

# Management report

# Financial key figures

Net sales  
in million CHF



■ Products & Care <sup>2)</sup>: 804.4  
■ Logistics & IT <sup>2)</sup>: 1,518.5

EBIT adjusted <sup>3)</sup>  
in million CHF



■ Products & Care <sup>2) 3)</sup>: 73.1  
■ Logistics & IT <sup>2) 3)</sup>: 19

Number of employees  
as of 30 June 2023



■ Products & Care: 5,642  
■ Logistics & IT: 1,766  
■ Group Services: 265

in million CHF	1.1.–30.6.2023	1.1.–30.6.2022 <sup>1)</sup>	Change
<b>Net sales</b>	<b>1,851.2</b>	<b>1,754.2</b>	<b>5.5%</b>
Products & Care <sup>2)</sup>	804.4	771.7	4.2%
Logistics & IT <sup>2)</sup>	1,518.5	1,434.6	5.8%
<b>EBIT</b>	<b>92.5</b>	<b>98.3</b>	<b>-5.9%</b>
<b>EBIT adjusted <sup>3)</sup></b>	<b>90.2</b>	<b>95.0</b>	<b>-5.1%</b>
in % of net sales	4.9%	5.4%	
Products & Care <sup>2) 3)</sup>	73.1	70.8	3.2%
in % of net sales	9.1%	9.2%	
Logistics & IT <sup>2) 3)</sup>	19.0	25.4	-25.1%
in % of net sales	1.3%	1.8%	
<b>Profit from continuing operations</b>	<b>74.5</b>	<b>79.0</b>	<b>-5.7%</b>
<b>Profit from continuing operations adjusted <sup>3)</sup></b>	<b>73.7</b>	<b>77.2</b>	<b>-4.5%</b>
Investment in property, plant and equipment and intangible assets	34.6	30.8	12.1%
Employees at reporting date (FTE)	5,758	5,424	6.2%

in million CHF	30.6.2023	30.6.2022	Change
Equity ratio	47.3%	47.4%	
Equity ratio adjusted <sup>3)</sup>	52.4%	53.1%	
Capital contribution reserves	199.9	254.8	-21.5%
Net debt adjusted <sup>3)</sup>	502.5	402.3	24.9%

## Share information

in CHF	30.6.2023	31.12.2022
Share price at reporting date	72.25	75.55
Market capitalisation at reporting date in million CHF	3,599.6	3,763.6
Shareholders' equity per share at reporting date	26.58	25.04
Earnings per share 1.1.–30.6. from continuing operations <sup>1)</sup>	1.49	1.59
Earnings per share adjusted 1.1.–30.6. from continuing operations <sup>1) 3)</sup>	1.47	1.55

<sup>1)</sup> Restated (refer to chapter Consolidated interim financial statements 2023, note 2 of the Half year report 2023)

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

<sup>3)</sup> For details to the adjusted key figures refer to chapter Alternative performance measures in this Half year report 2023

# Galenica Group

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## Management report

The growth of sales of the Galenica Group in the first half of 2023 was pleasing, rising by 5.5% to CHF 1,851.2 million.

### Impact of the joint venture with Redcare Pharmacy N.V. on the 2023 half-year financial statements

With the implementation of the joint venture with Redcare Pharmacy N.V. (formerly Shop Apotheke Europe N.V.) mid-May 2023, Galenica deconsolidated Mediservice Ltd. The sales and costs of Mediservice Ltd. are therefore no longer included in the income statement of the Galenica Group. In order to improve the comparability of the figures and in accordance with IFRS, the comparative period, that of the first half of 2022, has been adjusted accordingly.

As a result, Galenica Group sales decreased by 10.5% to CHF 1,754.2 million and sales of the "Products & Care" segment by 21.8% to CHF 771.7 million.

Adjusted<sup>1</sup> EBIT of the Galenica Group fell by 5.0% to CHF 95.0 million and EBIT of the "Products & Care" segment by 6.6% to CHF 70.8 million.

The detailed adjustments from the comparative period of the first half of 2022 are presented in [Note 4 \(Discontinued operations\)](#) to the 2023 consolidated interim financial statements.

