

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.