

PharmaSGP: Expected business development in Q1 2021

- Group revenues of € 12.4 million and adjusted EBIT of € 2.0 million impacted by an overall market still significantly burdened by Covid-19
- Focus category “Health Brands” and category “Beauty Brands” report revenue developments in line with expectations
- Market environment in Q2 remains difficult due to Covid-19; second half expected to be much stronger as market recovers
- FY 2021 forecast confirmed

Gräfelfing, 18 May 2021 – PharmaSGP Holding SE has started its 2021 fiscal year as expected, based on preliminary results. While the first quarter of 2020 was not yet negatively impacted by the Covid-19 pandemic, the first quarter of 2021 reflected area-wide lockdowns in PharmaSGP markets. Accordingly, the company has recorded a reduction in revenues and earnings this year. In light of a market recovery expected in the second half of the year, this performance is in line with the Management Board’s planning for the year. At the same time, the Management Board identifies attractive opportunities for non-organic growth in the current market environment.

PharmaSGP’s business performance in the first three months of 2021 was significantly characterised by the negative effect of the Covid-19 pandemic on the overall non-prescription drug (OTC) market. The OTC market in Germany, PharmaSGP’s home market, registered a year-on-year decrease of -16.5 % in the first 15 weeks of 2021, according to data from consultancy SEMPORA. In line with this overall market trend, revenues in the strategically important “Health Brands” category reduced by 20.1 % to € 11.3 million (previous year: € 14.2 million). Despite the enormous challenges, revenues in foreign markets were stable to positive, in line with PharmaSGP’s regional expansion strategy. As expected, the revenue development in the “Beauty Brands” category was weak. In this by the pandemic severely affected category, the decrease in revenues in the first quarter amounted to 59.8 %, to a level of € 1.1 million (previous year: € 2.5 million). As PharmaSGP expected, Group revenues consequently reduced by a total of 26.2 % to € 12.4 million in the first quarter of 2021 (previous year: € 16.7 million). Owing to the lower revenue level, earnings before interest and taxes (adjusted EBIT),¹ adjusted for one-time costs and special effects, amounted to € 2.0 million (previous year: € 4.4 million). This corresponds to an adjusted EBIT margin (measured against revenues) of 15.9 % (previous year 26.2 %). Unadjusted EBIT amounted to EUR 1.6 million.

“In the first quarter of 2021, our target markets continued to be impacted by area-wide lockdowns. Firstly, this led to less customers in pharmacies overall. Secondly, we suspended new product launches in light of this situation,” notes CEO Natalie Weigand, commenting on the year-on-year trend. She is convinced of the business model’s

¹ One-time costs and special effects amounted to a total of € 0.4 million in Q1 2021 and € 0.1 million in Q1 2020 and include, among other items, costs for the corporate and organizational structuring of the PharmaSGP Group, as well as legal and consulting fees in connection with planned acquisitions.

prospects for success, despite the challenges posed by Covid-19: “We combine a scalable asset-light business model with our specialised D2C marketing strategy and high target group reach. However, the platform continues to offer us strategic growth opportunities in such extraordinary times as we are currently experiencing. For this reason, in addition to the organic expansion of our existing ‘Health Brands’, we are currently focusing on the acquisition and integration of established brands offering value creation potential.”

“Our platform enables us to maximise a product’s potential,” continues Michael Rudolf, CFO of PharmaSGP. “Firstly, by boosting sales through our effective D2C marketing. Secondly, we can achieve cost optimizations by integrating them into our efficient business model. By growing sales and optimizing margins we are creating added value for PharmaSGP and its owners.”

The further course of the Covid-19 pandemic represents a key factor for the overall development of PharmaSGP in 2021. With a look to relevant European OTC markets, PharmaSGP expects year-on-year growth to occur in the second half of the year at the earliest, assuming no renewed negative impact on PharmaSGP’s relevant OTC markets in Europe in the second half of 2021. For the 2021 fiscal year, the Management Board continues to anticipate revenues of between € 56 million and € 60 million, with a stable to slightly positive trend in the “Health Brands” category, and a decrease in the “Beauty Brands” business, as expected. The adjusted EBIT margin is anticipated to rise to between 27 % and 30 % compared to the 2020 fiscal year. Potential acquisitions are not included in the forecast.

PharmaSGP will publish the full first quarter 2021 announcement on 27 May 2021 on the Company’s website at ir.pharmasgp.com, within the “Publications” area.

OVERVIEW OF PRELIMINARY YEAR-ON-YEAR FINANCIALS

Group figures (in € million)	Q1 2021	Q1 2020	Δ
Revenues	12.4	16.7	-26.2 %
Adjusted EBIT ¹	2.0	4.4	-55.2 %
Unadjusted EBIT	1.6	4.3	-63.6 %
Adjusted EBIT margin ¹	15.9 %	26.2 %	
Unadjusted EBIT margin	12.7 %	25.8 %	

Revenues by regions (in € million)	Q1 2021	Q1 2020	Δ
Germany	8.1	12.1	-32.8 %
Italy	1.8	2.2	-17.8 %
Austria	1.7	1.2	33.1 %
Other European countries	0.8	1.2	-36.8 %

Share of revenues by regions	Q1 2021	Q1 2020	Δ
Germany	66.0 %	72.4 %	
Italy	14.6 %	13.2 %	
Austria	13.4 %	7.4 %	
Other European countries	6.0 %	7.0 %	

Revenues by product category (in € million)	Q1 2021	Q1 2020	Δ
Health Brands	11.3	14.2	-20.1 %
Beauty Brands	1.1	2.5	-59.8 %

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ABOUT PHARMASGP HOLDING SE

PharmaSGP is a leading consumer health company focusing on non-prescription pharmaceuticals sold over the counter (“OTC”). PharmaSGP’s products are sold exclusively through pharmacies. Its products are based on natural active pharmaceutical ingredients with documented efficacy and fewer known side effects than most chemical-based pharmaceuticals.

The Company’s core brands cover chronic indications, including rheumatic pain, nerve pain and other age-related ailments. In Germany, PharmaSGP is the market leader for systemic chemical-free pain remedies with its brand families RubaXX® for rheumatic pain and Restaxil® for neuralgic pain. Furthermore, PharmaSGP also offers leading products against sexual weakness and vertigo. Since introducing the first product from the current product portfolio in 2012, PharmaSGP has successfully established its business model in other European countries, including Austria, Italy, Belgium, Spain and France.

PharmaSGP generated revenues of € 63.2 million at an EBIT margin of 26.1 % in 2020.

In order to further expand its competitive position, PharmaSGP plans to increase the number of indications covered by PharmaSGP's product offering, leverage established brand families to introduce new chemical-free OTC and other healthcare products, increase PharmaSGP's European footprint, and accelerate its growth strategy especially by capitalizing on selected M&A opportunities.