



Half year report 2024
of the Galenica Group

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A strong network for Switzerland

Dear Shareholders, Ladies and Gentlemen,



Dr Markus R. Neuhaus, Chair of the Board of Directors, und Marc Werner, CEO

Despite the challenging market environment in the first half of 2024, we achieved solid sales growth of 2.6% and thus gained market shares. After Galenica Group sales increased by 4.8% at the end of April 2024, growth slowed significantly in May and especially June 2024 due to various factors. We expect a return to significantly stronger growth in the second half of 2024 and are therefore able to confirm our guidance for the 2024 financial year as well as the forecast for net sales, EBIT and dividend. We have compiled a detailed operational review of the first half of 2024 for you in the Management Report.

Management Report

With the Galenica network, we are not only the largest, but also the top-performing healthcare provider operating throughout Switzerland. Through our products and services, we offer patients and customers today a wide range of integrated solutions, enabling us to meet their current and future needs in a more seamless, efficient and personal way. We achieve this by working closely together as a network – both within the Galenica Group and with external partners. We contribute our expertise and use synergies to offer a wide range of services from a single source.

“Consultation plus is a holistic approach for the further development and positioning of healthcare services in our pharmacies.”

Pharmacies relieve the burden on the healthcare system

Every day, we make a significant contribution to the people of Switzerland in our pharmacies – in an easily accessible and cost-efficient manner. To enhance the customer experience in pharmacies and further establish the pharmacy as the first point of contact for health issues, we successfully tested the “Consultation plus” concept last year. “Consultation plus” is not a new service, but a holistic approach to developing and positioning healthcare services in our pharmacies. The figures show that they are in high demand among clients. In the first half of 2024, 93,000 paid consultations and services were provided in Galenica pharmacies, 32% more than in the previous year.

As a result of the positive response from the pilot project, the "Consultation plus" concept will be extended to other Galenica pharmacies. Vaccinations have been particularly popular in recent times. In total, 30% more vaccine doses were administered in the first half of 2024 than in the previous period, mainly against influenza and TBE (excluding COVID-19 vaccinations). With our easily accessible offerings in pharmacies, we not only meet customer needs, we also help to curb the rising cost pressure in the healthcare sector.

Spotlight "Consultation plus"



Together with other players in the healthcare sector, we are taking responsibility for current and future generations and promoting new approaches.

Together, we create added value for patients

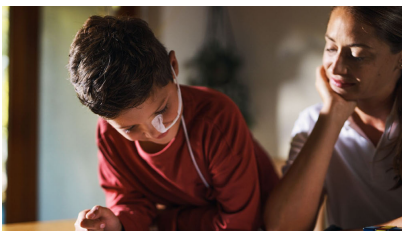
Our network makes an important contribution to efficiency in a high-quality healthcare system. However, we are not only acting on our own. Wherever possible, we are looking for strong partners who are specialists in their field. Together, we create added value for our customers and patients. Together with other players in the healthcare sector, we are taking responsibility for current and future generations and promoting new approaches.

For instance, our collaboration with Medgate is continuing following the successful pilot phase. With the "Book a Doc" service, our pharmacies have a valuable additional tool at their disposal for treating even more complex cases directly from the pharmacy: a doctor is consulted digitally. This not only saves patients time, it also helps to reduce treatment costs and relieve the burden on the system.

Collaboration with the various health insurers was also expanded further in the first half of the year. They are increasingly recognising the services provided by our pharmacies and are reimbursing the costs of the advice and treatment given in the pharmacies in their insurance models. Assura, AXA, KPT and atupri recently integrated numerous health services such as a heart and diabetes check or protective vaccinations into their supplementary insurance models.

As a network, we also strive for partnerships with smaller, less established companies who bring forward-looking solutions to the market.

Spotlight Start-ups



Easier access to the Galenica Home Care offering thanks to the "Guide Me" coordination service.

We are bundling our offers in the home care sector

A current example of the strength of the Galenica network is our "Guide Me" Home Care Coordination Service. Located within Mediservice, it coordinates the treatment of people with chronic illnesses by connecting various service providers and bringing together services from the Galenica network and beyond. This service helps patients and relatives to organise their treatment more easily and to procure products and medical aids.

The Galenica network also offers unique services for nursing homes and home care organisations. To make these services easily accessible to this customer group, we are expanding the already established Lifestage Solutions platform into a central digital gateway to all our home care offerings. Read more about Lifestage Solutions and its successful growth in the following spotlight.

Spotlight Lifestage Solutions

“A high level of customer loyalty, efficient processes and interconnected collaboration are key to long-term success.”

Further development from a position of strength

Let's take a look into the future. The need for advisory and treatment services in pharmacies is constantly growing. With increasing pressure on healthcare costs and the growing importance of healthcare services offered both in pharmacies and digitally, the need for integrated care models will continue to increase. A high level of customer loyalty, efficient processes and interconnected collaboration are key to long-term success. Accordingly, Galenica is further developing its organisation from a position of strength and aligning its pharmacy business with an even greater focus on customers.

Expansion of the Executive Committee

With the appointment of Stephan Mignot, Head of Pharmacies Marketing, as an additional member of the Executive Committee, we are emphasising the strategic relevance and pivotal role of customer focus in the implementation of the strategy. From 1 September 2024, three members of the Executive Committee will therefore work together to expand the positioning of the pharmacy as the first point of contact for health issues with the right range of products and healthcare services: “Pharmacies Sales” under the leadership of Virginie Pache will continue to focus on sales and advisory activities as well as the expansion strategy. “Pharmacies Category Management & Health Services”, for which Daniele Madonna is responsible, will develop the best offering for omni-channel pharmacies. The newly established “Pharmacies Marketing” sector ensures an even greater customer focus.

Focused growth for our network partners

As a further adjustment, Galenica will combine the majority of network partners in the “Products & Home Care” unit under the management of Thomas Szuran as of 1 September 2024. The priority is the focused further development of the strategic growth areas “Products & Brands” and “Home Care”. The Verfora Group, the “Home Care” segment and other units will now be part of “Products & Home Care”. We are thus creating the foundation for targeted growth of the companies within the network and with our partnerships.

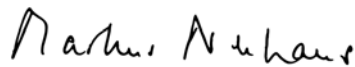
Handover of the position of CFO

Our long-standing CFO Felix Burkhard, who has been with the company since 1996, will hand over his responsibilities to his successor Julian Fiessinger at the end of the year. Felix Burkhard will continue in his role as Chairman of the Board of Trustees of the Galenica Pension Fund. Julian Fiessinger, who has led Investor Relations & Corporate Finance at Galenica since 2021, knows the financial market and the company inside out and will ensure continuity while also contributing fresh ideas.

We would like to thank Felix Burkhard sincerely for all the years he has worked for our company as a highly valued leader and respected business partner. We wish him a wonderful conclusion at Galenica in the coming months and also look forward to working with Julian Fiessinger.

And we would like to thank you, our valued shareholders, for placing your trust in us. We would also like to thank our partners and customers, who entrust us with their health and well-being every day. And finally, we would like to thank our employees, without whom all of this would not be possible!

Bern, 6 August 2024



Dr Markus R. Neuhaus
Chair of the Board of Directors



Marc Werner
CEO

Management report

Financial key figures

Net sales
in million CHF



■ Products & Care ¹⁾: **829.3**
■ Logistics & IT ¹⁾: **1,563.3**

EBIT adjusted²⁾
in million CHF



■ Products & Care ^{1) 2)}: **75.9**
■ Logistics & IT ^{1) 2)}: **25.4**

Number of employees
as of 30 June 2024



■ Products & Care: **5,864**
■ Logistics & IT: **1,802**
■ Group Services: **289**

in million CHF	1.1.–30.6.2024	1.1.–30.6.2023	Change
Net sales	1,900.0	1,851.2	2.6%
Products & Care ¹⁾	829.3	804.4	3.1%
Logistics & IT ¹⁾	1,563.3	1,518.5	3.0%
EBIT	102.4	92.5	10.7%
EBIT adjusted²⁾	99.1	90.2	9.9%
in % of net sales	5.2%	4.9%	
Products & Care ^{1) 2)}	75.9	73.1	3.9%
in % of net sales	9.2%	9.1%	
Logistics & IT ^{1) 2)}	25.4	19.0	34.0%
in % of net sales	1.6%	1.3%	
Profit from continuing operations	79.3	74.5	6.4%
Profit from continuing operations adjusted²⁾	77.7	73.7	5.4%
Investments in property, plant and equipment and intangible assets	38.4	34.6	11.1%
Employees at reporting date (FTE)	6,057	5,758	5.2%

in million CHF	30.6.2024	30.6.2023	Change
Equity ratio	46.9%	47.3%	
Equity ratio adjusted ²⁾	51.6%	52.4%	
Capital contribution reserves	145.0	199.9	-27.4%
Net debt adjusted ²⁾	533.7	502.5	6.2%

Share information

in CHF	30.6.2024	31.12.2023
Share price at reporting date	73.55	72.75
Market capitalisation at reporting date in million CHF	3,663.5	3,625.3
Shareholders' equity per share at reporting date	28.20	29.52
Earnings per share 1.1.–30.6. from continuing operations	1.58	1.49
Earnings per share adjusted 1.1.–30.6. from continuing operations ²⁾	1.55	1.47

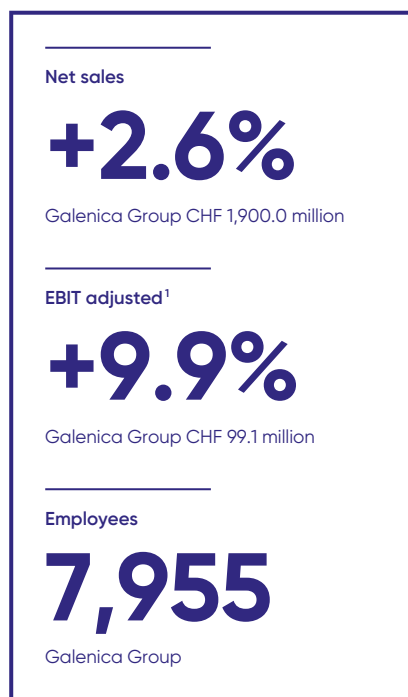
¹⁾ Reported for each segment not taking into account Group Services and Eliminations

²⁾ For details to the adjusted key figures refer to chapter Alternative performance measures in this Half year report 2024

Galenica Group

Management report

Galenica Group sales grew by 2.6% to CHF 1,900.0 million in the first half of 2024.