The new joint venture is included in the consolidated financial statements at equity from the time of completion of the transaction mid-May 2023. The balance sheet values for the comparative period as of 31 December 2022 were not adjusted as a result of the transaction.

As a result of implementation of the transaction, the Galenica Group recorded a high extraordinary profit of CHF 112.8 million.

This is reported separately in the income statement as profit from discontinued business activities and has no effect on cash. The profit arose primarily from the sale of Redcare Pharmacy N.V.'s 51% stake in Mediservice Ltd., the revaluation of Galenica Ltd.'s 49% stake in Mediservice Ltd., and the price gain on the shares of Redcare Pharmacy N.V. received in return from the time of signing at the end of March 2023 until completion of the transaction in mid-May 2023.

Net sales

**+5.5%**

Galenica Group CHF 1,851.2 million

EBIT adjusted<sup>1</sup>**-5.1%**

Galenica Group CHF 90.2 million

Employees

**7,673**

Galenica Group

## Galenica achieves strong sales growth in the first half of 2023

Galenica Group net sales developed positively in the first half of 2023 with a growth of 5.5% to CHF 1,851.2 million. Growth in the first half of 2023 was driven in particular by the “Logistics & IT” sector, which achieved growth of 5.8% to CHF 1,518.5 million. The “Products & Care” segment also performed well with sales growth of 4.2%, supported by the strong performance of 19.8% in the “Products & Brands” sector.

Adjusted for the exceptional sales related to COVID-19 (self-tests, COVID vaccinations and rapid tests) in the prior year period, growth of the Galenica Group amounted to 6.6%, with COVID-19-adjusted growth in the “Products & Care” segment at 5.7% and in the “Logistics & IT” segment at 6.8%.

By way of comparison, the Swiss pharmaceutical market grew by 6.0% in the reporting period. This growth was driven by increased sales of high-priced medications, with sales volumes growing by just 2.3% (IQVIA, Pharmaceutical Market Switzerland, first half of 2023).

The adjusted<sup>1</sup> operating result (EBIT) of the Galenica Group, i.e. excluding the effects of the IFRS 16 (Leases) and IAS 19 (Employee Benefits) accounting standards, fell by 5.1% to CHF 90.2 million. The adjusted<sup>1</sup> return on sales (ROS) fell year on year from 5.4% to 4.9%. Reported EBIT decreased by 5.9% to CHF 92.5 million.

This negative EBIT development was due to special factors totalling CHF 9.8 million. Adjusted for these special factors, adjusted<sup>1</sup> EBIT would have increased by 5.2%.

Firstly, an extraordinary expense of CHF 3.8 million had to be recognised at HCI Solutions in respect of a well known ruling issued by the Swiss Competition Commission (COMCO) in 2017. Further information on this case can be found in this [half year report](#) and in the [2022 Annual Report](#).

In addition, extraordinary allowances on customer receivables of around CHF 6.0 million occurred in the first half of 2023, especially in the [wholesale business with physicians](#).

The special factors impacted EBIT in the “Logistics & IT” segment. Adjusted<sup>1</sup> EBIT fell by 25.1% to CHF 19.0 million. Adjusted for these exceptional charges, a very pleasing EBIT growth of 13.4% would have resulted. The EBIT margin could have been increased from 1.8% in the previous year to 1.9%.

With an increase of 3.2% to CHF 73.1 million, EBIT in the “Products & Care” segment remained slightly below the sales performance of +4.2%. The EBIT margin fell accordingly from 9.2% to 9.1%. The additional costs resulting from important measures to combat the shortage of skilled workers, such as wage increases and staff expansion, as well as investments in the digital omni-channel infrastructure, could not be fully compensated by the growth in sales.

