

# BLURRY CONTEXT? FOCUS ON WHAT MATTERS

ANNUAL REPORT 2021

*believe in life*



**Galenicum** believe in life



# 2021

## BLURRY CONTEXT? FOCUS ON WHAT MATTERS

In 2021 we did not escape the pandemic. In fact, we have almost become used to it. Even though everything falls apart out there, what really matters remains the same: people.

After the novelty and adrenaline rush of coping with the pandemic in 2020, fatigue has made a dent in people and the need for change has been massive.

The new forced routine has thrown us off balance, causing us to lose perspective at times. The context is difficult, but how we face it depends on each one of us. Our life is our responsibility. So, let's focus on what matters:

Focus on ourselves, taking care of our minds and bodies to remain healthy, and to make our own choices with equanimity.

Focus on others, making life better for those around us. We have all had our ups and downs, but when we are up, we shall be a positive influence on others.

In our work environment, we should focus on our colleagues, but also on the customers and suppliers who make the continuity of our business possible.

For Galenicum, the context in 2021 has also been quite blurry. However, we are grateful that, for another challenging year, we have been able to keep the focus and achieve our growth plan - not only in business results, but also in terms of geographical expansion, new product launches, et al.

Keep reading this report to know all about our year.

*believe in life*



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# A DISTINCTIVE PHARMACEUTICAL COMPANY





# THE GRAND JOURNEY

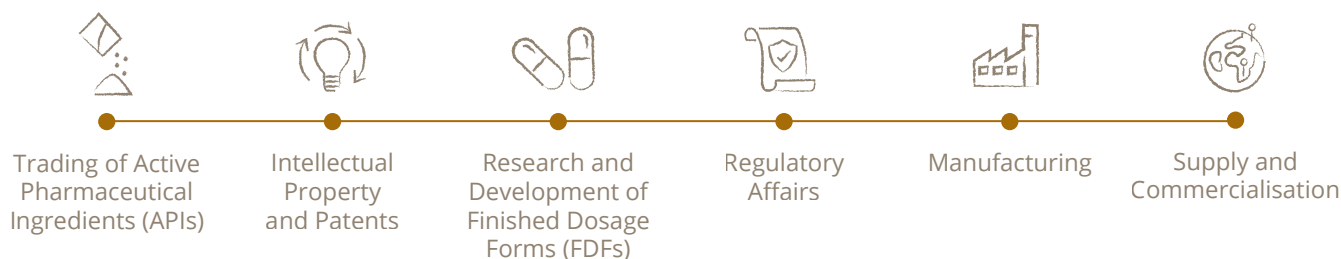
Our adventure began in Barcelona in 2003, when three friends in their twenties decided to start up in the pharmaceutical sector. At a time when the dot-coms were proliferating, Galenicum broke into a fairly traditional space.

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 conscious growth since day one. Today, Galenicum is an ecosystem of several businesses with commercial presence in over 50 countries.