Galenica achieves solid growth in a challenging market environment

Galenica Group sales grew by 2.6% to CHF 1,900.0 million in the first half of 2024. Both the “Products & Care” segment and the “Logistics & IT” segment contributed to the sales growth, with growth of 3.1% and 3.0% respectively. As a result, Galenica Group sales developed more dynamically than the market.

Compared with the pharmaceutical market, which grew by 1.7% (IQVIA, Pharmaceutical Market Switzerland, first half of 2024) and the Consumer Healthcare market, which declined by 0.2% (IQVIA, Consumer Health Market Switzerland, first half of 2024), the Galenica Group gained market share with growth of 2.6%.

Following the 4.8% increase in Galenica Group sales at the end of April 2024, growth slowed sharply in the months of May, and particularly June 2024. While the constellation of sales days at the end of April was favourable compared to the same period of the previous year, with an estimated positive impact of around 1% on sales growth, at the end of June 2024 this effect was negative compared to the previous year, dampening growth accordingly. By the end of the year, this effect will be positive again.

A cold and rainy early summer also meant that demand for seasonal products such as sunscreen, outdoor and allergy products was exceptionally low in May and June 2024. In addition, significantly increased sales of generics and biosimilars dampened growth. This development was driven in particular by the increase in the deductible from 20% to 40%, which came into force on 1 January 2024, if patients prefer another medicine that is more than 10% more expensive for the same active ingredient. For example, in the first half of 2024, Galenica pharmacies increased the generic substitution rate from 75.2% at the end of 2023 to 80.8%, thus making a significant contribution to curbing rising healthcare costs.

Reported EBIT increased by 10.7% to CHF 102.4 million. The adjusted¹ EBIT of the Galenica Group, i.e. excluding the effects of the IFRS 16 (Leases) and IAS 19 (Employee Benefits) accounting standards, increased by 9.9% to CHF 99.1 million.

Adjusted¹ return on sales (ROS) rose from 4.9% to 5.2% year-on-year. In the previous year, the result was negatively impacted by special effects in the amount of CHF 9.8 million. Adjusted for these special effects, EBIT would have declined slightly in the first half of 2024 by 0.9%. The flat EBIT development was due in particular to the lower-than-expected sales growth. In addition, higher expenses in connection with the further

expansion of the IT infrastructure to implement the “Omni-Channel” strategy, as well as temporary efficiency losses and additional burdens due to the modular introduction of the new ERP (Enterprise Resource Planning) system at Galexis that started at the beginning of the year had a negative impact on the result. Based on previous assumptions, the project completion to introduce the new ERP system at Galexis was scheduled for 2025. To minimise the risks associated with the system migration and to ensure smooth operations in the highly automated and complex distribution centres, the new system will be rolled out module by module, which will extend the project duration by one year.

The reported net profit of the Galenica Group amounted to CHF 79.3 million (+6.4%, first half of 2023: CHF 74.5 million), adjusted¹ net profit CHF 77.7 million (+5.4%, first half of 2023: CHF 73.7 million). Investments in the first half of 2024 amounted to CHF 38.4 million (first half of 2023: CHF 34.6 million). They were mainly attributable to the rebuilding and renovation of pharmacies and other operational sites, investments in the development of the digital infrastructure in connection with the strategic “Omni-Channel” programme and the introduction of the new ERP system at Galexis.

The Galenica Group’s balance sheet remained strong. Adjusted¹ shareholders’ equity increased to CHF 1,427.9 million (+5.8%) compared to 30 June 2023. Adjusted¹ net debt, i.e. excluding leasing liabilities, increased by CHF 31.2 million compared to the end of June 2023 and amounted to CHF 533.7 million, which corresponds to 2.1x adjusted¹ EBITDA. The increase in net debt can be attributed in particular to the ordinary investments in non-current assets as well as the further expansion of the strategic investment in Redcare Pharmacy N.V. (shareholding of 8.4% as of 30 June 2024).

Adjusted¹ operating cash flow before changes in current assets amounted to CHF 97.8 million (first half of 2023: CHF 87.5 million). Taking changes in current assets into account, the operating cash flow amounted to CHF 17.6 million (first half of 2023: CHF -21.0 million). The increase in net working capital is mainly due to seasonal effects. Free cash flow after acquisitions amounted to CHF -45.3 million (first half of 2023: CHF -81.7 million).

Guidance 2024

Galenica expects significantly stronger growth in the second half of 2024 than in the first half of the year.

Galenica therefore confirms its guidance for the 2024 financial year with sales growth of between 3% and 5%, EBIT¹ growth of between 8% and 11% and a dividend at least at the previous year’s level.

¹ Excluding the effects of IAS 19 and IFRS 16. See chapter “Alternative performance measures”.

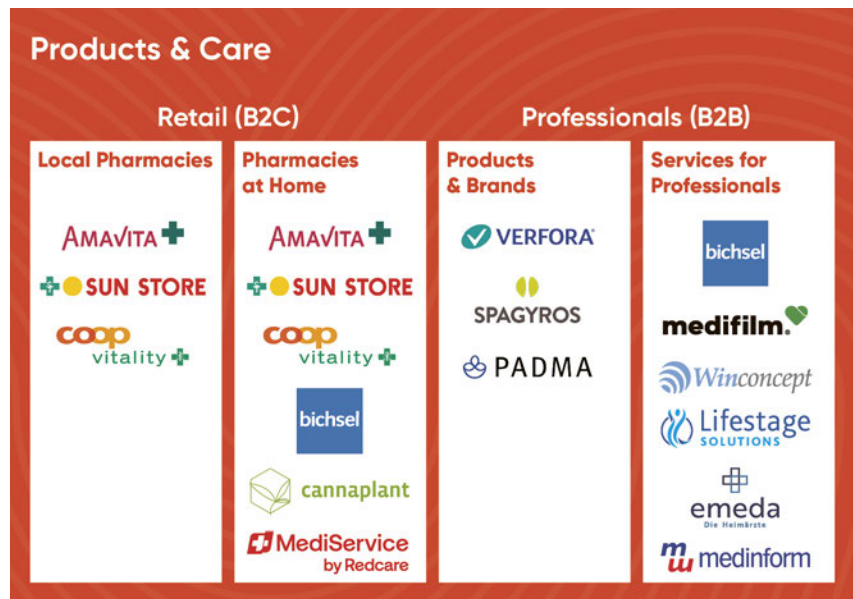
“Products & Care” segment

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. For end customers (B2C), the company’s own bricks-and-mortar pharmacies, home care services, mail-order pharmacies and online shops offer solutions for health and well-being, depending on their needs. 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 829.3 million (+3.1%) in the first half of 2024. Of this, CHF 695.4 million (+2.4%, excluding Coop Vitality and Mediservice) was attributable to the "Retail" (B2C) business area and CHF 138.4 million (+7.6%) to the "Professionals" (B2B) business area.

Adjusted¹ EBIT increased by 3.9% to CHF 75.9 million, and the EBIT margin increased from 9.1% to 9.2%. The main driver of the positive EBIT development was an increase in the gross margin in the "Products & Care" segment due to the strong growth in "Products & Brands" and the higher share of low-priced medications in the "Retail" business area. On the other hand, higher expenses in connection with the further expansion of the IT infrastructure to implement the "Omni-Channel" strategy had a dampening effect on EBIT growth.



“Retail” business area (B2C)

Net sales development

In the first half of 2024, the “Retail” business area generated net sales of CHF 695.4 million (+2.4%, excluding Coop Vitality and Mediservice). Of this, CHF 657.6 million (+2.7%) was attributable to “Local Pharmacies” (POS) and CHF 37.9 million (-2.9%) to “Pharmacies at Home” (mail-order and home care).

“Local Pharmacies” sector

In the first half of 2024, the “Local Pharmacies” sector generated net sales of CHF 657.6 million (+2.7%, excluding Coop Vitality). The expansion of the pharmacy network accounted for 1.2% of the sales growth.

Government-ordered price reductions led to a 1.7% decline in sales in the reporting period. Excluding this effect, net sales in the “Local Pharmacies” sector would have risen by 4.4%.

