

THE SILVER LINING

ANNUAL REPORT 2023

believe in life



THE SILVER LINING

2023 was not the easiest of years for business and we did not reach the targets we had set ourselves. Nevertheless, Galenicum's growth continued at double-digit rates, rising 14% last year, reaching 213M€ in consolidated revenues.

Some of the problems we faced were caused by the global supply turmoil, organisational stretching to cope with growth, and changes in regulations related to impurities which compromised important projects.

But let's concentrate on the silver lining:

The company keeps investing significantly. Capital expenditure for 2023 reached 34M€. We envisage more growth and a solid future.

The difficulties we faced lead to some useful introspection; our mentality is about continuous improvement, and we dedicated the time to analysing how we could do better at scale. We set up internal workstreams to do this.

In 2023 we managed to overcome the initial challenges with Dabigatran, and we were able to launch the product when many others failed to do so. This gives us a competitive advantage in the market. Resilience and determination pay off.

Every cloud has a silver lining.





Type of cloud: CUMULUS

A DISTINCTIVE
PHARMACEUTICAL
COMPANY

Galenicum believe in life

THE GRAND JOURNEY

Our adventure began in Barcelona in 2003, when three friends in their twenties decided to start up in the pharmaceutical sector. At a time when the dot-coms were proliferating, Galenicum broke into a fairly traditional space.

Even though in the beginning, the business of Galenicum was limited to trading of active pharmaceutical ingredients (APIs) for generics companies in Spain, the activity very quickly expanded to encompass the full value chain, including: research and development, regulatory affairs, manufacturing and supply of a broad range of medicines in any part of the world.

Our positioning as 'specialty pharma' sums up our ambition in research and development, as well as in operations to fulfil our purpose: to keep improving the quality and affordability of medicines worldwide.

An entrepreneurial free-spirit along with a close, reliable and flexible service to clients, have driven our growth. Today, Galenicum is an ecosystem of several businesses with commercial presence in over 70 countries.

Value chain.

Galenicum provides products and services to clients in the pharmaceutical industry across the value chain.



The Grand Journey.

The first episode of a trilogy of short films about the renovation of an old industrial warehouse to become the new Galenicum headquarters and R&D centre. This one is about how the idea started.

