

# Financial report

# Alternative performance measures 2023

## Definitions of alternative performance measures

The annual report, the half year report and other communication to investors contain certain financial performance measures, which are not defined by IFRS. In addition to information based on IFRS, management uses these alternative performance measures to assess the financial and operational performance of the Group. Management believes that these non-IFRS financial performance measures provide useful information regarding Galenica's financial and operational performance. Alternative performance measures are used in Galenica's value-based management as the basis for management's incentive and remuneration schemes. Such measures may not be comparable to similar measures presented by other companies. The main alternative performance measures used by Galenica are explained and/or reconciled with the IFRS measures in this section.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. Totals are calculated using the underlying amount rather than the presented rounded number.

The alternative performance measures are unaudited.

### IAS 19 – Employee benefits

The pension plans of Galenica are organised in legally independent pension funds and are based purely on the defined contribution principle as stated in the Swiss "BVG" law. Nevertheless, Galenica's pension plans are classified as defined benefit pension plans under IAS 19.

Galenica's results are influenced by external parameters that cannot be managed by the Group and the management is of the opinion that such an impact should be excluded when it comes to assess the performance of the Galenica Group. For this reason, Galenica also evaluates its performance by adjusting personnel costs as if those plans were defined contribution plans (adjustments for the effects of IAS 19). For these adjustments, the costs of defined benefit plans and long-service awards determined in accordance with IAS 19 are replaced by an expense based on the employer's contribution and long-service awards for the period of service.

### IFRS 16 – Leases

Lessees have to account for most leases on balance sheet by recognising lease liabilities and corresponding right-of-use assets. The right-of-use assets are depreciated over the lease term and the lease liabilities generate interest expense in the statement of income. Variable lease payments, not dependent on an index or rate, such as sales-based rental expenses are accounted for as operating expenses when they are incurred. With its large network of retail pharmacies, IFRS 16 has a significant impact on Galenica's balance sheet and the presentation of lease related expenses in the consolidated statement of income.

Galenica has lease agreements with fixed and variable lease payments and these payments affect various line items in the statement of income making comparisons across individual pharmacies and points-of-sale difficult. For this reason management also monitors results by adjusting the statement of income and balance sheet as if lease agreements were still accounted for as operating leases, e.g. all lease expense is presented in other operating costs on a straight-line basis and the depreciation of the right-of-use assets and the interest expense on the lease liabilities are removed. Income taxes are also adjusted accordingly.

IFRS 16 adjusted measures are important for Galenica's value-based management and therefore for management's incentive and remuneration schemes. As the type and duration of rental agreements under IFRS 16 have a significant influence on the invested capital and accordingly on the return on invested capital (ROIC) and on the Galenica economic profit (GEP), the invested capital is stated after removing lease liabilities. This minimises the risk that management makes decisions that are not in the interest of Galenica due to potential incentives when concluding leases.

## Organic growth of net sales

Organic growth of net sales shows the development of net sales for the operating segments Products & Care and Logistics & IT excluding the effects of acquisitions, new license agreements, openings and closures of pharmacies (effect of net expansion). It provides a "like-for-like" comparison with previous periods. In the business area Retail (B2C), organic growth of net sales is calculated only including points of sales with a full year period comparison. In the business area Professionals (B2B), organic growth of net sales is calculated only including existing business activities with a full year period comparison. In order to show the impact of mandatory price reductions of medications reimbursed by health insurers on net sales transparently, organic growth of net sales is also disclosed without the effect of mandatory price reductions.

### Organic growth of net sales first half of 2023

in thousand CHF	Retail (B2C)	Professionals (B2B)	Products & Care <sup>1)</sup>	Wholesale	Logistics & IT Services	Logistics & IT <sup>1)</sup>
Net sales	679,086	128,627	<b>804,364</b>	1,457,284	70,418	<b>1,518,491</b>
Change to previous period	2.1%	17.6%	<b>4.2%</b>	5.6%	10.4%	<b>5.8%</b>
Effect of net expansion	3,394 <sup>2)</sup>	7,208 <sup>3)</sup>	<b>10,602</b>	–	760 <sup>3)</sup>	<b>760</b>
In % of net sales of previous period	0.5%	6.6%	<b>1.4%</b>	0.0%	1.2%	<b>0.1%</b>
<b>Net sales excluding effect of net expansion</b>	<b>675,691</b>	<b>121,419</b>	<b>793,762</b>	<b>1,457,284</b>	<b>69,658</b>	<b>1,517,731</b>
<b>Organic growth of net sales</b>	<b>1.6%</b>	<b>11.0%</b>	<b>2.8%</b>	<b>5.6%</b>	<b>9.2%</b>	<b>5.7%</b>
Mandatory price reductions <sup>4)</sup>	9,092			26,589		
In % of net sales of previous period	1.4%			1.9%		
<b>Net sales excluding effect of net expansion and mandatory price reductions</b>	<b>684,783</b>			<b>1,483,873</b>		
<b>Organic growth of net sales excluding price reductions</b>	<b>3.0%</b>			<b>7.5%</b>		

<sup>1)</sup> Including eliminations of intercompany net sales

<sup>2)</sup> The effect of net expansion is calculated only including point of sales without a full year period comparison (acquisitions, openings and closure of pharmacies)

<sup>3)</sup> The effect of net expansion is calculated only including business activities without a full year period comparison (acquisitions and new license agreements)

<sup>4)</sup> Mandatory price reductions of medications reimbursed by health insurers of the specialities list (SL/LS) released by the Federal Office of Public Health (FOPH), calculated based on volumes of previous period

## Organic growth of net sales first half of 2023 Products &amp; Care

in thousand CHF	Local Pharmacies	Pharmacies at Home	Retail (B2C) <sup>1)</sup>	Products & Brands	Services for Professionals	Professionals (B2B) <sup>1)</sup>
Net sales	640,151	39,060	<b>679,086</b>	89,998	38,623	<b>128,627</b>
Change to previous period	1.9%	4.6%	<b>2.1%</b>	19.8%	12.8%	<b>17.6%</b>
Effect of net expansion	2,525 <sup>2)</sup>	869 <sup>2)</sup>	<b>3,394<sup>2)</sup></b>	6,044 <sup>3)</sup>	1,164 <sup>3)</sup>	<b>7,208<sup>3)</sup></b>
In % of net sales of previous period	0.4%	2.3%	<b>0.5%</b>	8.0%	3.4%	<b>6.6%</b>
<b>Net sales excluding effect of net expansion</b>	<b>637,626</b>	<b>38,191</b>	<b>675,691</b>	<b>83,954</b>	<b>37,460</b>	<b>121,419</b>
<b>Organic growth of net sales</b>	<b>1.5%</b>	<b>2.3%</b>	<b>1.6%</b>	<b>11.8%</b>	<b>9.4%</b>	<b>11.0%</b>
Mandatory price reductions <sup>4)</sup>	9,092	–	<b>9,092</b>			
In % of net sales of previous period	1.4%	0.0%	<b>1.4%</b>			
<b>Net sales excluding effect of net expansion and mandatory price reductions</b>	<b>646,718</b>	<b>38,191</b>	<b>684,783</b>			
<b>Organic growth of net sales excluding price reductions</b>	<b>2.9%</b>	<b>2.3%</b>	<b>3.0%</b>			

<sup>1)</sup> Including eliminations of intercompany net sales

<sup>2)</sup> The effect of net expansion is calculated only including point of sales without a full year period comparison (acquisitions, openings and closure of pharmacies)

<sup>3)</sup> The effect of net expansion is calculated only including business activities without a full year period comparison (acquisitions and new license agreements)

<sup>4)</sup> Mandatory price reductions of medications reimbursed by health insurers of the specialities list (SL/LS) released by the Federal Office of Public Health (FOPH), calculated based on volumes of previous period

