

Interim Statement  
Q3 2022



PHARMA  
SGP

# 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® in September 2021, PharmaSGP has expanded its portfolio through further market leaders in their categories. For example, Baldriparan® is the No. 1 herbal 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 are the basis for 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

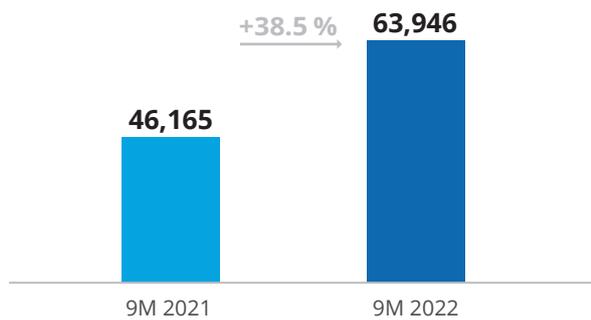
- A strong and specialized Direct-to-Consumer (D2C) marketing strategy
- A wide target group media reach of more than 130 million contacts per month

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 European EU countries.

# Overview of Performance Indicators

**Revenues**  
in € thousand



**Adjusted EBITDA**  
in € thousand

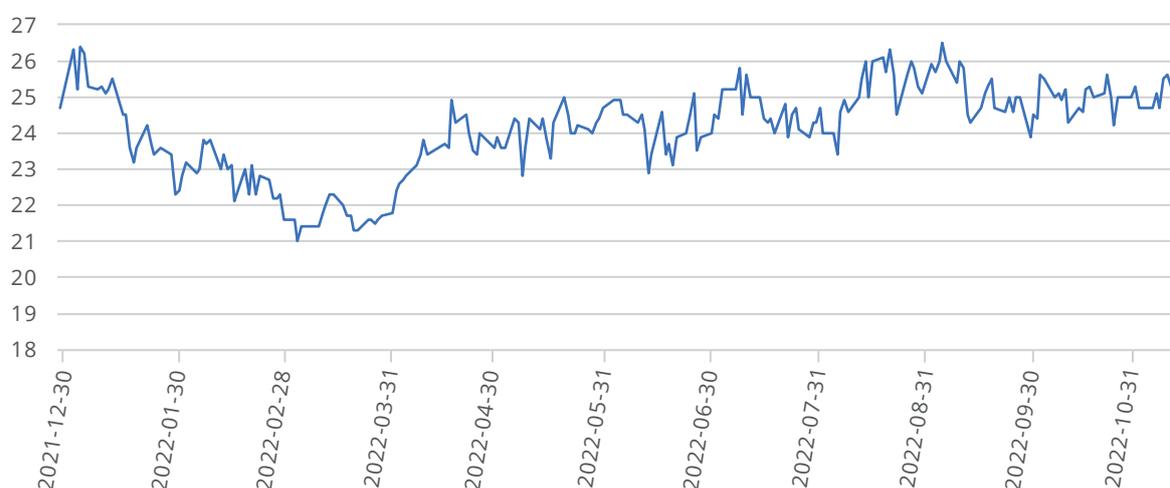


# PharmaSGP on the Capital Market

After the share of PharmaSGP had recorded a strong upward jump at the turn of the year 2021/2022, it started the financial year 2022 at a price of € 24.70. As of 15 November 2022, the share closed at a price of € 25.10, which corresponds to a market capitalization of € 301.2 million and a share price performance of +1.6 % in in this period. In the first quarter of 2022, uncertainties on the stock markets due to the war in Ukraine also impacted the share price of PharmaSGP. After a low point on 8 March 2022 with € 21.00, the share price has recovered and performs positively since the second quarter of 2022 in an otherwise difficult market environment.