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



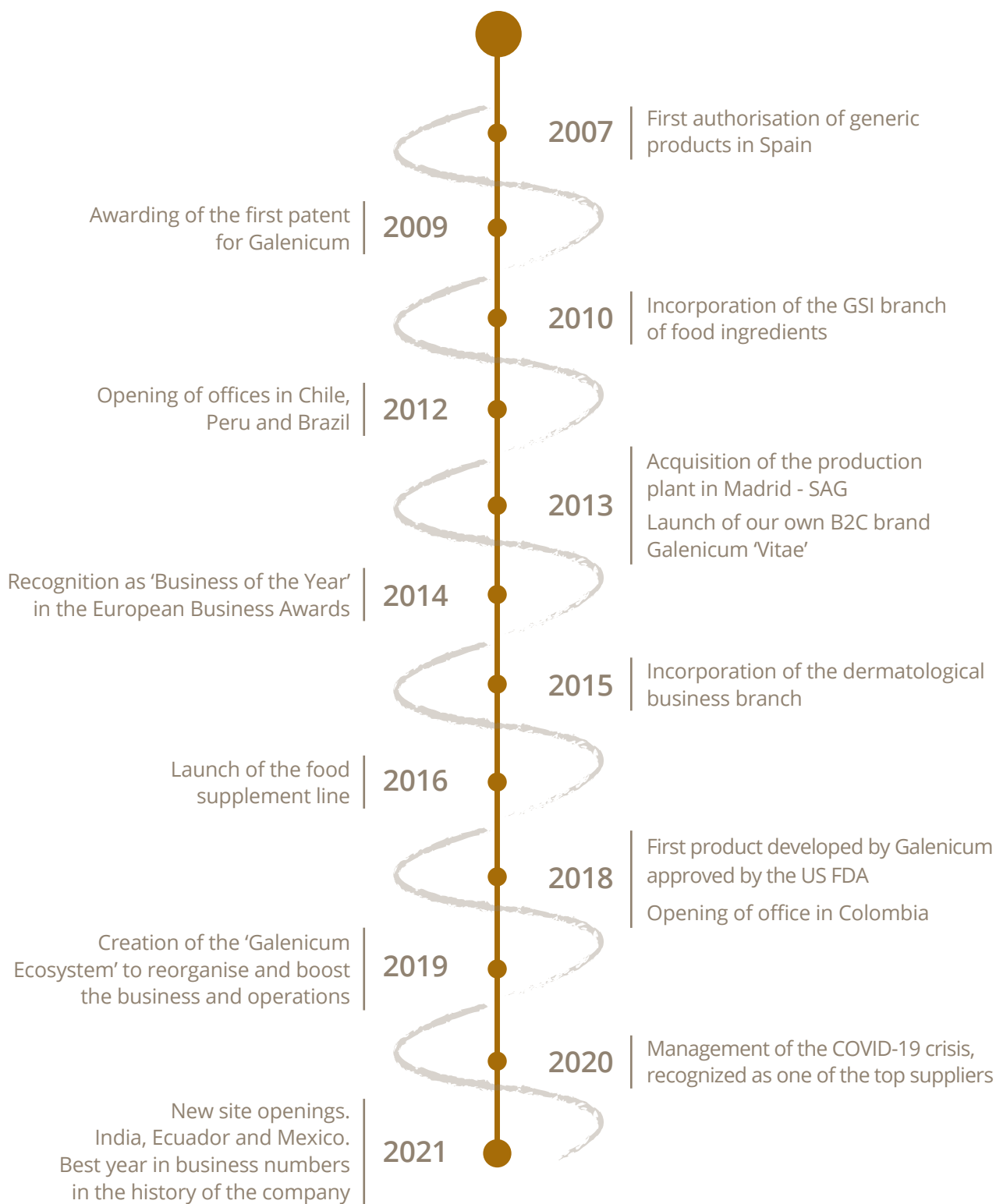
**The Grand Journey.** 'The Grand Journey' is the first episode of a trilogy of short films around the renovation of an old industrial warehouse, which will become the new Galenicum headquarters and R&D Center in 2022. Watch with voice-over in English: <https://www.youtube.com/watch?v=bPSYNWFnfrw> With voice-over In Spanish: <https://www.youtube.com/watch?v=YuQrGI81I6o>



# WITH YOU SINCE 2003

**2003**

GALENICUM IS FOUNDED IN BARCELONA



# COMMITTED TO 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.

**Galenicum Values.** *These values reflect the essence of our culture, what we think is important, and guide our decisions and behaviours.*

## CORE VALUES



CHALLENGE



CONNECTION



COMMITMENT

## BOOSTER VALUES



ADAPTABILITY



ENERGY



CREATIVITY

## ENCOMPASSING VALUE



INTEGRITY

**Committed People.** *We are proud of our distinctive cultural DNA, which we revealed in an internal workshop with over 100 employees. Watch: <https://www.youtube.com/watch?v=JDz-DKivvd8>*



# BUSINESS ECOSYSTEM

The Galenicum Ecosystem was established to articulate, organize and take advantage of synergies across our different businesses. It revolves around a core, the pharmaceutical

industry, and it is completed with other health related businesses offering food ingredients and supplements for people, animals and plants.