## Organic growth of net sales first half of 2022

in thousand CHF	Retail (B2C) <sup>1)</sup>	Professionals (B2B)	Products & Care <sup>1) 2)</sup>	Wholesale	Logistics & IT Services	Logistics & IT <sup>2)</sup>
Net sales	665,192	109,341	771,689	1,379,426	63,794	1,434,631
Change to previous period <sup>3)</sup>	2.5%	23.5%	5.2%	3.8%	26.2%	4.1%
Effect of net expansion	6,172 <sup>4)</sup>	13,467 <sup>5)</sup>	19,639	–	–	–
In % of net sales of previous period	1.0%	15.2%	2.7%	0.0%	0.0%	0.0%
<b>Net sales excluding effect of net expansion</b>	<b>659,020</b>	<b>95,874</b>	<b>752,050</b>	<b>1,379,426</b>	<b>63,794</b>	<b>1,434,631</b>
<b>Organic growth of net sales<sup>3)</sup></b>	<b>1.5%</b>	<b>8.3%</b>	<b>2.5%</b>	<b>3.8%</b>	<b>26.2%</b>	<b>4.1%</b>
Mandatory price reductions <sup>6)</sup>	7,262			26,387		
In % of net sales of previous period	1.1%			2.0%		
<b>Net sales excluding effect of net expansion and mandatory price reductions</b>	<b>666,282</b>			<b>1,405,813</b>		
<b>Organic growth of net sales excluding price reductions<sup>3)</sup></b>	<b>2.6%</b>			<b>5.8%</b>		

<sup>1)</sup> Figures restated (refer to note 4 of the Consolidated interim financial statements)

<sup>2)</sup> Including eliminations of intercompany net sales

<sup>3)</sup> Growth rate includes minor change in segment reporting structure: adjusted growth rate on a comparable basis would be 1.8% lower for Retail (B2C), 1.6% lower for Products & Care and 0.7% higher for Wholesale and Logistics & IT

<sup>4)</sup> The effect of net expansion is calculated only including point of sales without a full year period comparison (acquisitions, openings and closure of pharmacies)

<sup>5)</sup> The effect of net expansion is calculated only including business activities without a full year period comparison (acquisitions and new license agreements)

<sup>6)</sup> Mandatory price reductions of medications reimbursed by health insurers of the specialities list (SL/LS) released by the Federal Office of Public Health (FOPH), calculated based on volumes of previous period

## Organic growth of net sales first half of 2022 Products &amp; Care

in thousand CHF	Local Pharmacies	Pharmacies at Home <sup>1)</sup>	Retail (B2C) <sup>1) 2)</sup>	Products & Brands	Services for Professionals	Professionals (B2B) <sup>2)</sup>
Net sales	627,947	37,349	665,192	75,097	34,244	109,341
Change to previous period <sup>3)</sup>	1.8%	15.9%	2.5%	26.0%	18.3%	23.5%
Effect of net expansion	6,172 <sup>4)</sup>	– <sup>4)</sup>	6,172 <sup>4)</sup>	7,721 <sup>5)</sup>	5,745 <sup>5)</sup>	13,467 <sup>5)</sup>
In % of net sales of previous period	1.0%	0.0%	1.0%	13.0%	19.9%	15.2%
<b>Net sales excluding effect of net expansion</b>	<b>621,774</b>	<b>37,349</b>	<b>659,020</b>	<b>67,375</b>	<b>28,499</b>	<b>95,874</b>
<b>Organic growth of net sales<sup>3)</sup></b>	<b>0.8%</b>	<b>15.9%</b>	<b>1.5%</b>	<b>13.0%</b>	<b>–1.6%</b>	<b>8.3%</b>
Mandatory price reductions <sup>6)</sup>	7,262	–	7,262			
In % of net sales of previous period	1.2%	0.0%	1.1%			
<b>Net sales excluding effect of net expansion and mandatory price reductions</b>	<b>629,036</b>	<b>37,349</b>	<b>666,282</b>			
<b>Organic growth of net sales excluding price reductions<sup>3)</sup></b>	<b>2.0%</b>	<b>15.9%</b>	<b>2.6%</b>			

<sup>1)</sup> Figures restated (refer to note 4 of the Consolidated interim financial statements)

<sup>2)</sup> Including eliminations of intercompany net sales

<sup>3)</sup> Growth rate includes minor change in segment reporting structure: adjusted growth rate on a comparable basis would be 26.5% lower for Pharmacies at Home and 1.8% lower for Retail (B2C)

<sup>4)</sup> The effect of net expansion is calculated only including point of sales without a full year period comparison (acquisitions, openings and closure of pharmacies)

<sup>5)</sup> The effect of net expansion is calculated only including business activities without a full year period comparison (acquisitions and new license agreements)

<sup>6)</sup> Mandatory price reductions of medications reimbursed by health insurers of the specialities list (SL/LS) released by the Federal Office of Public Health (FOPH), calculated based on volumes of previous period

## Adjusted consolidated statement of income

Galenica's consolidated statement of income adjusted by IAS 19 effects related to employee benefits (defined benefit plans and long-service awards) and IFRS 16 lease effects allowing financial results to be assessed on a comparable basis.

### Adjusted consolidated statement of income first half of 2023

in thousand CHF	As reported	Adjustments IAS 19	Adjustments IFRS 16	Adjusted
<b>Net sales</b>	<b>1,851,190</b>	–	–	<b>1,851,190</b>
Products & Care <sup>1)</sup>	804,364	–	–	804,364
Logistics & IT <sup>1)</sup>	1,518,491	–	–	1,518,491
Other income	8,170	–	–	8,170
<b>Operating income</b>	<b>1,859,360</b>	–	–	<b>1,859,360</b>
Cost of goods	–1,339,449	–	–	–1,339,449
Personnel costs	–278,773	–1,292	–	–280,065
Other operating costs	–100,187	–	–27,037	–127,224
Share of profit from associates and joint ventures	2,948	–194	25	2,780
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>143,900</b>	<b>–1,486</b>	<b>–27,012</b>	<b>115,402</b>
Products & Care <sup>1)</sup>	107,842	–	–25,179	82,663
Logistics & IT <sup>1)</sup>	34,928	–	–1,222	33,706
Depreciation, amortisation and impairment	–51,379	–	26,157	–25,222
<b>Earnings before interest and taxes (EBIT)</b>	<b>92,521</b>	<b>–1,486</b>	<b>–855</b>	<b>90,180</b>
Return on sales (ROS) <sup>2)</sup>	5.0%	–0.1%	0.0%	4.9%
Products & Care <sup>1)</sup>	73,744	–	–623	73,121
Return on sales (ROS) <sup>2)</sup>	9.2%	0.0%	–0.1%	9.1%
Logistics & IT <sup>1)</sup>	19,058	–	–69	18,990
Return on sales (ROS) <sup>2)</sup>	1.3%	0.0%	0.0%	1.3%
Net financial expenses	–2,978	–64	1,459	–1,583
<b>Earnings before taxes (EBT)</b>	<b>89,543</b>	<b>–1,550</b>	<b>605</b>	<b>88,597</b>
Income taxes	–15,056	244	–78	–14,889
<b>Profit from continuing operations</b>	<b>74,487</b>	<b>–1,306</b>	<b>527</b>	<b>73,708</b>
Profit from discontinued operations	112,843	–64	–2	112,777
<b>Net Profit</b>	<b>187,330</b>	<b>–1,370</b>	<b>525</b>	<b>186,485</b>
Attributable to:				
– Shareholders of Galenica Ltd.	186,998	–1,370	522	186,151
– Non-controlling interests	331	–	3	334

<sup>1)</sup> Reported for each operating segment not taking into account Group Services and Eliminations