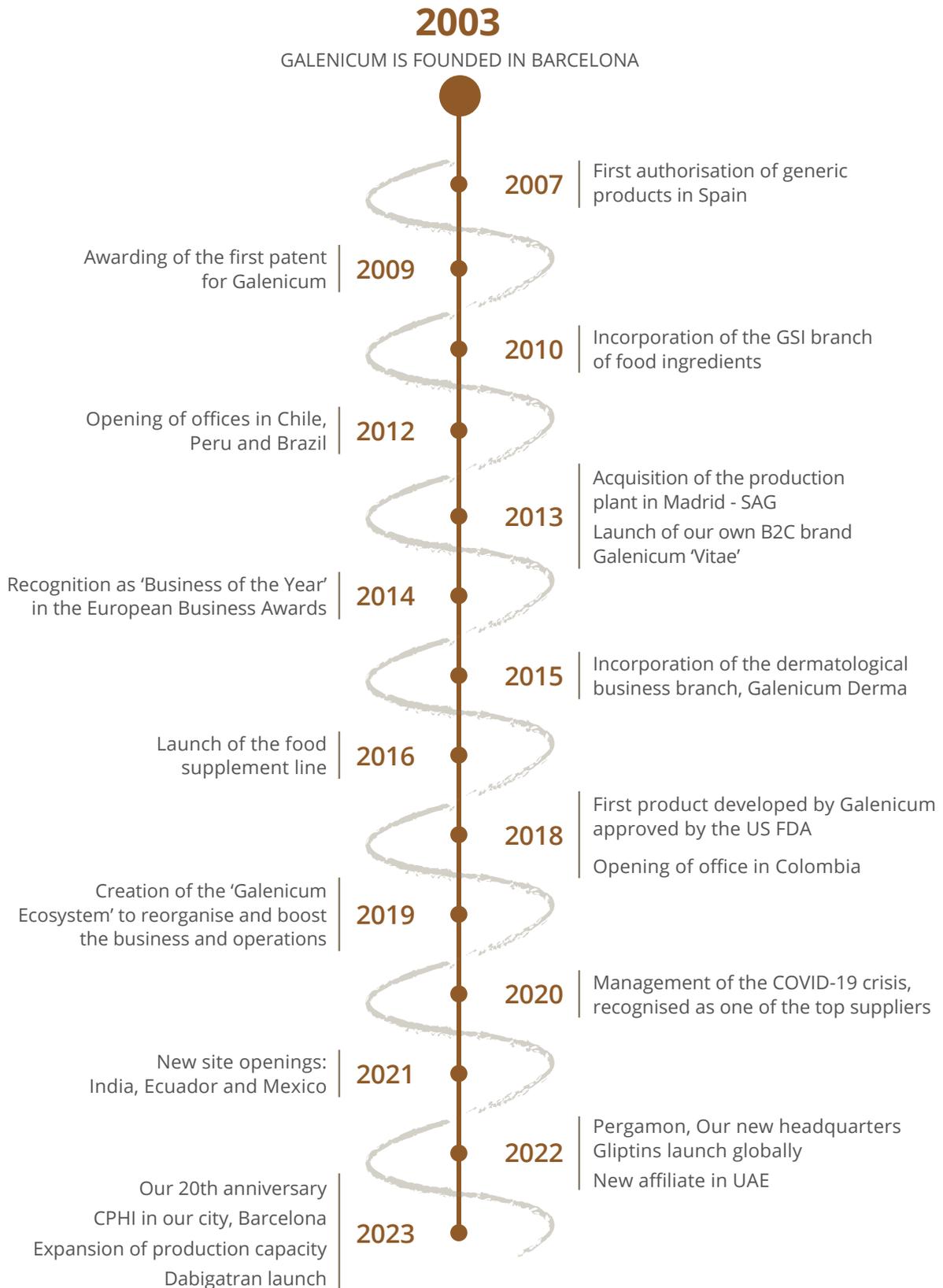
The Grand Renovation.

The second episode where the transformation of the new building is in full swing showing all the buzz and fuzz of a working site.

The Grand Pergamon.

The third and final episode where the new headquarters are revealed and the Galenicumers move in.

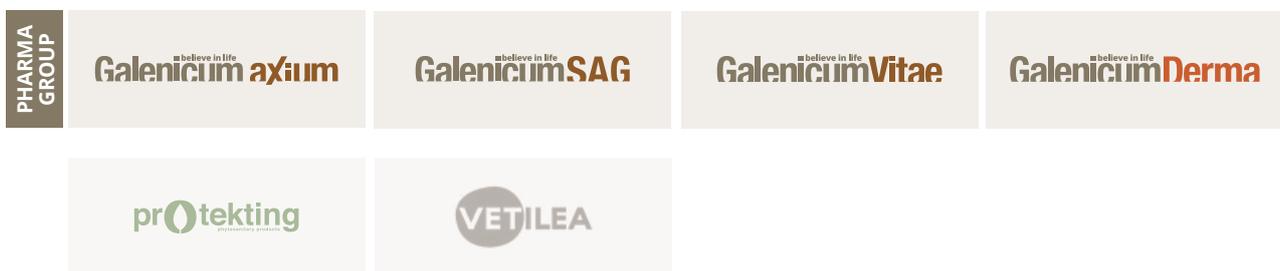
MILESTONES



BUSINESS ECOSYSTEM

The Galenicum Ecosystem was established to articulate, organise and take advantage of synergies across our different businesses.

Galenicum ecosystem I. There are 4 different Galenicum businesses operating in the pharma sector.



Galenicum axium

- **B2B model:** We develop, license and supply to other pharma companies globally providing high quality APIs and FDFs and taking care of the entire value chain.
- Broad portfolio comprising different therapeutic areas and technologies.
- Sales team based in Spain, with global reach.