By way of comparison: drug sales from bricks-and-mortar pharmacies in Switzerland (prescription [Rx] and OTC products) grew by 1.5% in the reporting period (IQVIA, Pharmaceutical Market Switzerland, first half of 2024). The consumer healthcare market declined by 0.2% year on year, with the non-medications segment declining by 2.2% (IQVIA, Consumer Health Market Switzerland, first half of 2024). The pharmacies of the Galenica Group were thus able to grow faster than the market and gain market share.

Pharmacies are an increasingly popular choice as the first point of contact

Basic care provided by pharmacies is a key pillar of the Swiss healthcare system. Galenica successfully tested the “Consultation plus” concept last year with a view to improving the customer experience in pharmacies and further establishing the pharmacy as the first point of contact for health issues. The concept itself was developed in collaboration with customers. “Consultation plus” is not a new service, but a holistic approach to developing and positioning healthcare services in Galenica pharmacies. The figures show that there is strong demand among customers for both advisory and healthcare services. In the first half of 2024, 93,000 paid advisory and service consultations were conducted in Galenica pharmacies, 32% more than in the previous year. The focus is on consultations for common health issues such as urinary tract infections, skin problems, conjunctivitis and erectile dysfunction.

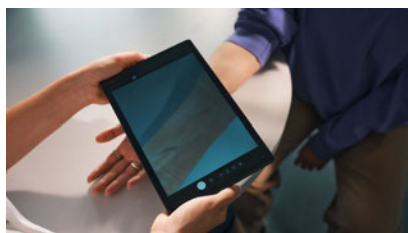
Spotlight “Consultation plus”

Medical expertise in pharmacies

The high level of acceptance of pharmacy services among customers is reflected in their general willingness to pay for them. Despite this, Galenica is committed to putting systems in place so that services can be paid for under basic and supplementary insurance models offered by health insurers. This has a positive impact on the industry as a whole. In the first half of 2024, for example, AXA and Galenica concluded an agreement under which AXA supplementary insurance covers the costs of in-pharmacy advisory services. In its communication, AXA has explicitly referred to the medical expertise of pharmacy staff – a gratifying confirmation for Galenica, which places great importance on the continuous training and development of employees, particularly as part of the “Consultation plus” concept, which in turn makes pharmacy careers more attractive.

Further expansion of vaccination services in pharmacies

Demand for pharmacy-format vaccination services (excluding COVID-19 vaccinations) that can be booked online also saw significant growth of around 30%. Depending on cantonal regulations, the population can get vaccinated against infectious diseases such as flu, shingles, Pertussis (whooping cough) or pneumococcus at Amavita, Sun Store or Coop Vitality. Galenica welcomes the fact that more and more cantons are laying the groundwork for a comprehensive range of vaccinations in pharmacies. This positive development is due not least to a constructive dialogue between the private sector, relevant associations and the public sector.



With “Book a Doc”, Galenica pharmacies have a valuable tool at their disposal.

Telemedicine as a resource-saving additional service

With the “Book a Doc” service, Galenica pharmacies have a valuable additional tool at their disposal to treat even more complex cases directly by consulting a doctor digitally direct from the pharmacy. Following a successful pilot project, 250 of the some 370 Galenica pharmacies are now in the test phase of a system that allows them to promptly organise a telemedical consultation for customers who need one. Thanks to the interdisciplinary collaboration with Medgate, which developed “Book a Doc”, health problems such as shingles can be treated in a cost- and resource-efficient manner that is easy and convenient for patients.

Further expansion of the pharmacy network

Galenica pursues a strategy of continuously optimising its pharmacy network through acquisitions or opening new premises. It acquired nine pharmacies in the period under review and opened one new location. This allowed the Group to strengthen its presence in the Bernese Oberland and Ticino regions in particular. Furthermore, five pharmacies were closed resp. merged with other locations. Galenica will continue to invest in its pharmacy network in the second half of 2024, drive expansion and complete renovation work in existing pharmacies. As of 30 June 2024, Galenica’s pharmacy network comprised 374 locations.

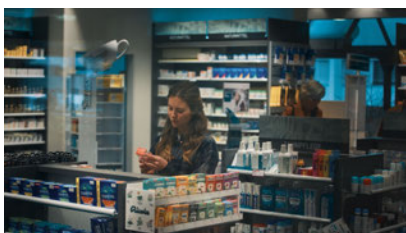
Our pharmacy network

	30.06.2024	31.12.2023	Change
Amavita pharmacies ¹⁾	196	188	+8
Sun Store pharmacies ¹⁾	85	85	–
Coop Vitality pharmacies ²⁾	86	89	-3
Specialty pharmacy Mediservice ²⁾	1	1	–
Majority holdings in other pharmacies ¹⁾	6	6	–
Total own points of sale	374	369	+5

¹⁾ Fully consolidated

²⁾ Consolidated at equity

Spotlight Expansion



Galenica welcomes new approaches to curb cost growth in the healthcare sector.

Revision of Art. 38 of the Health Insurance Benefits Ordinance (HIBO): distribution share adjustment

The price of a drug consists of several components. On top of the ex-factory price, which is the amount the manufacturer receives for its product, the distribution share and VAT are added. The distribution share pays for the services that are provided until a medication can be dispensed at the pharmacy. This includes transport to the pharmacy, pharmaceutical staff as well as storage and rental costs. The distribution share consists of a price-dependent surcharge (variable component) and a pack surcharge (fixed component). Because the variable component has been higher for more expensive drugs, there has been no incentive to prescribe and dispense cheap generics or biosimilars. The Federal Office of Public Health (FOPH) tackled this problem. Together with the associations of service providers, the FOPH worked out an adjustment to the distribution share of prescription drugs, which came into effect on 1 July 2024. Galenica welcomes the new regulation and is confident that it will achieve the desired effect cost-reducing effect.

Promoting dispensation of generics and biosimilars

Dispensing generics and biosimilars that are cheaper than the original product is an important measure in curbing the rise in healthcare costs. With the amendment of Art. 38a of the Health Insurance Benefits Ordinance (HIBO), the Federal Council has taken an important step in this regard: substitution with biosimilars is now permitted. If the substitution of an original preparation that is at least 10% more expensive for a generic or a biosimilar is not justified on verifiable medical grounds, the deductible will also be increased from 20% to 40%. Likewise, only 25% of the costs of the original medication will be deducted from the annual deductible of CHF 700. The deductible for generics and biosimilars remains at 10%.



“Pharmacies at Home” sector

The “Pharmacies at Home” sector achieved net sales of CHF 37.9 million (excluding Mediservice) and declined slightly by -2.9%. This development was due to declines in sales at mail-order pharmacies, which performed in line with the market, as well as a streamlining of the offerings at Bichsel Homecare and the Amavita and Sunstore online shops. In contrast, the online-driven click-and-collect sales reported in the “Local Pharmacies” segment developed extremely positively in the first half of the year, with growth of 23%.

Greater presence and more networking

In operational terms, “Pharmacies at Home” focused on several events: the finalisation of the joint venture between Redcare Pharmacy and the specialty pharmacy Mediservice, allowing Switzerland’s leading online pharmacy to focus on further expanding its range and looking after its brands in the first half of 2024. Galenica strengthened its presence in southern Switzerland with an investment of 33% in Farmadomo Home Care Provider SA, the leading home care organisation in the field of clinical nutrition and blister packaging of medicines in the canton of Ticino. Last but not least, the sector intensified its collaboration with home care organisations for the indications of Parkinson’s disease and palliative care. Among other things, Galenica’s home care specialists

entered into a partnership with palliative.ch, the Swiss Society for Palliative Medicine, a relationship that is based on networking and knowledge sharing.



“Professionals” business area (B2B)

Net sales development

In the first half of 2024, the “Professionals” business area generated net sales of CHF 138.4 million (+7.6%). Of this, CHF 97.0 million (+7.8%) was attributable to “Products & Brands” and CHF 41.4 million (+7.3%) to “Services for Professionals”.

“Products & Brands” sector

The “Products & Brands” sector generated net sales of CHF 97.0 million (+7.8%) in the first half of 2024. Of this, CHF 72.9 million (+2.5%) came from the Swiss market and CHF 24.1 million (+28.0%) from exports involving distribution partners. Organic growth in the “Products & Brands” sector, excluding the expansion effect (+1.3%) due to the acquisition of Padma in 2023, amounted to a pleasing 6.5%.

The export business of Verfora developed very positively with growth of 28.0%. This pleasing result was driven by higher demand for Verfora products, such as Perskindol® in Asia, as well as earlier product deliveries abroad compared to the previous year. Due to a reduction in inventories in the market, the Swiss business of Verfora showed only slightly positive organic growth of +1.5%. By contrast, sales of Verfora products in the pharmacy and drugstore market outperformed the market as a whole with growth of 4.5% (IQVIA, Consumer Health Market Switzerland, YTD June 2024), enabling the company to gain further market share.

By way of comparison, the consumer healthcare market declined by 0.2% compared to the same period of the previous year (IQVIA, Consumer Health Market Switzerland, first half of 2024).



“Services for Professionals”

The “Services for Professionals” sector achieved strong growth of +7.3% with sales of CHF 41.4 million in the first half of 2024. Growth drivers were in particular Medifilm and Lifestage Solutions in the business with care homes and home care organisations.



New warehouse from Lifestage Solution to meet the increasing demand.

