

Interim Statement

Q3 2021

PharmaSGP at a Glance

PharmaSGP is a consumer health company with a diversified portfolio of leading over-the-counter (OTC) pharmaceuticals and other healthcare products.

PharmaSGP's OTC products cover highly relevant and chronic indications. In a structurally growing market, it has thereby been able to establish market-leading positions in many important indication areas, such as rheumatic and neuralgic pain or sexual weakness. In Germany for example, PharmaSGP is the market leader for systemic chemical-free OTC pain remedies with its brand families RubaXX® for rheumatic pain and Restaxil® for neuralgic pain (nerve pain).

With the acquisition of the established OTC brands Baldriparan®, Formigran®, Spalt® and Kamol® from GlaxoSmithKline Group in September 2021, PharmaSGP expands its portfolio through further market leaders in their category. For example, Baldriparan® is the No. 1 natural sleep aid in pharmacies, and Formigran® is the leading OTC pharmaceutical against migraine. Thus, the indication "pain relief" is further strengthened, and the portfolio is successfully extended by "sleep disorders", one of the largest therapeutic areas in pharmacies.

Over the past nine years, PharmaSGP has created a platform to successfully integrate and grow brands in all its European markets. Five key factors ensure the ongoing success:

- A proven, scalable asset-light business model combined with established processes
- A highly diversified European supply chain
- Broad and long-standing regulatory expertise

- A strong and specialized Direct-to-Consumer (D2C) marketing strategy

- A wide target group media reach of more than 130 million contacts per month

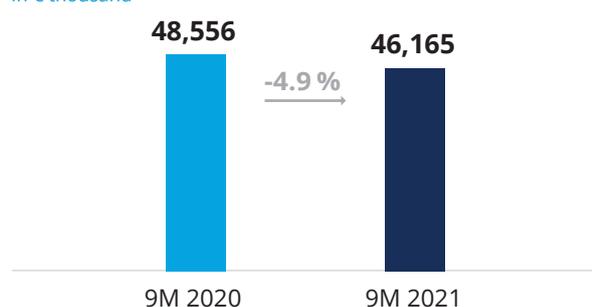
In order to focus on its success drivers, PharmaSGP has deliberately established a scalable, asset-light business model which can also be transferred quickly and efficiently to other target markets. The entire manufacturing process is handled by a diversified network of third-party manufacturers in Europe. In Germany and in foreign markets, individual local logistics providers supply wholesalers and to a lesser extent pharmacies directly. Combined with many years of experience of approval processes for new OTC pharmaceuticals in Germany and abroad, as well as regulatory requirements for other healthcare products, PharmaSGP's platform allows it to quickly and efficiently establish and grow both new and existing brands and to establish its business model in other countries with little investment. PharmaSGP's products are marketed directly to their target group, especially senior citizens, under well-known pharmaceutical brands via a specialized D2C marketing strategy with a wide target group media reach and efficient commercial media conditions.

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. Since September 2021, the Group has expanded its operations to Switzerland and Eastern Europe.

Overview of Performance Indicators

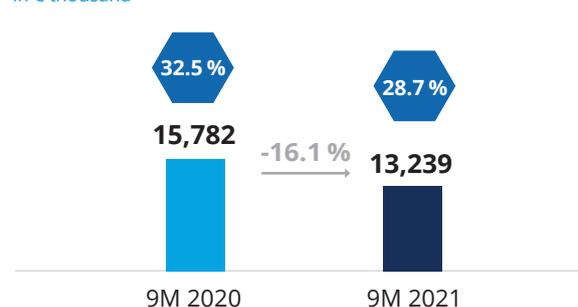
Revenues

in € thousand



Adjusted EBITDA

in € thousand



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Foreword by the Management Board

Dear Shareholders,

Dear Ladies and Gentlemen,

we are very pleased that our growth trend has picked up additional momentum in the third quarter of 2021. We were able to increase our revenues by 33.8% by comparison with the third quarter of the previous year and by 40.1% compared to the second quarter of 2021. Posting these growth rates, we are clearly performing above the OTC market in Germany. At € 19.7 million, we also achieved the highest revenue quarter in the company's history. This strong growth, as well as the return to our usual margin level with an adjusted EBITDA margin well above 30% in the third quarter, prove the potential of our business model. Organic business from the existing portfolio was the main driver of these positive developments. As of September, the first sales from the acquired portfolio with the brands Baldriparan®, Formigran®, Spalt® and Kamol® contributed to the positive overall development.