## Share Price\*

in €



\* based on Xetra closing prices of Deutsche Börse AG

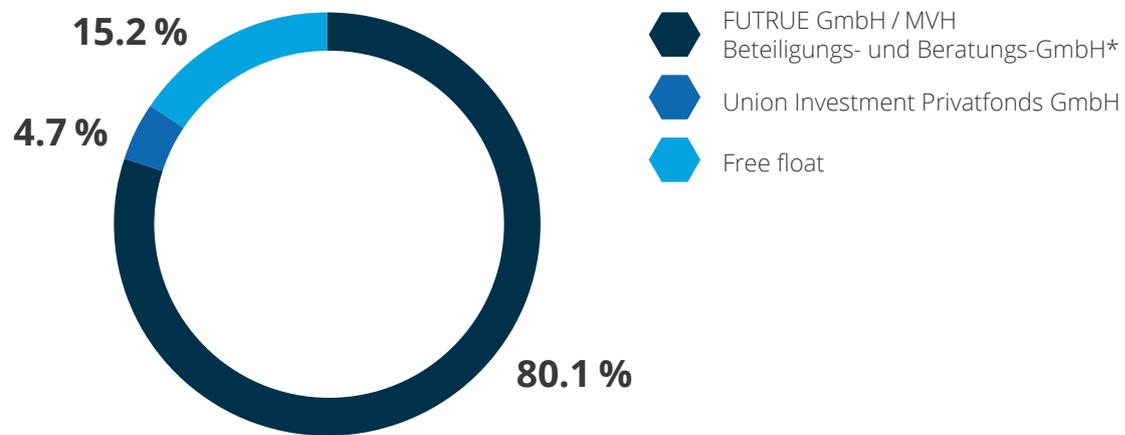
## Master Data of the Share\*

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* (15 November 2022)	€ 25.10
High/low*	€ 26.50/€ 21.00
Market capitalization (15 November 2022)	€ 301.2 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 the voting rights notifications received pursuant to the German Securities Trading Act, WpHG (as of June 2022)



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

# Economic Report

## Course of Business of PharmaSGP

The German economy was significantly impacted by the consequences of the Russia-Ukraine war in the third quarter of 2022. After a minimal growth in gross domestic product (GDP) of 0.1 % in the second quarter of 2022, GDP contracted by 0.4 % in the third quarter of 2022 according to projections by the Kiel Institute for the World Economy (IfW).<sup>1</sup> Despite this decline, the economic researchers still expect GDP to increase by 1.4 % for the full year 2022. For the following year, however, the IfW expects GDP to decrease by 0.7 %.<sup>2</sup>

In the long-term perspective, the pharmaceutical and healthcare market relevant to PharmaSGP is being driven by major, fundamental consumer trends. These include – among other factors – an ongoing aging of society and a continuously increasing health awareness as well as trends towards natural pharmaceuticals and increased self-medication. Sales of OTC pharmaceuticals are estimated to achieve annual growth rates from 2022 to 2027 of 2.6 % in Germany<sup>3</sup> and 3.6 % in Europe.<sup>4</sup>

Compared to the prior-year period, the German pharmacy market recorded sales growth of 6.7 % in the first nine months of 2022.<sup>5</sup> The OTC market recorded sales growth of 6.8 % in the same period.<sup>6</sup>

PharmaSGP is also benefiting from this trend. In the first nine months of 2022, PharmaSGP has been able to take full advantage of its asset-light business model and platform strategy, achieving a new revenue record in each quarter of 2022. Likewise, profitability improved significantly compared to the corresponding quarters of the previous year. This was driven by both the development of the existing portfolio and the integration of the new product brands Baldriparan®, Formigran®, Spalt® and Kamol® acquired in August 2021 into PharmaSGP's platform, which was already successfully completed in the first quarter of 2022.