Info and contacts: www.galenicumaxium.com

Galenicum SAG

- **B2B model:** We produce and supply high quality FDFs for pharma companies globally.
- Manufacturing facilities nearby Madrid, ready to produce over 140 million packs per year.
- Multipurpose site with different technologies: solids, liquids, nasal sprays, creams and ointments.

Info and contacts: www.galenicumsag.com

Galenicum Vitae

- **B2C model:** We in-license high quality FDFs and commercialise them under our own brand 'Vitae'.
- Third party distribution deals across Latam, Middle East and Asia.
- Sales teams in Chile, Peru, Colombia and Ecuador covering pharmacies and hospitals.

Info and contacts: www.galenicumvitae.com

Galenicum Derma

- **B2C model:** We develop and in-license high quality dermatological products and commercialise them under our own brand 'Galenicum Derma.'
- Third party distribution deals for international expansion.
- Sales team covering the whole territory of Spain.

Info and contacts: www.galenicumderma.com

BUSINESS ECOSYSTEM

The Galenicum Ecosystem was established to articulate, organise and take advantage of synergies across our different businesses.

Galenicum ecosystem II. There are 2 different Galenicum businesses operating in the fields of plants and animals.



protekting

phytosanitary products

- **B2B model:** focused on products and services to help our clients protect and grow crops efficiently.
- We offer high quality and innovative phytosanitary products, as well as turnkey solutions for the entire value chain.

Info and contacts: www.protekting.com

VETILEA

- **B2B2C model:** we partner with vets to sell our products directly and they prescribe the products to the pet owners.
- Nutraceutical products for animal health.
- Sales team covering the whole territory of Spain

Info and contacts : www.vetilea.com

A BROAD PORTFOLIO

We offer our clients a broad portfolio of products that cover the majority of therapeutic areas. We represent our range through an image inspired by Leonardo da Vinci's 'Vitruvian Man' that offers the opportunity to visualise the 14 Anatomical Therapeutic Chemical (ATC) classification system groups through the human body.

The colours are related to both the ATC code and to our pharmaceutical product in this group.

Our commitment to provide high quality medicines at an accessible price leads us to pursue continuous improvements in both the characteristics of the product and the manufacturing process.

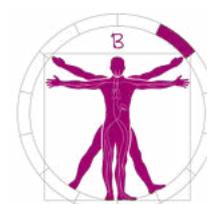
For example, in the development of complex injectables and peptides in various treatment areas such as diabetes, oncology and the central nervous system (CNS).

We are working to be world leaders in gliptins, glifozines, metformin and paracetamol, which are amongst the most 'essential' medicines globally.

ATC code. The Anatomical Therapeutic Chemical coding is a unique code assigned to a medicine according to the organ or system it works on. It is maintained by the World Health Organization. Galenicum Vitae business uses the ATC color coding in the packaging of its products for quick differentiation.



ALIMENTARY TRACK & METABOLISM



BLOOD & BLOOD FORMING ORGANS



CARDIOVASCULAR SYSTEM



DERMATOLOGICALS



GENITO URINARY SYSTEM AND SEX HORMONES & METABOLISM



ANTI-INFECTIVES FOR SYSTEM USE



ANTINEOPLASTIC AND IMMUNOMODULATING AGENTS



MUSCULO-SKELETAL SYSTEM



NERVOUS SYSTEM



RESPIRATORY SYSTEM



SENSORY ORGANS



VARIOUS

GLOBAL FROM LOCAL

Our company was founded in Barcelona in 2003, where we have our Headquarters and R&D centre. Our manufacturing facility is in San Agustín del Guadalix, near Madrid.

From those two main sites in Spain we manage all our global operations and commercial agreements that reached 70 countries this past year, mainly through our B2B deals with important pharmaceutical laboratories worldwide.

Additionally, we have a significant presence in Latin America, with local businesses and offices in Santiago (Chile), Lima (Peru), Medellín (Colombia), Quito (Ecuador), and Mexico City (Mexico).

In the past two years we expanded our international footprint with two additional affiliates in Hyderabad (India) and Dubai (UAE).



OUR VALUES

We are who we are and stand where we stand because of our values.

Our values reflect the essence of our culture, which we want to preserve regardless of time and business scale.