<sup>2)</sup> Calculated as EBIT divided by net sales

in CHF	As reported	Adjustments IAS 19	Adjustments IFRS 16	Adjusted
Earnings per share from continuing operations	1.49	–0.03	0.01	1.47
Diluted earnings per share from continuing operations	1.49	–0.03	0.01	1.47

## Adjusted consolidated statement of income first half of 2022

in thousand CHF	As reported (Restated) <sup>1)</sup>	Adjustments IAS 19	Adjustments IFRS 16	Adjusted
<b>Net sales</b>	<b>1,754,208</b>	–	–	<b>1,754,208</b>
Products & Care <sup>2)</sup>	771,689	–	–	771,689
Logistics & IT <sup>2)</sup>	1,434,631	–	–	1,434,631
Other income	7,736	–	–	7,736
<b>Operating income</b>	<b>1,761,945</b>	–	–	<b>1,761,945</b>
Cost of goods	–1,275,622	–	–	–1,275,622
Personnel costs	–257,470	–1,355	–	–258,825
Other operating costs	–83,743	–	–27,179	–110,921
Share of profit from associates and joint ventures	2,019	–47	–5	1,967
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>147,129</b>	<b>–1,403</b>	<b>–27,183</b>	<b>118,542</b>
Products & Care <sup>2)</sup>	105,468	–	–25,353	80,115
Logistics & IT <sup>2)</sup>	40,345	–	–1,231	39,114
Depreciation, amortisation and impairment	–48,830	–	25,307	–23,523
<b>Earnings before interest and taxes (EBIT)</b>	<b>98,299</b>	<b>–1,403</b>	<b>–1,876</b>	<b>95,020</b>
Return on sales (ROS) <sup>3)</sup>	5.6%	–0.1%	–0.1%	5.4%
Products & Care <sup>2)</sup>	72,517	–	–1,693	70,823
Return on sales (ROS) <sup>3)</sup>	9.4%	0.0%	–0.2%	9.2%
Logistics & IT <sup>2)</sup>	25,382	–	–20	25,361
Return on sales (ROS) <sup>3)</sup>	1.8%	0.0%	0.0%	1.8%
Net financial expenses	–2,379	–112	1,175	–1,316
<b>Earnings before taxes (EBT)</b>	<b>95,920</b>	<b>–1,515</b>	<b>–701</b>	<b>93,703</b>
Income taxes	–16,922	264	126	–16,532
<b>Profit from continuing operations</b>	<b>78,998</b>	<b>–1,251</b>	<b>–575</b>	<b>77,171</b>
Profit from discontinued operations	4,127	–13	–	4,114
<b>Net Profit</b>	<b>83,124</b>	<b>–1,264</b>	<b>–575</b>	<b>81,285</b>
Attributable to:				
– Shareholders of Galenica Ltd.	82,912	–1,264	–575	81,072
– Non-controlling interests	213	–	–	213

<sup>1)</sup> Figures restated (refer to note 4 of the Consolidated interim financial statements)

<sup>2)</sup> Reported for each operating segment not taking into account Group Services and Eliminations

<sup>3)</sup> Calculated as EBIT divided by net sales

in CHF	As reported	Adjustments IAS 19	Adjustments IFRS 16	Adjusted
Earnings per share from continuing operations	1.59	–0.03	–0.01	1.55
Diluted earnings per share from continuing operations	1.58	–0.03	–0.01	1.55



## Free cash flow

The free cash flow shows Galenica's capacity to pay dividends and repay debt and repay equity. It provides information on the remaining cash and cash equivalents from the operating cash flow, reduced by all lease payments and after consideration of investment activities.

### Free cash flow

in thousand CHF	1.1.–30.6.2023	1.1.–30.6.2022 (Restated) <sup>1)</sup>
Cash flow from operating activities before working capital changes	113,209	130,772
Payment of lease liabilities	-25,711	-25,888
<b>Cash flow from operating activities before working capital changes adjusted</b>	<b>87,498</b>	<b>104,884</b>
Working capital changes	-109,422	-79,270
Cash flow from discontinued operations (operating activities) incl. payment of lease liabilities	918	-12,601
<b>Cash flow from operating activities adjusted</b>	<b>-21,005</b>	<b>13,014</b>
Cash flow from investing activities without M&A <sup>2)</sup>	-32,246	-38,925
Cash flow from discontinued operations (investing activities)	-150	-280
<b>Free cash flow before M&amp;A</b>	<b>-53,402</b>	<b>-26,191</b>
Cash flow from M&A <sup>3)</sup>	-28,290	-8,467
<b>Free cash flow</b>	<b>-81,692</b>	<b>-34,658</b>

<sup>1)</sup> Figures restated (refer to note 4 of the Consolidated interim financial statements)

<sup>2)</sup> Cash flow from investing activities without net cash flow from business combinations and net cash flow from sale of subsidiaries

<sup>3)</sup> Net cash flow from business combinations and net cash flow from sale of subsidiaries

### CAPEX

in thousand CHF	1.1.–30.6.2023	1.1.–30.6.2022
Investments in property, plant and equipment	18,639	18,652
Investments in intangible assets	15,947	12,198
<b>CAPEX</b>	<b>34,587</b>	<b>30,849</b>

### Cash conversion

	1.1.–30.6.2023	1.1.–30.6.2022 (Restated) <sup>1)</sup>
Cash conversion <sup>1)</sup>	70.0%	74.0%

<sup>1)</sup> Figures restated (refer to note 4 of the Consolidated interim financial statements)

<sup>2)</sup> Calculated as EBITDA adjusted less CAPEX divided by EBITDA adjusted

## Capital management

Galenica's capital is managed and monitored at Group level. The objective of capital management at Galenica is to ensure the continuity of operations, increase enterprise value on a sustainable basis, provide an adequate return to investors, provide the financial resources to enable investments in areas that deliver future benefits for patients and customers and further returns to investors.

Galenica defines the capital that it manages as invested interest-bearing liabilities and equity. Galenica uses a system of financial control based on various key performance indicators. Capital is monitored based on the gearing, for example, which expresses net debt as a percentage of shareholders' equity including non-controlling interests and is communicated regularly to management as part of internal reporting. The debt coverage expresses net debt as a multiple of earnings before interest, taxes, depreciation and amortisation (EBITDA). Debt coverage ratio provide information about the creditworthiness of the Group. Galenica has no covenants requiring a minimum level of debt coverage.

Total assets and shareholders' equity are adjusted for the cumulative effects of the IAS 19 and IFRS 16 adjustments and net debt is adjusted for lease liabilities.

### Total assets

in thousand CHF	30.06.2023	30.06.2022
<b>Total assets</b>	<b>2,808,944</b>	<b>2,454,464</b>
Cumulative effects of IAS 19 adjustments	-2,515	-2,261
Cumulative effects of IFRS 16 adjustments	-230,448	-227,771
<b>Total assets adjusted</b>	<b>2,575,982</b>	<b>2,224,432</b>

### Net debt

in thousand CHF	30.06.2023	30.06.2022
Current financial liabilities <sup>1)</sup>	98,923	242,865
Current lease liabilities	51,523	50,200
Non-current financial liabilities <sup>1)</sup>	419,872	181,565
Non-current lease liabilities	186,200	185,109
Cash and cash equivalents	-15,329	-20,966
Interest-bearing receivables	-958	-1,165
<b>Net debt</b>	<b>740,231</b>	<b>637,608</b>
Lease liabilities (current and non-current)	-237,723	-235,309
<b>Net debt adjusted</b>	<b>502,508</b>	<b>402,299</b>

