PHARMA SGP

2020

Half-year Financial Report

Our Mission

Provide consumers with chemical-free OTC drugs through brands they can trust.

Our Vision

To become the leading European company with the broadest portfolio of OTC chemical-free products with leading category brands.

Who We Are

PharmaSGP is a pharmaceutical company with a broad portfolio of leading chemical-free, over-the-counter (OTC) pharmaceuticals and other healthcare products.

Our drugs are based on natural active pharmaceutical ingredients with documented efficacy and fewer known side effects. With our products that are exclusively sold through pharmacies, we have trusted brands for many relevant chronic indications that are leaders in their respective categories. For example, PharmaSGP is the market leader in Germany for systemic, chemical-free OTC pain remedies with its brands RubaXX® for rheumatic pain and Restaxil® for neuralgic pain (nerve pain).

Furthermore, our drugs for the treatment of sexual weakness that are marketed under the brand names DESEO® and Neradin® are the leading chemical-free OTC products in their category in Germany.

Since the launch of the first product from the current portfolio in Germany in 2012, we have successfully exported our business model to other European countries such as Austria, Italy, Belgium, Spain and France.

Our Milestones

2020
PharmaSGP has been listed in the Prime Standard on the Frankfurt Stock Exchange since June

2019
Approval of the first drugs in France for three of our most successful products

2017
Most successful OTC launch of the year in Germany: Restaxil®

2016
PharmaSGP successfully expands internationally

2015
PharmaSGP honoured as the best OTC company of the year in Germany

2013
Launch of the blockbuster RubaXX®

2012
Launch of the first OTC drug: DESEO® against sexual weakness

PharmaSGP at a glance

6
leading brand families ...

with **30**
different products ...

in a total of
6
countries

13 %
average revenue growth from 2016 to 2019

>30 %
average EBIT margin

67
drug marketing authorizations

Our most important brand families

Restaxil®
Whether it's drops, gels or tablets – the brand portfolio of Restaxil® hits the nerve of the time. The drug Restaxil® offers patients who suffer from nerve pain, such as back pain or discomfort in legs and feet, a chemical-free therapy without prescription. Restaxil® is the market leader in its category – in Germany and abroad.

RubaXX®
When it comes to muscles and joints, consumers trust RubaXX® – our currently largest brand in the portfolio. RubaXX® drugs are the No. 1 treatment for rheumatic pain in Germany and Austria.

Neradin®
The OTC drug Neradin® against sexual weakness, such as erectile dysfunction, is also the market leader among OTC drugs in its category in Germany and Austria. Following approval in France, the expansion of the successful brand will continue in the second half of 2020.

DESEO®
Our oldest brand in the portfolio continues to enjoy great popularity. The drug DESEO® for the treatment of sexual weakness offers effective help for disorders of the male and female sex organs.

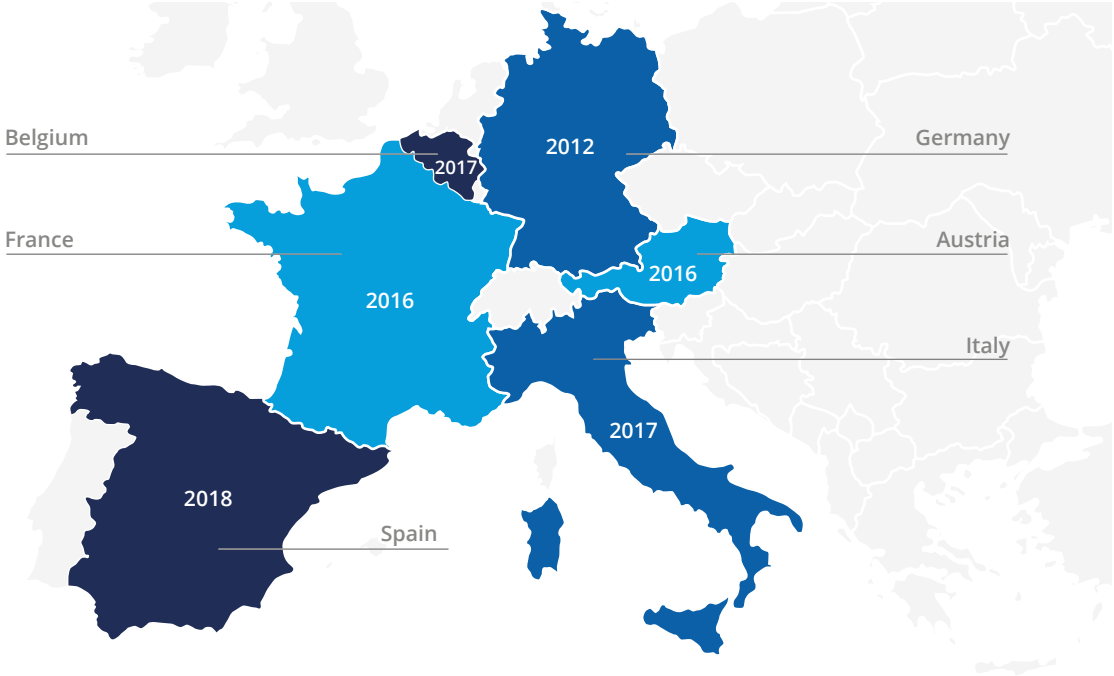
TAUMEA®
When the world is spinning consumer rely on TAUMEA®. In tablet or liquid form TAUMEA® offers effective and natural relief from vertigo and its accompanying symptoms.

Fulminan®
The unique beauty drink with bioactive collagen peptides ensures beautiful skin and youthful radiance in five countries.

"The combination of documented efficacy and good tolerance of our products hits the nerve of our time. Chemical-free pharmaceuticals are just as much a consumer trend as increasing self-medication. Especially for patients suffering from chronic pain."

Natalie Weigand, CEO

Our international market presence



PharmaSGP's market entry in the respective European country

Trends in the natural OTC market

Aging population in Europe:

>32 %

will be older than 60 in 2030

Self-medication:

~3 %

growth in continental European markets through 2024

Growing demand for chemical-free products:

~6 %

market growth between 2017 and 2018 in Germany

Growing OTC market:

4 %

expected average growth of OTC products in Germany until 2024

"PharmaSGP operates in a structurally growing market: In Germany alone, annual sales of over-the-counter products are expected to grow by around 4 % to more than EUR 13 billion by 2024. The segment of chemical-free systemic pain remedies in particular will show dynamic growth in the long term."

Michael Rudolf, CFO

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Foreword by the Management Board

Dear Ladies and Gentlemen,
Dear Shareholders,

PharmaSGP Holding SE successfully completed its IPO, the first of the year in the Prime Standard of the Frankfurt Stock Exchange, on 19 June 2020. We are extremely proud to have reached this milestone for PharmaSGP together with our employees and all other stakeholders.

The first half of 2020 was marked by the global COVID-19 pandemic. This has led to significantly increased sales volatility in the pan-European OTC market. While many of our competitors had to struggle hard with the new market conditions, we have consistently pursued our strategy and successfully expanded our operating business in the first half of 2020. Compared to the same period of the previous year, we were able to increase our consolidated revenues by 7.2 % from € 31.6 million to € 33.8 million.

At the same time, the Group's for one-time effects adjusted EBIT increased by 17.7 % from € 9.0 million to € 10.6 million. Overall, we were thus able to improve our profitability compared to the previous year. The EBIT margin increased by 2.8 percentage points to 31.5 % (first half of 2019: 28.7 %).

The Group's unadjusted EBIT rose from € 9.0 million to € 9.5 million, which equates to growth of 5.3 %. In line with our strategy, the expansion of the product portfolio via line extensions, the development of new indication areas and further expansion of the international markets contributed to the Group's growth in earnings.

The consistent implementation of our strategy is also reflected in the significant rise in revenues of the "Health Brands", which increased by € 5.1 million to € 28.6 million in the first half of the year. The category that is the main focus of our product strategy grew by 20.3 % in the German-speaking countries and by as much as 29.9 % in the rest of Europe.

In Germany, for example, the product range of the RubaXX® brand was successfully expanded further and the number of indication areas was increased by the pharmaceutical MELISTON® as a natural aid against anxiety and dizziness. In the Austrian market, the RubaXX® brand family was also expanded very successfully and sales of Restaxil® increased significantly due to the launch of Restaxil® Nerve Pain Gel. The development of the Health Brands in the Italian market was also a strong growth driver in the first half of the year.

Our business model with a clear focus on consumers, a flexible D2C marketing approach (D2C = direct to consumer) and a very dynamic portfolio development has proven to be a successful model. We will therefore continue to pursue our growth strategy consistently in the second half of the year. Our product pipeline is also very well filled for the rest of the year. In particular, we are looking forward to the upcoming launch of our first drugs in the French market. Now that we have received approval for the advertising materials for our products Tipurex® (RubaXX®) for the treatment of rheumatic pain and Lonvect® (Neradin®) against sexual weakness, we are ready to launch in the second half of the year.

Not only do we have numerous opportunities for organic growth, we also plan to focus our strategy more strongly on inorganic growth potential in the future. With Maria-Johanna Schaecher, we have therefore been able to expand the Management Board as of 16 September 2020, to include an exceptionally skilled leader. Thanks to her excellent knowledge of the healthcare industry, years of experience in managing companies and expertise in international expansion and M&A management, she is a perfect fit for our strategy and our ambitious plans. Together, we will make even more consistent use of the national and international growth opportunities available and maintain our high pace of growth in the future.

In view of our good market positioning and many further planned product launches, above all the imminent launch of the first PharmaSGP drugs in the French market, we are optimistic for the full year 2020. We expect to increase the growth rate of our revenues as well as our adjusted EBIT margin compared to the first half of the year 2020. These expectations are based on the assumption that there will not be another comprehensive lockdown in the second half of 2020 in connection with the COVID-19 pandemic in the target markets of PharmaSGP and that product launches can take place as planned.

We would like to take this opportunity to thank our employees for their high level of commitment and their hard work. At the same time, we would also like to express our special thanks to you, our shareholders, for the trust you have placed in us. Thanks to you, we have reached an important milestone in the company's history to get closer to our goal of becoming the leading company in Europe with the broadest portfolio of chemical-free OTC products with leading category brands.

Gräfelfing, September 2020

Natalie Weigand (CEO) Michael Rudolf (CFO)

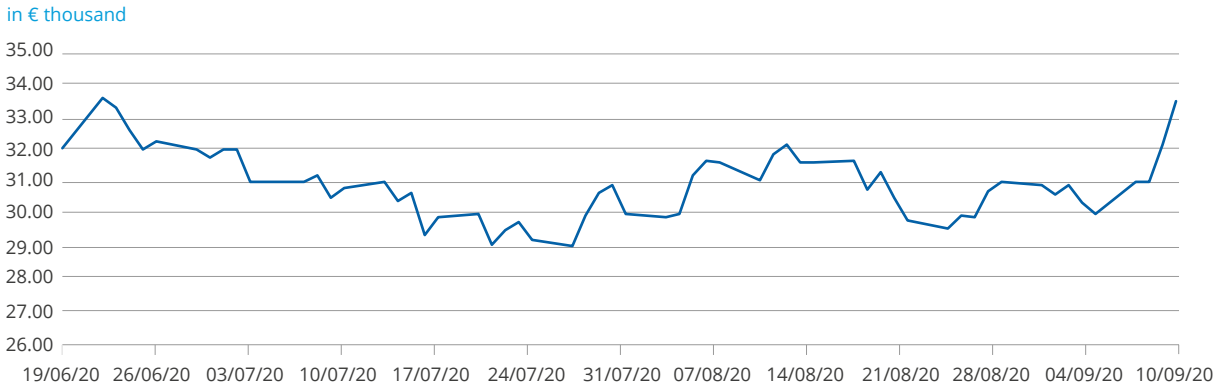
Maria-Johanna Schaecher (CBDO)

PharmaSGP on the Capital Market

IPO in 2020

On 19 June 2020, a new chapter in the history of PharmaSGP Holding SE began with the successful IPO. PharmaSGP Holding SE was the first company to make the leap to the Prime Standard of the Frankfurt Stock Exchange in 2020 - despite the difficult conditions for IPOs due to the COVID-19 pandemic. At an issue price of EUR 31.50, 3.5 million shares from the holdings of FUTRUE GmbH ("FUTRUE") and MVH Beteiligungs- und Beratungs-GmbH ("MVH") plus 525,000 shares from the over-allotment were placed. Based on the offer price, this resulted in market capitalization of EUR 378 million at the start of trading. The first trading price was EUR 32.00 (XETRA) and the first closing price was EUR 34.50 (XETRA), 9.5 % above the issue price. The admission to the regulated market was accompanied by Joh. Berenberg, Gossler & Co. KG.

