

PRESS RELEASE

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 Subject 2020 sales of the Galenica Group

Sales guidance exceeded – stable earnings outlook

The Galenica Group generated consolidated net sales of CHF 3,479.8 million in financial year 2020, constituting strong sales growth of 5.4% year-on-year. Galenica therefore slightly exceeded the communicated sales guidance of +2% to +5%.

Strong sales growth despite COVID-19

The Services Business sector made a particularly high contribution to the strong sales growth, at +7.8%, influenced by both extraordinarily high volumes in the spring due to COVID-19 and market share gains in wholesale.

Sales in the Retail Business sector were heavily affected by the national lockdown and further measures ordered by the authorities in the course of the year: pharmacies at high-frequency locations in particular suffered at times massive declines in sales. However, thanks to dynamic expansion, sales rose 2.7%.

Development of sales in the Products & Brands Business sector varied widely year-on-year: sales in the cold and beauty product categories as well as travel-related and ibuprofen products were very negatively impacted by COVID-19. Additional sales from hygiene and prevention products only partially compensated for these losses. The sales growth of +9.4% is based in particular on new distribution agreements and the successful expansion of the product portfolio.

At the same time, Galenica was able to increase its very high generic substitution rate of around 70% to 72%. The Galenica Group's pharmacies therefore contributed more than CHF 63 million¹⁾ to reducing healthcare costs in 2020.

Stable earnings outlook

Despite the negative effects of COVID-19, thanks to pleasing sales growth, Galenica is confident of achieving an adjusted operating result (EBIT, excluding the effects of IFRS 16 and IAS 19) in 2020 that is approximately at prior year level, as previously announced. Consequently, the outlook regarding proposal of a dividend of at least at the same level as the prior year (CHF 1.80 per share) to the 2021 Annual General Meeting remains unchanged.

Net sales of the Galenica Group 2020:

| (in million CHF) | 2020 | 2019 | Change |
|----------------------------|----------------|---------|--------|
| Health & Beauty segment | 1,671.4 | 1,620.8 | +3.1% |
| - Retail | 1,556.1 | 1,515.7 | +2.7% |
| - Products & Brands | 111.7 | 102.1 | +9.4% |
| Services segment | 2,631.7 | 2,441.0 | +7.8% |
| Corporate and eliminations | (823.3) | (760.8) | |
| Galenica Group | 3,479.8 | 3,301.2 | +5.4% |

¹⁾ Calculated based on an average price difference between original and generic of 29.3% according to the study "Effizienzbeitrag der Generika" (Efficiency contribution of generics), 2020 edition, bwa Consulting Bern

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Swiss pharmaceutical market

The Swiss pharmaceutical market grew by 2.9% (IQVIA, Pharmaceutical Market Switzerland 2020) in 2020 despite government-mandated price reductions. With slightly declining volumes (-1.8%, IQVIA, Pharmaceutical Market Switzerland 2020), this is a clear indication that the market growth in turn was driven by rising sales of high-priced medications.

Galenica prepares for the future

In order to create the optimal conditions for rapid, effective implementation of the strategy, Galenica adapted its organisational and management structure as of 1 January 2021. The new structure has not influenced Galenica Group reporting for financial year 2020, which is based on the structure of the segments and Business sectors up to 31 December 2020.

Change to the Board of Directors with effect from the 2021 Annual General Meeting

Philippe Nussbaumer has decided not to stand for re-election as a member of the Board of Directors at the 2021 Annual General Meeting. Going forward, he intends to devote himself in full to his main professional occupations and his various private activities. The Board of Directors fully understands his decision. It would like to thank Philippe Nussbaumer for his valuable commitment and wishes him much success in his various activities.

Philippe Nussbaumer has been a member of the Board of Directors of Galenica since the IPO in 2017. During this important phase, he made a strong contribution with his expertise and market knowledge to positioning Galenica on the path to becoming an independent company. In particular, as a member of the Strategy Committee, he helped to shape the further development of its strategy. As a long-standing customer, Philippe Nussbaumer will retain close ties to the Galenica Group in future.

The Board of Directors will inform the shareholders and the public in due course about its future composition.

HEALTH & BEAUTY SEGMENT

The Health & Beauty segment recorded net sales of CHF 1,671.4 million in 2020 (+ 3.1%), CHF 1,556.1 million of which was accounted for by the Retail Business sector and CHF 111.7 million by the Products & Brands Business sector. The growth was driven in particular by strong dynamic expansion activities such as acquisitions in the pharmacy network and product portfolio.