Challenge, Connection and Commitment are our core values. Energy, Adaptability and Creativity are the values that boost them. All these 6 values have not been decided by chance, but were identified by a group

of over 100 employees as distinctive of Galenicum. Moreover, we added Integrity into the list, the value that encompasses them all, and transcends into the legal space.

Our values contribute to continue gaining ground in our business purpose, but they also guide our day-to-day behaviours, decisions and relationships within and outside our organisation.

CORE VALUES



CHALLENGE

The history of our company is proof of this.



CONNECTION

Partners, customers and suppliers; we are all people beyond our roles in the workplace.



COMMITMENT

Engagement with the company purpose across the organisation. Giving the extra mile.

BOOSTER VALUES



ADAPTABILITY

We understand change as an opportunity. We listen and adapt to keep improving.



ENERGY

Passionate and strongly committed to our company's projects and growth.



CREATIVITY

Remarkable at our R&D department, but truly spread across all areas in the organisation.

ENCOMPASSING VALUE



INTEGRITY

Do 'the right thing', even when nobody is watching

Committed People.

We are proud of our distinctive cultural DNA, which we revealed in an internal workshop with over 100 employees.





Type of cloud: CUMULONIMBUS

STORIES OF THE YEAR

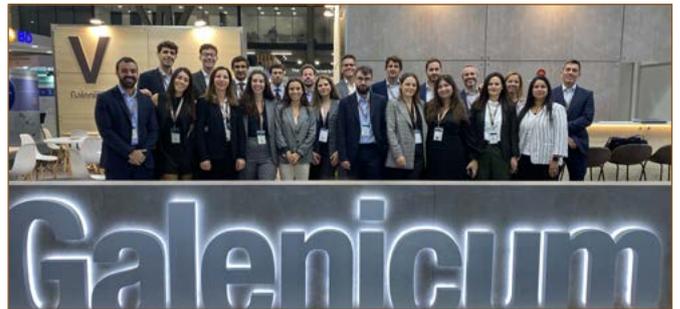
STORY 1

20TH ANNIVERSARY

In 2023, the stars aligned for us. We celebrated 20 years in business in the year that CPHI, the biggest exhibition of the pharmaceutical industry, came to Barcelona, our hometown. We have been regulars to this event for more than 15 years in different European cities, but this time we could not miss the opportunity for a proper anniversary celebration with all our clients and suppliers around the world who were visiting. We are grateful to all of them for being part of our journey, and enabling our growth.

The event during CPHI was iconic, but we celebrated our 20th anniversary all year long. Amongst other initiatives, we wanted to recall our most remarkable moments since the company's creation and take the opportunity to reconnect with their protagonists. All those shared moments were cornerstones in making Galenicum what it is today, and we wanted them to know, even after so long. We held personal interviews with all of them and shared the result of those interviews with all our employees. It was fun to know some of the best 'Stories to Tell' from our past.

Overall, 2023 was a celebration year, although it was also probably one of the toughest in terms of business. Nevertheless, celebrating is part of who we are: we celebrate everything, and sometimes beforehand, just in case!



STORY 1

20TH ANNIVERSARY

Galenicum 20 YEARS

STORIES TO TELL

2004

The first ever order

'All the legal requirements have been met to start the company. It is the moment to find someone that wants to buy APIs. How? start calling anybody and everybody...'

2009

Setting up the lab

'We seem to be doing alright with the API trading business, but we need to up our game. It is time to offer another service to our clients: quality control...'

2013-2014

Becoming manufacturers

'We are having trouble importing some products and we must do something about it: We need our own manufacturing plant! What would be better? build from zero? too expensive and would take too long. Buy an existing one? But, which one? ...'

2020-2021

Welcome Peninsula Capital

'Galenicum always reinvested any earned profits back into the business. But this rhythm of investment only takes the company to a certain level of development. Having Peninsula onboard would allow us to achieve more complex projects without compromising our identity...'

2004

Exclusive distribution agreement. From India to Spain

'We are lucky! Somebody in a pharma company in Spain has passed our contact to a renowned Pharma & API company in India to see if we could distribute their full portfolio of APIs in Spain. This is totally unexpected...'

