	1st half year 2023	1st half year 2022 ¹	Change
Net sales			
Products & Care segment	804.4	771.7	+4.2%
- Retail (B2C)	679.1	665.2	+2.1%
- Local Pharmacies	640.2	627.9	+1.9%
- Pharmacies at Home	39.1	37.3	+4.6%
- Professionals (B2B)	128.6	109.3	+17.6%
- Products & Brands	90.0	75.1	+19.8%
- Services for Professionals	38.6	34.2	+12.8%
Logistics & IT segment	1,518.5	1,434.6	+5.8%
- Wholesale	1,457.3	1,379.4	+5.6%
- Logistics & IT Services	70.4	63.8	+10.4%
Corporate and eliminations	-471.7	-452.1	
Galenica Group	1,851.2	1,754.2	+5.5%
EBIT adjusted²			
Products & Care segment	73.1	70.8	+3.2%
Logistics & IT segment	19.0	25.4	-25.1%
Corporate and eliminations	-1.9	-1.2	
Galenica Group	90.2	95.0	-5.1%
Net profit from ongoing business activities adjusted²	73.7	77.2	-4.5%

Detailed information in the half year report 2023:

- [Management report of the Galenica Group](#)
- [Management report for the Products & Care segment](#)
- [Management report for the Logistics & IT segment](#)
- [Key figures](#)

¹⁾ Adjusted prior-year figures due to joint venture with Redcare Pharmacy (formerly Shop Apotheke Europe)

²⁾ Excluding the effects of IFRS 16 and IAS 19 (details of the adjusted key figures in the [half year report 2023](#))

Galenica meets changing customer needs

Galenica aims to offer customers the best experience across all channels, anytime and anywhere – online and offline. With its Amavita, Sun Store and Coop Vitality bricks-and-mortar pharmacy formats and associated online shops, a new online-only pharmacy and a comprehensive product portfolio, Galenica offers a range of products and services capable of meeting the most diverse customer needs – from personal advice to online ordering.

Expansion of online and offline offerings

With the joint venture with Redcare Pharmacy, Galenica laid the foundation for Switzerland's leading online pharmacy in the first half of 2023. Galenica contributes the business activities of Mediservice to the joint venture, while Redcare Pharmacy contributes those of shop-apotheke.ch. With Redcare Pharmacy, Galenica has gained a strong partner for its pure online business and will be able to grow faster and stronger in this area thanks to the joint venture. As an international partner with an attractive online platform, Redcare Pharmacy perfectly complements the product and service offerings of the new joint venture. In addition, the partnership offers potential synergies, particularly in the areas of technology and logistics. In future, customers will benefit from the comprehensive range of products offered by the new online pharmacy, which will include health and beauty products as well as prescription medications and healthcare services.

In order to meet all customer needs, Galenica is also continuously expanding its attractive product portfolio. The acquisition of Padma Ltd. at the start of 2023 enabled Verfora to expand its complementary medicine offering.

The pharmacy continues to establish itself as a point of contact for health issues

In the first half of 2023, Galenica Group pharmacies further expanded their important role as a point of contact for health issues and once again demonstrated their pivotal role in healthcare provision. The services are easily accessible to patients and customers and also help to reduce the overall cost of treatment.

Healthcare services and advice are a real customer need

The range of services and advice provided by pharmacies is being continuously expanded. Since 2023, for example, further vaccinations, such as against herpes zoster, have been available directly in pharmacies. In addition, pharmacy staff are not only able to provide comprehensive advice on the most common and uncomplicated health problems. If a medical consultation is required, more complex cases can increasingly also be treated directly at the pharmacy thanks to the inclusion of telemedical consultations. Both employees and customers have a thoroughly positive view of the experience gained during the "Book a Doc" pilot project.

The figures clearly show that these offerings meet a real customer need. Demand increased once again in the first half of 2023 by 34%: while around 52,000 customers used the services and advice offered by Galenica pharmacies in the first half of 2022, this figure had already risen to over 70,000 in 2023.

Galenica continues to push ahead with networking in the healthcare sector

In the first half of 2023, Galenica continued to push ahead with digitalisation in the healthcare sector and the networking of the various stakeholders. In doing so, Galenica also wants to play a part in making processes simpler, more efficient and safer for all stakeholders in the healthcare

sector - from patients to pharmacies, hospitals, doctors, care homes and health insurers - while reducing cost pressure in the healthcare system.