Share price*



*Based on the opening price of the first trading day on 19 June 2020 and the Xetra closing prices of Deutsche Börse AG up to publication of the preliminary H1 figures for 2020 on September 10, 2020.

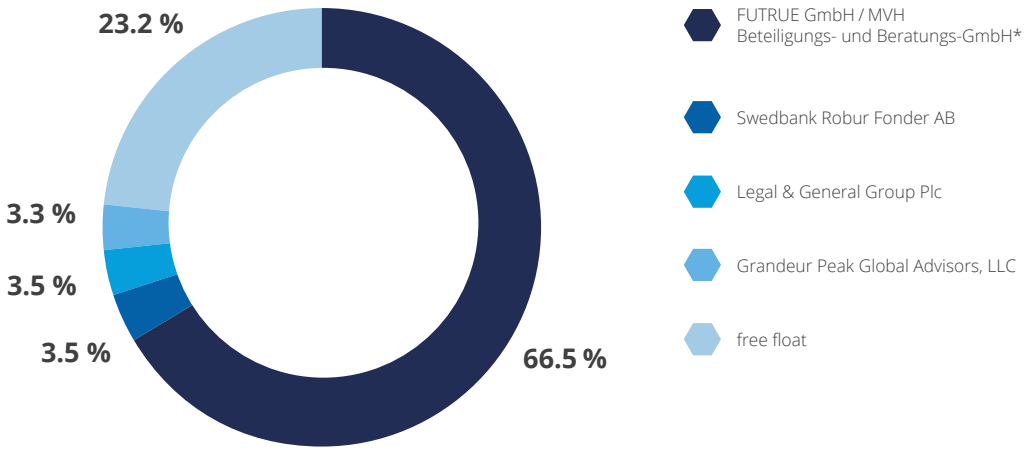
Master data on the share

	2020
Security identification number (WKN)	A2P4LJ
ISIN	DE000A2P4LJ5
Ticker symbol	PSG
Type of shares	Ordinary bearer shares with no par value (no-par value shares)
First listing	19 June 2020
Number of shares	12.0 million
Closing price (09/10/2020)	€ 33.50
Highest price / Lowest price*	€ 34.50 / € 29.00
Price performance in absolute terms	+ 4.70 %
Market capitalization (09/10/2020)	€ 402.0 million
Stock exchange / Segment	Frankfurt Stock Exchange / Prime Standard
Designated sponsor	Joh. Berenberg, Gossler & Co. KG

* Closing prices on the Xetra trading system of Deutsche Börse AG

Shareholder Structure

Information based on voting rights notifications according to the German Securities Trading Act, WpHG (as of September 2020).



*Based on a voting agreement between FUTRUE GmbH and MVH Beteiligungs- und Beratungs-GmbH, a mutual attribution of voting rights takes place between FUTRUE GmbH and MVH Beteiligungs- und Beratungs-GmbH with regard to all shares they hold in PharmaSGP Holding SE.

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Interim Group Management Report

1. Principles of the group

1.1 Business model

PharmaSGP Holding SE (together with its consolidated subsidiaries PharmaSGP GmbH, Remitan GmbH, Restaxil GmbH: "PharmaSGP" or the "Group") is a pure-play consumer health company with a broad portfolio of chemical-free, over-the-counter ("OTC") non-prescription pharmaceuticals and other healthcare products that are exclusively available in pharmacies.

The rapid development and marketing of innovative OTC and healthcare products in the field of self-medication is PharmaSGP's core competence. PharmaSGP's OTC products are based on natural active pharmaceutical ingredients with documented efficacy and fewer known side effects than most chemical-based pharmaceuticals.

PharmaSGP focuses on highly relevant and chronic indications that are marketed directly to their target audience, older people in particular, under well-known pharmacy brands.

This innovative strength and the focus on a D2C marketing strategy (D2C = direct-to-consumer) distinguishes PharmaSGP from its competitors. In a structurally growing market, it has thus been able to establish market-leading positions in many important indication areas, such as rheumatic and neuralgic pain or sexual weakness.

In order to focus on these success drivers, PharmaSGP has deliberately established a scalable asset-light business model, which can also be transferred quickly and efficiently to other target markets. The entire manufacturing process is outsourced to third-party manufacturers. In Germany and foreign markets, individual local logistics providers supply wholesalers and to a lesser extent pharmacies directly. This business model enables PharmaSGP to expand its business within existing markets or to expand into other countries with comparatively low investments.

Germany is PharmaSGP's core market and accounted for 73.2 % of total revenues in the full year 2019. Because the European OTC market is also showing significant growth rates for the future thanks to fundamental trends, the Group is forging ahead with the internationalization of its brand portfolio. Since the launch of the first product from the current product portfolio in 2012, PharmaSGP has successfully transferred its business model to Austria, Italy, Belgium, France and Spain.

1.2 Product portfolio

As of 30 June 2020, the currently marketed PharmaSGP product portfolio comprises a total of 30 chemical-free OTC drugs and other healthcare products. The Group's core brands cover chronic indications, especially pain, as well as other age-related conditions. The OTC drugs are based on natural active pharmaceutical ingredients with documented efficacy and are characterized by good tolerability.

In Germany, PharmaSGP is the market leader for chemical-free pain remedies, based on revenues of chemical-free, systemic OTC drugs for nerve and rheumatic pain (source: Insight Health, MAT 06/2020). The latter are sold under the well-known brand families Restaxil® (nerve pain) and RubaXX® (rheumatic pain). PharmaSGP has also introduced leading brands in its category against vertigo (TAUMEA®) and sexual weakness (DESEO®, Neradin®). The products against sexual weakness under the DESEO® and Neradin® brands together hold 95 % of the market share in their defined market (source: Insight Health MAT 06/2020).

The expansion of current brand families and the launch of new products is an important part of the business model. PharmaSGP completed a total of seven new product launches during the six-month period that ended on 30 June, 2020.

The Group started its successful expansion course in other European countries in 2016 and is now active not only in Germany, but also in Austria, Italy, Belgium, Spain and France. Most recently, PharmaSGP received marketing authorizations in France for three of its best-selling OTC products. This enables the Group to launch its first drugs in France in the second half of 2020.

1.3 Goals and strategy

PharmaSGP is seeking to become the leading company in Europe with the broadest portfolio of chemical-free OTC products with leading brands in its categories. To further strengthen its competitive position, the Group intends to

- further its increase the number of indications covered by the PharmaSGP product offering,
- expand its established brand families and create new large brand families,
- further expand the market positions and portfolio in its European markets,
- expand the market position of PharmaSGP through selected acquisitions of other companies, marketing authorizations or products and/or brand portfolios in its target markets.

Among other things, the pipeline of unmarketed marketing authorizations is an important driver of PharmaSGP's growth potential. The Group builds on years of experience in the approval of chemical-free OTC drugs in Germany and abroad. In addition, PharmaSGP continuously analyses its target markets to identify chronic indications with a high unmet demand for a chemical-free pharmaceutical. Once an attractive market opportunity is identified, PharmaSGP addresses this demand by

- drawing on its current pipeline of 37 marketing authorizations for chemical-free, currently unmarketed OTC drugs,
- developing new OTC products with natural pharmaceutical ingredients with documented efficacy and filing for regulatory approval,
- analysing the market for existing OTC marketing authorizations with natural pharmaceutical active ingredients to purchase an attractive existing marketing authorization.

The pipeline of other healthcare products such as dietary supplements or cosmetics is also being continuously developed further. Speed of product launch, flexibility in the marketing approach and a clear end-consumer focus determine the path to sustained market success for PharmaSGP. In addition, internationalization and, in the future, external growth through targeted M&A activities are elementary components of the growth strategy.

1.4 Research and development

Cost-efficient development opportunities and a fast product development process are key growth factors of PharmaSGP. The development of new healthcare products takes up a large part of PharmaSGP's daily business. Central activities within R&D projects are both the research of active pharmaceutical ingredients and the development of formulations. PharmaSGP cooperates with specialized contract manufacturers and certified laboratories to create the formulation samples. PharmaSGP coordinates and finalizes the samples. Services for test products or shelf life studies, for example, are purchased as required in order to make the development process consciously cost-efficient. This process keeps PharmaSGP's development costs at a low level and accelerates market access.

The Group also has many years of experience with approval processes for new OTC drugs in Germany and abroad. At present, a total of 67 marketed and non-marketed marketing authorizations (existing or filed) have been granted in Germany and abroad. For example, at the end of 2019, the Group received marketing authorizations for three pharmaceutical products in France. In the second half of 2020, PharmaSGP intends to launch its best-selling chemical-free OTC drugs for rheumatic pain and sexual weakness in France, the second largest European market for OTC products.

1.5 Marketing and sales

PharmaSGP focuses on a D2C marketing strategy to ensure fast and successful market launches. It benefits from its many years of experience in direct consumer marketing through print media and TV advertising and established relationships with relevant publishers. PharmaSGP reaches up to 40 million potential consumers per week in Germany by advertising in high-circulation newspapers and magazines, for example. The fact that its products are available in up to 94 % of pharmacies in Germany also confirms PharmaSGP's broad reach.

Besides reliable product quality, the Group's marketing activities lead to consumer loyalty to PharmaSGP's brands. This is reflected both in repeat purchases and in numerous positive testimonials from customers and patients. Additional marketing activities include addressing doctors and pharmacists via specialized professional media.

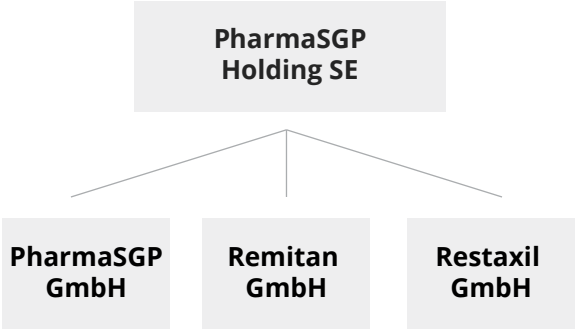
1.6 Group structure

The wholly owned subsidiaries PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH operate under the roof of PharmaSGP Holding SE.

PharmaSGP GmbH and Restaxil GmbH sell the majority of products of the "Health Brands" OTC product category ,while Remitan GmbH mainly comprises the "Beauty Brands" such as the collagen drink Fulminan®.