The Galenica Group’s profit from continuing operations amounted to CHF 74.5 million (-5.7%, first half of 2022: CHF 79.0 million). On a comparable basis, adjusted<sup>1</sup> net profit amounted to CHF 73.7 million

(-4.5%, first half of 2022: CHF 77.2 million). Investments in the first half of 2023 amounted to CHF 34.6 million (first half of 2022: CHF 30.8 million). They were mainly attributable to the introduction of the new ERP (Enterprise Resource Planning) system at Galexis, the rebuilding and renovation of pharmacies and other operational sites, and investments in the development of the digital infrastructure in connection with the strategic “Omni-Channel” programme.

The Galenica Group’s balance sheet remained strong. Adjusted<sup>1</sup> shareholders’ equity increased compared to 30 June 2022 to CHF 1,349.3 million (+14.2%), positively impacted by the transaction gain of CHF 112.8 million in connection with the establishment of the joint venture with Redcare Pharmacy N.V. However, adjusted<sup>1</sup> net debt, i.e. excluding leasing liabilities, increased by CHF 100.2 million compared to the end of June 2022 and amounted to CHF 502.5 million, which corresponds to 2.1× adjusted<sup>1</sup> EBITDA. The increase in net debt can be attributed in particular to the ordinary investments in non-current assets, the establishment of the strategic investment in Redcare Pharmacy N.V., acquisitions of subsidiaries and the [building up of stocks](#) to ensure the ability to deliver and guarantee security of supply for medications.

Adjusted<sup>1</sup> operating cash flow was negative at CHF 21.0 million due to the increase in net working capital (first half of 2022: CHF +13.0 million). In addition to the growth effect and the aforementioned increase in stock, the increase in net working capital is primarily due to seasonal effects. Free cash flow after acquisitions amounted to CHF -81.7 million (first half of 2022: CHF -34.7 million).

## Outlook 2023

Due to the special factors of CHF 9.8 million in the first half of 2023, Galenica is lowering its EBIT guidance for 2023 and now expects adjusted<sup>1</sup> EBIT to be roughly at the prior-year level based on the adjusted prior-year figures. Galenica previously assumed EBIT growth of between 4% and 7%.

On the other hand, Galenica confirms its 2023 outlook for consolidated sales (growth between 3% and 6%) and dividends (at least at the same level as the previous year).

<sup>1)</sup> Excluding the effects of IAS 19 and IFRS 16. See chapter “[Alternative performance measures](#)”.

# “Products & Care” segment

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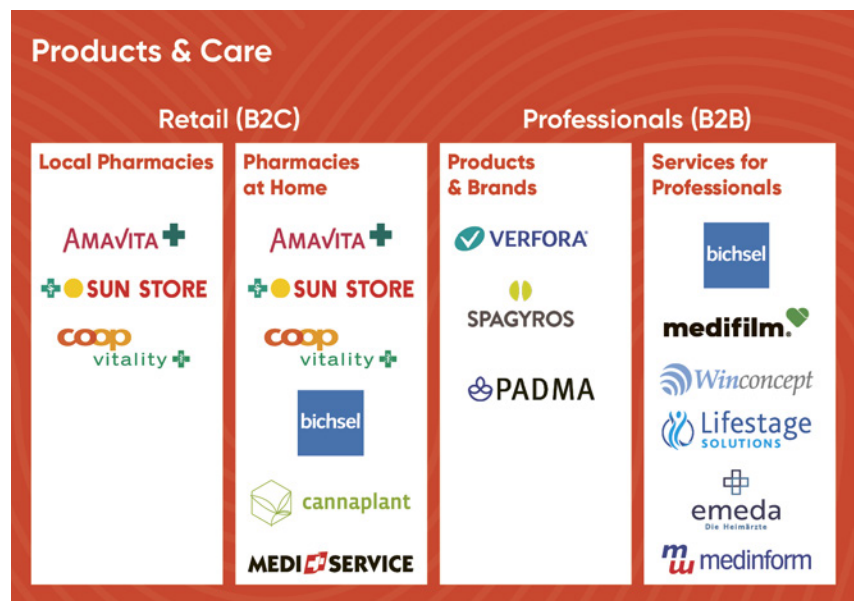
## Management report

The “Products & Care” segment comprises the “Retail” business area with offerings for patients and end customers (B2C) and the “Professionals” business area with offerings for business customers and partners in the healthcare industry (B2B).