While area-wide lockdowns continued to weigh on the markets into the second quarter, a recovery of the OTC markets has been observed since mid-year. In this market environment, there is still a slight decline in revenue for the first nine months of 2021 to € 46.2 million following on from € 48.6 million in the same period of the previous year. Our strategic orientation is also confirmed in particular by the fact that the "Health Brands" category, which is central to us, developed positively, achieving growth of 2.5% in contrast to the overall OTC market. In the "Beauty Brands" category, which was severely impacted by the pandemic, revenues were down as expected by 50.1%. As a result of the slight decline in revenues seen over the year, adjusted EBITDA fell in absolute terms to € 13.2 million, while the adjusted EBITDA margin stood at 28.7%. In the third quarter of 2021, however, we were once again able to realise a significantly improved adjusted EBITDA margin of 34.2%.

In the future, we will also benefit strongly from the acquisition of the brand portfolio acquired at the end of August 2021. The integration into our platform is proceeding as planned, which will allow us to leverage the significant value creation opportunities we perceive in the acquired brands in the future. Revenues

and earnings from the acquisition will be reflected in the fourth quarter for the first time in their entirety over the period.

After about one and a half years in a very challenging market environment due to Corona, we have reached an important milestone to be able to continue our profitable growth course in the future. For this achievement, we would like to once again thank all our employees who have gone through this challenging course with us. We would also like to thank our shareholders, business partners and customers for their trust and loyalty. We would be delighted if you would continue to remain by our side and accompany us on our course to a successful future.

Gräfelfing, November 2021

Natalie Weigand
(CEO)

Michael Rudolf
(CFO)

PharmaSGP on the Capital Market

The share of PharmaSGP started the financial year 2021 at a price of € 26.95 as of 4 January 2021. As of 12 November 2021, the share closed at a price of € 25.70, which corresponds to a market capitalization of € 308 million. Since the beginning of May, the share has shown a clear upward trend and has since remained at a stable level.

Share Price*

in €



* based on Xetra closing prices of Deutsche Börse AG

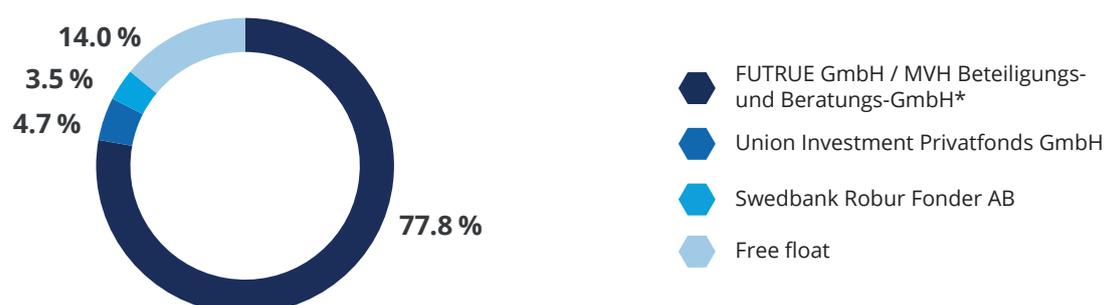
Master Data of the Share*

Security Identification Number (WKN)	A2P4LJ
ISIN	DE000A2P4LJ5
Ticker symbol	PSG
Type of shares	Ordinary bearer shares with no par value (no-par value shares)
Initial listing	19 June 2020
Number of shares	12.0 million
Closing price* (12 November 2021)	€ 25.70
High / low*	€ 26.95 / € 15.70
Share price performance	-4.6 %
Market capitalization (12 November 2021)	€ 308 million
Stock exchange / segment	Frankfurt Stock Exchange / Prime Standard
Designated sponsor	Joh. Berenberg, Gossler & Co. KG

* based on Xetra closing prices of Deutsche Börse AG

Shareholder Structure*

Information based on notifications of voting rights received in accordance with German Securities Trading Act, WpHG (as of November 2021).