**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 products and taking care of the entire value chain.
  - Broad portfolio comprising different therapeutic areas and technologies.
  - Sales team based in Barcelona, with global reach.
- Info and contacts: [www.galenicumaxium.com](http://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 50 million units per year.
  - Multipurpose site with different technologies: solids, liquids, nasal sprays, creams and ointments.
- Info and contacts: [www.galenicumsag.com](http://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 and Asia.
  - Sales teams in Chile, Peru, Colombia, Panama and the Dominican Republic covering pharmacies and hospitals.
- Info and contacts: [www.galenicumvitae.com](http://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](http://www.galenicumderma.com)

# BUSINESS ECOSYSTEM

The Galenicum Ecosystem was established to articulate, organize and take advantage of synergies across our different businesses. It revolves around a core, the pharmaceutical

industry, and it is completed with other health related businesses offering food ingredients and supplements for people, animals and plants.

**Galenicum ecosystem II.** *There are 3 different Galenicum businesses operating in the food ingredients and supplements for people, animals and plants.*



## **Galenicum Food**

- **B2B model:** We trade raw materials, and offer ready-to-launch innovative food supplements backed by clinical studies.
- Third party distribution deals globally.
- Sales team in Spain, France and North Africa, and subsidiaries in Casablanca, Mexico and the US.

Info and contacts: [www.galenicumfood.com](http://www.galenicumfood.com)

## **protekting**

- **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](http://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 reps are covering Central Spain, Galicia, Catalonia and Balearic Islands, and the internal sales team is covering the rest of Spain.

Info and contacts : [www.vetilea.com](http://www.vetilea.com)



# A BROAD PORTFOLIO

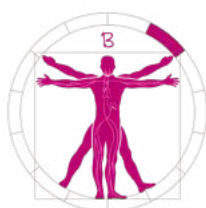
From Galenicum we offer our clients a broad portfolio of products that cover the majority of therapeutic areas. We represent our range through an image inspired by Leonardo da Vinci's 'Vitruvian Man' that offers the opportunity to visualize the 14 Anatomical Therapeutic Chemical (ATC) Classification System groups through the human body. The colours are related to both the ATC code and to our medicine/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 injectables and reduced-dose formulations in various treatment areas such as diabetes, oncology and the central nervous system (CNS). We are working to be world leaders in gliptins, 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

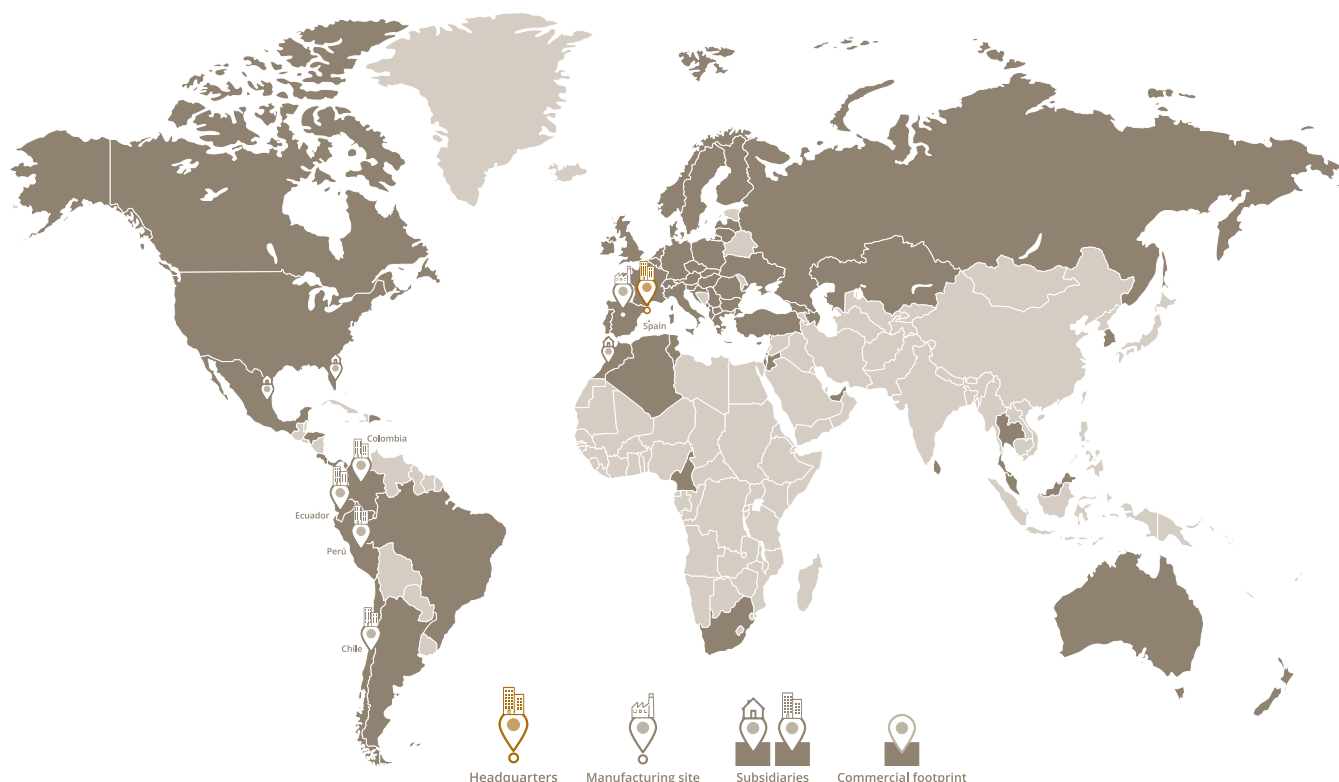
Our company was founded in Barcelona in 2003, where we have our Headquarters and R&D centre. Our manufacturing facility is in San Agustín del Guadalix, near Madrid.