The “Retail” business area comprises the two sectors “Local Pharmacies” (POS) and “Pharmacies at Home” (mail-order and home care), while the “Professionals” business area consists of the “Products & Brands” and “Services for Professionals” sectors.

Both business areas focus on the development, marketing and sale of healthcare services and products through the various Galenica distribution channels. Depending on their needs, end customers (B2C) can benefit from their own bricks-and-mortar pharmacies, home care services, mail-order pharmacies and online shops. Galenica also supports healthcare providers (B2B) such as pharmacies, drugstores, physicians, care homes, hospitals and home care organisations as a strong partner.



## “Products & Care” segment development

### Net sales development

The “Products & Care” segment generated net sales of CHF 804.4 million (+4.2%) in the first half of 2023. Of this, CHF 679.1 million (+2.1%, excluding Coop Vitality and Mediservice) was attributable to the “Retail” (B2C) business area and CHF 128.6 million (+17.6%) to the “Professionals” (B2B) business area.





## “Retail” business area (B2C)

### Net sales development

In the first half of 2023, the “Retail” business area generated net sales of CHF 679.1 million (+2.1%, excluding Coop Vitality and Mediservice). Of this, CHF 640.2 million (+1.9%) was attributable to “Local Pharmacies” (POS) and CHF 39.1 million (+4.6%) to “Pharmacies at Home” (mail-order and home care).

Government-ordered price reductions led to a 1.4% decline in sales in the reporting period. Excluding this effect, net sales in the “Retail” business area would have risen by 3.5%.



“Benecura public” supports chronically ill people with their treatment.

### Galenica acquires a stake in “Benecura public”

With the aim of linking digital opportunities with local expertise, Galenica made a strategic investment in the first half of 2023 by acquiring 16% of AD Swiss Net Ltd., the e-health provider for FMH, Ärztekasse and HIN (standard for secure communication for healthcare professionals). The “Benecura public” app supports chronically ill people with their treatment. The next step will be to integrate the services provided by the Galenica Group’s pharmacies.

There are various digital healthcare platforms currently emerging in Switzerland that bring health insurers, service providers and patients closer together in order to facilitate inter-professional collaboration and integrated care. As the strongest partner in the Swiss healthcare market, Galenica wants to help create added value for all patients and is therefore exploring cooperation with various healthcare platforms.



## **Daniele Madonna appointed member of the Management Board of Pharmasuisse**

In mid-June, the Pharmasuisse delegates elected Daniele Madonna, Chief Health Care Officer and member of the Executive Committee at Galenica, to the Management Board of the Swiss Association of Pharmacists for the 2024–2026 term. Daniele Madonna will represent the interests of the pharmacy chains in particular in the association and contribute his many years of management and industry experience.

## **“Local Pharmacies” sector**

In the first half of 2023, the “Local Pharmacies” sector generated net sales of CHF 640.2 million (+1.9%, excluding Coop Vitality). The expansion of the pharmacy network accounted for 0.4% of the sales growth. Adjusted for the exceptional sales related to COVID-19 (self-tests, COVID vaccinations and rapid tests) in the same period of the previous year, growth of “Local Pharmacies” amounted to 3.7%. Government-ordered price reductions led to a 1.4% decline in sales in the reporting period. Excluding this effect, net sales in the “Local Pharmacies” sector would have risen by 3.3%.

By way of comparison, drug sales from bricks-and-mortar pharmacies in Switzerland (prescription [Rx] and OTC products) grew by 6.4% in the reporting period (IQVIA, Pharmaceutical Market Switzerland, first half of 2023). The consumer healthcare market grew by 3.3% year on year (IQVIA, Consumer Health Market Switzerland, first half of 2023, excluding COVID self-tests).

## **Further services and advice offered in pharmacies**

The Group’s bricks-and-mortar pharmacies play a key role in Galenica’s push to integrate and connect healthcare in Switzerland. They remain important, as evidenced by the increase in the number of healthcare services and consultations provided, which grew by 34% to around 70,200 (first half of 2022: 52,500). Pharmacy staff are not only able to provide comprehensive advice on the most common and uncomplicated health problems. If a medical consultation is necessary, more complex cases can increasingly be treated directly at the pharmacy thanks to the inclusion of telemedical consultations.