RETAIL

The Retail Business sector increased net sales in 2020 by 2.7% to CHF 1,556.1 million (excluding Coop Vitality). The positive sales performance is primarily attributable to the acquisition of the Bichsel Group in 2019 and the significant expansion of the pharmacy network. The expansion (including the Bichsel Group) accounted for +3.2% of the net sales growth. On a comparable basis (excluding expansion effects,) net sales developed by -0.5%.

Sales were adversely impacted by a one-time effect in 2020, which saw various intra-Group goods transactions discontinued at the beginning of 2020 as part of ongoing process optimisations. This negatively affected sales in the Retail Business sector by 1.7% compared to the previous year. Excluding this one-time effect, organic growth would have amounted to +1.2%. This one-time effect has no impact on the Group's consolidated sales.

The decline in sales in pharmacies at high-frequency locations in railway stations and airports due to COVID-19 had a negative impact of 1.9% on the development of sales in the Retail Business sector in 2020.

Lower sales of OTC medicines and beauty products were offset by additional sales in prevention, nutrition and hygiene products.

On the other hand, sales by the Amavita and Sun Store online shops tripled in 2020 and a pleasing growth by the Mediservice specialty pharmacy of 5.7% were able to practically compensate for the COVID-19-related decline in sales with an impact of 1.7% by the end of the year.

Government-mandated drug price reductions negatively impacted sales growth by 1.6% in 2020. Finally, the generic substitution deliberately promoted by Galenica also had a dampening effect on sales due to lower drug prices. The already high generic substitution rate was increased from around 70% to 72% as at the end of 2020. The Galenica Group pharmacies therefore contributed more than CHF 63 million¹⁾ to reducing healthcare costs in 2020.

By way of comparison, medication sales (prescription (Rx) and OTC drugs) in the Swiss pharmacy market as a whole grew by 2.4% (IQVIA, Pharmaceutical Market Switzerland 2020).

Dynamic expansion and further development of all sales channels

With a total of 17 new pharmacies, the bricks and mortar pharmacy network continued its extremely dynamic development. The newly acquired pharmacies include the well-known Adler Apotheke in Winterthur, which operates a successful own online shop and has a mail-order business authorisation. At the same time, there were seven store closures as part of optimisation measures. At the end of 2020, the Galenica pharmacy network comprised 522 pharmacies, of which 366 own (+10) and 156 partner pharmacies (-1).

In addition, the Retail Business sector further linked the online and offline worlds, for example by combining the Click & Collect offering with the home delivery service. Furthermore, the new mail order pharmacy of Coop Vitality was launched in spring 2020, with Amavita following in the second half and Sun Store in early 2021. Amavita, Sun Store and Coop Vitality pharmacies can send prescription medications to their customers at home via the mail order pharmacy.

Corona pandemic: Pharmacies as the first point of contact for health advice

The pharmacies clearly demonstrated their importance to the Swiss healthcare system as the first point of contact for health advice as the COVID-19 pandemic took hold.

Due to significantly higher demand for infusion and injection solutions, emergency medications and disinfectants, the Bichsel Group expanded production capacities at its in-house manufacturing facilities, and thus made a vital contribution to security of supply. The Bichsel Group was therefore classified as a systematically relevant company by the Federal Office for National Economic Supply (FONES).

Since the fourth quarter of 2020, the first pharmacies have – subject to compliance with extensive requirements – been offering the newly approved rapid antigen tests as well as PCR tests. At the same time, pharmacies have also been preparing to offer COVID-19 vaccinations in the future.

Overview of development of the pharmacy network in 2020

Own pharmacies and shareholdings

| | 31.12.2020 | 31.12.2019 | Change |
|-----------------------------------------------------|------------|------------|------------|
| Amavita pharmacies ¹⁾ | 179 | 171 | +8 |
| Sun Store pharmacies ¹⁾ | 94 | 94 | - |
| Coop Vitality pharmacies ²⁾ | 87 | 84 | +3 |
| Mediservice specialty pharmacy ¹⁾ | 1 | 1 | - |
| Majority holdings in other pharmacies ¹⁾ | 5 | 6 | -1 |
| Total own points of sale | 366 | 356 | +10 |

¹⁾ Fully consolidated ²⁾ Consolidated at equity level

¹⁾ Calculated based on an average price difference between original and generic of 29.3% according to the study "Effizienzbeitrag der Generika" (Efficiency contribution of generics), 2020 edition, bwa Consulting Bern

Independent partners

| | 31.12.2020 | 31.12.2019 | Change |
|-------------------------------|------------|------------|-----------|
| Amavita partners | 5 | 7 | -2 |
| Winconcept partner pharmacies | 151 | 150 | +1 |
| Total independent partners | 156 | 157 | -1 |

PRODUCTS & BRANDS

The Products & Brands Business sector, which mainly comprises the business activities of Verfora, realised net sales of CHF 111.7 million in 2020. The sales growth of 9.4% year-on-year could be achieved thanks to new distribution agreements and the strong expansion of the product portfolio, with an expansion effect of +17.3%.