Growing demand from institutions

Patient-specific blister packaging from Medifilm is in high demand, partly due to the shortage of skilled workers in institutions such as nursing homes. Medifilm has responded to this development by investing in new, modern and fully integrated blister packaging machines in order to be able to provide further urgently needed capacities. As medication safety is a top priority, commissioning is taking place gradually and under strict quality precautions. Lifestage Solutions is also continuing to grow. Lifestage Solutions moved into a new warehouse in the first half of 2024 to meet the increasing demand for its products and services and to be able to grow further in the future.

Spotlight Lifestage Solutions

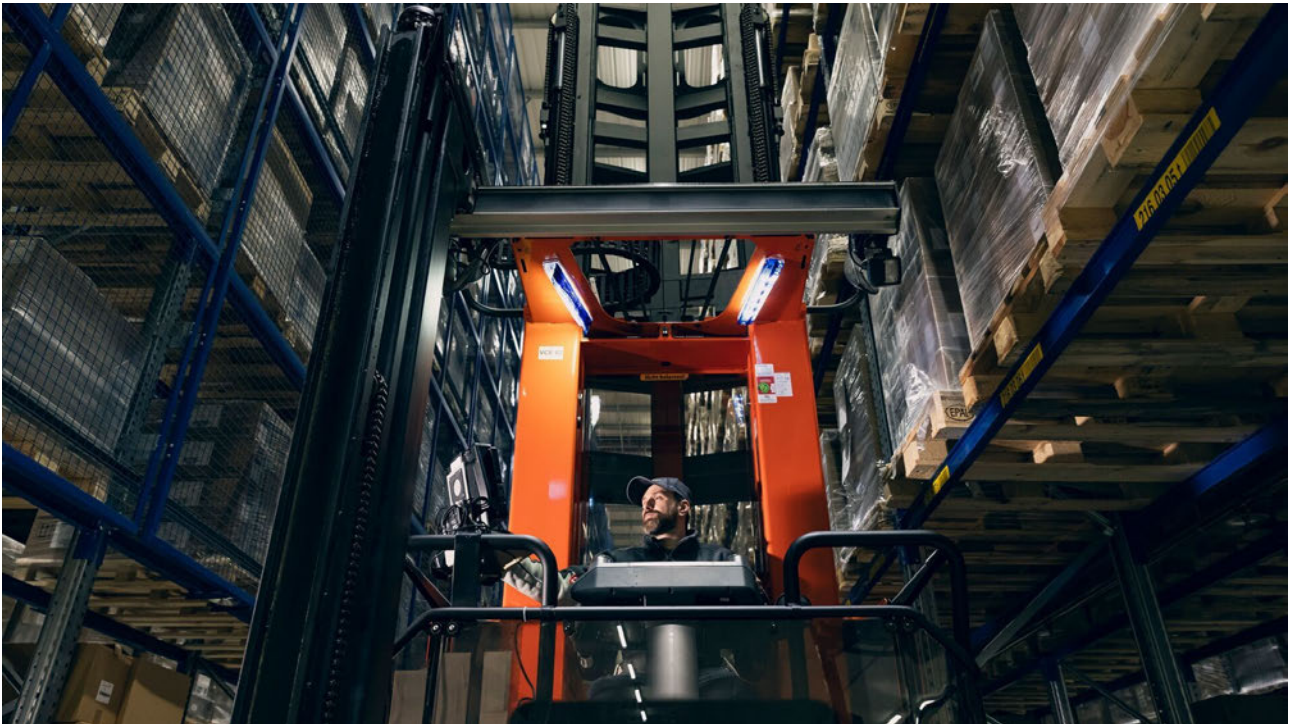
Gateway to the Galenica network

Galenica offers a unique range of services for nursing homes and home care organisations throughout Switzerland. In addition to clinical nutrition from Bichsel, the range also includes patient-specific blister packaging of medications by Medifilm, the mobile home doctors from Emeda and the digital platform from Lifestage Solutions for the fully automated ordering and invoicing of medical consumables and care products. It is precisely this line of business that will play a central role in the network in the future. Galenica plans to bundle all its services for professional service providers together on the Lifestage Solutions digital platform, thereby not only enabling welcome efficiency gains for healthcare professionals, but also optimising and consolidating the entire network offering.

“Logistics & IT” segment

Management report

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.



The focus is on optimising and further developing the logistics and service offering 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 1,563.3 million (+3.0%) in the first half of 2024. Of this, CHF 1,496.5 million (+2.7%) was attributable to the “Wholesale” sector and CHF 77.7 million (+10.3%) to the “Logistics & IT Services” sector. “Logistics & IT” thus outperformed the overall market, which recorded year-on-year growth of 1.7% (IQVIA, Pharmaceutical Market Switzerland, first half of 2024).

Adjusted¹ EBIT recovered strongly in the first half of 2024 with growth of 34.0% to CHF 25.4 million, with the EBIT margin increasing to 1.6%. In the previous year, the result was negatively impacted by special effects of CHF 9.8 million. Adjusted for these special effects, EBIT would have declined by 11.6% in the first half of 2024. The negative EBIT development was driven by temporary efficiency losses and additional burdens due to the modular introduction of the new ERP system at Galaxis that started at the beginning of the year.



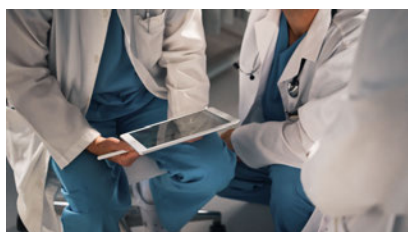
“Wholesale” sector

Net sales development

Sales in the “Wholesale” sector increased by +2.7% to CHF 1,496.5 million, with further market shares gained in both the wholesale business with doctors (+6.4%) and pharmacies (+1.7%).

The negative impact on sales performance due to the government-ordered price reductions also continued and amounted to -1.9% in the reporting period. Without this effect, net sales in the sector would have increased by 4.6%.

By way of comparison, the physician market grew by 4.0% in the first half of 2024, while the pharmacy market grew by 1.0%. The hospital market also grew by 0.7%. (IQVIA, Pharmaceutical Market Switzerland, first half of 2024).



Thanks to the DispoCura software, doctors can place their orders directly from their practice information system.

Market share gains for doctors and pharmacies

The wholesale business operated by Galexis, Pharmapool and Unione Farmaceutica Distribuzione (UFD) once again performed well in the first half of 2024. Galenica companies were able to gain market share in the supply of pharmacies and medical practices. An important selling point for customers is the comprehensive range of services and the high level of digitalisation. For example, the quickly installed interface software DispoCura enables doctors to place their orders directly from their practice information system.

Improved medication availability

Generics producer Sandoz and Galenica are continuing their commitment to ensuring the sufficient availability of medicines, in particular narcotics, diabetes drugs and vaccines, through the “Safety Stock” initiative. Thanks to “Safety Stock”, the distribution centres in Niederbipp (BE) and Ecublens (VD) have a stable inventory, which reduces supply bottlenecks and eases stock flow in bricks-and-mortar pharmacies.



“Logistics & IT Services” sector

Net sales development

With net sales of CHF 77.7 million, the “Logistics & IT Services” sector achieved strong growth of 10.3% in the first half of 2024. The main driver of growth was the internal invoicing of IT services, while Alloga’s pre-wholesale business and the IT services of Aquantic and HCI Solutions also made a positive contribution to growth.



More Health Supply vehicles with variable load compartment temperatures will soon be on the road.

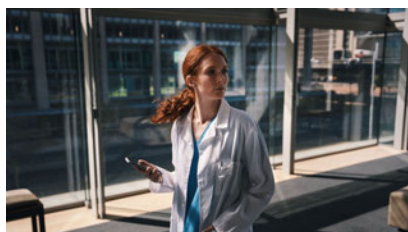
Successful launch of Health Supply

The joint venture Health Supply, which was founded by Galenica and the logistics company Planzer at the end of 2023, was successfully established in the first half of 2024. Health Supply provides services relating to the distribution of medicines and complements the services offered by the logistics companies of the Galenica Group. The transport specialist already employs more than 120 employees. The procurement of vehicles with variable load compartment temperatures is currently on the agenda. These will also be used in particular for the delivery of refrigerated vaccines in the run-up to vaccination season. This means that vehicles labelled “Health Supply” will increasingly be seen on the roads in the future.

Spotlight Health Supply

Alloga well on its way

Pre-wholesale specialist Alloga had a good first half of the year. In addition to its core operational business, it was also successful at the project level, fully completing the migration to the new ERP system. As a result, capacity will be further increased and the ergonomics of internal logistics improved.



“Clinical Decision Support Checks” (CDS) are one of the most important building blocks for patient safety.

Commitment to greater patient safety

With high-quality data and tailored eHealth solutions, HCI Solutions contributes to the quality of treatment and patient safety. “Clinical Decision Support Checks” (CDS) are one of the most important building blocks for patient safety and are carried out via HCI’s digital Documedis services in leading hospital, doctor and pharmacy solutions – with significantly increasing frequency. 174 million CDS Checks were performed in the first half of the year, an increase of 30%. Documedis CDS.CE is a certified Class IIa medical device. This certification reinforces the company’s commitment to quality and safety and strengthens its position as a provider of high-quality healthcare solutions.