This structure was created during the preparation of the IPO on 19 June 2020, by means of a capital increase against contributions in kind and the incorporation of the companies. PharmaSGP exists in the described Group structure since it was entered in the commercial register on 8. May 2020.

The following organizational chart provides an overview of the structure of PharmaSGP Holding SE and its subsidiaries:



1.7 Locations and emloyees

The registered office of the PharmaSGP companies is in Gräfelfing, Bavaria, Germany. The Group employed a total of 53 people at this location by the end of the first half of 2020.

All relevant departments, including Research & Development or Marketing and Sales, are located at the company's headquarters in Gräfelfing.

The production of OTC drugs and healthcare products takes place only in Germany (as of June 2020), in cooperation with selected and certified contract manufacturers. To distribute its products, PharmaSGP cooperates with logistics and distribution partners in the respective countries on a long-term basis.

1.8 Financial performance system and performance indicators

The business planning and management of the Group is based on targets set by the Management Board. By means of budget planning, the targets are translated into measurable financial targets.

The operating business is managed based on selected financial ratios. The financial performance indicators are continuously monitored and presented to the Management Board in monthly reports. In particular, planned figures are compared with the results of current business development (comparison of planned and actual figures).

The key performance indicators for the Management Board are revenues and adjusted earnings before interest and taxes (adjusted EBIT) in order to measure the company's success. Appropriate measures are defined and implemented if there are deviations from the original revenues and EBIT targets.

2. Economic report

2.1 General economic environment and industry-specific conditions

2.1.1 General economic environment

The economy in Germany, the European Union (EU) and also worldwide has clearly been on a growth path in recent years. On average, the gross domestic product (GDP) increased by 2.0 % in Germany, by 2.3 % in the EU and by 3.5 % worldwide in the period 2015 to 2019. This trend is currently experiencing a significant slowdown due to the COVID-19 pandemic. As of June 2020, the International Monetary Fund (IMF) expects the economic performance of the EU member states to decline by -10.2 % for the year as a whole. In the following year, however, the economy is expected to grow again by 6.0 %. The IMF expects significantly negative developments for all major EU economies such as Germany, France, Italy and Spain in 2020. Although the German economy is expected to gradually recover in the second half of the year, the IMF still forecasts a GDP decline of -7.8 % for 2020 as a whole. The German economy is only expected to grow again in 2021 by 5.4 %. As far as the global economy is concerned, the IMF expects a GDP decline of -4.9 % in its forecast for 2020. Provided that the pandemic is contained, the global economy is projected to grow by 5.4 % in 2021.

The market for chemical-free over-the-counter drugs is essentially characterized by fundamental trends (see 2.1.2), which, detached from the overall economic developments, also drive consumer demand for PharmaSGP's products. As a pure-play consumer health company with a focus on the end consumer, a flexible D2C marketing approach and continuous portfolio development, PharmaSGP also has a business model that can react to market changes, such as during the COVID-19 crisis. PharmaSGP has even proven to be a winner in the market during these challenging times.[1]

2.1.2 General conditions in the industry

The pharmaceutical and healthcare market relevant to PharmaSGP is driven by significant, fundamental consumer trends. These include the demographic development, which is accompanied by a progressive aging of society. At the same time, continuously increasing health awareness as well as the trends towards natural chemical-free drugs and increased self-medication can be seen in society. These factors mean that the market for chemical-free OTC products is growing faster than the market for chemical OTC products.

In Germany, which is by far the strongest market for PharmaSGP in terms of sales, the market for OTC products and other health and care products has grown by 3.8 % annually in recent years, from € 9.5 billion in 2015 to € 10.6 billion in 2018. According to the strategy consulting firm Sempora Consulting, the first half of 2020 was characterized by restrictions on movement and contact in the wake of the COVID-19 pandemic, but was largely stable year-on-year. Following stockpiling purchases in March 2020 and the subsequent slump in sales, the OTC market therefore entered a recovery phase again at the end of June 2020. Overall, according to Sempora Consulting's calculations, OTC sales (measured in pharmacy retail prices) over the entire period are only slightly below the previous year's level (-1.5 %). Cold remedies continue to show weakness due to lower levels of infection from wearing masks and social distancing, while temporarily weak categories are showing a gradual return to prior year levels. Overall, OTC companies have been affected by the crisis to varying degrees. According to Sempora Consulting, the winners of the COVID-19 crisis include OTC vendors who are creating new impulses through new products as well as pursuing a D2C approach through differentiated product portfolios. The end consumer focused business model of PharmaSGP is one of them.

2.2 Course of business for PharmaSGP

In the first half of 2020, PharmaSGP significantly increased both its revenues and profitability compared to the previous year. In line with the defined strategy, the product portfolio was consistently and systematically developed further by launching new products under existing brands, opening up new indication areas and expanding the international markets.

With a total of seven new product launches, the originally planned number of new products was even exceeded and has fully confirmed the PharmaSGP product strategy.

The product range of the RubaXX® brand was successfully expanded in Germany to include the RubaXX® Cannabis CBD Gel (cosmetic). In Austria, the brand family was significantly expanded by introducing the drugs RubaXX® Arthro and RubaXX® Plus and through the launch of RubaXX® Cannabis CBD Gel. The Austrian market was also further strengthened with the launch of Restaxil® Nerve Pain Gel. The number of indication areas for the German market was further increased with the drug MELISTON®, a natural aid against anxiety and dizziness.

Parallel to the expansion of the portfolio, all existing brands and products are continuously reviewed in terms of their economic profitability. In the first half of 2020, for example, the efficiency of marketing expenses was improved by shifting costs from current products to new products compared to the previous year.

Development of performance indicators

Consolidated revenues increased by 7.2 % to € 33.8 million compared to the same period of the prior year (H1 2019: € 31.6 million).

At the same time, for one-time effects adjusted EBIT increased by 17.7 % to € 10.6 million (H1 2019: € 9.0 million).

[1]This is the result of a study conducted by the strategy consultancy Sempora Consulting on the performance comparison between OTC providers in Germany during the first half of 2020; the Study: https://www.sempora.com/files/pdf/200831%20Performance-Report%20OTC%20Unternehmen.pdf

The one-time effects of € 1.1 million in the first half of 2020 consist mainly of consulting fees and fees for the corporate and organizational structuring of the Group.

The adjusted EBIT margin was 31.5 % (H1 2019: 28.7 %).

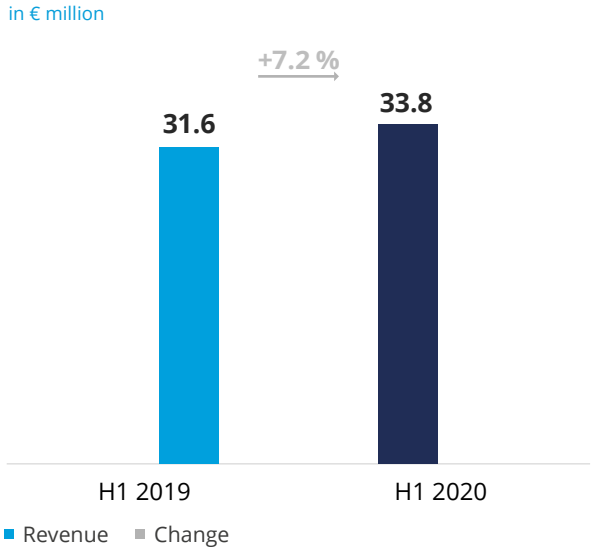
Unadjusted EBIT amounted to € 9.5 million (H1 2019: € 9.0 million).

The unadjusted EBIT margin was 28.2 % (H1 2019: 28.7 %).

2.3 Earnings, assets and financial position

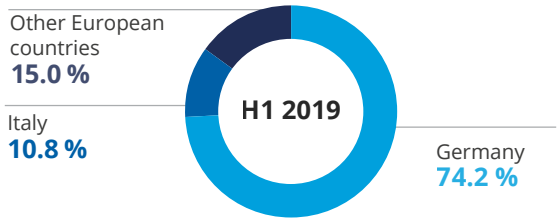
2.3.1 Earnings position of the group

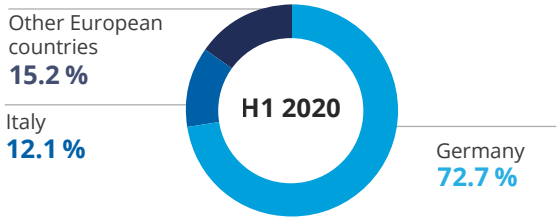
Group revenues development: Strong growth in a stagnating market environment



In the reporting period 2020, PharmaSGP increased its **consolidated revenues** by 7.2 % to € 33.8 million (prior year: € 31.6 million) and thus performed significantly better than the OTC market in Germany (PharmaSGP's domestic market). Adjusted for costs passed on to companies in the FUTRUE Group, revenue growth over the previous year was even 8.5 %. As a result of the COVID-19 pandemic and travel and contact restrictions, OTC sales in the German market as a whole were slightly below the previous year's level at 1.5 %. PharmaSGP's result in the first half of 2020 is attributable to the ongoing positive developments in the foreign markets and the strong revenue growth of the brand families in the "Health Brands" segment.

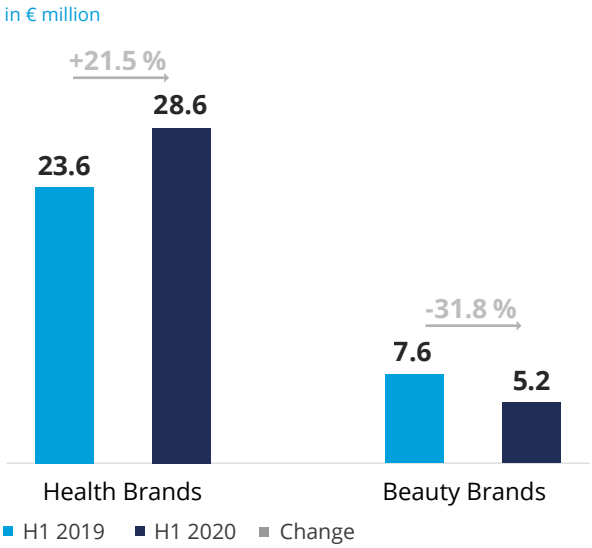
Revenue share by region: Increasing foreign share





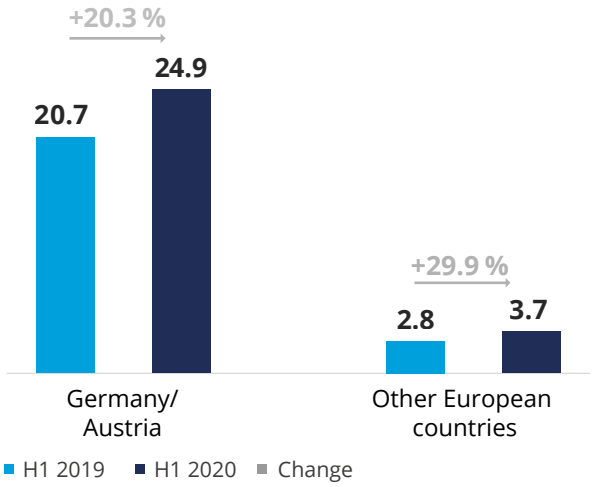
In Germany, PharmaSGP increased its revenues by 4.9 % to € 24.6 million in the first half of 2020 (prior year: € 23.4 million). This equates to a 72.7 % share of revenues (prior year: 74.2 %). PharmaSGP increased its revenues in Italy by 21.1 %, which rose to € 4.1 million (prior year: € 3.4 million). This equates to a 12.1 % share of revenues in the first half of 2020 (prior year: 10.8 %). Revenues in the rest of Europe amounted to € 5.1 million, growth of 8.5 % compared to the prior year (€ 4.7 million) and a revenue share of 15.2 % (prior year: 15.0 %).