Compared to the prior-year period 9M 2021, PharmaSGP revenues have increased by 38.5 % in 9M 2022 to € 63,946 thousand, adjusted EBITDA achieved a level of € 20,376 thousand in the same period, which corresponds to a margin of 31.9 %. Within the year 2022, PharmaSGP achieved significant progress; the third quarter of 2022 was the most successful quarter in the Company's history with revenues of € 21,952 thousand and an adjusted EBITDA margin of 37.8 %. Due to this positive business development as well as the continued positive outlook for the fourth quarter, the Management Board increased the guidance for the full year 2022 on 10 November 2022.

In the second quarter of 2022, the dividend distribution of € 5,400 thousand, the new office space agreement and the reorganization of the financing structure were the major business transactions. In the third quarter of 2022, PharmaSGP has reorganized its financing structure.

Since 25 August 2021, a bank financing in the amount of € 85,000 thousand has been in place which matured on 15 September 2022. As follow-up financing, a five-year syndicate financing involving four partner banks was finalized on 14 July 2022. On the one hand, the new syndicated loan was used to redeem the existing bank financing in the amount of € 85,000 thousand on 19 July 2022 and convert these debts into a long-term structure. While on the other hand, PharmaSGP also has additional financing potential of up to € 75,000 thousand.

To mitigate interest risks from EURIBOR fluctuations, the Group has entered into interest rate hedges.

<sup>1</sup> Institut für Weltwirtschaft (2022), Kieler Konjunkturberichte, Deutsche Wirtschaft im Herbst 2022, p. 4

<sup>2</sup> Ibid, p. 3

<sup>3</sup> <https://de.statista.com/outlook/cmo/otc-pharma/deutschland#umsatz>

<sup>4</sup> <https://de.statista.com/outlook/cmo/otc-pharma/europa#:~:text=Laut%20Prognose%20wird%20im%20Jahr,%E2%82%AC%20in%202022.>

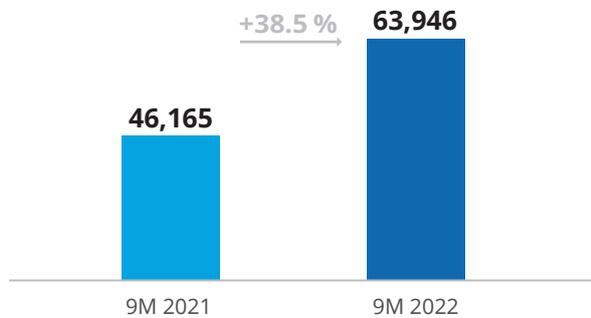
<sup>5</sup> IQVIA Pharma-Marktbericht Classic Q3-2022, p. 17

<sup>6</sup> Internal analysis based on Insight Health Database

## Revenues Development

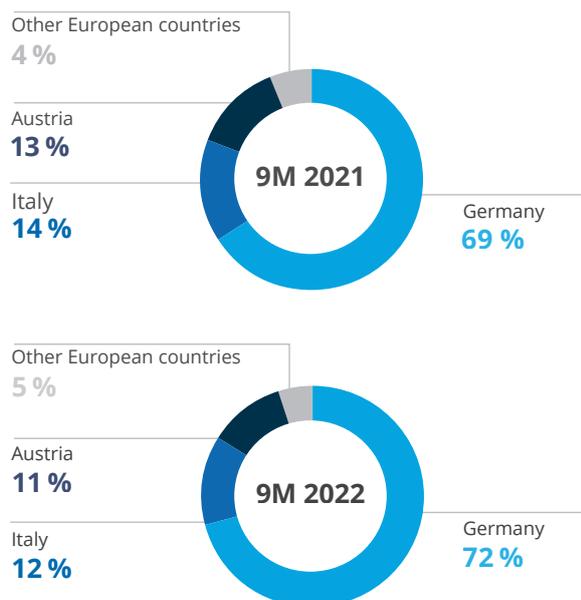
### Revenues

in € thousand



- Significant revenue increase from the existing portfolio and acquired product brands Baldriparan®, Formigran®, Spalt® and Kamol®.
- The first half year of 2021 was still burdened by the restrictions of the Covid-19-pandemic.
- The third quarter of 2022 once again surpassed the previous record quarter of Q2 2022 and achieved revenues of € 21,952 thousand.