2013

Galenicum Vitae and Latam

'It is time to have our name on the box! The problem is in Europe, we will be the direct competitors of our clients and we can't cannibalise our business. We definitely have to take the B2C business outside our continent...'

2015-2019

Landing in the US

'DCAT Week in New York. We want to enter this huge market. We do believe we have potential, especially with our injectables. We want to contact the fastest growing generics company in the US. If we get them, this will be an open door to the North American market...'

2019-2022

Pergamon

'We need to look for a place where we can fit everybody and have plenty of space for a bigger lab. Esplugues (outside Barcelona) seemed to be the perfect location. Our lab was already based there, so we knew the town, plus the area was an upcoming pharma hub. An old printing house stood out...'

STORY 2

ESG PLAN INTO ACTION

Our ESG journey started in 2022 when we defined a set of initiatives to create Galenicum's ESG strategy. This year saw these ideas become tangible actions, and confirmed the company's commitment in this matter.

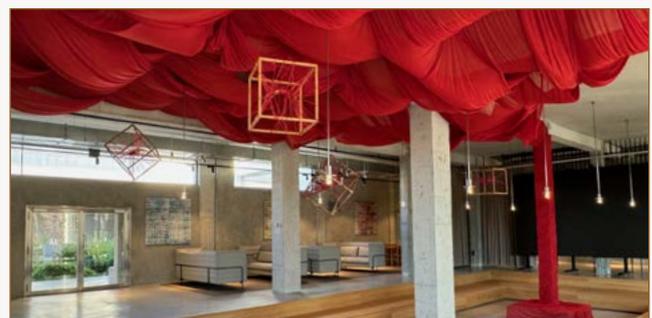
We have remained faithful to our strategy and advanced through three main pillars:

Believe in Product's Life: with the aim of minimising our environmental impact by improving the production process of some of our products and focusing on a circular economy. Additionally, we have incorporated ESG commitments into our storytelling to reconfirm this pledge and because they are part of our business plan.

Believe in Greener Life: with the aim of caring for the planet by efficiently using resources and minimising our environmental footprint. This year, we have focused on obtaining certifications, improving existing results and seeking optimal scores in new accreditations such as *Ecovadis*, where we achieved a silver certification. We have also emphasised the expansion of renewable energy at both our Esplugues (Barcelona) and San Agustín del Guadalix (Madrid) locations.

Believe in Sharing Life: with the aim of growing in health, well-being and knowledge, embracing authenticity and diversity for a fulfilling life. With the aim of promoting fair work practices, we ensured respect for our employees, suppliers and customers. We have contributed to an educational project in Hyderabad (India) and strengthened employee care by expanding private health insurance. Additionally, we have enhanced workplace safety with the creation of Segurimol, a mascot providing essential information for a safer environment. We have also launched 'Healthier Lives', a digital supplement explaining Galenicum's pharmaceutical products and the conditions they treat. In terms of training, we have introduced the Pharmasophia programme, providing pharmaceutical industry training to all employees. The training sessions are conducted by professionals from Galenicum, each specialising in specific areas.

This comprehensive approach to disseminating ESG commitment throughout the company and its implementation has been recognised with the *Forbes-Credit Suisse Sustainability Awards*. This reflects our commitment to taking care of people's health and ensuring the planet stays in good shape for future generations.



STORY 3

TURNING THE GEARS

Our manufacturing plant is located in the village of San Agustin del Guadalix in the province of Madrid. Since its acquisition 10 years ago, the group has seen the demand increase for their star products such as paracetamol, dutas-tamsu, metformin, the more recent gliptins and the latest big launch dabigatran. This has stretched the production capability to the limit.

In order to satisfy the demand, in 2023 we invested 14M€ in machinery to increase production. Since the start of the operations in the plant in 2014, the investment of CAPEX has been over 50M€.

The new equipment is the latest and fastest on the market with multiple and complex uses. In 2023 investment included:

- 2 capsule filler machines that include two different components in each capsule.
- 1 tablet press.
- 1 continuous coating drum, that joined the one which SAG already owned.
- 2 high speed and high capacity packaging lines, one specially for dabigatran.
- 1 liquid filler, dedicated to our nasal spray product.
- 2 serialisation machines.