*Based on a voting rights agreement between FUTRUE GmbH and MVH Beteiligungs- und Beratungs-GmbH, there is a mutual attribution of voting rights between FUTRUE GmbH and MVH Beteiligungs- und Beratungs-GmbH with regard to all shares held by them in Pharma SGP Holding SE.

Economic Report

Acquisition and Integration of four OTC Product Brands

In the third quarter of 2021, PharmaSGP acquired four OTC product brands ("GSK portfolio") from GlaxoSmithKline Group ("GSK") at a total purchase price of € 81,400 thousand. In addition, the corresponding product inventories were taken over against payment. The respective Asset Purchase Agreement was signed on 15 June 2021, the transaction was formally completed on 31 August 2021.

The purchase price was fully paid in cash on 31 August 2021. Financing was provided by means of a shareholder loan agreement in the amount of € 85,000 thousand with FUTRUE GmbH ("FUTRUE") signed on 15 June 2021, and a short-term interim financing in the amount of € 12,000 thousand by FUTRUE signed on 25 August 2021, which was fully redeemed in October 2021. The loan agreement of 15 June 2021 was refinanced by bank loans on 25 August 2021. The bank financing has a volume of € 85,000 thousand, it was unsecured as of the signing day and matures on 15 September 2022. The complete loan amount falls due on the maturity date and bears interest at a margin of 1.65 percentage points above 1-month-EURIBOR.

The GSK portfolio comprises the OTC brands Baldriparan®, Spalt®, Formigran® and Kamol®. It is currently distributed in Germany, Austria, Switzerland, France, Poland, Czech Republic, Slovakia and Hungary. Since 1 September 2021, the portfolio was integrated into PharmaSGP's pan-European platform, and thus contributes to PharmaSGP's sales and profit development. For Switzerland and the Eastern European markets, a Transitional Services Agreement (TSA) between GSK and PharmaSGP was concluded for a period of six months.

In addition, a Manufacture and Supply Agreement (MSA) was signed, giving PharmaSGP access to certain production facilities of GSK for a period of up to 36 months. PharmaSGP will use this transition period for the establishment of alternative manufacturing structures.

The acquisition of the product portfolio is structured as an asset deal, that comprises the sole acquisition of assets. There will be no change in scope of consolidation and no transfer of GSK employees. Among others, the acquired assets comprise:

- country-specific marketing authorizations,
- brand names,
- internet domains, and
- product intellectual property rights.

Since September 2021, the new portfolio has been integrated into PharmaSGP structures:

- The regulatory transfer of marketing authorizations and other intangible assets is almost fully completed.
- Production planning and order management were integrated into PharmaSGP processes.
- The media strategy has been defined and implemented.
- Line extensions are under development.
- Set up of new distribution structures for TSA countries is in progress as planned.

The integration of the GSK portfolio into the pan-European platform is leveraging potential for value enhancement. Thus, PharmaSGP's portfolio was expanded by established brands, the number of indications increased and the internationalization of the Group further expanded.

Course of Business of PharmaSGP

According to the Kiel Institute for the World Economy (IfW), the German economy remains on course for recovery.¹ Economic researchers expect Germany's gross domestic product (GDP) to increase by 2.6 % in the full year 2021.² After renewed lockdowns in the first half of 2021 had once again led to a 2.0 % decline in GDP in the first quarter, an increase of 1.6 % was observed in the second quarter.³ For the third quarter, an accelerated growth rate of 2.2 % is expected.⁴ The economic researchers also estimate that the gap to the pre-crisis level will continue to decrease.⁵

In the long term, the pharmaceutical and healthcare market relevant to PharmaSGP is driven by major, fundamental consumer trends. These include the ongoing aging of society and continuously increasing health awareness, as well as trends towards natural pharmaceuticals and increased self-medication. Thus, sales of OTC pharmaceuticals in Europe are expected to grow with annual rates of 3.4 % until 2025.⁶

