

PRESS RELEASE

Ad hoc announcement in accordance with Art. 53 LR

Date 20 January 2022
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Subject 2021 sales of the Galenica Group

Strong increase in sales in 2021 and improved earnings outlook

The Galenica Group can look back on an extremely successful financial year 2021: consolidated net sales increased by 10.2% to CHF 3,834.7 million. As a result, Galenica significantly exceeded the sales guidance published in August 2021. Business overall saw a very dynamic development – especially in the last few months of 2021. On the one hand, extraordinary additional sales rose again in connection with COVID-19, while on the other hand, drug sales for cold and flu infections rose sharply year on year.

Highlights in the 2021 financial year:

- Extraordinary additional sales in connection with COVID-19 had a positive sales effect of 3.1%.
- 50% growth of online sales at Amavita and Sun Store.
- The specialty pharmacy Mediservice achieved a high increase in sales of new rare disease medications in combination with home-care services.
- Acquisitions of companies and new products strengthened Galenica's position in the Swiss healthcare market and opened up new market segments.
- Further market share gains in the wholesale business with doctors have made a positive contribution to sales growth.

Improved earnings outlook

Thanks to the exceptionally strong sales growth in the last few months of 2021 and the one-off gain from the property sale of the headquarters in Bern of about CHF 9 million Galenica is increasing its earnings outlook and now expects adjusted EBIT (excluding the effects of IFRS 16 and IAS 19) to grow by between +24% and +28%. In this context, Galenica expects an extraordinary EBIT contribution related to COVID-19 between +14% and +16%.

2022 Annual General Meeting

The Board of Directors will propose Judith Meier for election as a new member at the 2022 Annual General Meeting. Judith Meier has many years of experience in the operational and strategic management of service providers in the healthcare sector. With her proven expertise and valuable experience in strategically important areas of the Group's activities, Judith Meier is the ideal addition to the Board of Directors of the Galenica Group, particularly with regard to key topics of the strategic Care programme.

Net sales of the Galenica Group 2021

| in CHF million | 2021 | 2020 | Change |
|------------------------------------|----------------|----------------|--------------|
| Products & Care segment | 1,908.1 | 1,683.1 | 13.4% |
| - Retail (B2C) | 1,720.0 | 1,517.5 | 13.3% |
| - Local Pharmacies | 1,261.5 | 1,162.5 | 8.5% |
| - Pharmacies at Home | 458.8 | 355.2 | 29.2% |
| - Professionals (B2B) | 194.0 | 173.3 | 11.9% |
| - Products & Brands | 131.6 | 111.7 | 17.8% |
| - Services for Professionals | 62.4 | 61.5 | 1.4% |
| Logistics & IT segment | 2,831.4 | 2,625.1 | 7.9% |
| - Wholesale | 2,728.4 | 2,530.2 | 7.8% |
| - Logistics & IT Services | 111.9 | 98.4 | 13.7% |
| Corporate and eliminations | -904.8 | -828.4 | |
| Galenica Group | 3,834.7 | 3,479.8 | 10.2% |

“PRODUCTS & CARE” SEGMENT

The “Products & Care” segment achieved net sales of CHF 1,908.1 million (+13.4%) in the financial year 2021.

Of this, CHF 1,720.0 million (+13.3%) was accounted for by the Retail business area (B2C), with the Local Pharmacies sector contributing CHF 1,261.5 million (+8.5%, excluding Coop Vitality) and the “Pharmacies at Home” sector contributing CHF 458.8 million (+29.2%).

The “Professionals” (B2B) business area increased sales to CHF 194.0 million (+11.9%), with the “Products & Brands” sector contributing CHF 131.6 million (+17.8%) and the “Services for Professionals” sector contributing CHF 62.4 million (+1.4%).