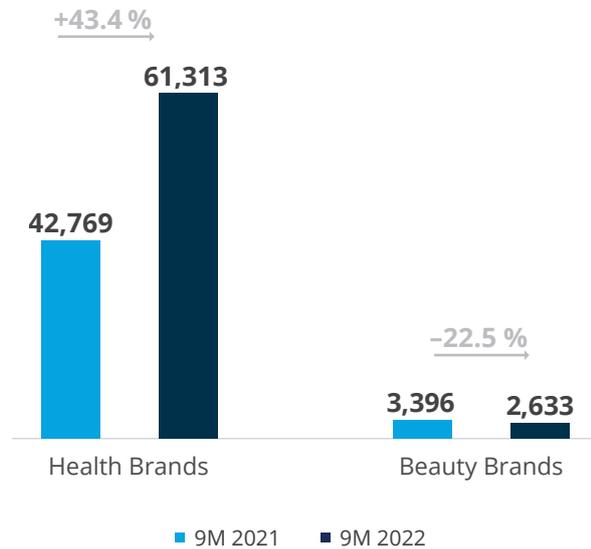
### Revenues by Region



- Further internationalization of PharmaSGP's existing product portfolio.
- Revenue increase outside of Germany of 24.0 % (9M 2022 compared to 9M 2021)
- The acquisition of the product brands Baldriparan® and Kamol® expands the number of European markets, whereas Germany remains the key market by volume.

## Revenues by Category

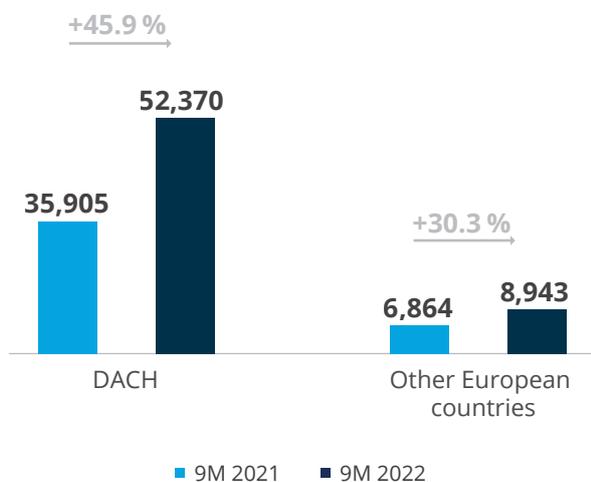
in € thousand



- Both existing product portfolio and acquired product brands contribute to the Health Brands growth.
- Decrease of Beauty Brands as expected.

## Revenues Health Brands

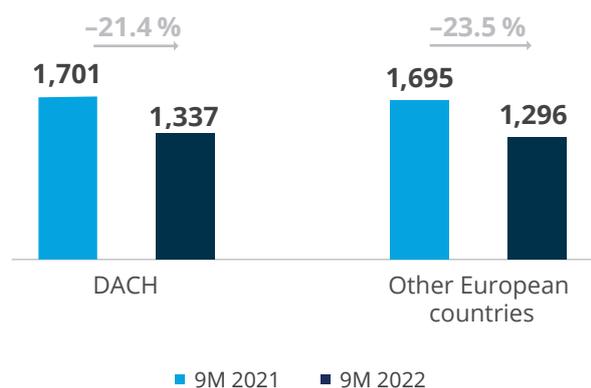
in € thousand



- Health Brands remain main focus.
- International growth is driven by the current product portfolio as well as product brands acquired in 2021.
- Acquired product brands with strong presence in the DACH region lead to above-average growth.

## Revenues Beauty Brands

in € thousand



- Decrease of Beauty Brands as expected in all markets due significantly reduced marketing spendings.