With regard to the German pharmacy market, which is central to PharmaSGP, the first quarter of 2021 in particular was still heavily impacted by the effects of the Covid-19 pandemic, with a decline in sales of 22%.⁷ However, the situation eased considerably over the course of the year. Over the first two quarters, sales declined by 7.2 %; including the third quarter, the decline in sales was only 2.6%.^{8,9} Also for OTC pharmaceutical, the year-on-year sales decline of 9.7 % was significantly better than the 17.8 % recorded in the middle of the year.^{10,11}

In the nine-months period of 2021, PharmaSGP's revenues have decreased by 4.9 % compared to the prior year period to € 46,165 thousand. Thus, PharmaSGP follows the general market trend for OTC pharmaceuticals. While the market had only slightly recovered in the third quarter of 2021, PharmaSGP significantly increased its revenues. Revenues have risen by 33.8 % compared to the prior year period (Q3 2020) and by 40.1 % compared to the previous quarter (Q2 2021). This is mainly caused by significant growth rates of the existing portfolio. In addition, the GSK portfolio contributed to revenues for the month of September.

In addition to the efficient usage of marketing spendings and the continuation of the lean asset-light business model, the increased levels of revenues contribute to an improvement in profitability. Compared to the second quarter 2021, the adjusted EBITDA margin could be further improved to 34.2 %. For the nine-months period, the adjusted EBITDA margin came at 28.7 % due to the lower first quarter 2021.

1 Institut für Weltwirtschaft (2021), Kieler Konjunkturberichte, Deutsche Wirtschaft im Herbst 2021, p. 3

2 Ibid, p. 3

3 Ibid, p. 6

4 Ibid, p. 3

5 Ibid, p. 5

6 <https://de.statista.com/outlook/cmo/otc-pharma/europa>

7 IQVIA: Entwicklung des deutschen Pharmamarktes im ersten Quartal 2021, p. 4

8 IQVIA: Pharmamarkt-Entwicklung im Kontext von COVID-19; KW 25/2021, p. 7

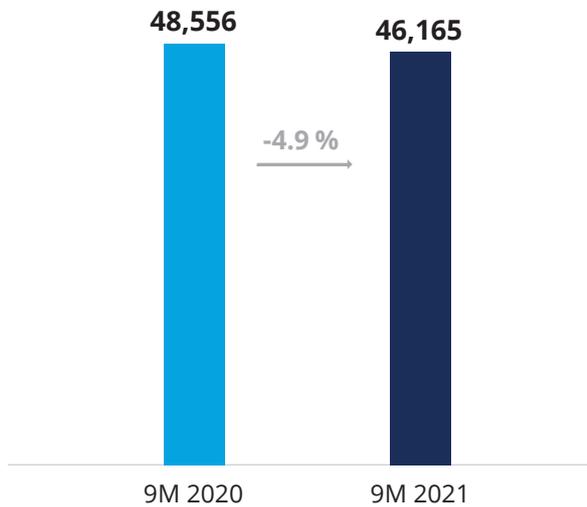
9 IQVIA: Pharmamarkt-Entwicklung im Kontext von COVID-19; KW 37/2021, p. 8