Revenues by category: "Health Brands" a main driver of overall revenues development



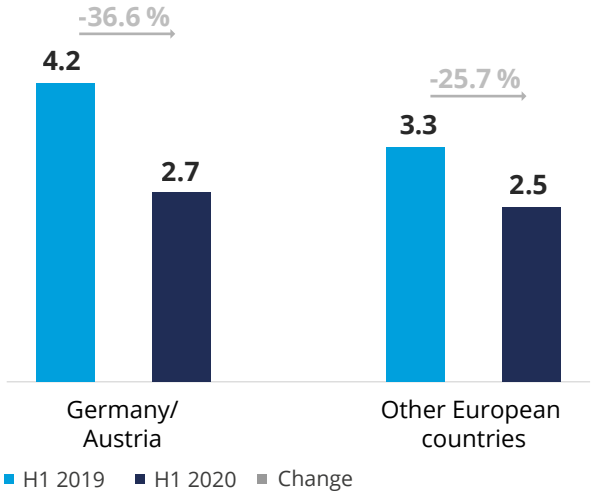
The increase in Group revenues was mainly based on the strong growth of the **"Health Brands"** category of 21.5 %, which is also the strategic focus of PharmaSGP's overall product portfolio and clearly the most important category with a share of 84.6 % of total revenues (prior year: 74.7 %).

Revenue "Health Brands" in € million



Revenues in the German-speaking markets of Germany and Austria increased by € 4.2 million. This equates to a growth rate of 20.3 %. The growth in the other European markets was even stronger with a growth rate of 29.9 %, an increase in revenues of € 0.8 million. Key factors for both of these developments were the successful product launches within the RubaXX® brand in Germany and Austria as well as the strong development of the Restaxil® brand portfolio both in the German-speaking countries and the other European markets.

Revenue "Beauty Brands" in € million



As expected, the **"Beauty Brands" category** developed less favourable by posting a 31.8 % decline in revenues of € 2.4 million. Revenues in the German-speaking countries decreased by € 1.5 million or 36.6 %. Revenues in the other European markets decreased by € 0.9 million or 25.7 %.

The **Group's other operating income** increased to € 1.5 million (prior year: € 0.1 million), mainly due to reimbursement claims for consulting and other services in connection with preparations for the IPO. This claim of PharmaSGP existed against FUTRUE and MVH. These expenses in connection with the preparation of the IPO are included in other operating expenses in the same amount (see below).

The cost of **raw materials, consumables and finished goods** decreased by 9.2 % to € 2.8 million (prior year: € 3.0 million). The reason for this is a change in product mix as well as the costs of € 0.4 million charged on to FUTRUE and its subsidiaries included in the previous year. As a result, the cost of materials as a percentage of revenues was 8.2 % (previous year: 9.6 %); the gross margin improved accordingly to 91.8 % (prior year: 90.4 %).

Personnel expenses increased by € 0.5 million to € 1.7 million (prior year: € 1.2 million) in line with the expected growth and the transfer of 26 employees from the FUTRUE Group. The company had 53 employees (full-time equivalent) as of 30 June 2020 (30 June 2019: 30). The ratio of personnel expenses to revenues was 5.0 % (prior year: 3.8 %).

Other operating expenses increased to € 21.3 million in the reporting period 2020 (prior year: € 18.1 million). This increase is due to the expenses for consulting and other services of € 1.5 million incurred in the course of preparations for the IPO. There is a corresponding reimbursement claim against FUTRUE and MVH for these expenses (see also the comments on "Other operating income"). In addition, one-time effects for consulting services and fees for the corporate and organizational structuring of the Group amounted to € 1.1 million. Marketing expenses increased to € 15.9 million (prior year: € 15.5 million). PharmaSGP strengthened its marketing activities in the course of the overall expansion of business activities in Germany and abroad as well as the launch of new products in the 2020 reporting period. As a percentage of revenues, marketing costs amounted to 47.1 % (prior year: 49.2 %) and are thus within the company's planning range.

Earnings development: adjusted EBIT grows significantly faster than revenues

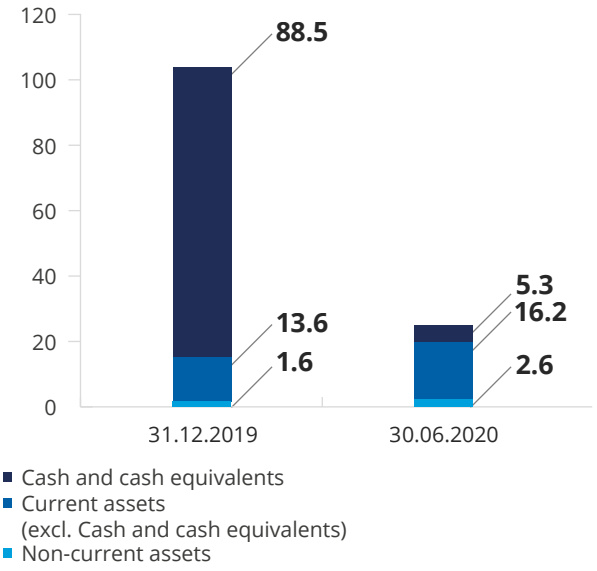
In € thousand	H1 2019	H1 2020	Change
Adjusted EBIT	**9,045**	**10,648**	**17.7 %**
Adjusted EBIT margin	28.7 %	31.5 %	
One-time effects		1,124	
Unadjusted EBIT	**9,045**	**9,524**	**5.3 %**
Unadjusted EBIT margin	28.7 %	28.2 %	

As a result of the overall very positive business performance in Germany and abroad, **earnings before interest and taxes (adjusted EBIT)** adjusted for one-time effects increased by 17.7 % to € 10.6 million (prior year: € 9.0 million). The adjusted EBIT margin as a percentage of revenues thus increased to 31.5 % (prior year: 28.7 %). One-time effects amounted to € 1.1 million and comprise consulting fees and fees for the corporate and organizational structuring of the Group. Unadjusted EBIT amounted to € 9.5 million, which equates to an unadjusted EBIT margin of 28.2 %.

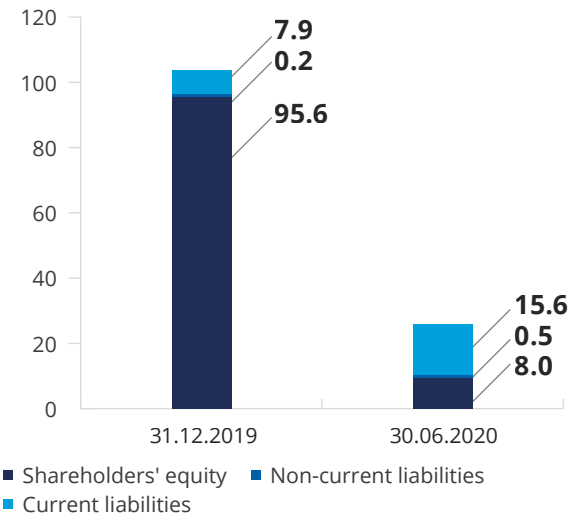
Income tax expenses amounted to € 2.4 million (previous year: € 2.2 million). This results in **profits for the period** for the first half of 2020 of € 7.1 million (prior year: € 6.9 million).

2.3.2 Asset position of the Group

Assets in € million



Equity and Liabilities in € million



The **total assets** of PharmaSGP decreased to € 24.1 million as of 30 June 2020, compared to the end of 2019 (31 December 2019: € 103.7 million). The main reason for this is the payment of a dividend to FUTRUE and MVH from retained earnings of the PharmaSGP companies accumulated in prior years and a corresponding reduction in **cash and cash equivalents** to € 5.3 million (31 December 2019: € 88.5 million). On the other hand, trade receivables increased. As a result of the general expansion of business, they amounted to € 13.2 million as of the balance sheet date (31 December 2019: € 10.9 million). Inventories increased by € 0.4 million to € 2.5 million when compared to 31 December 2019, in line with the course of business. As a result, **current assets** totalled € 21.5 million as of 30 June 2020 (31 December 2019: € 102.1 million).

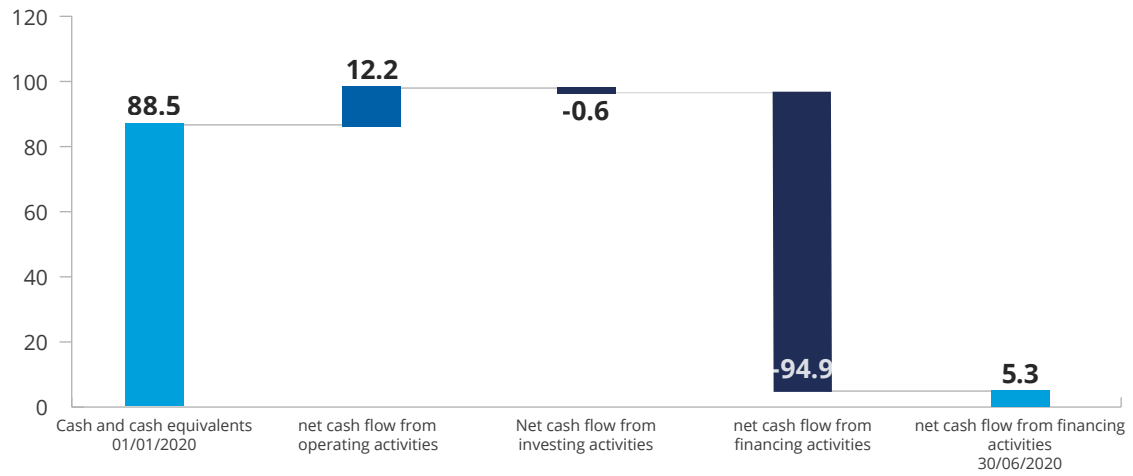
The **non-current assets** of PharmaSGP increased to € 2.6 million as of 30 June 2020 (31 December 2019: € 1.6 million). This development is based on a slight increase in intangible assets to € 1.5 million (31 December 2019: € 1.4 million), an increase in property, plant and equipment to € 0.3 million (31 December 2019: € 0) due to the sale of IT and office equipment from FUTRUE to PharmaSGP pre IPO and the increase in right-of-use assets to € 0.5 million (31 December 2019: € 0.3 million).

PharmaSGP's **equity** amounted to € 8.0 million as of 30 June 2020 (31 December 2019: € 95.6 million). The change is due to a dividend payment to FUTRUE and MVH in the first half of 2020. The **equity ratio** of PharmaSGP as of 30 June 2020, thus amounted to 33.0 % (31 December 2019: 92.1 %).

PharmaSGP's **liabilities** increased to € 16.1 million as of 30 June 2020 (31 December 2019: € 8.1 million). This increase is mainly due to an increase in current liabilities to € 15.6 million (31 December 2019: € 7.9 million). The main driver of this development was the increase in trade payables to € 10.2 million (31 December 2019: € 0.8 million), which mainly reflects an increase in liabilities to affiliated companies of the FUTRUE Group. In addition, other liabilities increased to € 2.4 million (31 December 2019: € 1.8 million), partly due to higher accruals for outstanding invoices and personnel cost provisions. In contrast, income tax liabilities decreased to € 1.6 million (31 December 2019: € 3.9 million).

