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PharmaSGP Holding SE plans Initial Public Offering

- **PharmaSGP plans IPO and listing of its shares on the regulated market (Prime Standard) of the Frankfurt Stock Exchange**
- **As a leading health company focusing on chemical-free OTC pharmaceuticals, PharmaSGP is in the sweet spot of a structurally growing market segment**
- **The Company has a proven financial track-record, with a rare combination of strong revenue growth and an EBIT-margin above 30% in 2019**
- **Thanks to its sustainable and robust business model, PharmaSGP has achieved strong Q1 2020 results (11.3% revenue growth vs. Q1 2019) despite the COVID-19 pandemic**
- **PharmaSGP will pursue its successful growth strategy, driven by a continuous extension of its leading brand families as well as a further regional expansion in Europe**

Gräfelfing, May 27, 2020 – PharmaSGP Holding SE (the “Company” and, together with its consolidated subsidiaries, “PharmaSGP”), a pure-play consumer health company, is preparing for an IPO and listing of its shares on the regulated market (Prime Standard) of the Frankfurt Stock Exchange this year. PharmaSGP offers a broad portfolio of leading chemical-free non-prescription pharmaceuticals sold over the counter (“OTC”) and other healthcare products. It has established market-leading positions by providing consumers with natural, effective and safe products for highly relevant and chronic indications through trusted brands. In Germany, PharmaSGP is the market leader for systemic chemical-free pain remedies with its brand families RUBAXX® for rheumatic pain and RESTAXIL® for neuralgic pain.¹

The Company’s OTC products are based on natural active pharmaceutical ingredients (“APIs”) with documented efficacy and almost no known side effects. While PharmaSGP’s chemical-free OTC and other healthcare products are sold exclusively through pharmacies, they are marketed directly to consumers under well-known brands. Its core brands cover chronic indications, including rheumatic pain and nerve pain and other age-related ailments. Furthermore, PharmaSGP has introduced leading products against sexual weakness and vertigo symptoms. Since introducing the first product from its current product portfolio in Germany in 2012, PharmaSGP has successfully exported its business model to other European countries, including Austria, Italy, France, Belgium and Spain, and recently obtained marketing authorizations for three of its best-selling OTC products in France which are expected to be launched in the course of 2020.

¹ Based on revenues for orally-administered chemical-free OTC remedies for nerve pain and rheumatic pain in the six-month period ended June 30, 2019 (Source: INSIGHT Health; Company information).

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Natalie Weigand, CEO of PharmaSGP: *“As a pure-play consumer health company and a market leader for chemical-free pain remedies, we enjoy a strong position for chemical-free OTC remedies and other healthcare products in Germany. We believe that this will allow us to further expand our business and capture leading positions for other indications in Germany, while also expanding our business in other countries. As trusted partner for consumers with chronic conditions it is our aim to build the leading European company that offers the broadest portfolio in chemical-free OTC products with leading category brands.”*

The aging of the population, growing health awareness together with rising rates of self-medication contribute to the positive market trend for chemical-free OTC and other healthcare products in Germany and Continental Europe. Germany is the largest market for OTC products and other consumer health and care products in Continental Europe. From 2018 to 2024, the German Non-RX market is expected to grow at a compound annual growth rate (“CAGR”) of approx. 4% to more than €13 billion.² Especially chemical-free OTC products have been benefitting from the global consumer trend towards natural, chemical-free products by combining documented effectiveness with fewer known side effects and reduced drug interaction compared to most chemical-based products. As a result, the top-selling brands in the market for chemical-free OTC products in Germany outpaced the top-grossing chemical-based OTC brands.²

Being in the sweet spot of the OTC market, PharmaSGP has achieved an impressive financial track record by combining strong revenue growth with continuously high EBIT margins and an attractive cash conversion. In the fiscal year ended 2019, PharmaSGP generated revenues of €62.6 million, an EBIT margin of 35.8% and a cash conversion rate³ of more than 85%. Thanks to its sustainable and robust business model, it has also achieved strong Q1 2020 results despite the Covid-19 pandemic. Compared to the three months ended 31 March 2019, revenue increased by 11.3% to €16.7 million (previous year: €15.0 million). In total, EBIT increased by 13.2% to €4.3 million (previous year: €3.8 million).

CFO Michael Rudolf: *“In the first quarter of 2020, PharmaSGP has recorded a strong increase in revenues. Over the past years, we have built a proven business model, which allows for high scalability and profitability even in challenging times. We are confident that we will be able to continue our strong growth trajectory in 2020. This year we have already launched five new products and country expansions and are planning six additional launches for the remaining year, including three of our top-selling OTC brands in France.”*

DETAILS OF THE OFFERING

As PharmaSGP’s organic growth strategy is fully funded from its own strong cash generation, the Company is currently only anticipating a sale of shares by existing shareholders in connection with the IPO as well as a market standard over-allotment option from existing shares.