From those two main sites in Spain we manage all our global operations and commercial agreements that reached 58 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), and recently starting our operations in Quito (Ecuador), and Mexico City (Mexico).

We also have subsidiaries in North Africa, the US and Mexico from which we distribute food ingredients worldwide.

**Our footprint >50 countries.** *The businesses within the Galenicum ecosystem have a global footprint, associated with long-established B2B commercial relationships. This year we have developed and supply medicines in 58 countries across the different continents.*



# --- 2

## STORIES OF 2021



# STORY 1

## THE GRAND RENOVATION

Like many startups, Galenicum could have been conceived in a garage. In fact, it all started on a trip and took shape in the living room of a flat in Barcelona's Olympic Village neighborhood. Since then, there have been several moves to accommodate the growth of the company, including three different offices along Avenida Diagonal in Barcelona, the boulevard that crosses the city from the mountains to the sea.

The growth of Galenicum as an organization and its appetite for R&D drove the need for more space, including a lab, which was finally set up a few kilometers away in Esplugues de Llobregat, Barcelona. Before long, it felt like the offices were once again too small to handle growth and bring everyone together.

And so Galenicum began the search for a new home and fell in love with a place where to finally settle for a long time: an old map and art book printer warehouse. The renovation project

has taken time and thorough dedication at the talented hands of H Arquitectes. In the words of Josep Ricart, the leading architect of the project:

'These industrial spaces are extraordinary - large, diaphanous and bright. It has been a wonderful opportunity to work on this one and add the required hierarchy, thermal and acoustic comforts. A key part of the project was to insert wooden cloisters that provide the necessary attributes to be able to organize work groups and enjoy comfortable natural surroundings, while remaining faithful to the building's original character.'

This year, almost 20 years after the company was founded in that flat by the sea, it will bring to life a new home. The renovated space to become the new headquarters and R&D center for the company, has been named 'Pergamon' in honor of the hometown of Galen, the company's muse and inspiration.



# STORY 2

## WEATHERING THE SUPPLY CRISIS

With the boom in economic activity as the Covid-19 pandemic relents, the context in which we are now living has changed the rules of global trade and disrupted logistics systems. The availability of raw materials has been seriously affected, creating an atmosphere of uncertainty around production and delivery. To weather this crisis and minimize its impact, we must adapt quickly and, ideally, anticipate changes.

For Galenicum, this situation is particularly well represented by how we have managed the production, purchase and supply of paracetamol.