10 IQVIA: Pharmamarkt-Entwicklung im Kontext von COVID-19; KW 37/2021, p. 8

11 IQVIA: Pharmamarkt-Entwicklung im Kontext von COVID-19; KW 25/2021, p. 7

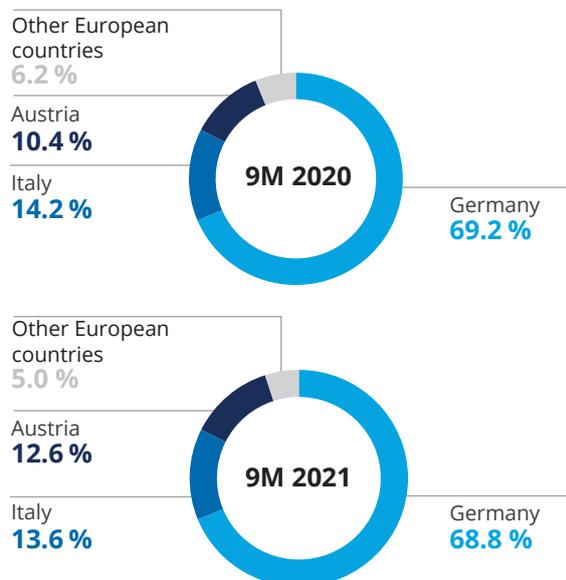
Revenues Development

Revenues in € thousand



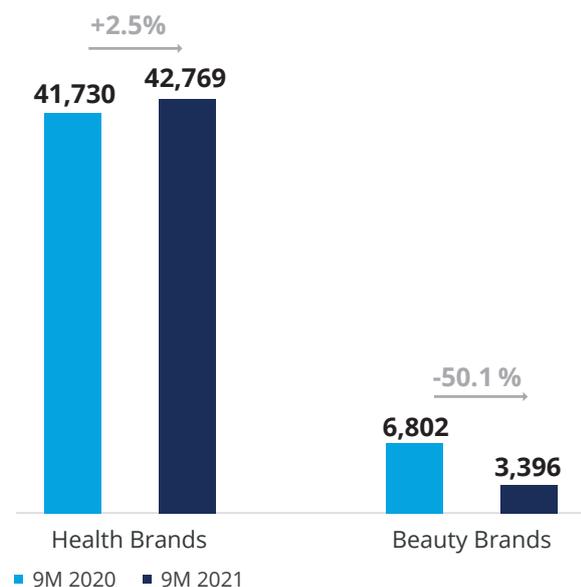
- Expected decrease in revenues due to Covid-19 situation and compared to strong prior-year period
- Significant revenue increase in the third quarter from both the existing portfolio and revenue contribution of the GSK portfolio

Revenues by Region



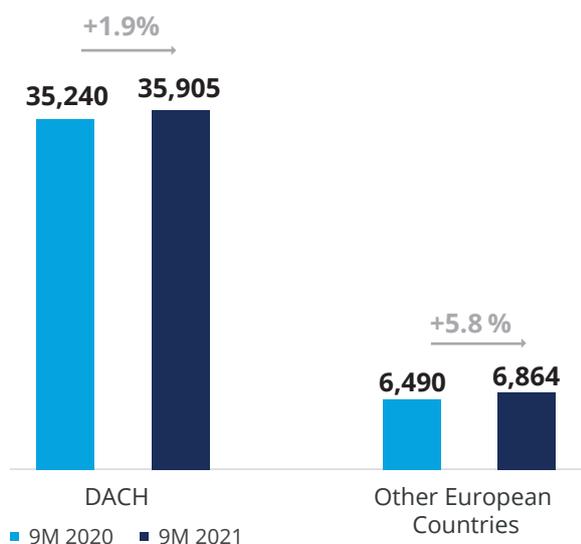
- Further internationalization of PharmaSGP's existing product portfolio
- GSK portfolio expands the number of European markets, whereas Germany remains the target market

Revenues by Category in € thousand



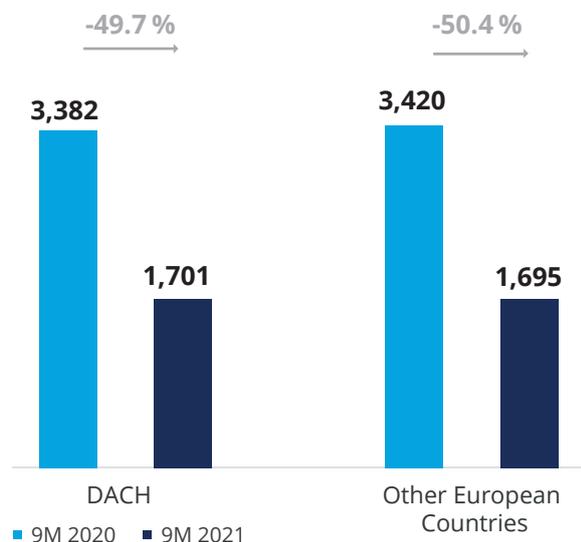
- Health Brands category with positive growth rates outperforming the OTC market
- GSK portfolio contributing to the Health Brands growth
- Decrease of Beauty Brands as expected