The experience gained from the pilot project “Book a Doc” in around 25 pharmacies of Amavita, Sun Store and Coop Vitality is viewed positively by employees and customers alike. Often, the entire process of speaking to the pharmacy, completing the digital medical consultation and obtaining a recommendation for treatment, and waiting for the pharmacist to check the prescription and hand over the required medication took no more than 15 minutes. Over the coming months, Galenica will further refine this important contribution to low-threshold, integrated healthcare and roll it out at additional locations. This also includes the ongoing, very constructive discussions with health insurers regarding payment for qualified pharmacy services.

Spotlight “Bigsmile”

Spotlight Health insurers



Pharmacies are offering more and more vaccinations.

### Vaccination in pharmacies is becoming established

Pharmacies are also becoming more and more established when it comes to vaccinations. Towards the end of the first half of 2023, Galenica launched a pilot project for the whooping cough vaccination, which can be administered at pharmacies in 14 cantons. As part of another pilot project in the cantons of Basel-Land, Basel-Stadt and Zurich, people aged 65 or over were vaccinated with the new vaccine against herpes zoster, in some cases following a telemedical consultation. Just in time for the start of the tick season, Galenica and its partners in the Canton of Bern have made it possible for tick vaccination appointments at pharmacies to be booked via Well – the independent health platform. Starting in July, the new Documedis® Vaccination software, developed by HCI Solutions for checking vaccination status, will be tested in almost 40 pharmacies.

#### Spotlight Vaccination

### Further optimisation of the pharmacy network

In the first half of 2023, Galenica strengthened its presence in Switzerland by acquiring three pharmacies in excellent locations – two in Porrentruy in the Jura region and one in the centre of St. Gallen. With a net increase of one pharmacy, the Galenica network comprised 369 own pharmacies as of 30 June 2023.

#### Overview of development of the pharmacy network

	30.06.2023	31.12.2022	Change
Amavita pharmacies <sup>1)</sup>	187	179	+8
Sun Store pharmacies <sup>1)</sup>	85	92	-7
Coop Vitality pharmacies <sup>2)</sup>	88	89	-1
Specialty pharmacy Mediservice <sup>2)</sup>	1	1	–
Majority holdings in other pharmacies <sup>1)</sup>	8	7	+1
<b>Total own points of sale</b>	<b>369</b>	<b>368</b>	<b>+1</b>

<sup>1)</sup> Fully consolidated

<sup>2)</sup> Consolidated at equity

### Sun Store becomes Amavita in German-speaking Switzerland

The Amavita and Coop Vitality pharmacy formats are well established among the German-speaking Swiss population as a point of contact for highly qualified pharmacy services. Galenica therefore decided to transfer the ten Sun Store pharmacies in German-speaking Switzerland to the Amavita format, not least for reasons of efficiency. The visual adjustments were carried out in May and June 2023 at nine locations without impacting customers in any way. Towards the end of the year, the Boujean Sun Store location in Biel will also make the switch to the Amavita format.

### **“Pharmacies at Home” sector**

The “Pharmacies at Home” sector achieved sales of CHF 39.1 million (+4.6%, excluding Mediservice). The positive growth of “Pharmacies at Home” was due in particular to Bichsel’s sales in the area of clinical nutrition, thanks to the high level of quality and service provided by Home Care Bichsel, which is recognised within the market.

### **Mediservice remains on course for success – and is soon set to become Switzerland’s leading online pharmacy**

Offering a range of services for chronic and rare diseases, the specialty pharmacy Mediservice is an important pillar of medical and pharmaceutical care for many patients. The high level of customer focus and dynamic nature of the specialty pharmacy’s activities have been recently clearly demonstrated: as part of the joint venture founded by Galenica and Redcare Pharmacy (formerly Shop Apotheke Europe), the business activities of the shop-apotheke.ch and Mediservice platforms will be merged.