In the pandemic's first wave, Spain's demand for paracetamol increased by between 200%-300%. As our clients increased their orders to our factory in Madrid, we faced the first big challenge: sourcing the raw materials we needed to increase our production.

The main raw material of a drug is its active ingredient (API). The global supply of the API for paracetamol

is concentrated in just a few suppliers in India and China. In the initial chaos of the pandemic, exports from these countries were blocked, creating stock breaks and considerable price increases. There were also significant difficulties in transportation between Asia and Europe.

Anticipation, perseverance and good relationships with our providers were key to Galenicum maintaining the API supply and be able to cover our national demand for paracetamol. Can you imagine running out of paracetamol in our pharmacies?

It is said that every crisis also presents opportunities. We had the opportunity to show our clients that we can manage a crisis and become a reference supplier not only for the supply of paracetamol, practically reaching a market share of 50% in Spain, but also for other essential drugs such as ibuprofen and metformin.

**Hello world, who can sell me more API-Paracetamol?** *'Our factory in San Agustín del Guadalix has been at full speed over the past two years to be able to produce and supply the demand of essential medicines, such as Paracetamol, Ibuprofen and Metformin, amongst others. Watch this video - SAG in & out: <https://youtu.be/qLTPmt1BKag>*





# STORY 3

## SWITCH TO DIGITAL

The pandemic has left a mark on all sectors, and the health sector is no exception. Things work differently, and digital reinvention becomes an obligation. One of the many examples concerns medical visits.

Galenicum Vitae began in 2012 as the first Business-to-Consumer (B2C) business of the Galenicum group, which markets medicines under its own brand. Unlike Business-to-Business (B2B), a B2C enterprise must make doctors and pharmacists aware of its products. This is normally done via 'in person' medical visits to doctors and pharmacies, during which representatives of pharmaceutical laboratories provide all necessary information about new products and future medication prescriptions.

Galenicum Vitae has its own and associated networks of medical representatives in Latin American countries including Chile, Peru, Colombia, Panama and the Dominican Republic - soon in Ecuador and Mexico. But their activities were paralyzed during the pandemic, with access to medical centers restricted to medical staff and patients only.

The only choice was to go digital to keep in touch with health professionals. Here are two of the digital initiatives we launched in 2021:

- "VitaeMed" digital platform provides information and training to doctors and patients using interactive presentations, explanatory videos and expert comments on the medical pathologies treated by Galenicum Vitae. A key feature for doctors is the ability to re-send information to patients via email or WhatsApp with a single click.
- "Vitae Al Día" is a digital content platform aimed at health professionals at the point of sale, and private and institutional drugstores and pharmacies.

Galenicum Vitae is characterized by its portfolio of bioequivalent drugs\* mainly in the therapeutic areas of oncology, neurology, urology, cardiovascular and musculo-skeletal system.

\* Two drugs are Bioequivalent if they are Pharmaceutical Equivalent (PE) or Pharmaceutical Alternative (FA) and bioavailable. When given in the same dose, they are so similar that the effects are expected to be essentially the same.

# STORY 4

## UNDER THE SKIN

The skin is our largest vital organ, the one that protects us from the outside world. The conditions under the skin can change, altering its natural state and even causing visible and uncomfortable injuries. The cure is not always easy since the root cause is often not the skin itself, but rather the skin is simply its visible sign.

In 2015, Galenicum Derma was started to find a solution to various dermatological conditions for which there are still no conclusive treatments. Our innovative approach relies on our close collaborations with dermatologists and pharmacists in Spain who are in touch with patients' needs, and gaps in treatment.

Some recent derma launches derive from clinical research we have supported which prove the relationship between dysbiosis in the intestinal microbiota and inflammatory dermatological pathologies. The conclusion is that probiotics can

help alleviate skin inflammations, and therefore we developed a probiotics line for inflammatory dermatological pathologies such as acne - Probiac® - and psoriasis - Probiasor®.