“Retail” business area (B2C)

Local Pharmacies

In financial year 2021, the “Local Pharmacies” sector achieved net sales of CHF 1,261.5 million (+8.5%, excluding Coop Vitality). The main drivers of this growth were the various offers to combat the COVID-19 pandemic, which had a significant impact in the first half of the year in particular. Excluding the extraordinary additional sales from COVID-19 initiatives, sales growth amounted to 2.9%, mainly thanks to a positive expansion effect of 2.2%.

The loss in sales of “Local Pharmacies” in the first half of 2021 – due to the lack of a flu epidemic in the winter of 2020/2021 – was offset overall by the strong sales growth of cold and flu medicines in the fourth quarter of 2021.

By contrast, at the end of the year, sales in pharmacies at high frequency locations without sales from COVID-19 initiatives were still around 20% below the pre-pandemic level of 2019, while this shortfall was around 35% at the beginning of 2021.

In addition, government-ordered price reductions led to a decline in revenue of -1.0% in 2021. Without this effect, net sales in the “Local Pharmacies” sector would have increased by 9.5%.

By way of comparison, sales of medications from bricks-and-mortar pharmacies in Switzerland (prescription [Rx] and OTC products) grew by 3.5% in the reporting year (IQVIA, Pharmaceutical Market Switzerland, 2021).

Further optimisation of the pharmacy network

In 2021, five pharmacies were acquired, and three new locations opened. At the same time, six locations were closed as part of optimisation measures. At the end of 2021, the Galenica own pharmacy network comprised a total of 368 pharmacies (+2).

Overview of development of the pharmacy network in 2021

Own pharmacies and shareholdings

| | 31.12.2021 | 31.12.2020 | Change |
|---|------------|------------|-----------|
| Amavita pharmacies ¹⁾ | 181 | 179 | +2 |
| Sun Store pharmacies ¹⁾ | 92 | 94 | -2 |
| Coop Vitality pharmacies ²⁾ | 88 | 87 | +1 |
| Mediservice specialty pharmacy ¹⁾ | 1 | 1 | - |
| Majority holdings in other pharmacies ¹⁾ | 6 | 5 | +1 |
| Total own points of sale | 368 | 366 | +2 |

¹⁾ Fully consolidated ²⁾ Consolidated at equity level

Pharmacies at Home

The “Pharmacies at Home” sector achieved extraordinary strong growth with sales of CHF 458.8 million (+29.2%). This strong performance was driven in particular by the specialty pharmacy Mediservice, which offers new medications to treat rare diseases in combination with home care services.

In addition, the Galenica Group online shops achieved a strong growth of 23.9%, even without taking into account the COVID-19-related additional sales. Taking into account COVID-19 self-test subscriptions, this growth even amounted to 50.5%.

With growth of 6.0%, Bichsel’s Home care activities also made a positive contribution to the sales performance of “Pharmacies at Home”.

Government-ordered price reductions resulted in a fall in sales of -2.5% in 2021. Without this effect, net sales in the “Pharmacies at Home” sector would have increased by 31.7%.

By way of comparison, sales of medications from mail-order pharmacies in Switzerland (prescription [Rx] and OTC products) grew by 16.2% in the reporting year (IQVIA, Pharmaceutical Market Switzerland, 2021).

Mediservice: consistent strategy implementation bears fruit

The specialty pharmacy Mediservice, which looks after people with chronic and rare diseases, contributed significantly to the strong growth of the “Pharmacies at Home” sector. At the end of 2021, Mediservice had the expertise to professionally treat more than 50 indications. Mediservice was also able to expand its home care offering to cover more than 80 highly complex therapies in the year under review. This included not only treating patients at home and via telephone but also video consultations with the advisory service provided by Mediservice. As a result, Mediservice can make a significant contribution to increasing patients’ independence and improving their quality of life.