These machines have contributed to producing 87 million units in 2023, 16 million more than the previous year. And the aim is to surpass 100 million units in 2024.

Galenicum SAG Symphony.

Our perspective on the production process at the factory involves harmonising different departments like instruments in an orchestra, in order to achieve a smooth and efficient workflow.



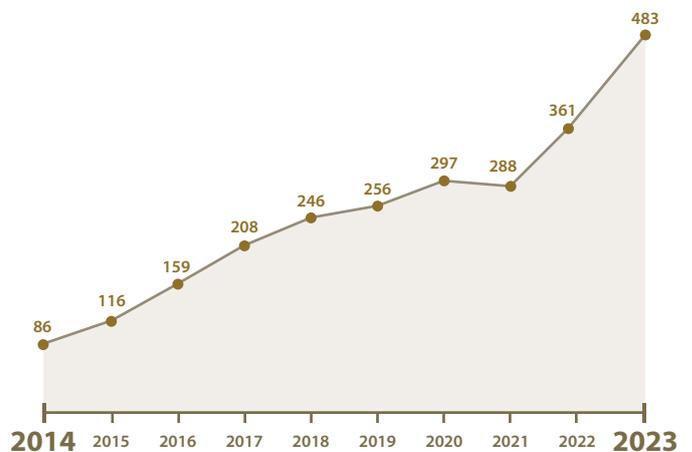
In terms of ESG, the investment has also allowed the acquisition of more solar panels covering the entire roof of the plant and the car park area. This means that the new panels enable us to produce 450kW more renewable energy. It also generates a total 1.2MW per year.

And there is another increase as a direct impact of the investments made - the personnel. We have welcomed 122 new staff, resulting in a total of 397 new positions since the plant was opened 10 years ago.

Amidst the challenges that 2023 brought, the investment has been key to a steady growth, making way to a bright future for 2024.

Employment in Galenicum SAG

Headcount evolution since Galenicum acquisition



Powering our plant with Sun.

The rollout of solar energy panels is part of an ambitious plan to make sustainability a central tenet of the company's strategy.



STORY 4

EXPANSION TO THE MIDDLE EAST

Galenicum Vitae is one of Galenicum's B2C businesses dedicated to the sales and distribution of bioequivalent medicines all around the world with its own brand 'Vitae'.

More than 10 years ago, the Vitae business opened their first two subsidiaries in Chile and Peru.

The reason for choosing these two countries was based considering three points:

- Similar culture to the Spanish and same language
- The good reputation of European medicines in both countries. European GMPs are highly valued by specialists and the sales channel.
- Having a complete portfolio of bioequivalent products was an added value. The studies of bioequivalence were not mandatory.

Fast forwarding to a decade later, in 2023 Vitae already had three more offices in the Latam market: Colombia, Ecuador and Mexico. But its commercial presence stretched to the countries in South and Central America, including Panama, Bolivia and the Dominican Republic.

The healthy performance of the business in these

parts of the world, encouraged the company to expand into new markets. Away from Europe, where Galenicum's B2B business is the centre of its core activity, the Middle East was a good option. Vitae was already present commercially in most of the Middle East and Asian markets through distribution partners. Opening an office in the Middle meant sales could be managed from this market. The company decided on the United Arab Emirates.

Of all the Middle East countries, the UAE was completely different to the markets that the company had experienced. There were cultural differences, the language barrier and even the main pathologies were not the same. For example, the largest age bracket in the UAE's population falls between 25 to 54 years, therefore the pathologies related to old age are not as prominent as in Latam markets.

And in terms of the cities, Dubai is the most populated city in the country, plus it holds a scientific area where most of the pharma companies are located.

Dubai was their choice and 2023 saw the opening of Galenicum Vitae's first office in the Middle East.



STORY 5

THE DABIGATRAN CHALLENGE

What started as a perfectly planned but complex project ended as a very challenging, convoluted one in which our endurance was put to the test.