<sup>1)</sup> Excluding non-interest-bearing financial liabilities

### Shareholders' equity

in thousand CHF	30.06.2023	30.06.2022
<b>Shareholders' equity</b>	<b>1,328,930</b>	<b>1,163,083</b>
Cumulative effects of IAS 19 adjustments	15,069	12,983
Cumulative effects of IFRS 16 adjustments	5,335	4,972
<b>Shareholders' equity adjusted</b>	<b>1,349,334</b>	<b>1,181,038</b>

**Equity ratio**

	30.06.2023	30.06.2022
Equity ratio <sup>1)</sup>	47.3%	47.4%
Equity ratio adjusted <sup>2)</sup>	52.4%	53.1%

<sup>1)</sup> Calculated as shareholders' equity divided by total assets

<sup>2)</sup> Calculated as shareholders' equity adjusted divided by total assets adjusted

**Gearing**

	30.06.2023	30.06.2022
Gearing <sup>1)</sup>	55.7%	54.8%
Gearing adjusted <sup>2)</sup>	37.2%	34.1%

<sup>1)</sup> Calculated as net debt divided by shareholders' equity

<sup>2)</sup> Calculated as net debt adjusted divided by shareholders' equity adjusted

**Debt coverage**

	30.6.2023	30.6.2022 <sup>3)</sup>
Debt coverage <sup>1)</sup>	2.6 x	2.1 x
Debt coverage adjusted <sup>2)</sup>	2.1 x	1.6 x

<sup>1)</sup> Calculated as net debt divided by moving annual total of the previous 12 months EBITDA

<sup>2)</sup> Calculated as net debt adjusted divided by moving annual total of the previous 12 months EBITDA adjusted

<sup>3)</sup> As reported in the Alternative performance measures of the Half year report 2022

# Consolidated interim financial statements 2023

## Consolidated statement of income

in thousand CHF	1.1.–30.6.2023	1.1.–30.6.2022 (Restated) <sup>1)</sup>
Net sales	1,851,190	1,754,208
Other income	8,170	7,736
<b>Operating income</b>	<b>1,859,360</b>	<b>1,761,945</b>
Cost of goods	-1,339,449	-1,275,622
Personnel costs	-278,773	-257,470
Other operating costs	-100,187	-83,743
Share of profit from associates and joint ventures	2,948	2,019
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>143,900</b>	<b>147,129</b>
Depreciation, amortisation and impairment	-51,379	-48,830
<b>Earnings before interest and taxes (EBIT)</b>	<b>92,521</b>	<b>98,299</b>
Financial income	3,495	509
Financial expenses	-6,473	-2,888
<b>Earnings before taxes (EBT)</b>	<b>89,543</b>	<b>95,920</b>
Income taxes	-15,056	-16,922
<b>Profit from continuing operations</b>	<b>74,487</b>	<b>78,998</b>
Profit from discontinued operations	112,843	4,127
<b>Net profit</b>	<b>187,330</b>	<b>83,124</b>
Attributable to:		
– Shareholders of Galenica Ltd.	186,998	82,912
– Non-controlling interests	331	213

in CHF	1.1.–30.6.2023	1.1.–30.6.2022 (Restated) <sup>1)</sup>
<b>Earnings per share</b>		
Earnings per share	3.75	1.67
Diluted earnings per share	3.75	1.67
<b>Earnings per share from continuing operations</b>		
Earnings per share	1.49	1.59
Diluted earnings per share	1.49	1.58
<b>Earnings per share from discontinued operations</b>		
Earnings per share	2.26	0.08
Diluted earnings per share	2.26	0.08

<sup>1)</sup> Figures restated (refer to note 4 of the Consolidated interim financial statements)  
Unaudited figures

## Consolidated statement of comprehensive income

in thousand CHF	1.1.–30.6.2023	1.1.–30.6.2022 (Restated) <sup>1)</sup>
<b>Net profit</b>	<b>187,330</b>	<b>83,124</b>
Translation differences	-49	-139
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>-49</b>	<b>-139</b>
Remeasurement of net defined benefit plans	-2,149	-56,513
Income taxes from remeasurement of net defined benefit plans	380	10,172
Share of other comprehensive income from associates and joint ventures	-223	-921
Gain / (Loss) on equity instruments at fair value through other comprehensive income	10,615	-
Income taxes from fair value measurement on equity instruments at fair value through other comprehensive income	-2,229	-
<b>Items that will not be reclassified to profit or loss</b>	<b>6,394</b>	<b>-47,262</b>
<b>Other comprehensive income/(loss)</b>	<b>6,344</b>	<b>-47,401</b>
<b>Comprehensive income</b>	<b>193,674</b>	<b>35,723</b>
Attributable to:		
– Shareholders of Galenica Ltd.	193,343	35,511
– Non-controlling interests	331	213

<sup>1)</sup> Figures restated (refer to note 4 of the Consolidated interim financial statements)  
Unaudited figures

## Consolidated statement of financial position

in thousand CHF		30.06.2023		31.12.2022
Cash and cash equivalents		15,329		93,927
Trade and other receivables		557,695		529,479
Inventories		335,040		315,160
Prepaid expenses and accrued income		32,966		38,152
<b>Current assets</b>	<b>33.5%</b>	<b>941,030</b>	<b>37.4%</b>	<b>976,718</b>
Property, plant and equipment		249,465		249,495
Right-of-use assets		230,990		226,685
Intangible assets		1,068,349		1,100,112
Investments in associates and joint ventures		137,009		32,682
Financial assets		177,235		23,692
Deferred tax assets		4,684		3,258
Employee benefit assets		183		183
<b>Non-current assets</b>	<b>66.5%</b>	<b>1,867,914</b>	<b>62.6%</b>	<b>1,636,107</b>
<b>Assets</b>	<b>100.0%</b>	<b>2,808,944</b>	<b>100.0%</b>	<b>2,612,825</b>
Financial liabilities		107,202		218,464
Lease liabilities		51,523		50,173
Trade and other payables		361,160		355,220
Income tax payables		26,973		40,358
Accrued expenses and deferred income		190,470		211,417
Provisions		4,224		4,487
<b>Current liabilities</b>	<b>26.4%</b>	<b>741,553</b>	<b>33.7%</b>	<b>880,119</b>
Financial liabilities		476,499		234,848
Lease liabilities		186,200		183,005
Deferred tax liabilities		57,656		48,384
Employee benefit liabilities		17,665		16,813
Provisions		441		197
<b>Non-current liabilities</b>	<b>26.3%</b>	<b>738,462</b>	<b>18.5%</b>	<b>483,245</b>
<b>Liabilities</b>	<b>52.7%</b>	<b>1,480,015</b>	<b>52.2%</b>	<b>1,363,364</b>
Share capital		5,000		5,000
Reserves		1,320,291		1,240,580
<b>Equity attributable to shareholders of Galenica Ltd.</b>		<b>1,325,291</b>		<b>1,245,580</b>
Non-controlling interests		3,639		3,881
<b>Shareholders' equity</b>	<b>47.3%</b>	<b>1,328,930</b>	<b>47.8%</b>	<b>1,249,461</b>
<b>Liabilities and shareholders' equity</b>	<b>100.0%</b>	<b>2,808,944</b>	<b>100.0%</b>	<b>2,612,825</b>