This will make Mediservice the leading online pharmacy in Switzerland. In the future, customers of the joint venture will not only benefit from specialist expertise in the shipping of prescription medications and from its recognised home care services, but also from the wide range of Redcare Pharmacy products.

#### **Spotlight Joint Venture**

### **Investments in our own online shops**

In addition to setting up an online-only pharmacy as part of a joint venture with Redcare Pharmacy, Galenica also continued to invest in its own Amavita, Sun Store and Coop Vitality online shops in the first half of the year. In recent months, for example, the category tree has been overhauled to improve customers’ experience. The category tree is the structure used to categorise and organise the products offered in the online shop. Finding products in the online shops is now easier and more intuitive. The Amavita online shop is also due to be migrated to a new and more user-friendly system in the second half of 2023.

### **Demand for home care is growing**

In order to make its home care services even more accessible, Galenica established the Galenica Home Care coordination service in the first half of 2023 to help patients organise and coordinate treatments. If required, the coordination service will also provide services offered by Bichsel, the specialist in artificial nutrition as well as intravenous antibiotic and pain therapies.

#### **Spotlight Home Care coordination**



## “Professionals” business area (B2B)

### Net sales development

In the first half of 2023, the “Professionals” business area generated net sales of CHF 128.6 million (+17.6%). Of this, CHF 90.0 million (+19.8%) was attributable to “Products & Brands” and CHF 38.6 million (+12.8%) to “Services for Professionals”.

### “Products & Brands” sector

The “Products & Brands” sector generated net sales of CHF 90.0 million (+19.8%) in the first half of 2023. Of this, CHF 71.1 million (+14.1%) came from the Swiss market and CHF 18.9 million (+48.0%) from exports involving distribution partners. In addition, the expansion of the product portfolio contributed 8% to sales growth, in particular due to the acquisition of the Padma Group in January 2023. Thanks to the strong growth and the expansion of the product portfolio, the market share of the “Products & Brands” sector has risen above 10% to 10.2% for the first time (IQVIA, Consumer Health Market Switzerland, first half of 2023).

By way of comparison, the consumer healthcare market grew by 3.3% year on year (IQVIA, Consumer Health Market Switzerland, first half of 2023, excluding COVID-19 self-tests).



Verfora is expanding its portfolio with herbal formulations derived from Tibetan medicine.

### Expansion of complementary medicine portfolio

The highlight was the acquisition of Padma Ltd. at the end of January 2023. Padma specialises in the manufacturing and distribution of herbal formulations derived from Tibetan medicine. Through this acquisition, Verfora is expanding its portfolio and market position in the field of complementary medicine. With Padma 28 N® (over-the-counter medication) and Padmed Circosan N® (reimbursable medication), Verfora now has two products for the treatment of mild circulatory disorders. Galenica will distribute the reimbursable product via the experienced Verfora medical field service.

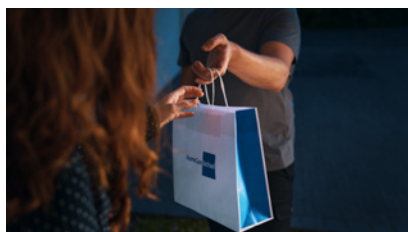
Spotlight Padma

### Strong export sales

In terms of export sales, Galenica is consciously pursuing an opportunity-driven strategy, which proved particularly successful in the reporting period. This pleasing result was driven by the recovery in demand for travel and cold products, among other things, since the end of the pandemic.

### “Services for Professionals” sector

With sales of CHF 38.6 million, the “Services for Professionals” sector achieved strong growth of +12.8% in the first half of 2023. Medifilm and Lifestage Solutions were the main drivers of this growth.



Bichsel plays a key role in the Swiss healthcare system.