Dabigatran is an anticoagulant used to treat and prevent blood clots. The innovator owned the patent until August 2023. This meant that, back in 2016, this looked like a very interesting product to develop with plenty of time to get it ready. It was not going to be an easy one as many people were going to be involved in the manufacturing process. We were counting on 2 API suppliers, 2 pellets manufacturing sites and 2 potential manufacturers to make the capsules and do the packaging. It was co-developed with another partner who would facilitate the first steps on the manufacturing process.

Galenicum covers the full lifecycle of a medicine, so after accomplishing the development phase, in March 2020 we were ready to submit the dossier to several European Medicines Agencies with the purpose of getting the commercial authorisation in Europe.

The first hurdle was the EU GMP certificate. One of the sites that was intended for manufacturing pellets and capsules in India to market the first batches was not certified in Europe. So we had to remove it from the dossier to accomplish our approval timelines.

The second hurdle was the pandemic. In March 2020 the world came to a halt. We still required the GMP certificate but nobody in Europe would go to India to get the audit done.

This hurdle was overcome in May 2022 when the audit was finally carried out.

The third hurdle, which was the most daunting one, was the nitrosamines. These are organic compounds or impurities that in certain levels may increase the risk of cancer. Being a new thing and having limited knowledge about them, the authorities decided to stop any submitted dossiers and set an acceptance level which was very low. This decision affected all the pharmaceutical companies trying to get their commercial authorisations. Many of the dossiers under evaluation were rejected.

At this point, we had to rethink everything. We decided to understand the situation better and make the

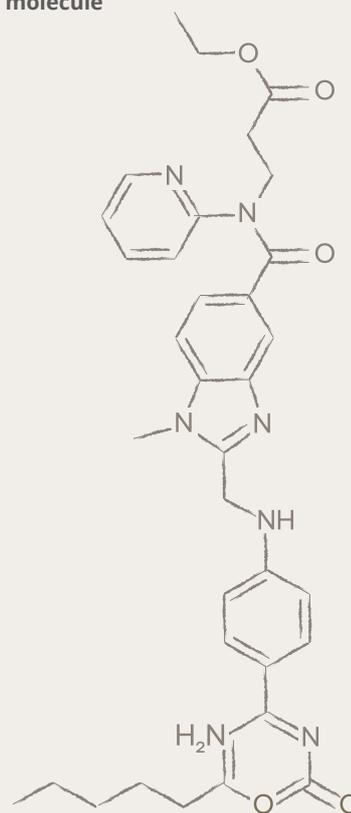
most of what we had. We invested in detecting the nitrosamines and finding the ways to reduce them throughout the process. Reformulation seemed to be the only possible solution at that moment in time.

After a year, with 16 dossiers stopped and 5 rejected, uncounted trips to hearings and letters from lawyers to several regulatory bodies, the authorities agreed to increase the level of nitrosamines. This changed everything. Our initial dossiers were acceptable, our product complied with these new levels. We only had to spend a little bit more time presenting the data to prove it.

We finally managed to be in the market 5 months after the patent expired. With competitors dropping out on the way, this helped us to be the first ones with Dabigatran in most of the European markets.

This project has been one of our most challenging projects ever. Determination was key to pull it through.

Dabigatran molecule



STORY 6

PRO PROBIOTICS

Studies have proven that most of the common inflammatory skin conditions have a direct connection to an unbalanced gut microbiota, what is called dysbiosis. When there is a lack of certain beneficial bacteria, the immune system reacts by showing different pathologies.

Back in 2019, we conducted research with the help of dermatologists and it concluded that probiotics could help alleviate skin inflammations. With these findings, we developed a probiotics line for **acne**, *Probiac*, and **psoriasis**, *Probiasor*.

The positive results and reception from patients encouraged us to find a similar solution for other

skin conditions such as **rosacea**, **atopic dermatitis** and **hidradenitis suppurativa**, known also as acne inversa. In 2023, once again we teamed up with dermatologists but also with infectious disease specialists to widen the research and include other experts' points of view. We started the clinical studies with probiotics for these three pathologies.

The result will be the launch of three new products in 2024, which will complete our probiotics' portfolio addressing the main skin conditions.