Digital services for people with chronic diseases

With its investment in AD Swiss, the e-health provider for FMH (Swiss Medical Association), Ärztekasse and HIN (standard for secure communication for healthcare professionals), and the associated healthcare platform "Benecura public", Galenica is expanding its digital offerings for people with chronic diseases. The app supports chronically ill people and service providers with their treatment, such as preparing for a doctor's appointment. The next step will be to integrate the services provided by the Galenica Group's pharmacies.

Growing need for innovative home care services

The ever-increasing need for care to be provided at home as far as possible, our ageing society and the cost pressures associated with this are creating a greater need for outpatient services and treatment options. Galenica is playing an active role in steering the shift towards more home care solutions and offers simple solutions for both patients and their caregivers, such as nursing homes, home care organisations and their families.

One point of contact simplifies access to home care services

The home care sector at Mediservice and Bichsel once again grew strongly in the first six months of 2023. In order to make its home care services even more accessible, Galenica piloted the Home Care coordination service in the first half of 2023, which supports patients in organising and coordinating treatment. If necessary, the coordination service will also provide services offered by Bichsel, the specialist in artificial nutrition as well as intravenous antibiotic and pain therapies.

Sustainability as a key element of business activities

The health, safety and well-being of its customers are at the heart of Galenica's business activity. As Switzerland's strongest healthcare network, Galenica has an important part to play in ensuring security of supply in healthcare and the provision of basic care for the people and thus contributing towards Goal 3 ("Good Health and Well-being") of the United Nations Sustainable Development Goals. This objective is central to business activities and lies at the heart of Galenica's customer promise to support people at every stage of life on their journey towards health and well-being.

"Safety Stock" initiative to increase security of supply

Bottlenecks in the supply of medications are increasing around the world - including in Switzerland. For this reason, Galenica has established the "Safety Stock" initiative, which significantly increased national safety stocks of generic medicines for the treatment of chronic diseases in order to bridge possible supply bottlenecks in Switzerland.

Further milestones met in achieving our sustainability goals

In the first half of the year, Galenica met further milestones on its journey towards achieving its sustainability goals. Galenica has made further progress towards its goal to further improve patient safety, increasing the number of CDS (Clinical Decision Support) checks performed from 57 million in the first half of 2022 to an impressive 134 million in the first half of 2023, an increase of almost 136%.

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The Galenica Group complies with the legal requirements for equal pay. In the first half of 2023, the salary models of ten Business Units with over 100 employees were audited by the University of St. Gallen (HSG). The result: Eight out of ten Business Units examined received the “We pay fair” label from the University of St. Gallen, which means that equal work is rewarded with equal pay at Galenica. The awarding of the label is subject to stricter criteria than the statutory requirements. This is an important sign in our goal to increase equal opportunities. The goal is now to develop the salary models of the two Business Units that have not yet been awarded the label so that they too meet the strict requirements of the HSG and are also be recognized.

Further information can be found in the Galenica Group’s [half year report 2023](#).

Conference call at 2 p.m.

Galenica will host a Zoom call on the results for the first half of 2023, today, Tuesday, 8 August 2023, at 2 p.m. (CEST).

You can follow the Zoom conference via this link: [Zoom conference](#) (code: 7473)

The conference will be held in English. The presentation will be available on the website from around 12 noon (CEST) on 8 August 2023.

A recording of the conference call will then be available in the “Investors” section of the [website](#).

Dates for the diary

18 January 2024: Publication of Galenica Group sales 2023
12 March 2024: Publication of Galenica Group annual results 2023
10 April 2024: Annual General Meeting of Galenica Ltd.

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Welcome to the Galenica network!

Our ambition is to meet the needs of patients and customers in the Swiss healthcare market in a seamless, efficient and personalised way. To achieve this, we operate the Galenica network with over 20 Business Units, the strongest partners in the Swiss healthcare market. We offer fully integrated solutions both for customers and patients as well as for pharmacies, drugstores, medical practices, hospitals, retirement and nursing homes, home care providers, wholesalers, pharmaceutical companies, health insurance funds and other partners.

Galenica is listed on the Swiss Stock Exchange (SIX Swiss Exchange, GALE, security number 36,067,446). Additional information concerning Galenica can be found at www.galenica.com.