Revenues Health Brands in € thousand



- International markets with stronger growth rates than home market Germany
- Compared with the second quarter, the DACH region (+45.0%) grew at a similar rate to the international markets (+52.5%) in the third quarter

Revenues Beauty Brands in € thousand



- Decrease of Beauty Brands as expected in all markets due to market developments and therefore significantly reduced marketing spendings

Earnings Development

In the nine-months period of 2021, PharmaSGP could generate an adjusted EBITDA of € 13,239 thousand which corresponds to an adjusted EBITDA margin of 28.7 %. This development is impacted by the market environment, which was driven by comprehensive lockdowns that had continued into the second quarter.

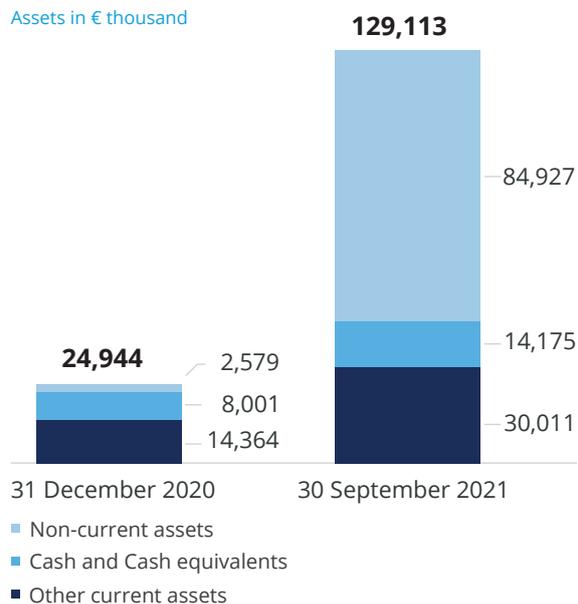
in € thousand	9M 2021	9M 2020	Change
adjusted EBITDA	13,239	15,782	-16.1 %
adjusted EBITDA margin	28.7 %	32.5 %	
One-time effects	706	1,384	
unadjusted EBITDA	12,533	14,398	-13.0 %
unadjusted EBITDA margin	27.1 %	29.7 %	

The development during the year is to be emphasized: while the revenue decrease led to a decline of the adjusted EBITDA margin to 17.2 % in the first quarter 2021, the margin could be gradually increased to 31.0 % in the second quarter and 34.2 % in the third quarter. This is the result of the consistent implementation of the marketing strategy, which is taking full effect in the recovering markets and reflects the potential of the business model. In addition, personnel expenses and other operating expenses (excluding one-time and special effects) remain relatively stable which – in the light of the revenue increase – contributes to the margin improvement.

One-time and special effects amounted to € 706 thousand in the nine-months period of 2021 and comprise legal and consulting fees in connection with acquisitions (not eligible for capitalization) as well as expenses in connection with the long-term compensation of the Management Board. In addition, adjusted one-time expenses in the prior year relate to consulting expenses and fees for the corporate and organizational restructuring of the Group carried out in 2020.