2023 figures are unaudited

# Consolidated statement of cash flows

in thousand CHF	1.1.-30.6.2023	1.1.-30.6.2022 (Restated) <sup>1)</sup>
Profit from continuing operations	74,487	78,998
Income taxes	15,056	16,922
Depreciation, amortisation and impairment	51,379	48,830
(Gain)/loss on disposal of non-current assets	-495	-84
Increase/(decrease) in provisions and employee benefit assets and liabilities	-1,549	-1,582
Net financial result	2,978	2,379
Share of profit from associates and joint ventures	-2,948	-2,019
Share-based payments	1,832	2,466
Interest received	756	348
Interest paid	-2,287	-2,038
Other financial receipts/(payments)	-198	-11
Dividends received	4,410	6,860
Income taxes paid	-30,211	-20,296
<b>Cash flow from operating activities before working capital changes</b>	<b>113,209</b>	<b>130,772</b>
Change in trade and other receivables	-85,739	-60,525
Change in inventories	-31,238	4,122
Change in trade and other payables	23,812	-27,794
Change in other net current assets	-16,257	4,927
<b>Working capital changes</b>	<b>-109,422</b>	<b>-79,270</b>
Cash flow from discontinued operations	1,186	-12,284
<b>Cash flow from operating activities</b>	<b>4,973</b>	<b>39,219</b>
Investments in property, plant and equipment	-18,741	-18,716
Investments in intangible assets	-13,090	-10,748
Investments in associates and joint ventures	-	-3,833
Investments in financial assets	-126,040	-7,136
Proceeds from sale of property, plant and equipment and intangible assets	811	309
Proceeds from sale of financial assets	124,813	1,199
Net cash flow from business combinations	-26,206	-8,467
Net cash flow from sale of subsidiaries	-2,084	-
Cash flow from discontinued operations	-150	-280
<b>Cash flow from investing activities</b>	<b>-60,687</b>	<b>-47,671</b>
Dividends paid	-110,263	-104,810
Purchase of treasury shares	-5,434	-236
Proceeds from sale of treasury shares	55	58
Proceeds from financial liabilities	350,827	1,008
Repayment of financial liabilities	-232,041	-1,232
Payment of lease liabilities	-25,711	-25,888
Purchase of non-controlling interests	-	-4,048
Cash flow from discontinued operations	-267	-317
<b>Cash flow from financing activities</b>	<b>-22,833</b>	<b>-135,464</b>
Effects of exchange rate changes on cash and cash equivalents	-51	-100
<b>Decrease in cash and cash equivalents</b>	<b>-78,598</b>	<b>-144,016</b>
Cash and cash equivalents as at 1 January	93,927	164,982
<b>Cash and cash equivalents as at 30 June</b>	<b>15,329</b>	<b>20,966</b>

<sup>1)</sup> Figures restated (refer to note 4 of the Consolidated interim financial statements)  
Unaudited figures



## Consolidated statement of changes in equity

in thousand CHF	Share capital	Treasury shares	Retained earnings	Equity attributable to shareholders of Galenica Ltd.	Non-controlling interests	Equity
<b>Balance as at 31 December 2021</b>	<b>5,000</b>	<b>-14,511</b>	<b>1,237,049</b>	<b>1,227,538</b>	<b>6,140</b>	<b>1,233,677</b>
Net profit			82,912	82,912	213	83,124
Other comprehensive loss			-47,401	-47,401	-	-47,401
<b>Comprehensive income</b>			<b>35,511</b>	<b>35,511</b>	<b>213</b>	<b>35,723</b>
Dividends			-104,443	-104,443	-367	-104,810
Transactions on treasury shares		3,649	-3,639	10		10
Share-based payments			2,530	2,530		2,530
Change in non-controlling interests			-1,725	-1,725	-2,323	-4,048
<b>Balance as at 30 June 2022</b>	<b>5,000</b>	<b>-10,862</b>	<b>1,165,282</b>	<b>1,159,421</b>	<b>3,663</b>	<b>1,163,083</b>
<b>Balance as at 31 December 2022</b>	<b>5,000</b>	<b>-7,817</b>	<b>1,248,397</b>	<b>1,245,580</b>	<b>3,881</b>	<b>1,249,461</b>
Net profit			186,998	186,998	331	187,330
Other comprehensive income			6,344	6,344	-	6,344
<b>Comprehensive income</b>			<b>193,343</b>	<b>193,343</b>	<b>331</b>	<b>193,674</b>
Dividends			-109,761	-109,761	-542	-110,304
Transactions on treasury shares		-2,352	-3,392	-5,744		-5,744
Share-based payments			1,903	1,903		1,903
Change in non-controlling interests			-30	-30	-31	-61
<b>Balance as at 30 June 2023</b>	<b>5,000</b>	<b>-10,169</b>	<b>1,330,460</b>	<b>1,325,291</b>	<b>3,639</b>	<b>1,328,930</b>

Unaudited figures

On 3 May 2023, the Annual General Meeting approved a dividend payment of CHF 109.8 million for the financial year 2022 (previous year: CHF 104.4 million), corresponding to CHF 2.20 per registered share (previous year: CHF 2.10). For this purpose, CHF 1.10 was taken from the reserves from capital contributions (previous year: CHF 1.05) and CHF 1.10 from retained earnings (previous year: CHF 1.05) of Galenica Ltd. The dividend was paid out to the shareholders on 9 May 2023.

# Notes to the consolidated interim financial statements of the Galenica Group

## 1. Group organisation

### General information

Galenica is a fully-integrated healthcare service provider in Switzerland. Galenica operates a network of pharmacies, develops and offers 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 a provider of pre-wholesale and wholesale distribution and database services in the Swiss healthcare market.

The parent company is Galenica Ltd., a Swiss company limited by shares with its headquarters in Bern. The registered office is at Untermattweg 8, 3027 Bern, Switzerland. Shares in Galenica Ltd. are traded on the SIX Swiss Exchange under securities no. 36067446 (ISIN CH0360674466).

The Board of Directors released the consolidated interim financial statements 2023 on 7 August 2023 for publication.

## 2. Accounting principles

### Basis of preparation

The unaudited consolidated interim financial statements of Galenica are based on the financial statements of the individual companies of Galenica as at 30 June 2023, prepared in accordance with uniform principles. Except for the amendments to International Financial Reporting Standards (IFRS) as detailed below, the consolidated interim financial statements have been prepared using the same accounting principles as the consolidated financial statements for the year ending 31 December 2022 and comply with IAS 34 – Interim Financial Reporting. The consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ending 31 December 2022 as they update previously reported information.

Galenica's consolidated interim financial statements are prepared in Swiss francs (CHF) and, unless otherwise indicated, figures are rounded to the nearest CHF 1,000.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. Totals are calculated using the underlying amount rather than the presented rounded number.

Foreign currencies are not material for the consolidated interim financial statements.

### Discontinued operations

A disposal group is classed as a discontinued operation if it represents a separate major line of business or geographical business unit or if it is part of a single coordinated plan to dispose of a separate major line of business or geographical business unit. Discontinued operations are not included in the result from continuing operations and are reported separately in the consolidated statement of income as profit from discontinued operations. The prior period amounts in the income statement and in the consolidated statement of cash flows are adjusted for comparison purposes. Intercompany transactions with the discontinued operations are treated as third parties transaction in the continuing operation. The figures for January to June 2022 have been restated for the purpose of comparison. The restatement has no effect on the statement of financial position or consolidated statement of comprehensive income. Further information of the discontinued operation can be found in [note 4, Discontinued operations](#).

## Estimation uncertainty, assumptions and judgments

The preparation of the Group's consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and the disclosure of contingent liabilities as at the reporting date. Although these estimates and assumptions are made on the basis of all available information and with the greatest of care, the actual results may differ.

## Seasonal influences on operations

Sales in the business sectors in which Galenica operates are usually not significantly influenced by seasonal or cyclical fluctuations during the financial year.

## Income taxes

Current income taxes are based on an estimate of the expected income tax rate for the full year.

## Scope of consolidation

The consolidated interim financial statements of Galenica comprise those of Galenica Ltd. and all its - subsidiaries, including associates and joint ventures.

Details of changes in the scope of consolidation in the reporting period are included in [note 4, Discontinued operations](#) and in [note 5, Business combinations](#).