2.3.3 Financial position of the Group

Cashflow in € million



At € 12.2 million, PharmaSGP's **net cash flow from operating activities** in the reporting period was at a level comparable to the previous year. Starting from profit for the period of € 7.1 million, an outflow of € 3.0 million resulted from the increase in trade receivables, inventories and other assets. At the same time, PharmaSGP recorded a cash inflow of € 10.1 million from the increase in trade payables and other liabilities and other (financial) liabilities. Due to the payment of taxes for fiscal years prior to 2020 and advance payments, there was a cash outflow for income tax payments in the amount of € 4.6 million.

Net cash flow from investing activities in the first half of 2020 amounted to € -0.6 million (prior year: € -0.2 million) from the purchase of IT and office equipment from FUTRUE as well as investments in intangible assets, among other things in connection with additional marketing authorization approvals.

The **net cash flow from financing activities** in the 2020 reporting period amounted to € -94.9 million and mainly reflects the outflow of funds for dividend payments from retained earnings from the past to FUTRUE and MVH in the amount of € 94.8 million as of 2 June 2020.

As of 30 June 2020, **cash and cash equivalents** amounted to € 5.3 million compared to € 88.5 million as of 31 December 2019.

2.3.4 Overall statement

PharmaSGP grew significantly in the first half of 2020 in an environment characterized by the COVID-19 pandemic and its consequences, contrary to the general market development, with revenues at 7.2 % and adjusted EBIT at 17.7 % compared to the previous year. With its business model and strategic approach, the company was able to maintain high revenues to end customers in the second quarter of 2020 as well. PharmaSGP also succeeded in increasing its adjusted EBIT margin by 2.8 percentage points to 31.5 % compared to the previous year. In addition, the company has a solid asset and financial position with an equity ratio of 33.0 % and € 5.3 million in cash and cash equivalents with negligible financial liabilities of € 0.5 million in the form of lease liabilities.

2.4 Opportunity and risk report

2.4.1 Risk management and the internal controll system

PharmaSGP's Risk Management System constitutes an integral part of its business management and covers individual organizational workflows at various levels and in relation to different types of risks. Business forecasting and management processes are an integral part of these systems. A comprehensive and overall assessment of the business risks to which PharmaSGP is exposed, in terms of their importance and potential impact, was made in the course of the IPO, which took place on 19 June 2020. All relevant organizational units identify and evaluate risks. The current risk management system is continuously expanded on the basis of this analysis.

PharmaSGP's compliance team, which includes the CFO and a compliance expert, has set up a Compliance Management System that will help to ensure that employees act lawfully. It is designed to identify potential violations in advance and systematically prevent their occurrence and is monitored by the PharmaSGP Compliance Officer. This Compliance System includes compliance audits, a compliance manual that defines the binding PharmaSGP compliance guidelines, regular training on relevant compliance risks and measures and adequate structures and processes to enable employees to report possible compliance violations.

Riskmanagement system for accounting process

The objective of the PharmaSGP Risk Management System with regard to the accounting and reporting process is to identify and assess risks that could conflict with the compliance of the consolidated financial statements. The Chief Financial Officer bears overall responsibility for the Internal Control and Risk Management System with regard to the accounting and reporting process. All companies included in the consolidated financial statements are integrated via a clearly defined management and reporting organization. The separate financial statements of PharmaSGP Holding SE and its subsidiaries are prepared in accordance with the provisions of the German Commercial Code (HGB) and reconciled into financial statements in accordance with IFRS.

The purpose of the Group accounting guidelines and Group accounting is to ensure uniform accounting and valuation based on the regulations applicable to PharmaSGP Holding SE. The monthly consolidation process is based on the SAP ERP environment and supported by special consolidation software. Automatic plausibility checks are carried out during data entry to ensure data consistency. Control activities also include the analysis and, if necessary, correction of the separate financial statements submitted by the subsidiaries. Other key elements of risk control in the accounting process are the separation of functions between input, review and approval and a clear assignment of responsibilities in the divisions. Furthermore, the dual control principle must be applied at all process levels.

The structures, processes and features of the Internal Control and Risk Management System described above ensure that the PharmaSGP accounting guidelines are consistently applied and comply with the legal requirements, the relevant principles of proper accounting, international accounting standards and internal guidelines.

2.4.2 Risk report

Similar types of risks are grouped into categories and presented in the order of their risk exposure level as follows:

- Market-related risks
- Regulatory risks
- Strategic risks
- Risks related to the product portfolio
- Business performance risks
- Legal risks

Market-related risks

PharmaSGP develops and distributes chemical-free OTC drugs and other healthcare products such as dietary supplements and skin care products. PharmaSGP focuses its drugs on indications with chronic conditions and on natural active ingredients with documented efficacy. Should demand for these products decline or competitive pressure increase in the markets in Germany or other European countries, this could have a negative impact on the Group's business development. PharmaSGP counters this risk by systematically monitoring and analysing the growth drivers of the industry and the competitive situation in the product-related submarkets. In addition, the economic performance of the individual products and brands is subject to constant monitoring.

The COVID-19 pandemic represents a special situation. The European Commission warns that there will be a significant recession in 2020 in the countries PharmaSGP is active in. This type of recession could lead to a deterioration in purchasing power and consumer confidence. In addition, industry participants may adopt a more defensive approach in anticipation of a recession. For example, PharmaSGP assumes that, as a result of the COVID-19 pandemic, pharmaceutical wholesalers have reduced inventories, in April 2020, for example, thus reducing the sales levels of pharmaceutical companies temporarily.

Regulatory risks

PharmaSGP is required to comply with many different laws and regulations in its markets, including those relating to the development, manufacture, distribution, marketing and supervision of chemical-free OTC drugs and other healthcare products.

Before PharmaSGP is allowed to introduce a new drug, a marketing authorization must be obtained from the competent state authority. The procedure for obtaining such a marketing authorization can be complex and lengthy and there is no guarantee that PharmaSGP will actually obtain the necessary authorization. Even after a marketing authorization has been granted, the safety, efficacy and manufacture of PharmaSGP products, among other things, are regulated and thoroughly tested by national authorities. It may be necessary to submit safety and other post-marketing information and reports to ensure compliance with regulatory requirements. PharmaSGP is also required to report side effects, quality and production problems. The discovery of defects or non-compliance with legal requirements may lead to marketing or manufacturing restrictions, product recalls or other sanctions. PharmaSGP counters this risk with a quality assurance system implemented throughout the entire Group. This system is supervised by the "Quality Assurance" department, continuously developed and checked for compliance.

Any changes in the laws and regulations applicable to the development and distribution of chemical-free OTC drugs and other PharmaSGP healthcare products, as well as other aspects of PharmaSGP's business activities and platform, or changes in the application and interpretation of such laws and regulations by authorities and courts, may result in compliance costs, adjustment costs and other costs.

Strategic risks

I) Development risks associated with the expansion of the product portfolio

As part of its growth strategy, PharmaSGP constantly analyses the overall market situation in the target regions to identify attractive market opportunities. Once PharmaSGP has identified an opportunity, it compares the market demand with the current pipeline of non-marketed marketing authorizations or identifies suitable natural pharmaceutical active ingredients for the respective indication and develops an appropriate reformulation. However, there is no guarantee that PharmaSGP will be able to identify suitable market opportunities in the future and develop the formulation required to manufacture a corresponding product based on additional natural active ingredients. PharmaSGP therefore pursues a permanent and consistent, structured process of demand and market analysis to develop innovative new products.

II) Risks associated with market launches

If there are significant delays in bringing products to market, this could have a negative impact on PharmaSGP's revenues and earnings. A product that is considered promising at the beginning of its development cycle could become less attractive or PharmaSGP may not properly assess the potential market for new products. If PharmaSGP determines that it is not able to break even for a product within six months after the launch, no more media funding is invested in that particular product.

III) Risks of M&A activities

Part of PharmaSGP's growth strategy is to accelerate the pace of growth through selected strategic M&A activities. However, there is no guarantee that PharmaSGP will be able to identify attractive opportunities or successfully integrate the target companies. In order to counteract potential risks in this context, the internal experienced M&A project team is supported by external experts on a project-by-project basis. PharmaSGP has also strengthened its Management Board by adding Maria-Johanna Schaecher as Chief Business Development Officer. Mrs. Schaecher has around 30 years of experience in the management of international companies. From a variety of top management positions in the healthcare, biotech and pharmaceutical industries, she has significant operational experience in M&A, integration and international expansion. Based on this expertise within the Group, PharmaSGP expects to be able to comprehensively manage risks related to potential M&A activities.

IV) Risks associated with expansion into other european coutries

Besides Germany, PharmaSGP is also active in Austria, Italy, France, Belgium and Spain. The company plans to launch selected products from its present product portfolio as well as new product developments in current and future markets. However, such expansion efforts may not be as economically successful as hoped for for various reasons, including different consumer purchasing behaviour or a lower or lacking recognition of PharmaSGP's brands. PharmaSGP counters risks in foreign markets by working closely with local experts on relevant business processes, among other measures. In addition, PharmaSGP can rely on many years of expertise and experience with consumer behaviour, which it adapts to structurally comparable markets.

Risks associated with the product portfolio

I) Risks associated with brand awareness

PharmaSGP's business depends on brand strength and consumer awareness. Accordingly, PharmaSGP invests significantly in direct marketing to potential customers. The Group's revenues performance therefore depends on the effectiveness of the marketing measures. In addition, growing competition may make it more difficult for PharmaSGP to successfully market its products as the ideal natural treatment available. Furthermore, the perception of the brands may suffer if consumers distrust these brands in particular or chemical-free OTC products in general. PharmaSGP has years of experience in brand building and D2C marketing. PharmaSGP counteracts possible risks by closely monitoring the market and competition and by performance-based control of measures and activities.

II) Risks arising from high product concentration

PharmaSGP generates a significant share of its revenues from the sale of products of a few key brands. If the sales growth of these products were to slow down, this could have a negative impact on the Group's results. PharmaSGP counters this risk by constantly adding new brands and products to its portfolio as part of its growth strategy. In addition, market developments and the competitive situation, as well as alternative forms of treatment or regulatory measures, are analysed closely and on an ongoing basis in order to be able to counteract possible effects at an early stage.

Business performance risks

I) Sourcing- and Production risks

PharmaSGP is dependent on third parties for the supply of raw materials and other goods required for its chemical-free OTC and other healthcare products. External factors beyond PharmaSGP's control could adversely affect the availability of such raw materials. As a result, the required raw materials may not be available in sufficient quantities and at acceptable prices to keep pace with the demand for PharmaSGP's products. In addition, there is a risk that contract partners will not comply with standards for the manufacturing process and that PharmaSGP products will not be manufactured in accordance with PharmaSGP's specifications and applicable laws and regulations.

PharmaSGP counters this risk by maintaining a diversified portfolio of qualified third-party manufacturers, predominantly located in Germany. In addition, several third-party suppliers from other European countries are available for certain intermediate products. These are subject to a strict auditing process to qualify as PharmaSGP partners.

II) Logistics risks

After they are produced, PharmaSGP's products are stored by one logistics company per target region and distributed by this company. PharmaSGP is therefore dependent on these external logistics service providers for the timely delivery of its products to wholesalers and pharmacies to meet pharmacies' demand. Any interruption of the logistics chain due to the non-fulfilment of contractual obligations by these suppliers could lead to delays, increased costs and loss of revenue for PharmaSGP. In addition, rising storage and shipping costs could be passed on directly to PharmaSGP, which could have a negative impact on PharmaSGP's profitability. PharmaSGP counters this risk by regularly auditing its current partners and maintaining strong, long-term business relationships.