This pioneering arm of the company was the first in Spain to introduce oral ivermectin, in response to the significant number of human scabies cases reported by dermatologists. With the launch of Ivergalen®, Galenicum Derma enables considerable improvement for patients suffering from the disease. Also during 2021, Derma launched the daily care lines Acnium® for acne-prone skin, and Rosenium® for redness-prone skin. More launches are expected in 2022 for psoriasis and atopic skin.

Galenicum Derma keeps in touch with the dermatologists and pharmacists in Spain to understand what's under the skin of people and to contribute to their wellbeing.

**Ivergalen®.** Human scabies cases have multiplied between 10-15 times during the COVID-19 pandemic in Spain, following a similar trend observed in other countries. Prior to Galenicum Derma launch of oral Ivermectin in 2021, treatments were limited to topical solutions, difficult to apply and with mixed results. Ivergalen® has been warmly received by the dermatologist community to control the disease.



# STORY 5

## HYDERABAD. QUITO. MEXICO CITY

Although 2021 has been a period of continuing global uncertainty, it has also been another year of expansion for Galenicum. Our commercial footprint across countries in which we register and distribute medicine has grown up to 58, and we have also committed to opening Galenicum subsidiaries in India, Ecuador and Mexico.

### India - Hyderabad



Hyderabad is the fourth most populous city in India with a population of 13.8 million - Mumbai has 24.4 million, Delhi has 20.6 million and Bangalore has 14.2 million. But the most interesting thing about Hyderabad is that it is one of the most important technological and scientific centers in South East Asia, and globally.

Hyderabad is a cradle of pharmaceutical research and development, and therefore a great hub for talent in various disciplines within the industry. By opening a subsidiary here, Galenicum seeks to further strengthen its talent and scientific know-how. We aim to welcome and integrate the new team by April 2022.

### Ecuador - Quito



Quito, capital of Ecuador, is home to 2.7 million people, or 15% of the population. It sits in the Andes mountain range at an altitude of 2,784m, and is the second highest city in the world behind La Paz, at 3,869m.

With this 'high-rise' opening in Ecuador, Galenicum continues to consolidate the presence of the 'Galenicum Vitae' brand throughout Latin America, following on from Chile, Peru, Colombia, the Dominican Republic and Panama.

The team is already working intensively on the launch of the first 30 bioequivalent drugs in Ecuador in the therapeutic areas of CNS, Cardio, Onco and Diabetes during 2022 and 2023.

### Mexico - Mexico City



Mexico is the most recent location where Galenicum has opened a Latin American subsidiary. Mexico City, with 9.2 million inhabitants in a country of almost 130 million, is a big step in the growth of our business in Latin America.

Mexico is a large scale market with great opportunities. We will reinforce the Galenicum Vitae presence and own brand across the American continent.

We are working on the launch of a portfolio of 40 bioequivalent drugs in the therapeutic areas of CNS, Cardio, Onco and Diabetes during 2023 and 2024.

# STORY 6

## TIME TO #RECONNECT

The strange reality in which we have been immersed for the past two years has generated endless consequences at health, social and economic levels, which we are still processing Today.

At an individual level, we are living the best we can within our set of circumstances. But what is unanimous, and has been demonstrated, is that prolonged social and work isolation significantly affect our state of mind. This may sound obvious, but what is not so obvious is that social isolation also affects our nervous system. Doctor Daniel Siegel of the UCLA School of Medicine and Mindsight Institute has conducted very interesting research on the topic and has coined the concept of 'window of tolerance' to explain his findings.

'The window of tolerance' refers to the optimal state of brain activation when our neurological system maintains a state of calm arousal, and we can handle the typical highs and lows of our everyday lives.

Doctor Siegel research suggests that when we have been through a critical situation like COVID,

combined with social isolation, we start losing perspective and balance, and we get out of our natural 'window of tolerance'. We don't feel well, and we are unable to handle even simple situations in the way we would if we were in balance. The same research suggests that in-person contact helps to calm down our brains. When we connect our nervous systems, we help each other to regain perspective and feel supported.

With this theory in mind, #Reconnect has been one of Galenicum key themes during 2021. #Reconnect aims to promote human relationships between co-workers and also with customers and suppliers. We are all biologically wired to connect and face things together.