## Amendments to IFRS

As at 1 January 2023 Galenica adopted the following new International Financial Reporting Standards:

- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies
- Amendments to IAS 8 - Definition of accounting estimates
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12 - International tax reform Pillar Two rules

These changes have no or no material impact on the financial position, financial performance and cash flows of Galenica nor on disclosures in these consolidated interim financial statements. Galenica has not early adopted any other standard or interpretation that has been issued but is not yet effective.

Galenica has applied the exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two Global Anti-Base erosion rules in accordance with the amendments to IAS 12, which the IASB published in May 2023.

### 3. Operating segment information

#### Operating segment information first half of 2023

With the creation of the strategic partnership with Redcare Pharmacy N.V., the business unit Mediservice Ltd. (incl. Curarex Swiss Ltd.) which was part of the Products & Care segment, is presented as discontinued operations. Operating segment information for the previous period has been restated to conform to the new presentation and is line with the internal reporting. As a result, net sales to third parties has decreased by CHF 205.7 million and EBIT by CHF 5.0 million in 2022. Further information of the discontinued operation can be found in [note 4, Discontinued operations](#).

#### Operating segment information first half of 2023

in thousand CHF	Products & Care	Logistics & IT	Group Services	Eliminations	Galenica Group
Net sales	804,364	1,518,491	25,733	-497,398	1,851,190
Intersegmental net sales	-50,846	-423,283	-23,268	497,398	-
<b>Net sales to third parties</b>	<b>753,518</b>	<b>1,095,208</b>	<b>2,464</b>	<b>-</b>	<b>1,851,190</b>
Other income	3,387	3,995	1,971	-1,183	8,170
Share of profit from associates and joint ventures	2,812	8	-	128	2,948
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>107,842</b>	<b>34,928</b>	<b>1,168</b>	<b>-38<sup>1)</sup></b>	<b>143,900</b>
Depreciation, amortisation and impairment	-34,098	-15,869	-1,530	118	-51,379
<b>Earnings before interest and taxes (EBIT)</b>	<b>73,744</b>	<b>19,058</b>	<b>-362</b>	<b>81<sup>1)</sup></b>	<b>92,521</b>
Interest income					1,057
Interest expense					-3,564
Other net financial result					-471
<b>Earnings before taxes (EBT)</b>					<b>89,543</b>
Income taxes					-15,056
<b>Profit from continuing operations</b>					<b>74,487</b>
<b>Assets</b>	<b>1,807,984</b>	<b>1,048,016</b>	<b>529,011</b>	<b>-576,067<sup>2)</sup></b>	<b>2,808,944</b>
Investments in associates and joint ventures	138,486	91	-	-1,568	137,009
<b>Liabilities</b>	<b>616,713</b>	<b>681,315</b>	<b>728,105</b>	<b>-546,118<sup>3)</sup></b>	<b>1,480,015</b>
Investments in property, plant and equipment	11,552	5,418	1,669	-	18,639 <sup>4)</sup>
Investments in intangible assets	1,041	14,943	-	-37	15,947 <sup>5)</sup>
Employees as at 30 June (FTE)	4,081	1,445	232	-	5,758

<sup>1)</sup> Including the effects of IAS 19 from defined benefit plans and long-service awards of CHF 1.5 million

<sup>2)</sup> Of which elimination of intercompany positions of CHF -556.5 million and other unallocated amounts of CHF -19.5 million

<sup>3)</sup> Of which elimination of intercompany positions of CHF -556.5 million and other unallocated amounts of CHF 10.4 million

<sup>4)</sup> Of which non-cash investments of CHF 0.8 million

<sup>5)</sup> Of which non-cash investments of CHF 3.8 million

## Operating segment information first half of 2022

### Operating segment information first half of 2022 (restated)

in thousand CHF	Products & Care	Logistics & IT	Group Services	Eliminations	Galenica Group
Net sales	771,689	1,434,631	22,352	-474,464	1,754,208
Intersegmental net sales	-46,092	-407,347	-21,026	474,464	-
<b>Net sales to third parties</b>	<b>725,598</b>	<b>1,027,284</b>	<b>1,326</b>	<b>-</b>	<b>1,754,208</b>
Other income	3,992	2,962	1,438	-656	7,736
Share of profit from associates and joint ventures	1,937	20	-	62	2,019
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>105,468</b>	<b>40,345</b>	<b>242</b>	<b>1,074<sup>2)</sup></b>	<b>147,129</b>
Depreciation, amortisation and impairment	-32,951	-14,963	-1,062	147	-48,830
<b>Earnings before interest and taxes (EBIT)</b>	<b>72,517</b>	<b>25,382</b>	<b>-820</b>	<b>1,221<sup>2)</sup></b>	<b>98,299</b>
Interest income					387
Interest expense					-2,636
Other net financial result					-129
<b>Earnings before taxes (EBT)</b>					<b>95,920</b>
Income taxes					-16,922
<b>Profit from continuing operations</b>					<b>78,998</b>
<b>Assets<sup>1)</sup></b>	<b>1,784,254</b>	<b>921,458</b>	<b>320,811</b>	<b>-413,699<sup>3)</sup></b>	<b>2,612,825</b>
Investments in associates and joint ventures <sup>1)</sup>	33,975	82	-	-1,375	32,682
<b>Liabilities<sup>1)</sup></b>	<b>604,571</b>	<b>524,903</b>	<b>619,655</b>	<b>-385,765<sup>4)</sup></b>	<b>1,363,364</b>
Investments in property, plant and equipment	4,125	13,400	1,127	-	18,652 <sup>5)</sup>
Investments in intangible assets	769	11,499	-	-70	12,198 <sup>6)</sup>
Employees as at 30 June (FTE)	3,831	1,377	216	-	5,424

<sup>1)</sup> Figures as at 31 December 2022

<sup>2)</sup> Including the effects of IAS 19 from defined benefit plans and long-service awards of CHF 1.4 million

<sup>3)</sup> Of which elimination of intercompany positions of CHF -395.6 million and other unallocated amounts of CHF -18.1 million

<sup>4)</sup> Of which elimination of intercompany positions of CHF -395.6 million and other unallocated amounts of CHF 9.8 million

<sup>5)</sup> Of which non-cash investments of CHF 0.9 million

<sup>6)</sup> Of which non-cash investments of CHF 1.8 million

## 4. Discontinued operations

On 30 March 2023 Galenica announced the combination of the business activities of the specialty pharmacy Mediservice Ltd. (including Curarex swiss Ltd.) and the online pharmacy shop-apotheke.ch in a strategic partnership with Redcare Pharmacy N.V. The closing of the transaction occurred on 16 May 2023.

Through the transaction, Galenica sold 51% of the shares of Mediservice Ltd. to Redcare Pharmacy N.V. The total purchase consideration amounted to CHF 215.5 million, consisting of a 6.1% investment in the listed company Redcare Pharmacy N.V., Netherlands with a fair value of CHF 109.5 million and the retained 49% participation in Mediservice Ltd. (including the online pharmacy shop-apotheke.ch) with a fair value of CHF 106.0 million. The 49% participation in Mediservice Ltd. will be accounted for as an investment in an associate.

The purchase consideration is reduced by an estimated amount of CHF 10.6 million which is contingent on net working capital developments as well as certain market developments and will become due between 2023 and 2026. The transaction resulted in a gain on sale of CHF 111.8 million. As the purchase considerations received are non-cash items, the net cash flow from the disposal amounted to minus CHF 2.1 million which includes CHF 1.3 million cash disposed and CHF 0.8 million transaction costs and is shown as net cash flow from sale of subsidiaries in the consolidated statement of cash flows.

With the transaction Galenica lost control over Mediservice Ltd. (including Curarex swiss Ltd.) and therefore deconsolidated the assets and liabilities of the business unit. The business of Mediservice Ltd. (including Curarex swiss Ltd.) represented a separate major line of business for Galenica and was therefore classified as discontinued operations and the prior period was adjusted accordingly.