### Measures to promote efficiency and patient safety

In the “Services for Professionals” sector, various measures were implemented in the first half of 2023 to strengthen the portfolio, boost efficiency and improve patient safety. The blister packaging of medications for safe use by Medifilm is meeting the rapidly growing demand from care homes and hospitals. Medifilm therefore took technological and logistical measures to enable production capacity to keep pace with demand. For example, new blister packaging machines will be procured by the end of 2023. As a specialist in the manufacture of medicines in small and medium quantities, Bichsel plays a key role in the Swiss healthcare system. In order to increase Bichsel's efficiency and enable further profitable growth, further work on putting processes in place and on improving process stability was carried out in the first half of 2023. Furthermore, the portfolio was systematically designed to accommodate pharmaceutical products that are urgently needed for the Swiss market, particularly in the area of third-party contract manufacturing.

### Lifestage platform expanded

Lifestage Solutions experienced a positive development. The company is a key partner for nursing homes and home care organisations. The digital platform for the fully automated ordering and billing of consumables and care products was expanded – initially as part of a pilot project – to also allow its users to order medication. This option will reduce the workload involved, particularly for the staff of partner institutions.

## “Logistics & IT” segment

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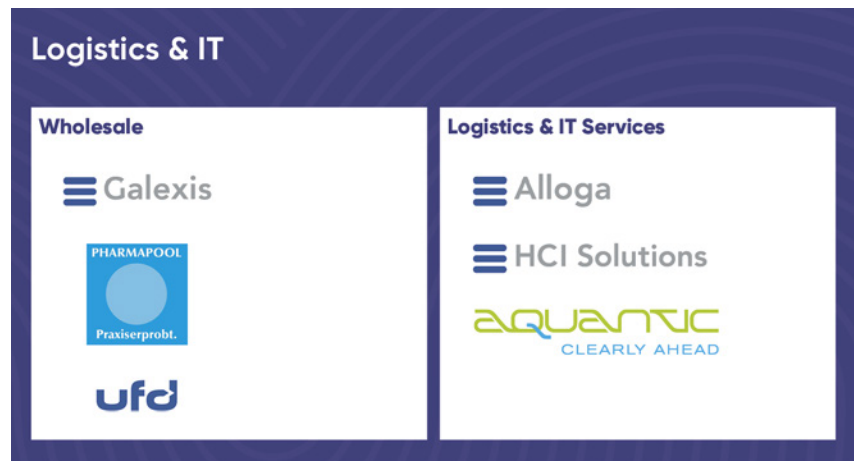
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The “Logistics & IT” segment comprises the two sectors “Wholesale” and “Logistics & IT Services”. They operate and develop the logistics and IT platforms of the Galenica Group and offer services to all healthcare providers such as pharmacies, drugstores, physicians, hospitals and care homes.



These activities focus on optimising and further developing the range of logistics and services as well as innovative solutions to promote digitalisation in the healthcare market.





## “Logistics & IT” segment development

### Net sales development

The “Logistics & IT” segment generated net sales of CHF 1,518.5 million (+5.8%) in the first half of 2023. Of this, CHF 1,457.3 million (+5.6%) was attributable to the “Wholesale” sector and CHF 70.4 million (+10.4%) to the “Logistics & IT Services” sector. “Logistics & IT” thus performed more or less in line with the overall market, which recorded year-on-year growth of 6.0% (IQVIA, Pharmaceutical Market Switzerland, first half of 2023).



## “Wholesale” sector

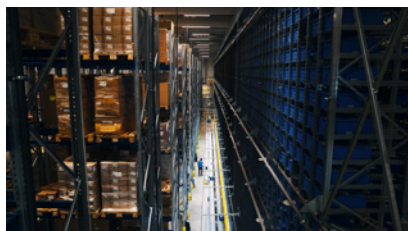
### Net sales development

Sales in the “Wholesale” sector increased by +5.6% to CHF 1,457.3 million and benefitted from the strong growth of the overall market. Further market shares were also gained in the wholesale business with third-party pharmacies. Adjusted for the exceptional sales of COVID-19 self-tests in the same period last year, “Wholesale” growth amounted 6.6%.



Government-ordered price reductions also continued to have a negative impact on sales development, amounting to -1.9% in the reporting period. Excluding this effect, net sales in the sector would have risen by 7.5%.