One of the central #Reconnect activities we have conducted in Galenicum is '15-minute coffee time', an initiative that encourages the people in our company to meet in a relaxed way. Each week a brief meeting with a person from the company is randomly assigned, allowing us to get to know co-workers better in a more personal context.





# 3 KEY INDICATORS





## BUSINESSES

**4**  
  
Pharma

**7**  
  
All Businesses

**1** Food   
**1** Animals   
**1** Plants 

## PEOPLE

**+85%**  
  
Based in Spain

**+530**  
  
Employees

**+50%**  
  
Women

## REVENUES

**19%**  
  
CAGR last 3 years

**183M**  
  
Aggregated 2021

**150M**  
  
Consolidated 2021

**29%**  
  
CAGR next 3 years

## REACH

**+50%**  
  
Exports

**+50**  
  
Countries

**91%**  
  
Launch success

**85%**  
  
Delivery on time

## INVESTMENTS

**25M**  
  
CAPEX R&D and others



## REVENUES

CAGR **17%**  
**x 1.6**

Last 3 years

**90M**

Revenues 2021

CAGR **34%**  
**x 2.4**

Next 3 years



## FOOTPRINT

**+50**

Countries with  
ongoing supplies

**+65%**

Exports



## CUSTOMERS

**+150**

B2B customers

**+80**

B2B agreements  
in 2021



## R&D

**+60**

Marketing  
authorizations granted  
2021

**+20**

Active R&D  
projects per year

**+50**

Active  
patents



## FDF

**+30**

Commercial  
products

**+10**

Pharmaceutical  
forms

**+35**

Dossiers  
ready

**+20**

Products under  
development



## API

**+95**

Active  
commercial products

**+380**

MT distributed

**+30**

Network  
of suppliers



## REVENUES

CAGR **13%**  
**x 1.4**

Last 3 years

**45M**

Revenues 2021

CAGR **33%**  
**x 2.3**

Next 3 years



## FOOTPRINT

**+25**

Countries with  
ongoing supplies



## CUSTOMERS

**+80**

B2B customers



## PRODUCED UNITS

**+50**

Pharmaceutical  
forms

**48M**



Tablets



Liquids



Capsules



Creams

Total 2021

**+300**

SKUs



## CAPACITY

**70M**

Boxes

**100M**

Boxes by 2023



## REVENUES

CAGR **46%**  
x **3.1**

Last 3 years

**19M**

Revenues 2021

CAGR **14%**  
x **1.5**

Next 3 years



## FOOTPRINT

**20**

Countries

**3**

New markets  
with distribution deals



x **3**

Sea containers vs air



## CUSTOMERS

**+12**

Distribution  
deals

**+3.7M**

Units sold



## PRODUCTS

**25** Launched

**28**  
SKUs launched

**65** Signed & to  
be launched

Numbers of molecules

**345**

Approved dossiers

**189**

Dossiers  
under evaluation



## REVENUES

CAGR **25%**  
X **1.9**

Last 3 years

**5.7M**

Revenues 2021

CAGR **36%**  
X **2.5**

Next 3 years



## FOOTPRINT

**2**

Spain, Chile



## CUSTOMERS

**+2,000**



## PRODUCTS

**16**

Currently  
in the market

**8**

Launches in 2021

**12**

Future launches





## REVENUES

CAGR **16%**  
x **1.5**

Last 3 years

**18M**

Revenues 2021

CAGR **9%**  
x **1.3**

Next 3 years



## FOOTPRINT

**+25**

Countries with  
ongoing supplies

**3**

Subsidiaries  
USA, Mexico, North Africa

**5**

Warehouses



## CUSTOMERS

**+500**

B2B customers  
in 13 food segments



## PRODUCTS

**+300**

Ingredients

**19**

Food categories

**+50**

Food supplements



## SUPPLY

**+2,500**

MT distributed

**+3,000**

Deliveries

**+200**

Network of suppliers

# 4 FINANCIALS WIP

*Our financials are subject to audit by Deloitte,  
and will be released in due course.  
You will find a new version of this Annual Report  
with the financials section included by May 2022  
in [www.galenicum.com](http://www.galenicum.com).*





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