Sales in the core market Switzerland increased by 6.3% to CHF 87.3 million thanks to the expansion activities. Due to COVID-19-related declines in sales of Algifor® (ibuprofen) as well as cold, beauty and travel-related products, sales fell 7.2% on a comparable basis (excluding expansion effect). Additional sales of hygiene and prevention products were only partially able to compensate for these losses.

Export sales totalled CHF 24.4 million, +22.3% year-on-year – primarily as a result of the acquisition of the Hedoga Group.

New attractive, strong brands in the Verfora portfolio

Verfora expanded existing partnerships and, through new licensing agreements, secured the rights to attractive, strong brands that ideally complement the portfolio in 2020. These include Bucco Tantum® and Thermacare® from Angelini Pharma, the pro- and prebiotic OmniBiotic® products from Allergosan and, with the acquisition of the Hedoga Group in July 2020, the brands Osa®, Osanit® and Carmol®. In addition, the popular ointment Vita-Merfen® was relaunched on the Swiss market at the end of 2020.

SERVICES SEGMENT

The Services segment generated net sales of CHF 2,631.7 million in 2020, representing a strong increase of 7.8% compared to the previous year. Services therefore clearly exceeded the growth of the overall market of 2.9% (IQVIA, Pharmaceutical Market Switzerland 2020).

COVID-19 triggered at times extremely high demand for medications and consumables, particularly in March 2020, which then weakened before rising again in the autumn. Overall, these additional sales contributed an estimated 1.4% to annual sales.

At the same time, new customers were acquired. Sales to doctors saw especially dynamic growth, and market share was increased with specialist physicians in particular.

Agreements with suppliers and invoicing models were revised in connection with the new transparency obligations of the new Ordinance on Integrity and Transparency in the Context of Therapeutic Products (OITTP). This technical effect increased 2020 sales in the Services segment by 2.3%. Excluding this technical one-time effect, Services recorded strong growth of 5.5%. This one-time effect has no impact on the Group's consolidated sales.

The negative impact on sales development due to the federally mandated price reduction measures continued in 2020, resulting in a negative impact of -1.8% in sales. Excluding this effect, net sales in the Services segment would have risen by 9.6%.

Corona pandemic: Logistics as a supporting pillar for national medication supply

The temporary record-high goods volumes due to COVID-19 were handled well thanks to a high degree of flexibility and a considerable commitment of employees. Following the first wave of COVID in the spring, Alloga's partners increased their buffer stocks at the warehouse, resulting in a need to increase warehousing capacity. At the same time, in anticipation of a COVID-19 vaccine becoming

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available at some point, deep-freeze logistics were expanded. In connection with COVID-19, the authorities have indicated that pharmacies and doctors must also have compulsory pandemic inventories of products available, including gloves, disinfectants and masks. Galexis is now offering to manage these inventories for them.

Further development and support with digital purchasing and support solutions

Unione Farmaceutica Distribuzione's (UFD) Switzerland-wide "e-box" logistics solution saw considerably higher volumes compared to 2019 due to high order numbers in the Galenica Group pharmacy online shops. To meet this continuing demand, UFD will expand its logistics capacities in 2021. To ensure pharmacists can send the results of the corona rapid antigen tests introduced at the end of 2020 to the Federal Office of Public Health (FOPH) quickly and easily, HCI Solutions has implemented a corresponding digital interface to the FOPH in the Documedis® e-medication solution

Dates for the diary:

9 March 2021: Publication of the results of the 2020 financial year for the Galenica Group
12 May 2021: Annual General Meeting of Galenica Ltd.
18 May 2021: Publication of the sustainability report 2020 of the Galenica Group
3 August 2021: Publication of the half-year report 2021 of the Galenica Group

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FACTS AND FIGURES ON COVID-19 FROM FINANCIAL YEAR 2020

- As of 31 December 2020, approximately 10,200 rapid antigen tests have been performed, in addition to PCR tests in some cantons.
- The sales of the pharmacy online shops have tripled.
- Around 10 million packs of protective masks were sold in the pharmacy formats.
- Sales of the disinfectant from Septo Clean® rose by +531%.
- Sales of cough products fell by 23%.
- In the spring, sales of analgesics such as paracetamol rose by +270%; at times, one lorryful per week of these medications was delivered.
- Galexis sold 3,000% more protective masks.
- Requests in the Clinical Decision Support system increased by 500% to 36 million.

Galenica is the leading fully integrated healthcare provider in Switzerland. 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.