Inselspital Bern, Lucerne Cantonal Hospital (LUKS), St. Gallen Cantonal Hospital and other hospitals already use Documedis CDS.CE in their clinical information systems (CIS) on a daily basis. This not only reduces unwanted drug interactions, but also increases patient adherence with the eMediplan.

Offers for specialist personnel

HCI Solutions' products and services are mainly targeted at manufacturers of primary systems, healthcare platforms and mobile applications, as well as healthcare professionals. This focus is supported by the new brand identity introduced in the first half of 2024 and is also emphasised by measures such as the HCI Connect event series. An informative event for healthcare experts was once again held at Galenica headquarters in early 2024, which was attended by around 400 guests. As a network-oriented company, Galenica sees great added value in the various players in the healthcare sector being able to connect and discuss their work. With this in mind, the company will also invite IT developers in the autumn of 2024 to further expand its network of digital specialists. Galenica will take advantage of the event to present its “Galenica as a Service” initiative, with which it provides access to its own developments on a standardised technical basis. This will help to create interfaces and connections that benefit patients.

Financial report

Alternative performance measures 2024

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 Accounting Standards. In addition to information based on IFRS Accounting Standards, 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 Accounting Standards 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 2024

in thousand CHF	Retail (B2C)	Professionals (B2B)	Products & Care ¹⁾	Wholesale	Logistics & IT Services	Logistics & IT ¹⁾
Net sales	695,391	138,447	829,334	1,496,453	77,664	1,563,318
Change to previous period	2.4%	7.6%	3.1%	2.7%	10.3%	3.0%
Effect of net expansion	7,455 ²⁾	1,130 ³⁾	8,585	–	–	–
In % of net sales of previous period	1.1%	0.9%	1.1%	0.0%	0.0%	0.0%
Net sales excluding effect of net expansion	687,936	137,317	820,749	1,496,453	77,664	1,563,318
Organic growth of net sales	1.3%	6.7%	2.0%	2.7%	10.3%	3.0%
Mandatory price reductions ⁴⁾	10,969			27,592		
In % of net sales of previous period	1.6%			1.9%		
Net sales excluding effect of net expansion and mandatory price reductions	698,905			1,524,045		
Organic growth of net sales excluding price reductions	2.9%			4.6%		

¹⁾ Including eliminations of intercompany net sales

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

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

⁴⁾ 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 2024 Products & Care

in thousand CHF	Local Pharmacies	Pharmacies at Home	Retail (B2C) ¹⁾	Products & Brands	Services for Professionals	Professionals (B2B) ¹⁾
Net sales	657,597	37,944	695,391	97,014	41,435	138,447
Change to previous period	2.7%	-2.9%	2.4%	7.8%	7.3%	7.6%
Effect of net expansion	7,455 ²⁾	–	7,455 ²⁾	1,130 ³⁾	–	1,130 ³⁾
In % of net sales of previous period	1.2%	0.0%	1.1%	1.3%	0.0%	0.9%
Net sales excluding effect of net expansion	650,142	37,944	687,936	95,885	41,435	137,317
Organic growth of net sales	1.5%	-2.9%	1.3%	6.5%	7.3%	6.7%
Mandatory price reductions ⁴⁾	10,969		10,969			
In % of net sales of previous period	1.7%		1.6%			
Net sales excluding effect of net expansion and mandatory price reductions	661,111		698,905			
Organic growth of net sales excluding price reductions	3.2%		2.9%			

¹⁾ Including eliminations of intercompany net sales

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

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

⁴⁾ 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

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

¹⁾ Including eliminations of intercompany net sales

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

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

⁴⁾ 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 & Care

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

¹⁾ Including eliminations of intercompany net sales

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

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

⁴⁾ 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 2024

in thousand CHF	As reported	Adjustments IAS 19	Adjustments IFRS 16	Adjusted
Net sales	1,900,014	–	–	1,900,014
Products & Care ¹⁾	829,334	–	–	829,334
Logistics & IT ¹⁾	1,563,318	–	–	1,563,318
Other income	6,412	–	–	6,412
Operating income	1,906,426	–	–	1,906,426
Cost of goods	–1,369,428	–	–	–1,369,428
Personnel costs	–292,626	–1,653	–	–294,279
Other operating costs	–91,191	–	–27,616	–118,807
Share of profit from associates and joint ventures	1,986	–105	–135	1,747
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	155,167	–1,757	–27,751	125,658
Products & Care ¹⁾	112,422	–	–26,491	85,930
Logistics & IT ¹⁾	42,298	–	–1,248	41,050
Depreciation, amortisation and impairment	–52,751	–	26,208	–26,542
Earnings before interest and taxes (EBIT)	102,416	–1,757	–1,543	99,116
Return on sales (ROS) ²⁾	5.4%	–0.1%	–0.1%	5.2%
Products & Care ¹⁾	77,443	–	–1,498	75,946
Return on sales (ROS) ²⁾	9.3%	0.0%	–0.2%	9.2%
Logistics & IT ¹⁾	25,483	–	–45	25,438
Return on sales (ROS) ²⁾	1.6%	0.0%	0.0%	1.6%
Net financial expenses	–3,967	–198	1,603	–2,561
Earnings before taxes (EBT)	98,450	–1,955	60	96,555
Income taxes	–19,162	333	–33	–18,862
Profit from continuing operations	79,287	–1,622	28	77,693
Profit from discontinued operations	–29	–	–	–29
Net Profit	79,258	–1,622	28	77,664
Attributable to:				
– Shareholders of Galenica Ltd.	78,888	–1,622	26	77,292
– Non-controlling interests	370	–	2	372

¹⁾ Reported for each operating segment not taking into account Group Services and Eliminations

²⁾ Calculated as EBIT divided by net sales

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

Adjusted consolidated statement of income first half of 2023

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

¹⁾ Reported for each operating segment not taking into account Group Services and Eliminations

²⁾ 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

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.–30.6.2024	1.1.–30.6.2023
Cash flow from operating activities before working capital changes	124,056	113,209
Payment of lease liabilities	-26,213	-25,711
Cash flow from operating activities before working capital changes adjusted	97,843	87,498
Working capital changes	-80,231	-109,422
Cash flow from discontinued operations (operating activities) incl. payment of lease liabilities	-	918
Cash flow from operating activities adjusted	17,612	-21,005
Cash flow from investing activities without M&A ¹⁾	-45,526	-32,246
Cash flow from discontinued operations (investing activities)	-	-150
Free cash flow before M&A	-27,913	-53,402
Cash flow from M&A ²⁾	-17,411	-28,290
Free cash flow	-45,324	-81,692

¹⁾ Cash flow from investing activities without net cash flow from business combinations and net cash flow from sale of subsidiaries

²⁾ Net cash flow from business combinations and net cash flow from sale of subsidiaries

CAPEX

in thousand CHF	1.1.–30.6.2024	1.1.–30.6.2023
Investments in property, plant and equipment	18,829	18,639
Investments in intangible assets	19,584	15,947
CAPEX	38,413	34,587

Cash conversion

	1.1.–30.6.2024	1.1.–30.6.2023
Cash conversion ¹⁾	69.4%	70.0%

¹⁾ 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	30.06.2024	30.06.2023
Total assets	3,007,018	2,808,944
Cumulative effects of IAS 19 adjustments	-1,738	-2,515
Cumulative effects of IFRS 16 adjustments	-238,966	-230,448
Total assets adjusted	2,766,314	2,575,982

Net debt

in thousand CHF	30.06.2024	30.06.2023
Current financial liabilities ¹⁾	84,514	98,923
Current lease liabilities	51,558	51,523
Non-current financial liabilities ¹⁾	519,807	419,872
Non-current lease liabilities	194,256	186,200
Cash and cash equivalents	-69,546	-15,329
Interest-bearing receivables	-1,114	-958
Net debt	779,473	740,231
Lease liabilities (current and non-current)	-245,813	-237,723
Net debt adjusted	533,660	502,508

¹⁾ Excluding non-interest-bearing financial liabilities

Shareholders' equity

in thousand CHF	30.06.2024	30.06.2023
Shareholders' equity	1,409,229	1,328,930
Cumulative effects of IAS 19 adjustments	13,095	15,069
Cumulative effects of IFRS 16 adjustments	5,612	5,335
Shareholders' equity adjusted	1,427,936	1,349,334

Equity ratio

	30.06.2024	30.06.2023
Equity ratio ¹⁾	46.9%	47.3%
Equity ratio adjusted ²⁾	51.6%	52.4%

¹⁾ Calculated as shareholders' equity divided by total assets

²⁾ Calculated as shareholders' equity adjusted divided by total assets adjusted

Gearing

	30.06.2024	30.06.2023
Gearing ¹⁾	55.3%	55.7%
Gearing adjusted ²⁾	37.4%	37.2%

¹⁾ Calculated as net debt divided by shareholders' equity

²⁾ Calculated as net debt adjusted divided by shareholders' equity adjusted

Debt coverage

	30.06.2024	30.06.2023
Debt coverage ¹⁾	2.5 x	2.6 x
Debt coverage adjusted ²⁾	2.1 x	2.1 x