### Gain on sale of discontinued operations

in thousand CHF	16.5.2023
Fair value of received equity instruments	109,456
Fair value of retained at equity investment in former subsidiary	106,011
Contingent considerations	-10,594
<b>Total considerations received / interest retained</b>	<b>204,873</b>
Carrying amount of net assets disposed	-86,776
Transaction costs	-755
Income taxes related to the sale of the discontinued operations	-5,515
<b>Gain on sale of discontinued operations</b>	<b>111,827</b>

The table below shows the financial performance of the discontinued operations.

### Statement of income of discontinued operations

in thousand CHF	1.1. – 16.5.2023	1.1. – 30.6.2022
Net sales	164,487	215,250
Other income	18	21
Expenses	-163,238	-210,316
<b>Earnings before tax (EBT) from discontinued operations</b>	<b>1,266</b>	<b>4,954</b>
Income taxes	-251	-828
<b>Net profit from discontinued operations</b>	<b>1,015</b>	<b>4,127</b>

The table below shows the financial position of Mediservice Ltd. (including Curarex swiss Ltd.) at the date of disposal.

**Financial position of the discontinued operation at the time of disposal**

in thousand CHF	16.5.2023
Cash and cash equivalents	1,330
Trade and other receivables	49,444
Inventories	18,168
Other current assets	2,583
<b>Current Assets</b>	<b>71,525</b>
Property, plant and equipment	681
Right-of-use assets	4,025
Intangible assets	67,517
Financial assets	50
Other non-current assets	43
<b>Non-current assets</b>	<b>72,316</b>
<b>Total disposed assets</b>	<b>143,841</b>
Financial liabilities	24,143
Lease liabilities	647
Trade and other payables	24,817
Other liabilities	1,999
<b>Current liabilities</b>	<b>51,607</b>
Lease liabilities	3,581
Deferred tax liabilities	1,637
Employee benefit liabilities	240
<b>Non-current liabilities</b>	<b>5,458</b>
<b>Total disposed liabilities</b>	<b>57,065</b>
<b>Disposed net assets</b>	<b>86,776</b>

## 5. Business combinations

In the first half of 2023, the scope of consolidation has changed as a result of the following transactions:

**Acquisition of Padma AG.** On 30 January 2023, Galenica acquired 100% of the shares in the Swiss company Padma AG. Padma AG is the parent company of the Padma Group with its two operating companies Padma Europe GmbH (Austria based) and Padma Deutschland GmbH (Germany based). Padma specialises in the manufacture and distribution of herbal formulations derived from Tibetan medicine.

The total purchase considerations amounted to CHF 23.3 million, of which CHF 20.9 million was settled in cash. A contingent consideration in the amount of CHF 2.4 million was recognised, which is due in 2026 if certain financial and operational targets are achieved. The fair value of the net identifiable asset amounted to CHF 14.2 million at the acquisition date. The goodwill of CHF 9.1 million was allocated to the operating segment Products & Care and corresponds to added value based on the acquirer-specific synergies expected to arise from the acquisition in expanding its complementary medicine portfolio and expanding its range of reimbursable medicines and the know-how of the employees gained. Transaction costs were not material.

**Acquisition of pharmacies.** Galenica acquired 100% of the interests in pharmacies in various locations in Switzerland. Upon acquisition, the pharmacies were merged with Galenicare Ltd.

The total purchase consideration amounted to CHF 9.7 million, of which CHF 9.1 million was settled in cash. A deferred consideration in the amount of CHF 0.6 million was recognised, which is due in the second half year of 2023. The fair value of the provisional net assets amounts to CHF 0.8 million at the acquisition date. The goodwill of CHF 8.9 million was allocated to the operating segment Products & Care and corresponds to the added value of the pharmacies based on their locations. Transaction costs were not material.

### Business combinations

in thousand CHF	Padma	Pharmacies	Total
Cash and cash equivalents	3,170	600	3,770
Trade receivables	1,156	210	1,366
Inventories	3,362	676	4,039
Property, plant and equipment	177	–	177
Right-of-use assets	3,815	1,873	5,687
Intangible assets	9,333	–	9,333
Other current and non-current assets	275	88	363
Trade payables	–418	–450	–868
Lease liabilities	–3,815	–1,873	–5,687
Net deferred tax assets/(liabilities)	–1,871	–	–1,871
Employee benefit liabilities	–378	–	–378
Other current and non-current liabilities	–596	–282	–878
<b>Fair value of net assets</b>	<b>14,211</b>	<b>842</b>	<b>15,053</b>
Goodwill	9,074	8,863	17,937
<b>Purchase consideration</b>	<b>23,285</b>	<b>9,705</b>	<b>32,990</b>
Cash acquired	–3,170	–600	–3,770
Deferred consideration	–	–630	–630
Contingent consideration	–2,385	–	–2,385
<b>Net cash flow from current business combinations</b>	<b>17,730</b>	<b>8,476</b>	<b>26,206</b>

### Pro forma figures for acquisitions made in the first half of 2023

Since their inclusion in Galenica's scope of consolidation, the businesses acquired contributed net sales of CHF 6.3 million and an operating result (EBIT) of CHF 0.4 million to the Group's results. If these acquisitions had occurred on 1 January 2023, they would have contributed additional net sales of CHF 1.8 million without a material effect on EBIT.



## 6. Net sales

### Net sales first half of 2023

Based on the classification of the business unit Mediservice (incl. Curarex swiss) as discontinued operation, the internal reporting and disaggregation of net sales has been adjusted accordingly. Net sales information for the previous period has been restated to conform to the new presentation. Further information of the discontinued operation can be found in [note 4, Discontinued operations](#).

#### Net sales first half of 2023

in thousand CHF	Sale of goods	Sale of services	Total net sales	Intersegmental net sales	Total net sales to third parties	of which sale of goods to third parties	of which sale of services to third parties
Local Pharmacies	599,617	40,534	640,151	264	640,416	599,893	40,523
Pharmacies at Home	36,864	2,197	39,060	-125	38,935	36,738	2,197
<b>Retail (B2C)<sup>1)</sup></b>	<b>636,355</b>	<b>42,731</b>	<b>679,086</b>	<b>265</b>	<b>679,351</b>	<b>636,631</b>	<b>42,719</b>
Products & Brands	89,190	808	89,998	-41,807	48,191	47,383	808
Services for Professionals	30,516	8,108	38,623	-12,664	25,960	24,303	1,656
<b>Professionals (B2B)<sup>1)</sup></b>	<b>119,721</b>	<b>8,905</b>	<b>128,627</b>	<b>-54,476</b>	<b>74,150</b>	<b>71,687</b>	<b>2,464</b>
<b>Products &amp; Care<sup>1)</sup></b>	<b>754,684</b>	<b>49,680</b>	<b>804,364</b>	<b>-50,846</b>	<b>753,518</b>	<b>708,334</b>	<b>45,184</b>
Wholesale	1,452,285	4,999	1,457,284	-398,552	1,058,732	1,054,982	3,749
Logistics & IT Services	169	70,249	70,418	-33,942	36,477	169	36,307
<b>Logistics &amp; IT<sup>1)</sup></b>	<b>1,452,455</b>	<b>66,037</b>	<b>1,518,491</b>	<b>-423,283</b>	<b>1,095,208</b>	<b>1,055,152</b>	<b>40,057</b>
Group Services	-	25,733	25,733	-23,268	2,464	-	2,464
Eliminations <sup>2)</sup>	-443,657	-53,741	-497,398	497,398	-	-	-
<b>Galenica Group</b>	<b>1,763,482</b>	<b>87,708</b>	<b>1,851,190</b>	<b>-</b>	<b>1,851,190</b>	<b>1,763,482</b>	<b>87,708</b>