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“Professionals” business area (B2B)

Products & Brands

The “Products & Brands” sector achieved sales of CHF 131.6 million (+17.8%) in the financial year 2021. Of this total, CHF 104.1 million (+19.3%) came from the Swiss market and CHF 27.5 million (+12.4%) from exports involving distribution partners in various countries. Sales drivers in the Products & Brands sector, which mainly comprises the business activities of Verfora, were acquisitions and new in-licensing in particular. The expansion-related growth thus amounted to a considerable 22.0%. Strong losses in sales in the first half of the year (organic growth, adjusted for expansion effect, -22.9%) due to the absence of the 2020/2021 flu season and declining sales of travel-related products were largely compensated in the second half of the year. For full-year 2021, organic growth remained only slightly negative with -4.2% overall and also in the Swiss market with -2.4%.

By way of comparison, the consumer healthcare market declined by 0.2% year-on-year (IQVIA, Consumer Health Market Switzerland, 2021, excluding COVID-19 self-tests).

Verfora successful with acquisitions and partnerships

Verfora further expanded its position as the market leader in the Swiss consumer healthcare market in 2021. New partnerships and acquisitions in particular also contributed to this.

In May, Verfora acquired the therapeutic product range from Dr. Wild & Co. Ltd., which includes well-known brands such as Vitamin D3 Wild Öl® and VI-DE 3®. Verfora thus secured the rights to strong brands and licences with potential. The acquired products from Dr. Wild have been leader in the attractive vitamin D market in Switzerland for many years and strengthen Verfora’s product portfolio in the area of prevention and immune system fortification.

Thanks to the takeover of Spagyros Ltd. in September 2021, Verfora will not only be able to meet the growing demand for phytotherapy and complementary medicines through its own products but will also strengthen the position of pharmacies and drugstores with a range of products that require intensive consultation.

Services for Professionals

The “Services for Professionals” sector generated sales of CHF 62.4 million (+1.4%) in financial year 2021. Growth was generated in particular by the acquisition of Lifestage Solutions Ltd. in July 2021. The COVID-19-related decline in sales at Winconcept and the lower year-on-year sales with the productions at Laboratorium Bichsel were only partially offset by the strong sales growth at Medifilm. Winconcept supports 150 partner pharmacies at the end of 2021 (previous year: 151).

Greater range of services for home-care organisations and care homes

As part of the strategic “Professionals” (B2B) and “Care” (B2C) programmes, Galenica acquired Lifestage Solutions Ltd. at the end of July 2021.

Lifestage Solutions develops and operates an innovative digital trading platform for home care organisations and care homes, enabling them to order medical consumables, care products and services fully automatically. As a result, Lifestage Solutions simplifies the daily routines of its customers, allowing them to concentrate on their core task of care while also saving them money.

“LOGISTICS & IT” SEGMENT

The “Logistics & IT” segment achieved net sales of CHF 2,831.4 million (+7.9%) in the 2021 financial year. CHF 2,728.4 million (+7.8%) of this was generated by the “Wholesale” sector and CHF 111.9 million (+13.7%) by the “Logistics & IT Services” sector. The “Logistics & IT” segment thus clearly exceeded the growth of the overall market of 4.4% (IQVIA, Pharmaceutical Market Switzerland, 2021). COVID-19 also impacted sales in the “Logistics & IT” segment in the year under review. Additional sales, driven primarily by the coronavirus pandemic, contributed an estimated 2.7% to sales growth. Another sales driver was again the market share gains in the wholesale business with doctors.

Losses in sales in the first half of 2021 due to the absence of the flu and cold season in the winter of 2020/2021 were largely compensated by a strong increase in the fourth quarter 2021. Government-ordered price reductions led to a decline in sales of 1.3% in 2021. Had this not been the case, the segment’s net sales would have increased by 9.2%.

Wholesale

Strong sales growth of +7.8% to CHF 2,728.4 million was achieved in the “Wholesale” sector, also due to COVID-19-related additional sales.