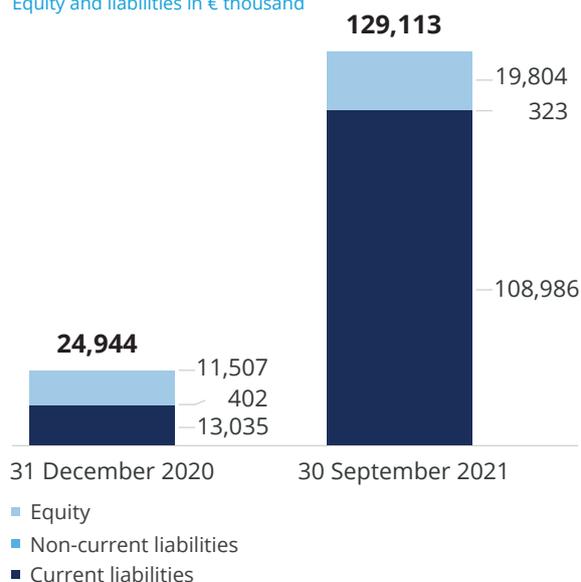
Asset Position

Assets in € thousand



The increase in total assets to € 129,113 thousand results mainly from the acquisition of the GSK portfolio and the capitalization of the purchase price of € 81,400 thousand plus incidental acquisition costs within intangible assets. In addition to the purchase price, VAT in the amount of € 11,932 thousand was due for payment. The refund claim against the tax authorities is recognized as other asset as of 30 September 2021, the refund was received in October 2021.

Equity and liabilities in € thousand



The purchase price of the GSK portfolio was financed through bank loans in the amount of € 85,000 thousand, recognized as financial liabilities within current liabilities. In addition, PharmaSGP received a short-term interim financing of € 12,000 thousand from FUTRUE in order to finance the VAT payment on the purchase price. Both borrowings led to an increase in current liabilities to € 108,986 thousand as of 30 September 2021. The short-term interim financing provided by FUTRUE was fully redeemed in October 2021.

Financial Position

In the third quarter of 2021, PharmaSGP's financial position was materially impacted by the financing of the GSK portfolio.

in € thousand	9M 2021	9M 2020
Net cash flows from / (used in) operating activities	-7,159	13,815
Net cash flows used in investing activities	-83,236	-773
Net cash flows from / (used in) financing activities	96,569	-94,914
Net increase / (decrease) in cash and cash equivalents	6,174	-81,872
Cash and cash equivalents as of 1 January	8,001	88,476
Cash and cash equivalents as of 30 September	14,175	6,604

Without the special cash effect from the GSK transaction, net cash flows from operating activities would have amounted to € 4,773 thousand – in line with the positive earnings position. The special cash effect relates to the payment of € 11,932 thousand for VAT on the purchase price of the GSK transaction. This amount was paid in August 2021, the refund was received by PharmaSGP after the balance sheet date in October 2021.

Cash flows used in investing activities mainly relate to the purchase price payment to GSK plus incidental acquisition cost.

Net cash flows from financing activities include € 85,000 thousand received from bank loans and € 12,000 thousand received from FUTRUE as short-term interim financing.

Events after the Reporting Date

In October 2021, the short-term interim financing of € 12,000 thousand provided by FUTRUE was fully redeemed. The refund of the sales tax claim from the purchase price of the GSK portfolio was also completed in October 2021.

Report on Expected Developments

Due to the continuing challenges caused by the Covid-19 pandemic and the resulting exceptionally high uncertainty regarding the future outlook for the business development, our ability to forecast remains significantly impaired.

We still believe that the adjusted outlook provided in September after the acquisition of the GSK portfolio for the full year 2021 will be met. For the full year 2021, we expect revenues between € 60 million and € 65 million. Compared to the financial year 2020, an increase to a range between 27% and 31% is expected for the adjusted EBITDA margin. This outlook was prepared under the assumption that there will be no renewed negative impacts in the fourth quarter on the European OTC markets relevant for PharmaSGP.

Condensed Interim Consolidated Financial Statements as of 30 September 2021

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

in € thousand	9M 2021	9M 2020
Revenues	46,165	48,556
Other operating income	149	1,691
Raw materials, consumables and finished goods	-3,966	-4,168
Personnel expenses	-3,591	-2,734
Other operating expenses	-26,224	-28,947
Earnings before interest, taxes, depreciation and amortization (EBITDA)	12,533	14,398
Depreciation and amortization	-1,208	-344
Earnings before interest and taxes (EBIT)	11,325	14,053
Finance income	-	5
Finance expenses	-329	-99
Profit before taxes	10,996	13,959
Income tax expense	-2,699	-3,431
Profit for the period	8,297	10,528
of which attributable to shareholders of PharmaSGP Holding SE	8,297	10,528
Other comprehensive income	-	-
Total comprehensive income	8,297	10,528
of which attributable to shareholders of PharmaSGP Holding SE	8,297	10,528
Basic and diluted earnings per share (€)*	0.69	0.88

* For the nine-months period of 2020, 12,000,000 shares are the basis for calculating earnings per shares.

