

Financial key figures



in million CHF	1.130.6.2024	1.130.6.2023	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%
ЕВІТ	102.4	92.5	10.7%
EBIT adjusted ²⁾	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 1/12)	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 adjusted ²⁾	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

 $^{^{21}}$ 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.

Net sales

+2.6%

Galenica Group CHF 1,900.0 million

EBIT adjusted¹

+9.9%

Galenica Group CHF 99.1 million

Employees

7,955

Galenica Group

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 2.1× 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).

Adjusted ¹ 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

Spotlight Expansion



Galenica welcomes new approaches to curb cost arowth 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.

²⁾ Consolidated at equity

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).

Adjusted ¹ 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 Galexis 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 prewholesale 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 Ila 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.