<sup>1)</sup> Including eliminations of intercompany net sales

<sup>2)</sup> Eliminations of intersegmental net sales

## Net sales first half of 2022

### Net sales first half of 2022 (restated)

in thousand CHF	Sale of goods	Sale of services	Total net sales	Intersegmental net sales	Total net sales to third parties	of which sale of goods to third parties	of which sale of services to third parties
Local Pharmacies	590,444	37,503	627,947	-12	627,935	590,432	37,503
Pharmacies at Home	35,076	2,273	37,349	-188	37,161	34,888	2,272
<b>Retail (B2C)<sup>1)</sup></b>	<b>625,417</b>	<b>39,776</b>	<b>665,192</b>	<b>-97</b>	<b>665,096</b>	<b>625,321</b>	<b>39,775</b>
Products & Brands	74,136	960	75,097	-38,302	36,794	35,834	960
Services for Professionals	27,075	7,169	34,244	-10,660	23,584	21,672	1,913
<b>Professionals (B2B)<sup>1)</sup></b>	<b>101,250</b>	<b>8,091</b>	<b>109,341</b>	<b>-48,963</b>	<b>60,378</b>	<b>57,506</b>	<b>2,873</b>
<b>Products &amp; Care<sup>1)</sup></b>	<b>725,103</b>	<b>46,586</b>	<b>771,689</b>	<b>-46,092</b>	<b>725,598</b>	<b>682,850</b>	<b>42,748</b>
Wholesale	1,374,463	4,963	1,379,426	-385,819	993,607	990,615	2,991
Logistics & IT Services	325	63,469	63,794	-30,117	33,677	324	33,353
<b>Logistics &amp; IT<sup>1)</sup></b>	<b>1,374,789</b>	<b>59,841</b>	<b>1,434,631</b>	<b>-407,347</b>	<b>1,027,284</b>	<b>990,940</b>	<b>36,344</b>
Group Services	-	22,352	22,352	-21,026	1,326	-	1,326
Eliminations <sup>2)</sup>	-426,104	-48,361	-474,464	474,464	-	-	-
<b>Galenica Group</b>	<b>1,673,789</b>	<b>80,419</b>	<b>1,754,208</b>	<b>-</b>	<b>1,754,208</b>	<b>1,673,789</b>	<b>80,419</b>

<sup>1)</sup> Including eliminations of intercompany net sales

<sup>2)</sup> Eliminations of intersegmental net sales

## 7. Fair values of financial assets and financial liabilities

### Fair value

in thousand CHF	30.06.2023		31.12.2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Bond (fair value level 1)	419,872	419,820	380,194	370,830

With the exception of the bonds the carrying amounts of all financial instruments approximate to the fair value or fair value disclosure is not required (lease liabilities).

As per 30 June 2023 Galenica holds equity instruments designated at fair value through other comprehensive income including a 7.9% (previous year: none) investment in the listed (level 1 of the fair value hierarchy) company Redcare Pharmacy N.V., Netherlands, with a fair value of CHF 148.8 million (previous year: none) and other investment in non-listed (level 3 of the fair value hierarchy) companies with a fair value of CHF 6.3 million (previous Year: CHF 4.6 million). These investments were irrevocably designated at fair value through other comprehensive income as Galenica considers these investments to be strategic in nature. Galenica recognised in the consolidated statement of comprehensive income a remeasurement gain of CHF 10.6 million (previous year: none).

### Fair value of financial instruments (level 3 of the fair value hierarchy)

#### Fair value of contingent consideration liabilities from business combinations (level 3 of the fair value hierarchy)

in thousand CHF	30.06.2023	31.12.2022
<b>1 January</b>	<b>49,180</b>	<b>24,000</b>
Arising from business combinations	2,385	26,256
Change in fair value (recognised in profit and loss)	-2,061	-1,077
<b>30 June / 31 December</b>	<b>49,504</b>	<b>49,180</b>

#### Fair value of equity instruments designated at fair value through other comprehensive income (level 3 of the fair value hierarchy)

in thousand CHF	30.06.2023	31.12.2022
<b>1 January</b>	<b>4,561</b>	<b>-</b>
Addition	1,950	4,561
Change in fair value (recognised in other comprehensive income)	-193	-
<b>30 June / 31 December</b>	<b>6,318</b>	<b>4,561</b>

### Fair value and sensitivity analysis of contingent consideration liabilities from discontinued operations

Determining the contingent consideration liability in connection with the sale of Mediservice forecasted gross margin and further development of net working capital of the discontinued operation were identified as key assumptions. Galenica has recorded the amount of CHF 2.9 million as other liability based on the expected future gross margin for the years 2024-2026. The future cash outflows range between zero and CHF 3.1 million. Furthermore, Galenica has recorded the amount CHF 7.7 million as other liability based on the expected further development of the net working capital of the discontinued operation which will be due in the second half year of 2023. Further information of the discontinued operation can be found in [note 4, Discontinued operations](#).

## Sensitivity analysis of contingent consideration liabilities from business combinations (level 3 of the fair value hierarchy)

Sensitivity analysis of contingent consideration liabilities from business combinations (level 3 of the fair value hierarchy)

in thousand CHF	Lifestage Solutions	Bahnhof Apotheke Langnau	Aquantic	Padma
<b>Fair value of contingent considerations</b>	<b>20,914</b>	<b>22,916</b>	<b>3,275</b>	<b>2,399</b>
Minimal payout	–	–	–	–
Maximal payout	24,000	29,000	5,500	4,000
Key assumption	forecasted net sales <sup>1)</sup>	forecasted net sales <sup>1)</sup>	forecasted EBITDA <sup>1)</sup>	forecasted sell out prices <sup>1)</sup>
Year of relevance	2024	2026+2027	2025+2026	2025
<b>Sensitivity analysis</b>				
Impact on fair value by 5% increase of key assumption	2,220	2,000	400	1,000
Impact on fair value by 5% decrease of key assumption	-2,220	-2,000	-400	-1,000

<sup>1)</sup> of the acquired business

## 8. Contingent liabilities and commitments

In March 2017, the Swiss Competition Commission (COMCO) issued a ruling, which imposed a fine of up to CHF 4.5 million on Galenica. The ruling relates to an investigation from 2012. Galenica regards the ruling issued by COMCO as incorrect in fact and in law. Galenica has taken the ruling to the Federal Administrative Court. With a decision delivered in February 2022, the Federal Administrative Court reduced the fine to around CHF 3.8 million. Galenica has taken this case to the Swiss Federal Supreme Court. Although the case is still pending before the Federal Supreme Court, COMCO obliged Galenica to pay the CHF 3.8 million penalty in June 2023 and therefore Galenica expensed the amount. Galenica remains confident of winning the case before the Federal Supreme Court.

In September 2020, the Swiss Competition Commission (COMCO) opened an investigation against Markant Handels- und Industriewaren-Vermittlungs AG and its customers, inter alia Galexis Ltd. The COMCO secretariat presented its preliminary findings at the end of June 2023. On this basis, Galenica estimates the amount of a possible sanction, including legal costs, to be around CHF 3.5 million. As Galenica remains convinced that a sanction is not justified, Galenica will not raise a corresponding provision until further notice.

## 9. Subsequent events

The following business combinations occurred between 30 June 2023 and 7 August 2023, the date that the consolidated interim financial statements were released for publication.

**Acquisition of pharmacies.** Galenica signed contracts to acquire 100% of the interests in pharmacies at various locations in Switzerland. The net assets of these acquisitions will be consolidated beginning on the date control will be obtained. The total purchase considerations is estimated to CHF 11.1 million and are due with the closing of the transactions. Since the transactions were not concluded yet, it is not possible to disclose the additional information required by IFRS.

There were no further significant events after the reporting date.