Condensed Consolidated Statements of Financial Position

in € thousand	30 September 2021	31 December 2020
Assets		
Non-current assets		
Intangible assets	84,293	1,766
Property, plant and equipment (PPE)	361	369
Right-of-use assets	273	384
Other non-current financial assets	-	60
Total non-current assets	84,927	2,579
Current assets		
Inventories	4,555	3,036
Trade and other receivables	11,666	9,468
Other assets	13,179	240
Income tax assets	611	1,620
Cash and cash equivalents	14,175	8,001
Total current assets	44,186	22,365
Total assets	129,113	24,944

in € thousand	30 September 2021	31 December 2020
Shareholders' equity and liabilities		
Shareholders' equity		
Share capital	12,000	12,000
Capital reserve	38,120	38,120
Retained earnings	-30,316	-38,613
Total shareholders' equity	19,804	11,507
Non-current liabilities		
Provisions	40	42
Lease liabilities	3	145
Deferred tax liabilities	280	215
Total non-current liabilities	323	402
Current liabilities		
Provisions	779	764
Financial liabilities	85,000	-
Trade payables	9,019	9,790
Other liabilities	913	815
Other financial liabilities	12,813	1,230
Lease liabilities	276	239
Income tax liabilities	186	197
Total current liabilities	108,986	13,035
Total shareholders' equity and liabilities	129,113	24,944

Condensed Consolidated Statements of Cash Flows

in € thousand	9M 2021	9M 2020
Profit for the period	8,297	10,528
Depreciation and amortization of intangible assets, PPE and right-of-use assets	1,208	344
(Increase) / decrease in inventories	-1,519	-1,398
(Increase) / decrease in trade and other receivables	-2,198	135
(Increase) / decrease in other assets	-12,879	-270
Increase / (decrease) in trade payables	-1,021	6,897
Increase / (decrease) in other (financial) liabilities	-319	-602
Increase / (decrease) in provisions	12	-7
Interest (income) and expense	196	94
Income tax expense	2,699	3,431
Income tax payments	-1,635	-5,341
Interest received	-	5
Net cash flows from / (used in) operating activities	-7,159	13,815
Payments for investments in intangible assets	-83,161	-322
Payments for investments in PPE	-75	-451
Net cash flows used in investing activities	-83,236	-773
Dividends paid	-	-94,833
Proceeds from financial liabilities	97,000	-
Repayment of lease liabilities	-235	-101
Payment from shareholders	-	120
Interest paid	-196	-99
Net cash flows from / (used in) financing activities	96,569	-94,914
Net increase / (decrease) in cash and cash equivalents	6,174	-81,872
Cash and cash equivalents as of 1 January	8,001	88,476
Cash and cash equivalents as of 30 September	14,175	6,604

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Publisher

PharmaSGP Holding SE
Lochhamer Schlag 21
82166 Gräfelfing
Germany

Telephone: +49 89 85 89 639 – 150
Telefax: +49 89 85 89 639 – 201

Email: info@pharmasgp.com
www.pharmasgp.com

Investor Relations and Corporate Communications

PharmaSGP Holding SE

Samantha Mohr
Telephone: +49 89 85 89 639 – 177

Email: ir@pharmasgp.com (Investor Relations)
Email: presse@pharmasgp.com (Corporate Communications)

Concept, editing, layout and typesetting

cometis AG
Unter den Eichen 7
65195 Wiesbaden
Germany

Telephone: +49 611 20 58 55 – 0
Telefax: +49 611 20 58 55 – 66

Email: info@cometis.de
www.cometis.de

Disclaimer

This interim statement is also available in German and can be downloaded in both languages from the Internet at <https://ir.pharmasgp.com>. In the event of deviations, the German version takes precedence over the English translation.



PharmaSGP Holding SE

Lochhamer Schlag 21
82166 Gräfelfing
Germany

Telephone: 089 / 85 89 639 – 150
Telefax: 089 / 85 89 639 – 201

Email: info@pharmasgp.com
www.pharmasgp.com