Legal risks

PharmaSGP's business success depends, among other factors, on its ability to maintain its intellectual property and to protect it against infringements by third parties. However, there is no guarantee that PharmaSGP has effective legal remedies for this or that legal remedies can be used properly. Unless adequate protection can be provided, competitors may market products similar to PharmaSGP's products. In addition, there is a risk that third parties may illegally distribute and sell counterfeit versions

of PharmaSGP's chemical-free OTC and other healthcare products that do not meet PharmaSGP's strict manufacturing and testing standards.

Furthermore, PharmaSGP is exposed to liability and damage risks that may occur in the course of its business activities and the distribution of pharmaceutical products, which are, however, limited by appropriate insurance policies. In addition, PharmaSGP has established a compliance structure that is under constant development to counteract potential risks from non-compliance with laws and regulations.

2.4.3 Opportunity report

The Management Board of PharmaSGP sees good opportunities for the company building on its position in Germany and its other European markets to continue to grow also in the current environment influenced by the COVID-19 pandemic and in the years ahead.

The market that PharmaSGP addresses is driven by significant, fundamental consumer trends. These include the demographic development, which is accompanied by an ageing society. At the same time, continuously increasing health awareness as well as the trends towards natural chemical-free drugs and increased self-medication can be seen in society.

With its focus on addressing target audiences directly and its broad portfolio with a continuous number of new products, PharmaSGP has developed a business model that can cope with structural market changes more successfully than that of many competitors. Speed of product launch, flexibility in the marketing approach, focus on the end consumer and innovations with high relevance are essential success factors for sustainable market success. This was confirmed by a study[2] conducted by the strategy consultancy Sempora Consulting, especially for the time since the emergence of the COVID-19 pandemic: In a performance comparison of Q1 vs. Q2 2020, PharmaSGP ranked first among nearly 50 OTC players in Germany.

In addition, PharmaSGP identified the following opportunities in particular:

Growth by increasing the numer of indications covered by the product offering

PharmaSGP plans to further expand its product portfolio in the future through extensive development and marketing activities. In the current fiscal year, the company intends to launch many new chemical-free OTC and other healthcare products. In the first six months of 2020, PharmaSGP already launched seven new products, including RubaXX® Cannabis Gel and MELISTON® in Germany and Restaxil® Gel and RubaXX® Plus in Austria. The Management Board intends to maintain this high level of product launches for the full year. For example, the launch of the drug RubaXX® Gout as well as a new drug for urination problems with enlarged prostate glands, Prostacalman® in Germany, are planned. Further new product launches are also planned in international markets, including the launch of the first drugs in France with Tipurex® tablets and Tipurex® drops for rheumatic pain and Lonvect® against sexual weakness.

In order to continue on this growth path in the future, new market launches are planned in the years to come. To this end, PharmaSGP is identifying new market opportunities in the form of chronic indications that are currently not covered by its product range. On the one hand, the company can draw on a pipeline of 37 marketing authorizations for various indications that are currently not marketed. In addition, PharmaSGP has already applied for nine new marketing authorizations, including seven outside Germany.

The Management Board believes there is large untapped demand for natural remedies for several common ailments. The company therefore plans to leverage its strong development and marketing expertise to introduce new chemical-free OTC and other healthcare products as a natural alternative for chronic indications in Germany and other European countries and thus to continue to grow.

Growth opportunities through the expansion of established brand families

PharmaSGP sees future growth potential not only in the introduction of products for new indications, but also in the expansion of its leading brand families. PharmaSGP's strategy is to expand the number of products marketed under these brands by introducing value-added variations of existing products (e.g. new dosage forms) or complementary products for new areas of application. For example, PharmaSGP originally marketed only drops against rheumatic pain under the RubaXX® brand. To build on the success of this product, PharmaSGP subsequently introduced seven additional chemical-free OTC and other healthcare products under this brand. These include a drug specifically for

[2] See the study by strategy consultancy Sempora Consulting on the performance comparison between OTC providers in Germany during the first half of 2020; study: https://www.sempora.com/files/pdf/200831 %20Performance-Report %20OTC %20Unternehmen.pdf

the treatment of arthritis, a dietary supplement for ligament and joint health and a cosmetic gel containing pure cannabidiol.

The Management Board is convinced that this expansion of the brand family will enable the company to increase the value of these strong brands to the maximum. PharmaSGP therefore plans to further expand its product range under the current and new brand families and to take advantage of related growth opportunities.

Enlarging PharmaSGP's european footprint

Due to the increasing demand for chemical-free OTC and other healthcare products, the Management Board believes that significant growth potential for PharmaSGP lies in other European countries. PharmaSGP is already active in Germany, Austria, Italy, France, Belgium and Spain. The breadth of the portfolio is still at the beginning, particularly in the latter four countries, which still offers great potential for further business expansion. In France, PharmaSGP recently received approvals for its chemical-free OTC drugs to treat rheumatic pain, sexual weakness and vertigo that have established leading market positions in Germany. The launch of these products is planned over the next few months.

The Management Board of PharmaSGP is of the opinion that there is high untapped demand for its chemical-free OTC products and other healthcare products in its other European markets as well and that the easily transferable business model will enable the company to establish strong market positions in these countries as well.

Expansion of the market position through targeted M&A activities

PharmaSGP is continuously evaluating potential acquisition targets to realize further growth options in addition to organic development. The focus is on those opportunities that make it possible to further expand current indications, add new indications and accelerate regional expansion. The key decision criterion here is the value enhancement potential that PharmaSGP can realize with an acquisition target. The Management Board is convinced that this strategy can contribute to the continuous growth of PharmaSGP on its way to becoming the leading European specialist for chemical-free OTC drugs.

2.4.4 Overall statement

No risks have been identified that could endanger the continued existence of the Group or the individual companies for the time period 2020 and the ability to continue as a going concern. In particular, PharmaSGP believes that it is very well positioned to continue to grow profitably with its business model even in times of the COVID-19 pandemic. The opportunities that arise are analysed on an ongoing basis and are to be taken advantage of as part of the consistent implementation of the strategy.

2.5 Report on expected developments

2.5.1 Expected development of the group

In the report on expected developments , the Management Board addresses the expected future development of PharmaSGP and the underlying assumptions in the fiscal year 2020 to the extent possible.

In a macroeconomic as well as industry-related market environment, which will continue to be characterized by uncertainties in the second half of 2020 due to the COVID-19 pandemic, the Management Board expects to see the PharmaSGP Group develop positively for the full year 2020. This assumption is based on the good market positioning as well as many new product launches, especially the upcoming launches of the first drugs in the French market. With a view to the full year 2020, the Management Board therefore expects to be able to increase the revenue growth rate of the first half of 2020 and increase the adjusted EBIT margin of the first half of 2020. These expectations are based on the assumption that there will not be another comprehensive lockdown in the second half of 2020 in connection with the COVID-19 pandemic in PharmaSGP's target markets and that product launches will take place as planned.

2.5.2 Forward-looking statements

This report contains forward-looking statements that are based on the information available at the time that this report was prepared. Such statements are subject to risks and uncertainties. The risks discussed in this report and other factors can cause the actual results, financial position, developments or performance of the company to differ materially from the estimates provided here.

PHARMA SGP

Interim Consolidated Financial Statements

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Interim Consolidated Financial Statements

Consolidated Statements of Profit or Loss and Other Comprehensive Income for the six months ended 30 June 2020 and 30 June 2019

	Notes	6 months ended at	
in € thousand		30 June 2020	30 June 2019
Revenues	5.1	33,809	31,551
Other operating income	5.2	1,659	50
Raw material, consumables and finished goods		-2,757	-3,036
Personnel expenses		-1,683	-1,183
Depreciation and amortization		-216	-194
Other operating expenses	5.3	-21,289	-18,142
EBIT		**9,524**	**9,045**
Finance income	5.4	4	18
Finance expenses	5.4	-71	-3
Profit before taxes		**9,457**	**9,061**
Income tax expense	5.5	-2,351	-2,176
Profit for the period		**7,106**	**6,885**
of which attributable to shareholders of PharmaSGP Holding SE		7,106	6,885
Other Comprehensive Income		-	-
Total Comprehensive Income		**7,106**	**6,885**
of which attributable to shareholders of PharmaSGP Holding SE		7,106	6,885
Basic and diluted earnings per share (EUR):	4.5	0.59	0.57

Consolidated Statement of Financial Position / Assets

in € thousand	Notes	30 June 2020	31 December 2019
Assets			
Non-current assets			
Intangible assets		1,515	1,394
Property plant and equipment		314	-
Right-of-use assets	4.2	480	254
Other non-current financial assets		60	-
Deferred tax assets	5.5	264	-
Total non-current assets		**2,634**	**1,648**
Current assets			
Inventories		2,538	2,069
Trade and other receivables	4.3	13,214	10,885
Other assets		241	102
Income tax assets		239	534
Cash and cash equivalents	4.1	5,260	88,476
Total current assets		**21,493**	**102,093**
Total assets		**24,126**	**103,741**

Consolidated Statement of Financial Position / Liabilities

in € thousand	Notes	30 June 2020	31 December 2019
Shareholders' equity and liabilities			
Shareholders' equity	4.4		
Subscribed capital		12,000	-
Reserves attributable to shareholders		-11,133	-
Result of the period		7,106	-
Net assets attributable to shareholders[1)]		-	95,580
Total shareholders' equity		**7,972**	**95,580**
Non-current liabilities			
Non-current provisions		6	-
Non-current lease liabilities	4.7	249	-
Deferred tax liabilities		228	219
Total non-current liabilities		**483**	**219**
Current liabilities			
Provisions		669	738
Trade payables	4.8	10,198	811
Other liabilities		2,428	1,780
Financial liabilities		503	441
Lease liabilities	4.7	232	254
Income tax liabilities		1,641	3,919
Total current liabilities		**15,671**	**7,942**
Total shareholders' equity and liabilities		**24,126**	**103,741**

[1)]As of 31 December 2019, PharmaSGP Group was not a legally separable subgroup for which consolidated financial statements had to be prepared according to IFRS 10. Therefore, as of 31 December 2019, Combined Financial Statements were prepared in which Net assets atrributable to shareholders were presented.
See Note 1 Basis of preparation and Note 4.4 Equity in the accompanying Notes.

Consolidated Statement of Changes in Equity as of 30 June 2020 and 30 June 2019

in € thousand	Notes	Share capital	Reserves attributable to shareholders	Accumulated results	Net assets attributable to shareholders[1]	Total equity attributable the share-holders of PharmaSGP Holding SE
As of 01 January 2019					**84,374**	**84,374**
Profit for the period					6,885	6,885
Dividends					0	0
as of 30 June 2019					**91,259**	**91,259**
As of 01 January 2020					**95,580**	**95,580**
Profit for the period				7,106		7,106
Shareholder contributions and distributions		120				
Dividends	4.4				-94,833	-94,833
Allocation of net assets based on the legal structure		11,880	-11,133		-747	0
As of 30 June 2020	**4.4**	**12,000**	**-11,133**	**7,106**	**0**	**7,972**

[1] As of 31 December 2019, PharmaSGP Group was not a legally separable subgroup for which consolidated financial statements had to be prepared according to IFRS 10. Therefore, as of 31 December 2019, Combined Financial Statements were prepared in which Net assets atrributable to shareholders were presented.
See Note 1 Basis of preparation and note 4.4 Equity in the accompanying Notes.