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

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

Consolidated interim financial statements 2024

Consolidated statement of income

in thousand CHF	1.1.–30.6.2024	1.1.–30.6.2023
Net sales	1,900,014	1,851,190
Other income	6,412	8,170
Operating income	1,906,426	1,859,360
Cost of goods	-1,369,428	-1,339,449
Personnel costs	-292,626	-278,773
Other operating costs	-91,191	-100,187
Share of profit from associates and joint ventures	1,986	2,948
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	155,167	143,900
Depreciation, amortisation and impairment	-52,751	-51,379
Earnings before interest and taxes (EBIT)	102,416	92,521
Financial income	2,495	3,495
Financial expenses	-6,462	-6,473
Earnings before taxes (EBT)	98,450	89,543
Income taxes	-19,162	-15,056
Profit from continuing operations	79,287	74,487
Profit from discontinued operations	-29	112,843
Net profit	79,258	187,330
Attributable to:		
– Shareholders of Galenica Ltd.	78,888	186,998
– Non-controlling interests	370	331

in CHF	1.1.–30.6.2024	1.1.–30.6.2023
Earnings per share		
Earnings per share	1.58	3.75
Diluted earnings per share	1.58	3.75
Earnings per share from continuing operations		
Earnings per share from continuing operations	1.58	1.49
Diluted earnings per share from continuing operations	1.58	1.49
Earnings per share from discontinued operations		
Earnings per share from discontinued operations	–	2.26
Diluted earnings per share from discontinued operations	–	2.26

Unaudited figures

Consolidated statement of comprehensive income

in thousand CHF	1.1.–30.6.2024	1.1.–30.6.2023
Net profit	79,258	187,330
Translation differences	195	–49
Items that may be reclassified subsequently to profit or loss	195	–49
Remeasurement of net defined benefit plans	–17,891	–2,149
Income taxes from remeasurement of net defined benefit plans	3,220	380
Share of other comprehensive income from associates and joint ventures	908	–223
Gain / (Loss) on equity instruments at fair value through other comprehensive income	–21,262	10,615
Income taxes from fair value measurement on equity instruments at fair value through other comprehensive income	4,333	–2,229
Items that will not be reclassified to profit or loss	–30,692	6,394
Other comprehensive income/(loss)	–30,497	6,344
Comprehensive income	48,762	193,674
Attributable to:		
– Shareholders of Galenica Ltd.	48,391	193,343
– Non-controlling interests	370	331

Unaudited figures

Consolidated statement of financial position

in thousand CHF	30.06.2024		31.12.2023	
Cash and cash equivalents		69,546		116,159
Trade and other receivables		581,928		518,293
Inventories		353,757		357,096
Prepaid expenses and accrued income		35,998		42,042
Current assets	34.6%	1,041,230	34.6%	1,033,590
Property, plant and equipment		260,989		259,702
Right-of-use assets		239,359		229,583
Intangible assets		1,106,371		1,078,503
Investments in associates and joint ventures		141,306		143,985
Financial assets		213,853		220,214
Deferred tax assets		3,911		4,946
Employee benefit assets		–		20,429
Non-current assets	65.4%	1,965,788	65.4%	1,957,361
Assets	100.0%	3,007,018	100.0%	2,990,952
Financial liabilities		113,228		70,231
Lease liabilities		51,558		50,484
Trade and other payables		424,691		417,442
Income tax payables		22,174		33,585
Accrued expenses and deferred income		167,212		195,648
Provisions		5,102		4,880
Current liabilities	26.1%	783,965	25.8%	772,269
Financial liabilities		541,913		468,569
Lease liabilities		194,256		185,557
Deferred tax liabilities		62,395		69,461
Employee benefit liabilities		14,833		19,221
Provisions		427		678
Non-current liabilities	27.1%	813,824	24.9%	743,486
Liabilities	53.1%	1,597,789	50.7%	1,515,755
Share capital		5,000		5,000
Reserves		1,401,167		1,466,419
Equity attributable to shareholders of Galenica Ltd.		1,406,167		1,471,419
Non-controlling interests		3,062		3,777
Shareholders' equity	46.9%	1,409,229	49.3%	1,475,196
Liabilities and shareholders' equity	100.0%	3,007,018	100.0%	2,990,952

2024 figures are unaudited

Consolidated statement of cash flows

in thousand CHF	1.1.–30.6.2024	1.1.–30.6.2023
Profit from continuing operations	79,287	74,487
Income taxes	19,162	15,056
Depreciation, amortisation and impairment	52,751	51,379
Net gain on disposal of non-current assets	-213	-495
Increase/(decrease) in provisions and employee benefit assets and liabilities	-1,681	-1,549
Net financial result	3,967	2,978
Share of profit from associates and joint ventures	-1,986	-2,948
Share-based payments	2,029	1,832
Interest received	679	756
Interest paid	-2,363	-2,287
Other net financial receipts/(payments)	275	-198
Dividends received	4,704	4,410
Income taxes paid	-32,554	-30,211
Cash flow from operating activities before working capital changes	124,056	113,209
Change in trade and other receivables	-63,310	-85,739
Change in inventories	4,822	-31,238
Change in trade and other payables	5,036	23,812
Change in other net current assets	-26,778	-16,257
Working capital changes	-80,231	-109,422
Cash flow from discontinued operations	-	1,186
Cash flow from operating activities	43,825	4,973
Investments in property, plant and equipment	-20,597	-18,741
Investments in intangible assets	-18,008	-13,090
Investments in associates and joint ventures	-2,071	-
Investments in financial assets	-16,299	-126,040
Proceeds from sale of property, plant and equipment and intangible assets	305	811
Proceeds from sale of financial assets	11,144	124,813
Net cash flow from business combinations	-17,411	-26,206
Net cash flow from sale of subsidiaries	-	-2,084
Cash flow from discontinued operations	-	-150
Cash flow from investing activities	-62,937	-60,687
Dividends paid	-110,167	-110,263
Purchase of treasury shares	-5,524	-5,434
Proceeds from sale of treasury shares	112	55
Proceeds from financial liabilities	308,075	350,827
Repayment of financial liabilities	-193,554	-232,041
Payment of lease liabilities	-26,213	-25,711
Purchase of non-controlling interests	-390	-
Cash flow from discontinued operations	-	-267
Cash flow from financing activities	-27,660	-22,833
Effects of exchange rate changes on cash and cash equivalents	159	-51
Increase in cash and cash equivalents	-46,612	-78,598
Cash and cash equivalents as at 1 January	116,159	93,927
Cash and cash equivalents as at 30 June	69,546	15,329

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
Balance as at 31 December 2022	5,000	-7,817	1,248,397	1,245,580	3,881	1,249,461
Net profit			186,998	186,998	331	187,330
Other comprehensive income			6,344	6,344	-	6,344
Comprehensive income			193,343	193,343	331	193,674
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
Balance as at 30 June 2023	5,000	-10,169	1,330,460	1,325,291	3,639	1,328,930
Balance as at 31 December 2023	5,000	-11,816	1,478,235	1,471,419	3,777	1,475,196
Net profit			78,888	78,888	370	79,258
Other comprehensive loss			-30,497	-30,497	-	-30,497
Comprehensive income			48,391	48,391	370	48,762
Dividends			-109,740	-109,740	-437	-110,177
Transactions on treasury shares		-1,643	-3,746	-5,389		-5,389
Share-based payments			2,131	2,131		2,131
Change in non-controlling interests			-645	-645	-648	-1,293
Balance as at 30 June 2024	5,000	-13,459	1,414,626	1,406,167	3,062	1,409,229

Unaudited figures

On 10 April 2024, the Annual General Meeting approved a dividend payment of CHF 109.8 million for the financial year 2023 (previous year: CHF 109.8 million), corresponding to CHF 2.20 per registered share (previous year: CHF 2.20). For this purpose, CHF 1.10 was taken from the reserves from capital contributions (previous year: CHF 1.10) and CHF 1.10 from retained earnings (previous year: CHF 1.10) of Galenica Ltd. The dividend was paid out to the shareholders on 16 April 2024.

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 public limited company 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 2024 on 5 August 2024 for publication.

2. Accounting principles

Basis of preparation

The unaudited consolidated interim financial statements of Galenica have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board (IASB), as well as the interpretations of the IFRS Interpretations Committee (IFRIC) and the provisions of Swiss law. The consolidated interim financial statements have been prepared using the same accounting principles as the consolidated financial statements for the year ending 31 December 2023 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 2023 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.

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.

Amendments to IFRS Accounting Standards

As at 1 January 2024 Galenica adopted the following amended IFRS Accounting Standards:

- Amendments to IAS 1 – Classification of liabilities as current or non-current
- Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements
- Amendments to IFRS 16 – Lease liability in a sale and leaseback

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 mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two Globe Anti-Base erosion rules income taxes. Furthermore, Galenica has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in various jurisdictions. Since the Group's effective tax rate is well above 15% in all jurisdictions in which it operates, it has determined that it is not subject to Pillar Two "top-up" taxes.