The free float is expected to amount to at least 50% after completion of the offering. Lock-up periods for the Company and the existing shareholders will be six months.

² Source: SEMPORA Market Report: EU Self-Medication.

³ Defined as the ratio of (i) PharmaSGP’s free cash flows from equity (i.e., the sum of its profit for the period, depreciation and amortization and decreases in working capital, less increases in working capital and payments for investments in intangible assets and PPE), divided by (ii) PharmaSGP’s profit for the period.

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The Company's current share capital is held by the founders of the Company, Dr. Clemens Fischer via FUTRUE GmbH (90%) and Madlena Hohlefelder via MVH Beteiligungs- und Beratungs-GmbH (10%).

The selling shareholders, who are serial entrepreneurs, are expected to sell pro-rata and will use the proceeds from the offering to fund capital intense projects outside PharmaSGP.

The offering is expected to consist of a public offering in Germany and international private placements. The Company plans to list the shares on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard).

In the context of the offering, Berenberg has been mandated to act as Sole Global Coordinator and Sole Bookrunner.

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ANNEX: BUSINESS MODEL HIGHLIGHTS

LEADING BRAND BUILDER IN THE GERMAN CHEMICAL-FREE OTC MARKET

PharmaSGP's chemical-free OTC products cover multiple chronic indications and are marketed under well-known brand families. Its pain remedies sold under its RUBAXX® brand are the number one selling natural, systemic anti-rheumatic pain OTC products in Germany.⁴ Likewise, its pain remedies marketed under the RESTAXIL® brand hold the highest market share in the German market for chemical-free OTC remedies for neuralgic pain.⁴ In addition to these pain remedies, PharmaSGP's natural remedies against sexual weakness marketed under the DESEO® and Neradin® brands are the leading chemical-free remedies for sexual weakness in the German market.⁴ Along with its leading treatments against vertigo symptoms and the aging of the skin, this product portfolio includes six dominant brand families for various indications in Germany.

Offering pharmaceuticals with documented efficacy and fewer known side effects than most chemical-based pharmaceuticals, PharmaSGP has been able to build a loyal consumer base for its leading chemical-free OTC brands.

COST-EFFICIENT DEVELOPMENT CAPABILITIES AND PROVEN DEVELOPMENT TRACK RECORD

By fueling its continued growth, PharmaSGP utilizes its proven market screening capabilities in order to analyze the overall market situation in its target geographies and to find chronic indications for which no chemical-free OTC holds a strong market position. Once it has identified an attractive market opportunity, such demand can be met by utilizing PharmaSGP's pipeline of existing marketing authorizations that are currently not actively marketed. Alternatively, marketing authorizations can be acquired or PharmaSGP can apply for a new marketing authorization. When applying for new marketing authorizations, PharmaSGP can draw on its longstanding expertise in preparing new formulations and handling the required approval process.

By being able to launch new products ahead of its competitors, PharmaSGP has successfully introduced chemical-free OTC and other healthcare products in attractive markets and was able to establish market leading brands in certain product categories ahead of competitors. This has led to proprietary focus markets with high barriers to entry.

⁴ Based on revenues for orally-administered chemical-free OTC remedies for rheumatic pain sold in the six-month period ended June 30, 2019 (Source: INSIGHT Health; Company information)

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POWERFUL LAUNCH MACHINE FOR SUCCESSFUL INTRODUCTION OF NEW PRODUCTS

Once PharmaSGP launches a new product, it can rely on its proven marketing capabilities to directly market them to consumer target groups. PharmaSGP's unique marketing power lies in the combination of marketing expertise and funding for far-reaching marketing campaigns. It has longstanding expertise in designing direct to consumer marketing campaigns to establish and enhance leading brands for chemical-free OTC and other healthcare products. When designing and tracking its marketing campaigns, PharmaSGP relies on a proven data analysis process, tracking both recent sales in pharmacies as well as the success of its past and current launches.

PharmaSGP has also opened a direct channel to pharmacists for selected products. To present such products, PharmaSGP uses innovative third-party marketing tools in the form of e-detailing devices (i.e., tablet computers). Such devices are distributed to more than 20,000 German pharmacists. In addition, PharmaSGP has also commissioned a sales force to visit pharmacists and physicians for selected brands.

ASSET-LIGHT BUSINESS MODEL WITH HIGH SCALABILITY AND PROVEN TRANSFERABILITY

As part of its mission to rethink the healthcare business, PharmaSGP has established an asset-light business model. This approach includes the outsourcing of all manufacturing activities to a broad range of third-party manufacturers and suppliers. This asset-light business model reduces the Company's funding requirements, provides added scalability and allows it to focus on its core competency of developing and introducing new chemical-free OTC and other healthcare products.