In Galenicum Derma our focus remains to invest in R&D and innovative products, answering the requests of dermatologists and the needs of patients.

Galenicum Derma Probiotics

All our probiotics are based on macrobiotic strains specifically designed to complement daily skincare and maintain skin under normal conditions.

On the market

Probiac®

A probiotic developed for acne-prone skin. Acne is a chronic skin condition stemming from the obstruction of hair follicles by accumulated dead skin cells and sebum. Common manifestations encompass the presence of blackheads or whiteheads, eruptions of pimples, skin oiliness, and the likelihood of scarring.



Proven efficacy through clinical studies.



Suitable for vegans, gluten and lactose-free.

Probiasor®

A probiotic developed for psoriasis-prone skin. Psoriasis is a chronic autoimmune condition that manifests as patches of irregular skin that are non contagious. These patches appear as red, pink, or purple areas, often accompanied by dryness, itchiness, and scaliness. The severity of psoriasis ranges from minor localised patches to widespread coverage across the body.



Proven efficacy through clinical studies.



Suitable for vegans, gluten and lactose-free.



Safety and tolerance.

In development

Probiotic for rosacea-prone skin

Rosacea, a persistent dermatological condition primarily targeting the facial region, manifests as facial redness, swelling, pimples, and the presence of superficial dilated blood vessels. Predominantly, the nose, cheeks, forehead, and chin are the areas most commonly affected.

Probiotic for atopic dermatitis

Atopic dermatitis, or atopic eczema, represents a chronic inflammatory skin condition characterised by symptoms such as itching, redness, swelling, and skin fissures.

Probiotic for hidradenitis suppurativa

Hidradenitis suppurativa, also referred to as acne inversa, is a chronic dermatological disorder marked by the presence of painful, inflamed nodules that often rupture, resulting in the discharge of fluid or pus. The regions most frequently impacted include the underarms, areas beneath the breasts, and the groin.



Type of cloud: STRATUS

KEY INDICATORS

BUSINESSES



PEOPLE



REVENUES



REACH



INVESTMENTS





REVENUES

17%
Last year
growth

149M
Revenues 2023

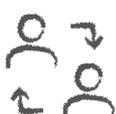
41%
Next year
growth



FOOTPRINT

70
Countries with
ongoing supplies

+70%
Exports



CUSTOMERS

+160
B2B customers

+75
B2B agreements
in 2023



R&D

115
Marketing
authorisations
granted 2023

+20
Active R&D
projects per year

+80
Active patents



FDF

+30
Commercial
products

+10
Pharmaceutical
forms

+40
Dossiers ready



API

98
Commercial
products

450
MT distributed

38
Suppliers



REVENUES

38%
Last year
growth

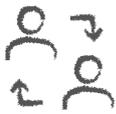
101M
Revenues 2023

31%
Next year
growth



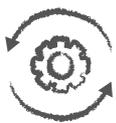
FOOTPRINT

+30
Countries with
ongoing supplies



CUSTOMERS

+100
B2B customers



PRODUCED
UNITS

+50
Pharmaceutical
forms

87M

 Tablets  Liquids
 Capsules  Creams

Total 2023

+600
SKUs



CAPACITY

140M
Packs



REVENUES

20%
Last year
growth

31M
Revenues 2023

26%
Next year
growth



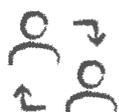
FOOTPRINT

26
Countries

+3
New markets
with distribution
deals



84% vs 16%
Pallets in Sea containers vs
Pallets in planes



CUSTOMERS

+6
Distribution
deals

5.8M
Units sold



PRODUCTS

47
Launched

74
SKUs launched

342
Dossiers
under evaluation

289
Signed
& to be launched

491
Approved dossiers



REVENUES

16%

Last year growth

12M

Revenues 2023

20%

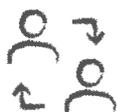
Next year growth



FOOTPRINT

3

Spain, Chile & China



CUSTOMERS

+2,000



PRODUCTS

28

Currently in the market

6

Launches in 2023

16

Future launches



believe in life

www.galenicum.com

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