3. Operating segment information

Operating segment information first half of 2024

Operating segment information first half of 2024

in thousand CHF	Products & Care	Logistics & IT	Group Services	Eliminations	Galenica Group
Net sales	829,334	1,563,318	26,380	-519,017	1,900,014
Intersegmental net sales	-56,032	-437,739	-25,246	519,017	-
Net sales to third parties	773,302	1,125,579	1,133	-	1,900,014
Other income	3,054	3,271	1,121	-1,035	6,412
Share of profit from associates and joint ventures	1,854	-17	-	149	1,986
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	112,422	42,298	417	30¹⁾	155,167
Depreciation, amortisation and impairment	-34,979	-16,815	-1,051	94	-52,751
Earnings before interest and taxes (EBIT)	77,443	25,483	-634	124¹⁾	102,416
Interest income					974
Interest expense					-6,108
Other net financial result					1,168
Earnings before taxes (EBT)					98,450
Income taxes					-19,162
Profit from continuing operations					79,287
Assets	1,848,516	1,117,124	626,045	-584,667²⁾	3,007,018
Investments in associates and joint ventures	142,959	122	-	-1,775	141,306
Liabilities	622,910	702,044	826,731	-553,896³⁾	1,597,789
Investments in property, plant and equipment	11,682	5,294	1,854	-	18,829 ⁴⁾
Investments in intangible assets	465	19,193	-	-74	19,584 ⁵⁾
Employees as at 30 June (FTE)	4,312	1,492	253	-	6,057

¹⁾ Including the effects of IAS 19 from defined benefit plans and long-service awards of CHF 1.8 million

²⁾ Of which elimination of intercompany positions of CHF -565.6 million and other unallocated amounts of CHF -19.1 million

³⁾ Of which elimination of intercompany positions of CHF -565.6 million and other unallocated amounts of CHF 11.7 million

⁴⁾ Of which non-cash investments of CHF 0.7 million

⁵⁾ Of which non-cash investments of CHF 4.3 million

Operating segment information first half of 2023

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	-
Net sales to third parties	753,518	1,095,208	2,464	-	1,851,190
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
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	107,842	34,928	1,168	-38²⁾	143,900
Depreciation, amortisation and impairment	-34,098	-15,869	-1,530	118	-51,379
Earnings before interest and taxes (EBIT)	73,744	19,058	-362	81²⁾	92,521
Interest income					1,057
Interest expense					-3,564
Other net financial result					-471
Earnings before taxes (EBT)					89,543
Income taxes					-15,056
Profit from continuing operations					74,487
Assets¹⁾	1,832,129	1,029,042	600,327	-470,546³⁾	2,990,952
Investments in associates and joint ventures ¹⁾	146,718	99	-	-2,832	143,985
Liabilities¹⁾	591,285	630,139	747,648	-453,317⁴⁾	1,515,755
Investments in property, plant and equipment	11,552	5,418	1,669	-	18,639 ⁵⁾
Investments in intangible assets	1,041	14,943	-	-37	15,947 ⁶⁾
Employees as at 30 June (FTE)	4,081	1,445	232	-	5,758

¹⁾ Figures as at 31 December 2023

²⁾ Including the effects of IAS 19 from defined benefit plans and long-service awards of CHF 1.5 million

³⁾ Of which elimination of intercompany positions of CHF -472.3 million and other unallocated amounts of CHF 1.7 million

⁴⁾ Of which elimination of intercompany positions of CHF -472.3 million and other unallocated amounts of CHF 19.0 million

⁵⁾ Of which non-cash investments of CHF 0.8 million

⁶⁾ Of which non-cash investments of CHF 3.8 million

4. Business combinations

In the first half of 2024, the scope of consolidation has changed as a result of the following transactions:

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 23.1 million, of which CHF 17.3 million was settled in cash. A deferred consideration in the amount of CHF 2.2 million was recognised, which is due in the second half year of 2024. The fair value of the provisional net assets amounts to CHF 5.7 million at the acquisition date. The goodwill of CHF 17.3 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	Fair value
Cash and cash equivalents	3,465
Trade receivables	2,792
Inventories	1,425
Property, plant and equipment	45
Right-of-use assets	3,277
Other current and non-current assets	497
Trade payables	-1,510
Lease liabilities	-3,277
Net deferred tax liabilities	69
Other current and non-current liabilities	-1,042
Fair value of net assets	5,740
Goodwill	17,319
Non-controlling interests	-
Purchase consideration	23,059
Cash acquired	-3,465
Deferred consideration	-2,247
Net cash flow from current business combinations	17,347
Payment of consideration due to previous business combinations	64
Net cash flow from business combinations	17,411

Pro forma figures for acquisitions made in the first half of 2024

Since their inclusion in Galenica's scope of consolidation, the businesses acquired contributed net sales of CHF 9.0 million and a negative operating result (EBIT) of CHF 0.4 million to the Group's results. If these acquisitions had occurred on 1 January 2024, they would have contributed additional net sales of CHF 3.8 million and increased EBIT by CHF 0.2 million.

5. Net sales

Net sales first half of 2024

Net sales first half of 2024

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	615,327	42,271	657,597	-174	657,423	615,173	42,250
Pharmacies at Home	35,751	2,192	37,944	-	37,944	35,751	2,192
Retail (B2C)¹⁾	650,928	44,463	695,391	-24	695,367	650,925	44,442
Products & Brands	96,133	882	97,014	-46,862	50,153	49,320	833
Services for Professionals	33,600	7,836	41,435	-13,653	27,782	26,447	1,335
Professionals (B2B)¹⁾	129,743	8,704	138,447	-60,512	77,935	75,767	2,168
Products & Care¹⁾	778,226	51,108	829,334	-56,032	773,302	726,692	46,610
Wholesale	1,491,116	5,337	1,496,453	-408,100	1,088,352	1,084,283	4,069
Logistics & IT Services	70	77,594	77,664	-40,438	37,226	90	37,137
Logistics & IT¹⁾	1,491,187	72,131	1,563,318	-437,739	1,125,579	1,084,373	41,206
Group Services	-	26,380	26,380	-25,246	1,133	-	1,133
Eliminations ²⁾	-458,348	-60,669	-519,017	519,017	-	-	-
Galenica Group	1,811,065	88,950	1,900,014	-	1,900,014	1,811,065	88,950

¹⁾ Including eliminations of intercompany net sales

²⁾ Eliminations of intersegmental net sales

Net sales first half of 2023

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
Retail (B2C)¹⁾	636,355	42,731	679,086	265	679,351	636,631	42,719
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
Professionals (B2B)¹⁾	119,721	8,905	128,627	-54,476	74,150	71,687	2,464
Products & Care¹⁾	754,684	49,680	804,364	-50,846	753,518	708,334	45,184
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
Logistics & IT¹⁾	1,452,455	66,037	1,518,491	-423,283	1,095,208	1,055,152	40,057
Group Services	-	25,733	25,733	-23,268	2,464	-	2,464
Eliminations ²⁾	-443,657	-53,741	-497,398	497,398	-	-	-
Galenica Group	1,763,482	87,708	1,851,190	-	1,851,190	1,763,482	87,708

¹⁾ Including eliminations of intercompany net sales

²⁾ Eliminations of intersegmental net sales

6. Fair values of financial assets and financial liabilities

Fair value

in thousand CHF	30.06.2024		31.12.2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Bond (level 1 of the fair value hierarchy)	519,807	530,814	419,871	427,050

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 at 30 June 2024 Galenica holds equity instruments designated at fair value through other comprehensive income including a 8.4% (previous year: 7.9%) investment in the listed (level 1 of the fair value hierarchy) company Redcare Pharmacy N.V., Netherlands, with a fair value of CHF 186.2 million (CHF 196.1 million as at 31 December 2023) and other investment in non-listed (level 3 of the fair value hierarchy) companies with a fair value of CHF 4.7 million (CHF 3.9 million as at 31 December 2023). 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 loss of CHF 21.3 million (previous year: gain of CHF 10.6 million as at 30 June 2023).

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	2024	2023
1 January	41,507	49,180
Arising from business combinations	–	2,385
Change in fair value (recognised in profit or loss)	–1,111	–10,057
30 June / 31 December	40,396	41,507

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

in thousand CHF	2024	2023
1 January	3,928	4,561
Addition	935	1,950
Change in fair value (recognised in other comprehensive income)	–183	–2,583
30 June / 31 December	4,680	3,928

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 3.0 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 not recorded any amount for a payment related to the further development of net working capital of the discontinued operation as per 30 June 2024 as the development of the net working capital was positive in the second half year of 2023 and first half year of 2024. The relevant period under review was extended to the first half of 2024 and a possible but not expected cash out flow would be due in the second half year of 2024. The future cash outflows range between zero and CHF 2.3 million.

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
Fair value of contingent considerations as at 30.06.2024	17,492	17,027	3,429	2,448
Minimal payout	–	–	–	–
Maximal payout	24,000	29,000	5,450	4,000
Key assumption	forecasted net sales ¹⁾	forecasted net sales ¹⁾	forecasted EBITDA ¹⁾	forecasted sell out prices ¹⁾
Year of relevance	2024	2026+2027	2025+2026	2025
Sensitivity analysis				
Impact on fair value by 5% increase of key assumption	1,886	1,599	391	979
Impact on fair value by 5% decrease of key assumption	-1,886	-1,599	-391	-979

¹⁾ of the acquired business

7. Contingent liabilities and commitments

Galenica signed purchase agreements to acquire pharmacies in the next few months. The purchase prices will be fixed at the time of transfer of ownership based on net asset value and discounted cash flows. The total purchase considerations is estimated to CHF 9.2 million and are due with the closing of the transactions. These purchase rights or obligations fall due between second half of 2024 and 2025.

8. Subsequent events

The following business combinations occurred between 30 June 2024 and 5 August 2024, the date that the consolidated interim financial statements were released for publication.