Consolidated Statements of Cash Flow for the 6 months ended as at 30 June 2020 and 30 June 2019

	Note	6 months ended at	
in € thousand		**30 June 2020**	**30 June 2019**
Profit for the period		7,106	6,885
Depreciation, amortization and impairment of intangible assets, PPE and right-of-use assets		216	194
(Increase) / decrease in trade and other receivables, inventories and other assets		-2,970	262
Increase / (decrease) in trade and other payables and other (financial) liabilities		10,098	2,382
Increase / (decrease) in provisions		-63	165
Interest expense		71	3
Interest income		-4	-18
Income tax expense		2,351	2,176
Income tax payments		-4,589	79
Interest received		4	18
Net cash flows from operating activities		**12,219**	**12,146**
Payments for investments in intangible assets and PPE		-552	-212
Cash flows from investing activities		**-552**	**-212**
Dividends paid	4.4	-94,833	0
Repayment of lease liabilities	4.7	-99	-120
Interest paid		-71	-3
Payments (to) / from shareholders	4.4	120	0
Net cash flow from financing activities		**-94,884**	**-122**
Net increase / (decrease) in cash and cash equivalents		**-83,216**	**11,811**
Cash and cash equivalents as at 1 January		88,476	77,008
Cash and cash equivalents as at 30 June		**5,260**	**88,820**

Explanatory Notes to the Interim Condensed Consolidated Financial Statements

1. Basis of preparation

1.1 Background and general information

PharmaSGP Holding SE (hereafter also referred to as the "Company" or "SGP SE") with its registered office at Lochhamer Schlag 21, Gräfelfing, Germany is a European Company (Societas Europaea, "SE") with its primary activities in the healthcare business in Germany and other European countries. The Company is registered in the commercial register of the Munich Local Court under HRB 255684.

Since May 2020, the Company is the holding company of a group of companies operating in the healthcare industry. Its operating subsidiaries are PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH (hereafter including SGP SE also referred to as the "PharmaSGP Group" or the "Group").

The Group is a consumer health company with a broad portfolio of chemical free non prescription pharmaceuticals sold over the counter ("OTC") and other healthcare products. Its core brands cover chronic indications, including pain and other age related ailments. The Group's OTC products are based on natural active pharmaceutical ingredients ("APIs").

SGP SE was founded on 21 November 2019 and in preparation of the Initial Public Offering (IPO) acquired by FUTRUE GmbH, Gräfelfing ("FUTRUE") and MVH Beteiligungs- und Beratungs-GmbH, Gräfelfing („MVH") on 6 March 2020. On 30 April 2020, the Company's shareholders' meeting resolved to increase the Company's share capital by way of a capital increase against contributions in kind from EUR 120 thousand by EUR 11,880 thousand to EUR 12,000 thousand by issuing 11,880,000 new bearer shares. All new shares were subscribed for by FUTRUE and MVH. In turn, FUTRUE and MVH contributed their entire shareholdings in each of PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH as contribution in kind.

On 8 June 2020, SGP SE filed an application for admission of securities to trading on the Regulated Market of the Frankfurt Stock Exchange.

SGP SE's shares are listed on the Regulated Market and the Regulated Market sub-segment (Prime Standard) of the Frankfurt Stock Exchange under German Securities Code (WKN) A2P4LJ, International Securities Identification Number (ISIN) DE000A2P4LJ5 and ticker symbol PSG. First day of trading was on 19 June 2020.

The Interim Condensed Consolidated Financial Statements as of 30 June 2020 ("interim consolidated financial statements") are unaudited. They were reviewed by an auditor within the meaning of section 115 of the WpHG and were authorized by the Management Board by resolution dated 29 September 2020.

1.2 Consolidated financial statements and compliance with IFRS

First time adoption of IFRS

The Group prepared combined financial statements in accordance with IFRS as adopted by the EU as of and for fiscal years ended on 31 December 2019, 31 December 2018, and 31 December 2017 (hereafter also referred to as the "annual combined financial statements"). The Group's date of transition to International Financial Reporting Standards (IFRS) is 1 January 2017.

The annual combined financial statements together with the condensed combined interim financial statements as of and for the three months that ended on 31 March 2020 (hereafter also referred to as the "interim combined financial statements") were published in the context of the IPO of PharmaSGP Holding SE in a listing prospectus, which is available on SGP SE's website.

Annual and interim combined financial statements

The annual and interim combined financial statements consisted of the three companies, PharmaSGP GmbH, Restaxil GmbH and Remitan GmbH.

The scope of the interim combined financial statements changed compared to the Group's annual combined financial statements as SGP SE is now part of the Group beginning on 6 March 2020. SGP SE has been founded as a shell company in November 2019. The balance sheet as of 6 March 2020 includes mainly cash (EUR 120 thousand) and fully paid in equity (EUR 120 thousand).

Interim consolidated financial statements

Subsequent to the signing of the contribution and transfer agreement dated 30 April 2020, the group prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

SGP SE is the holding company of the Group. The Group's business is conducted by PharmaSGP GmbH, Restaxil GmbH and Remitan GmbH. The interim consolidated financial statements include all companies controlled by the Company, either directly or indirectly, as defined by IFRS 10.

The comparative information presented in the interim consolidated financial statements is derived from the presentation in the combined financial statements.

The interim consolidated financial statements are presented in EUR. Unless otherwise indicated, amounts are shown in thousands of Euros (EUR '000). Due to the rounding of figures, it is possible that individual items and percentages do not add up to the totals indicated.

Preparing the interim consolidated financial statements requires the Management Board to make judgements, estimates and assumptions concerning the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any changes in estimates are recognized prospectively.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group´s annual combined financial statements.

2. Summary of significant accounting policies

2.1 Changes in accounting principles

Except for the changes described in Note 2.4, the same accounting policies were applied in these interim consolidated financial statements as in the Group´s annual combined financial statements. For more information about the Group's accounting policies, please refer to the Notes to the annual combined financial statements.

2.2 Earnings per share

Earnings per share are presented for the first time in the interim consolidated financial statements. Earnings per share are computed by dividing profit for the period attributable to the ordinary shareholders of SGP SE by the weighted number of outstanding shares of SGP SE. Earnings per share are also reported for the comparable period, assuming the same number of shares for both the reporting period and the comparable period.

2.3 Income Taxes

In accordance with IAS 12, income taxes, current and deferred income taxes are recognized for the purpose of the interim consolidated financial statements taking into consideration local tax requirements. In interim periods, tax expense is based on the current estimated annual effective tax rate of the Group.

2.4 Effects of new or amended financial standards and interpretations

In the first half of 2020, the Group observed and, where relevant, applied the pronouncements and amendments of pronouncements issued by the IASB, and endorsed by the EU, with an initial application date of 1 January 2020. These changes do not have a material impact on the presentation of the Group's net assets, financial position, results of operations and cash flows.

The Group did not early adopt standards and interpretations as well as amendments to existing standards and interpretations issued by the International Accounting Standards Board (IASB) and endorsed by the EU whose application was not yet mandatory.

The Group does not expect any material effect from the application of any standards, amendments to standards and interpretations issued but not yet mandatory in the reporting period.

3. Segment information

The Group has one operating segment including all products of the Group companies. This assessment is based on information reported to the Group's Chief Operating Decision Maker (CODM) for the purpose of assessing segmental performance and resource allocation. The Management Board is the CODM and monitors the entity's performance. Performance is measured using revenues and for one-time effects adjusted earnings before interest and taxes ("adjusted EBIT") as key performance indicators to assess the success of the Group's business. Segment Assets are presented in the interim condensed consolidated statement of financial position. For segment profit, please refer to the management report, section earnings position of the Group.

Geographical information

	six months ended at	
Revenue in € thousand	**30 June 2020**	**30 June 2019**
Germany	24,567	23,427
Italy	4,108	3,391
Other European countries[1]	5,134	4,733
Total	**33,809**	**31,551**

[1]Comprises: Austria, France, Belgium and Spain

The Group has maintained business relationships with its logistic partners per country. The general structure of its customers is unchanged compared to fiscal year 2019.

4. Notes to the interim condensed consolidated statement of financial position

4.1 Cash and cash equivalents

Cash and cash equivalents represent cash balances at different banks. As of 30 June 2020 and 31 December 2019, there were no term deposits, bank overdrafts and no restricted cash.

The interim condensed consolidated statement of cash flows show how cash and cash equivalents held by the Group changed in the respective period. Cash flows are classified for this purpose in accordance with IAS 7 as cash flow from operating activities, investing activities and financing activities. Cash for the purpose of the cash flow statement equals the amount in the consolidated statements of financial position line item.

Cash and cash equivalents decreased from EUR 88,476 thousand as of 31 December 2019 to EUR 5,260 thousand as of 30 June 2020 mainly due to the payment of dividends. Please refer to Note 4.4 Equity.

4.2 Right-of-use assets

Effective 31 March 2020, the existing real estate lease contract between FUTRUE and the Group companies has been terminated and as a consequence the corresponding right-of-use asset and lease liability have been derecognized. Starting as of 1 April 2020, the Group has entered into a new lease agreement for the next two years and four months with a third party lessor, which resulted in an increase of the right-of use asset of an amount of EUR 521 thousand.

4.3 Trade and other receivables

Trade and other receivables increased compared to 31 December 2019 by EUR 2,329 thousand mainly due to a sales driven increase in trade receivables (related to German market sales as well as international sales).

4.4 Equity

SGP SE was founded as a shell company on 21 November 2019 and in preparation of the IPO was acquired by FUTRUE and MVH on the 6 March 2020. The balance sheet as of 6 March 2020 includes mainly cash (EUR 120 thousand) and fully paid in equity (EUR 120 thousand).

Contribution and transfer agreement

On 30 April 2020, the shareholders meeting resolved to increase the Company's share capital by way of a capital increase against contributions in kind from EUR 120 thousand by EUR 11,880 thousand to EUR 12,000 thousand by issuing 11,880,000 new bearer shares with no par value (Stückaktien), each such share representing a notional value of EUR 1. All new shares were subscribed for by FUTRUE and MVH, with FUTRUE subscribing for 90 % of the newly issued shares and MVH subscribing for the remaining 10 % of the newly issued shares. In turn, FUTRUE and MVH contributed their entire shareholdings in each of PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH as contribution in kind. The capital increase was registered in the commercial register (Handelsregister) of the local court (Amtsgericht) of Munich, Germany, on 8 May 2020.

Dividends

On 28 April 2020, shareholders meetings of PharmaSGP GmbH, Restaxil GmbH and Remitan GmbH resolved to distribute a total amount of EUR 94,833 thousand as dividend to FUTRUE and MVH. The dividend was fully paid on 2 June 2020, prior to the IPO.

Initial Public Offering (IPO)

On 8 June 2020, SGP SE filed an application for admission of securities to trading on the Regulated Market of the Frankfurt Stock Exchange.

SGP SE's shares are listed on the Regulated Market and the Regulated Market sub-segment (Prime Standard) of the Frankfurt Stock Exchange under German Securities Code (WKN) A2P4LJ, International Securities Identification Number (ISIN) DE000A2P4LJ5 and ticker symbol PSG. First day of trading was on 19 June 2020. On 18 June 2020, the final offer price was set at EUR 31.50 per share, which corresponds to a market capitalization of EUR 378,000 thousand.