Since introducing its first product in Germany in 2012, PharmaSGP has proven that it can easily transfer this innovative setup to other target geographies. For instance, chemical-free OTC and other healthcare products have been introduced in Austria, while the latter are also being sold in Italy, France, Belgium and Spain. Its asset-light business model allows for products to be introduced in new target geographies without having to establish local operations, as all of its finished products can still be manufactured in Germany and distributed via local logistics providers. As a result, PharmaSGP's European expansion has been achieved with only limited investments.

STRONG REVENUE GROWTH IN COMBINATION WITH OUTSTANDING PROFITABILITY LEAD TO HIGH CASH GENERATION

PharmaSGP has experienced significant growth, with its revenues increasing by a CAGR of 8.6% while EBIT grew at a CAGR of more than 20% (2017-2019). Its revenues amounted to €62.6 million corresponding with its EBIT margin of 35.8% in the fiscal year ended December 31, 2019. The Company's excellent liquidity is also reflected in its cash conversion rate⁵ of 87.4% in the fiscal year ended December 31, 2019.

⁵ Defined as the ratio of (i) PharmaSGP's free cash flows from equity (i.e., the sum of its profit for the period, depreciation and amortization and decreases in working capital, less increases in working capital and payments for investments in intangible assets and PPE), divided by (ii) PharmaSGP's profit for the period.

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The Company achieved further growth despite the COVID-19 pandemic in 2020. CFO Michael Rudolf: “PharmaSGP has achieved strong Q1 2020 results.” Q1 2020 has been very successful and PharmaSGP recorded double digit growth at revenue as well as EBIT levels. Revenues amounted to €16.7 million and EBIT increased by 13.2% to €4.3 million.

CLEAR BUILDING BLOCKS FOR FUTURE GROWTH IDENTIFIED BY EXPERIENCED AND ENTREPRENEURIAL MANAGEMENT

PharmaSGP is led by a management team with a proven entrepreneurial track record. CEO Natalie Weigand (38) gained previous experience while working at Johnson & Johnson and has been with PharmaSGP since 2013, managing the expansion of the successful product portfolio and establishing all of its leading brand families. CFO Michael Rudolf (46) gained many years of experience with McKinsey & Company and held leading corporate functions, in particular with respect to mergers & acquisitions as well as transaction management, for approximately ten years.

This experienced and entrepreneurial management team has identified key elements of its strategy to achieve further growth:

- (i) Increase the number of indications covered by PharmaSGP’s product offering
- (ii) Leverage established brand families to introduce new chemical-free OTC and other healthcare products
- (iii) Increase PharmaSGP’s European footprint
- (iv) Acceleration of its growth strategy by capitalizing on selected M&A opportunities

In 2020, PharmaSGP had already launched five new products and country expansions by end of April and has six additional launches in the pipeline for the remaining year, including three of our top-selling OTC brands in France. The Company plans to pursue its successful growth strategy, driven by a continuous development of its leading brand families as well as further regional expansion in Europe and aims to achieve double-digit revenue growth in the medium-term.

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In any member state of the European Economic Area (other than Germany) and in the United Kingdom, this release is only addressed to, and is only directed at, “qualified investors” within the meaning of Article 1 para. 4 lit. (a) of the Prospectus Regulation.

This release contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management of the Company. Forward-looking statements should not be construed as a promise of future results and developments and involve known and unknown risks and uncertainties. Various factors could cause actual future results, performance or events to differ materially from those described in these statements, and neither the Company nor any other person accepts any responsibility for the accuracy of the opinions expressed in this release or the underlying assumptions. The Company does not assume any obligations to update any forward-looking statements. Moreover, it should be noted that all forward looking statements only speak as of the date of this release and that neither the Company nor Joh. Berenberg, Gossler & Co. KG (the “Sole Bookrunner”) assume any obligation, except as required by law, to update any forward looking statement or to conform any such statement to actual events or developments.

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The sources of market data included in this release were prepared before the pandemic spread of COVID-19, a novel strain of the coronavirus, and have not been updated for the potential effects of this pandemic. The Company and the Sole Bookrunner are not able to determine whether the third parties who have prepared such sources will revise their estimates and projections due to the potential impact of COVID-19 on future market developments.

The Sole Bookrunner is acting exclusively for the Company and the selling shareholders and no-one else in connection with the planned offering. It will not regard any other person as their respective clients in relation to the planned offering and will not be responsible to anyone other than the Company and the selling shareholders for providing the protections afforded to its clients, nor for providing advice in relation to the planned offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the planned offering, the Sole Bookrunner and its affiliates may take up a portion of the shares offered in the planned offering as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such shares and other securities of the Company or related investments in connection with the Offering or otherwise. Accordingly, references in the prospectus, once published, to the shares being offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, placing or dealing by, the Sole Bookrunner and its affiliates acting in such capacity. In addition the Sole Bookrunner and its affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Sole Bookrunner and its affiliates may from time to time acquire, hold or dispose of shares of the Company. The Sole Bookrunner does not intend to disclose the extent of any such investment or transactions, other than in accordance with any legal or regulatory obligations to do so.

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