Acquisition of pharmacies. Galenica acquired 100 % of the interests in pharmacies at various locations in Switzerland. The purchase consideration was CHF 2.8 million, the fair value of the provisional net assets resulting from these additions was estimated at CHF 0.9 million at the acquisition date. Since the transactions were concluded shortly before the consolidated financial statements were issued, no further information was available to disclose the additional information required by IFRS Accounting Standards.

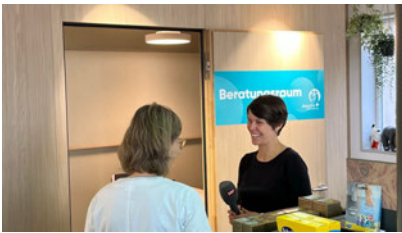
There were no further significant events after the reporting date.

Spotlights

At Galenica, advice with added value is called "Consultation plus"

Spotlights

Galenica adds real value with expert advice in pharmacies. To this end, it invests in customer communication and in the training and development of pharmacy staff under the name "Consultation plus".



Added value through expert advice.

The importance of pharmacies for low-threshold healthcare provision is recognised by both the public and politicians. Highly trained pharmacists can make a significant contribution to ease the burden on the system in times of a shortage of general practitioners (GPs) and rising costs. Galenica established "Consultation plus" to bundle the added value of expert advice in pharmacies. This is based on a holistic approach to the further development and positioning of the service, which also includes the staff training and professional development as well as addressing customers. At the same time, this approach makes pharmacies a more attractive places to work.

Service is being extended to other pharmacies

Following a successful pilot project, "Consultation plus" is now being expanded to around 40 other pharmacies in the Galenica network. At some locations, the company will even carry out renovation work to meet the need for discretion with a specially designed consultation room. In Zollikofen (BE), for example, good experiences have been made with this, as pharmacist Daniela Mohn told Radio SRF 1: "Since we've had this room, we've been doing more in-depth consultations."

The session usually lasts 15 minutes and costs CHF 35. Customers benefit from the healthcare services provided under "Consultation plus", not least if the pharmacist is able to dispense prescription medication for an uncomplicated urinary tract infection, for example. To make the advisory services particularly easy to access, appointments can be booked online at www.amavita.ch/diskrete-beratung or by telephone.

A new warehouse for Lifestage Solutions

Spotlights

The new Lifestage Solutions warehouse site in Huttwil (BE) provides the space needed for the company to expand further.

Lifestage Solutions is an important partner for nursing homes and home care organisations. The company supplies medical materials and supports service providers with a digital platform for the fully automated ordering and invoicing of consumables and care products. Lifestage Solutions has been a business unit within the Galenica network since 2021.

Lifestage Solutions has experienced strong growth in recent years. The company will continue to develop in the future as it plays an important role in Galenica's B2B strategy. It was therefore time to move out of the previous small, cramped warehouse in Eriswil (BE).

As of late April 2024, the new warehouse site is in nearby Huttwil (BE). It offers numerous advantages: it has more space for employees, new packing tables and better industrial tablets. More efficient use is being made of space by taking advantage of the building's height; routes have been optimised; and new forklifts and pallet stretchers are being introduced. When choosing the new location, it was important for Lifestage Solutions to stay local to retain the logistics team of more than 20 employees.

But before Lifestage Solutions employees could reap the benefits of improved operations and greater efficiency, they first had to relocate all of their stock and working materials to around 2,000 shelf spaces and 800 pallet spaces – without disrupting day-to-day business.



Plenty of space at the new Lifestage Solutions warehouse.

Health Supply continues to gain momentum

Spotlights



More Health Supply vehicles in service soon.

The joint venture between Galenica and Planzer is establishing itself as a specialist in GDP-compliant transport services. Health Supply already employs over 120 people.

In mid-December 2023, Galenica and logistics company Planzer announced the establishment of a joint venture called Health Supply. The company will bundle all transport services that are already carried out by Planzer and other transport service providers on behalf of the Galenica Group. The joint venture enables Galenica to reduce complexity, reduce the number of external partners and align transport services with the guidelines of good distribution practice (GDP).

Six months after its founding, the new company is making good progress: over 120 employees are already working for Health Supply and the first vehicles bearing the "Health Supply" logo can be seen on the roads. Another 30 vehicles are currently being procured.

As well as sustainability, there is another key requirement: the vehicles must be able to be operated at a storage temperature of 2–8°C in addition to 15–25°C in some cases. This is particularly important for the delivery of vaccines in the run-up to vaccination season. As Health Supply's transport services are also open to other market participants and temperature-controlled logistics in line with GDP guidelines is becoming increasingly important, Galenica and Planzer expect the aspiring organisation to continue to mature.

Galenica invites start-ups

Spotlights

Interesting start-ups from the digital health sector presented their business ideas at a well-attended event.

One of the Galenica network's stated aims is to connect stakeholders and service providers in the healthcare sector to create synergies and enhance efficiency. That's why, in early June 2024, Galenica and Swiss Healthcare Startups (SHS) invited representatives from health insurance funds, hospitals, associations, universities and digital health start-ups to an event entitled "Exploring Trends in Healthcare – Relevance of Digital Health and Collaboration in Ecosystems".

CEO Marc Werner welcomed around 90 guests personally and emphasised the central importance of the network concept at Galenica. The company is seeking to play an active role on the path to digital healthcare and also collaborate with partners to this end. Supporting innovative start-ups is an integral part of Galenica's business philosophy.



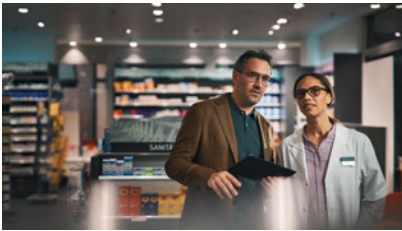
"Galenica wants to play an active role on the path to digital healthcare," emphasised Marc Werner, CEO.

Following the speech by Dr Stephan Sigrist, founder and head of the Think Tank for Business, Science and Society (W.I.R.E) on "The Age of Preventive Drugs", three start-ups presented their business models: Carity is a digital health application that supports heart patients on their rehabilitation journey. SwissDTx is a software that focuses on mental health and can be used, for example, for digital psychotherapeutic therapy support. PhenomX, helps women with health challenges during menopause.

In addition to the benefits of the digital services for patients, Galenica is also interested in how they could be ideally combined with established pharmacy services.

"A pharmacy without staff is an empty shell."

Spotlights



Explore the Galenica network together.

In integrating new locations into the Galenica network, management proceeds with caution. Employees have priority.

Since acquiring Apotheke Dr Grüning AG and the Blümlisalp pharmacy, Galenica is now represented by two Amavita pharmacies in Spiez (BE) and another in Thun (BE). One of the company's strategic objectives is to further strengthen the pharmacy network to ensure that the people of Switzerland have the most reliable supply of pharmaceuticals as possible. But what does a takeover actually mean for local employees? "We want to retain all employees, because a pharmacy without staff is an empty shell," explains Virginie Pache, Chief Pharmacies Officer and member of the Galenica Executive Committee. "The new colleagues know the customer base and the local environment." That's why it's important to get everyone excited about Galenica and highlight the opportunities offered by being part of Switzerland's strongest healthcare network.

Close support during the integration phase

Virginie Pache emphasises: "We are aware that many changes lie ahead for our employees. The new colleagues will have to get used to different systems, new processes and new contacts." Galenica therefore places great importance on providing close support during the integration phase. "Employees at the acquired locations are usually supported by an experienced pharmacist from the Group to help them get to know the Galenica network better."

It is also clear to those responsible that a successful takeover requires patience: "It's perfectly normal for there to be a settling-in phase for processes after a period of uncertainty and change. After a certain amount of time, the processes will be optimised and network effects such as exchange and synergies can arise."

Special opportunities repeatedly arise for the employees of the pharmacy taken over. For example in Spiez, where two young pharmacists are now managing the pharmacy.

"We are the creators of the working environment."

Spotlights

"People & Culture" is the name of the service unit at Galenica that ensures a positive working environment, attractive conditions and the continued professional development of employees. In this interview, Arianne Hasler, Chief People & Culture and member of the Executive Committee, explains what she and her team want to achieve by 2027.

Is People & Culture simply a new name for human resources or is there more to it?

There's definitely more to it, as we don't see ourselves as administrators of a "workforce" but as creators of a trusting work environment that promotes performance and learning. Employees are crucial to the success of a company, or in other words: they represent a large part of the company's value.

Let's talk about corporate culture. Why is it important and how is it maintained at Galenica?

A working environment that shows appreciation, openness and trust is key to motivating employees and ensuring high-quality work. These values are the basis of how we work and lead. My team and I see it as our responsibility to create the conditions for such an environment. We act as catalysts, bridge-builders and multipliers, we try things out and learn from our mistakes. Incidentally, I think this is particularly important in general: having the willingness to learn.



Arianne Hasler, Chief People & Culture at Galenica.

What do you want to achieve in the next few years?

We will handle traditional HR tasks such as managing payroll or personnel files as efficiently as possible and in digital form so that we can dedicate our resources to further developing our culture and employees. We will establish the Galenica Academy by 2027. Apprentices, trainees and specialists will be trained here. The aim is to keep encouraging and challenging employees on an ongoing basis in our talent programmes. We will also communicate these measures in a targeted manner so that we can continue to live up to our reputation as an attractive employer among all target groups.

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