By way of comparison, the physician market grew by 8.1% in the first half of 2023, while the pharmacy market grew by 6.2%. The hospital market also grew by 3.8%. (IQVIA, Pharmaceutical Market Switzerland, first half of 2023).



Galexis increased stocks of Sandoz generics at the distribution centres in Niederbipp and Lausanne-Ecublens.

### Two partners committed to ensuring security of supply

In the first half of 2023, the focus was on an important measure designed to improve security of supply in the wholesale sector: Galexis launched the [“Safety Stock”](#) initiative in partnership with Sandoz.

Galexis increased stocks of Sandoz generics, particularly those used to treat chronic diseases. The stockpiles at the distribution centres in Niederbipp and Lausanne-Ecublens are helping to ease short- and medium-term supply bottlenecks and minimise the risk of interruptions in treatment. The involvement of other partners in the initiative is being considered.

### Introduction of new ERP system proceeding according to plan

The introduction of the new ERP (Enterprise Resource Planning) system at Galexis is progressing according to plan, the test phase will be completed in autumn and Lausanne-Ecublens will be the first location to complete the transition to the new SAP version in early 2024.

### Extraordinary value adjustments on customer receivables

Adjusted<sup>1</sup> EBIT in the 2023 half-year financial statements is impacted by extraordinary allowances on receivables from customers of CHF 6.0 million, especially in the wholesale business with physicians.

As part of its growth strategy in the physician customer segment, Galenica has supported the establishment and further development of various medical centres in recent years. In doing so, Galenica contributed to maintaining nationwide primary medical care throughout Switzerland. Particularly due to an acute shortage of physicians and medical professionals, some of these medical centres have not developed as expected and are struggling with financial constraints. As a result, Galenica had to write down various receivables.



## “Logistics & IT Services” sector

### Net sales development

With net sales of CHF 70.4 million, the “Logistics & IT Services” sector achieved strong growth of 10.4% in the first half of 2023, with Alloga’s pre-wholesale business and the internal charging of IT services driving growth.



Alloga – expansion of deep-freeze logistics.

### Alloga right on track

Pre-wholesale specialist Alloga can look back on a first half of the year that exceeded expectations. In addition to its robust basic business, the company’s good results can be attributed to a strong flu and hay fever season. The continuation of the ERP implementation at Alloga was satisfactory: by the end of the year, almost all partners will have completed the corresponding migration. In terms of construction, the prerequisites for the expansion of deep-freeze logistics have now been put in place.

### Large online mail order companies use HCI Solutions services

The data and digital services offered by HCI Solutions such as explanatory consumer texts, 360-degree product images and, in particular, important added-value data that is essential for the online mail order business, are of great benefit to online mail order companies. New contracts were concluded with mail order companies in the first half of 2023. But there is increasing demand for digital services and data in other segments, too, such as providers of mobile apps for patients.



HCI is developing its range of products for vaccination in medical practices and pharmacies.

### **HCI Solutions launches the digital vaccination booklet**

With Documedis Vaccination®, HCI is launching the product range for vaccination in practices and pharmacies from July 2023, consisting of powerful software products and services: ranging from vaccination documentation and analysis to the creation of a clear vaccination plan complete with a QR code. Documedis® Vaccination enables healthcare professionals to provide their customers with comprehensive advice and an ideal way to manage recurring vaccination appointments. HCI Solutions continued to work intensively on electronic prescriptions in the first half of 2023. This is a promising project that requires a great deal of cooperation and coordination with associations and other partners. It is a comprehensive package designed to promote patient safety in the area of medication.

### **COMCO ruling from 2017 impacts EBIT**

HCI Solutions first lodged an appeal with the Federal Administrative Court against a COMCO ruling from 2017 and then with the Federal Supreme Court against the ruling of the Federal Administrative Court in January 2022. Although the case is still pending and therefore not yet legally binding, COMCO obliged HCI Solutions to pay the CHF 3.8 million penalty in June 2023. Galenica remains confident of winning the case before the Federal Supreme Court. According to IFRS, the invoiced amount must still be recognised as an expense.