In total, 4,025,000 shares were sold to new shareholders from FUTRUE and MVH in a base deal, including 525,000 shares for over-allotments ("Greenshoe option"). Thus, the majority of the shares (66.5 %) continued to be held by the shareholders FUTRUE and MVH.

Authorized capital, conditional capital and authorization of purchasing and selling treasury shares

As of 30 June 2020, PharmaSGP Holding SE does not hold any of its own shares, nor does a third party hold any shares of PharmaSGP Holding SE on behalf of, or for the account of, PharmaSGP Holding SE. As of 30 June 2020, the management board is authorized to acquire treasury shares of PharmaSGP Holding SE on or prior to 27 May 2025 in an amount of up to 10 % of the share capital of PharmaSGP Holding SE existing at the time of the granting the authorization (28 May 2020) or – if this value is lower – at the time of its exercise.

As of 30 June 2020, total authorized capital of PharmaSGP Holding SE is EUR 6,000 thousand, issuable on one or more occasions until 27 May 2025 by issuing new bearer shares with no par value against contributions in cash and/or in kind. In addition, as of 30 June 2020, PharmaSGP Holding SE's conditional capital is EUR 6,000 thousand or 6,000,000 new bearer shares. It can be used for serving bearer and/or registered convertible bonds and/or option bonds.

Domination and Profit and Loss transfer agreements

Effective from 1 July 2020 profit and loss transfer agreements were entered into between SGP SE and the operating companies, PharmaSGP GmbH, Restaxil GmbH and Remitan GmbH.

Others

For the interim reporting period that ended on 30 June 2020, in the interim condensed consolidated statement of changes in equity, capital reserves and retained earnings are presented net within reserves attributable to shareholders. For purposes of the consolidated financial statements at 31 December 2020, capital reserves and retained earnings will be presented separately based on the then prepared annual financial statements of PharmaSGP Holding SE. Capital reserves will ultimately amount to the difference between the fair value of the contributions in kind of PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH and the share capital of EUR 12,000 thousand.

The negative amount shown within reserves attributable to shareholders as at 30 June 2020 is a result of the required allocation of the net assets attributable to shareholders as presented in the annual and interim combined financial statements to the equity structure and line items as required for consolidated financial statements, particularly share capital in the amount of EUR 12,000 thousand, as at 30 June 2020.

4.5 Earnings per share

Earnings per share are computed by dividing profit for the period attributable to the ordinary shareholders of SGP SE by the number of weighted outstanding shares of SGP SE. For the interim reporting period that ended on 30 June 2020 12,000,000 shares are the basis for calculating earnings per shares. There are no effects from dilution.

4.6 Long-term variable compensation

To align the interests of the members of the Management Board with those of other stakeholders of the Company, a long term variable compensation is granted in the form of virtual performance share units ("PSUs"), which are awarded to the members of the Management Board.

The definitive number of virtual PSUs varies depending on the development of the Group's EBITDA (defined as earnings before interest, income tax expense, depreciation and amortization), of its share price performance throughout the respective period as well as on the number of executed target acquisitions. The fair value of the cash payout is defined as the final number of PSUs multiplied by the then prevailing share price. The long term variable compensation is granted in annual tranches for a performance period of four years (applicable for the fiscal year that ends on 31 December 2021 and thereafter).

For the long term variable compensation granted with respect to the fiscal year ending on 31 December 2020, the Supervisory Board has resolved on certain modifications including an increase of the target value per member of the Management Board as well as a performance and vesting period of three years. The number of expected PSUs is based on the best estimate of expected EBITDA and the expected share price.

As of 30 June 2020, the provision for the long-term incentive amounted to EUR 6 thousand.

4.7 Lease liabilities

The lease liabilities were EUR 254 thousand as of 31 December 2019.

Effective 31 March 2020 a real estate lease contract between FUTRUE and the Group for office space has been terminated. Starting as of 1 April 2020, the Group has entered into a new lease agreement for the next two years and four months with a third-party lessor, which resulted in an increase of the lease liability of an amount of EUR 521 thousand.

4.8 Trade payables

Trade payables increased compared to 31 December 2019 by EUR 9,387 thousand. This increase is mainly driven by increased liabilities against other FUTRUE group companies and increased inventory.

5. Notes to the Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

5.1 Revenue

Compared to the six months that ended on 30 June 2019, revenue excluding charges to other FUTRUE group companies increased by 8.5 %, driven by intensified marketing activities, resulting in increased sales volumes from existing brands and launches of new products.

Revenues from health brands amounted to EUR 28,612 thousand (half-year 2019: EUR 23,553 thousand) and revenues from beauty brands amounted to EUR 5,173 thousand (half-year 2019: EUR 7,586 thousand).

To a minor extent (H1 2020: EUR 20 thousand; H1 2019: EUR 412 thousand) revenue also includes purchased materials and services charged to other FUTRUE group companies.

5.2 Other operating income

In the six months reporting period that ended on 30 June 2020, other operating income is mainly related to IPO consulting services and other IPO related costs charged to FUTRUE and MVH. A corresponding amount has been accounted for in other operating expenses.

5.3 Other operating expenses

Marketing expenses increased in the reporting period six months that ended on 30 June 2020 compared to 30 June 2019 from EUR 15,528 thousand to EUR 15,936 thousand in line with revenue development and new product launch activities.

Additionally, expenses for IPO consulting services and other IPO related costs amounting to EUR 1,586 thousand and one-time costs related to the establishment of the new corporate structure of the Group amounting to EUR 1,124 thousand are included (half-year 2019: EUR 0 thousand).

5.4 Finance income and expense

Finance expense consist mainly of negative interest on cash balances and interest on tax payables.

5.5 Income taxes and deferred taxes

The estimated average annual tax rate for the six month period that ended on 30 June 2020 is 24.9 % compared to 24.0 % for the six months that ended on 30 June 2019. The major components of income tax expense in the Interim Condensed Consolidated Statements of and Other Comprehensive Income are:

	six months ended at	
in € thousand	**30 June 2020**	**30 June 2019**
Current income tax expense	-2,615	-2,131
Deferred tax income/ loss relating to the origination and reversal of temporary differences and tax losses	264	-45
Income tax expense recognized in the Profit and Loss Statement	**-2,351**	**-2,176**

In the interim reporting period, a deferred tax asset in the amount of EUR 264 thousand related to losses incurred in SGP SE was recognized, which is expected to be recovered within the next reporting period.

5.6 Financial instruments and financial risk management

Additional disclosure on financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. Due to their short-term nature the carrying amounts of all current financial assets and liabilities in the table below approximate their fair value. Non-current financial assets and liabilities represent mainly lease deposits and liabilities resulting from leasing agreements, the carrying amounts also approximate the fair value of these assets and liabilities.

Financial instruments as of 30 June 2020 and 31 December 2019 were as follows:

in € thousand	Carrying amount	Category in accordance with IFRS 9	IFRS 16	Fair value
31 December 2019				
Financial assets				
Current financial assets				
Trade and other receivables	10,885	Amortized costs		10,885
Cash and cash equivalents	88,476	Amortized costs	-	88,476
Financial liabilities				
Non-current financial liabilities				
Lease liabilities			-	
Current financial liabilities				
Financial liabilities	441	Amortized costs		441
Lease liabilities			254	
Trade payables	811	Amortized costs		811

in € thousand	Carrying amount	Category in accordance with IFRS 9	IFRS 16	Fair value
30 June 2020				
Financial assets				
Non-current financial assets				
Other non-current financial assets	60	Amortized costs		60
Current financial assets				
Trade and other receivables	13,214	Amortized costs		13,214
Cash and cash equivalents	5,260	Amortized costs		5,260
Financial liabilities				
Non-current financial liabilities				
Lease liabilities			249	
Current financial liabilities				
Financial liabilities	503	Amortized costs		503
Lease liabilities			232	
Trade payables	10,198	Amortized costs		10,198

The carrying amounts of each of the measurement categories listed above and defined by IFRS 9 as of 30 June 2020 and 2019 are as follows:

in € thousand	30 June 2020	31 December 2019
Financial assets measured at amortized cost	18,534	99,361
Financial liabilities measured at amortized cost	10,701	1,252

As the Group does not meet the criteria for offsetting, no financial instruments are netted.

6. Related party disclosures

Related party transactions between the Group and FUTRUE mostly consist of recurring transactions based on service agreements and transactions related to a cost sharing agreement in conjunction with the IPO of the Group.

Service agreements between the Group and FUTRUE and its subsidiaries mostly cover media services, IT services and to a minor extent selling and research as well as other services. Related to media services, trade payables in the amount of EUR 7,128 thousand and expenses in the amount of EUR 15,705 thousand have been accounted for as of 30 June 2020.

Based on the cost sharing agreement, IPO consulting services and other IPO related costs in the amount of EUR 1,369 thousand have been charged to FUTRUE. In addition, costs related to the establishment of the new corporate structure of the Group amounting to EUR 268 thousand have been passed on from FUTRUE to SGP SE in the six months period that ended on 30 June 2020.

Business and office equipment have been sold from FUTRUE to the Group in the amount of EUR 351 thousand in the six months period that ended on 30 June 2020.

Related to the cost sharing agreement in conjunction with the IPO, trade receivables in the amount of EUR 556 thousand and trade payables in the amount of EUR 736 thousand have been accounted for as of 30 June 2020.

Effective 31 March 2020 a real estate lease contract between FUTRUE and the Group for office space has been terminated. Starting as of 1 April 2020, the Group has entered into a new lease agreement for the next two years and four months with a third-party lessor.

On 28 April 2020, the shareholders' meeting of PharmaSGP GmbH, Restaxil GmbH and Remitan GmbH resolved to distribute a dividend in the total amount of EUR 94,833 thousand to FUTRUE and MVH. Before the IPO, the dividend was fully paid on 2 June 2020. Please refer to Note 4.4 Equity.

7. Events after the reporting period

On 28 July 2020, the Supervisory Board appointed Maria-Johanna Schaecher a new member of the Management Board. She expands the existing team from 16 September 2020 and will serve as CBDO (Chief Business Development Officer).

Gräfelfing, 29 September 2020

Natalie Weigand (CEO) Michael Rudolf (CFO)

Maria-Johanna Schaecher (CBDO)

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim consolidated financial statements for the period from 1 January 2020 to 30 June 2020 give a true and fair view of the assets, liabilities, financial position and Profit or Loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Gräfelfing, 29 September 2020

The Board of Management

Natalie Weigand (CEO)	Michael Rudolf (CFO)	Maria-Johanna Schaecher (CBDO)

Review Report

To PharmaSGP Holding SE, Munich

We have reviewed the Interim Condensed Consolidated Financial Statements comprising the interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Changes in Equity, Interim Condensed Consolidated Statement of cash flows, and selected explanatory notes, and the Interim Group Management Report, of PharmaSGP Holding SE, Munich for the period from 1 January to 30 June 2020, which are part of the interim financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The executive directors are responsible for the preparation of the Interim Condensed Consolidated Financial Statements in accordance with IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the Interim Condensed Consolidated Financial Statements and the Interim Group Management Report based on our review.

We conducted our review of the Interim Condensed Consolidated Financial Statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the Interim Condensed Consolidated Financial Statements are not prepared, in all material respects, in accordance with IFRS on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company's employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statement, we cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to believe that the Interim Condensed Consolidated Financial Statements are not prepared, in all material respects, in accordance with IFRS on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, 29 September 2020

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

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