The pharmacy customer segment recorded significant growth of 7.5%. Adjusted for the extraordinary sales of the COVID-19 initiatives, sales to pharmacies increased by 3.2%. Market growth of stationary pharmacies amounted to 3.5% in the financial year 2021 (IQVIA, Pharmaceutical Market Switzerland, 2021).

Another sales driver was again market share gains in the wholesale business with doctors, with sales growth of a strong 9.8% in this segment. Services for oncologists and rheumatologists were the main contributors to this. Galexis was also able to position itself as the ideal partner for specialist doctors in particular.

By way of comparison, the medical market developed by 6.0% in the reporting year (IQVIA, Pharmaceutical Market Switzerland, 2021). As was the case in 2020, non-essential operations and elective interventions in hospitals and by specialist doctors were postponed nationwide in 2021 due to COVID-19. For this reason, hospitals (+3.0%, IQVIA, Pharmaceutical Market Switzerland, 2021) are still lagging behind the overall market (+4.4%, IQVIA, Pharmaceutical Market Switzerland, 2021).

Growing presence in the physician market

Galexis gained further market shares in the physicians segment in 2021. As a specialist partner, Galexis actively supports its customers in setting up and maintaining group practices and medical centres of various sizes. It thus helps to secure the supply of medical care in Switzerland – particularly in regions where there is already a shortage of family doctors or where this is likely to be the case in the near future.

Logistics & IT Services

The “Logistics & IT Services” sector achieved net sales of CHF 111.9 million (+13.7%) in financial year 2021. The main driver of the strong growth was additional invoicing for internal Group IT services due to the new organisational structure introduced in 2021. HCI Solutions also contributed to sales growth with the expansion of digital services in the healthcare sector.

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Pilot project on electronic transmission of prescriptions

A pilot project for the reliable and secure electronic transmission of prescriptions was launched in the first half of 2021. The corresponding IT solution “E-prescription” was developed by HCI Solutions and its partner company AD Swiss Net. Medi24, Switzerland’s leading telemedicine provider, was the first medical practice to take part in this pilot project. “E-Prescription” is scheduled to be introduced into onlinedoctor.ch and other doctors in 2022.

OUTLOOK 2022 ANNUAL GENERAL MEETING

Judith Meier proposed as a new member of the Board of Directors

The Board of Directors will propose Judith Meier for election as a new member at the 2022 Annual General Meeting.

Judith Meier (born 1962, Swiss citizen) has many years of experience in the operational and strategic management of service providers in the healthcare sector. For many years, she headed Zurzach Care (formerly the Reha Clinic Group) as CEO, became a delegate in 2017 and has been Vice-chair of the Board of Directors since 2019. She is also a member of the Board of Directors of the Graubünden Cantonal Hospital.

Judith Meier has developed a range of concepts to benefit patients, whether they are inpatients in clinics or outpatients in centres or at home. For example, she is a co-founder of reha@home, has developed concepts for integrating rehabilitation clinics into acute-care hospitals and established outpatient rehabilitation centres. As a trained physiotherapist, she also knows what it is like to work with patients face to face.

With her proven expertise and valuable experience in strategically important areas of the Group’s activities, Judith Meier is the ideal addition to the Board of Directors of the Galenica Group.

Particularly with regard to key topics of the strategic Care programme, such as home care, the development of health services and the needs and processes of care homes and clinics.

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Dates for the diary

8 March 2022: Publication of the results of the 2021 financial year for the Galenica Group
11 May 2022: Annual General Meeting of Galenica Ltd.
9 August 2022: Publication of the Galenica Group half-year report 2022

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Galenica is Switzerland's leading, completely integrated healthcare service provider. With over 500 own, joint venture and independent partner pharmacies, Galenica operates the largest network of pharmacies in Switzerland. In addition, Galenica further develops and offers well-known own brands and products, exclusive brands and products from business partners as well as a variety of on-site health services and tests for customers. Galenica is also the leading provider of pre-wholesale and wholesale distribution services as well as database services in the Swiss healthcare market. 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.