## Earnings Development

In the nine-months period of 2022, PharmaSGP could generate an adjusted EBITDA of € 20,376 thousand which corresponds to an adjusted EBITDA margin of 31.9 %. Compared to the prior year period, the adjusted EBITDA margin has improved by 3.2 percentage points, which is mainly attributable to the revenue and earnings contribution of the acquired product brands Baldriparan®, Formigran®, Spalt® and Kamol®, more efficient marketing spendings and other synergy effects.

in € thousand	9M 2022	9M 2021	Change
adjusted EBITDA	20,376	13,239	53.9 %
adjusted EBITDA margin	31.9 %	28.7 %	
One-time effects	535	706	
unadjusted EBITDA	19,841	12,533	58.3 %
unadjusted EBITDA margin	31.0 %	27.1 %	

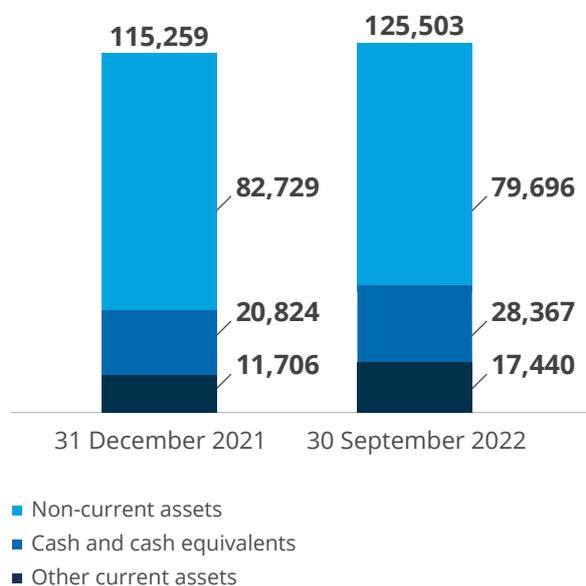
As planned, the Group's gross margin has decreased from 91.4 % in 9M 2021 to 89.2 % in 9M 2022, which mainly stems from the cost structure of the newly acquired products. Marketing spendings were further optimized in Q3 2022. Compared to the nine-months period 2021, the marketing quota has decreased from 49.1 % to 44.1 % in the nine-months period 2022.

In the nine-months period of 2022, the one-time costs and special effects amount to € 535 thousand and comprise – as in the prior year – expenses incurred in connection with acquisitions and the long-term compensation of the Management Board.

In the third quarter of 2022, PharmaSGP recognized other comprehensive income in its statement of comprehensive income for the first time. The income of € 2,152 thousand results from the recognition of the effective portion of interest rate hedges in equity.

## Asset Position

Assets in € thousand

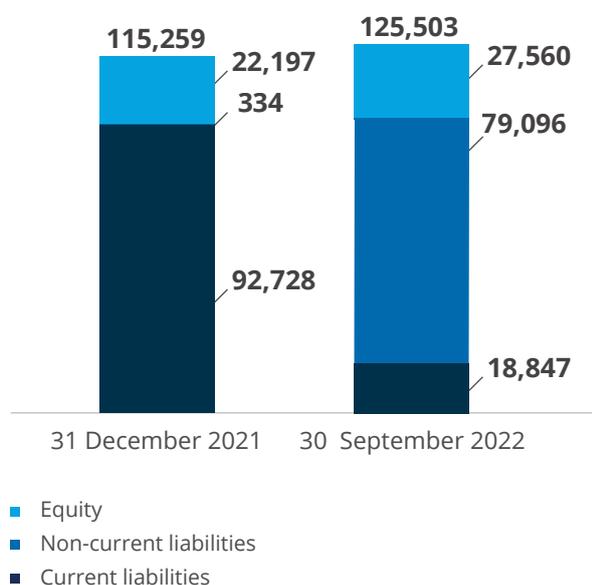


**Non-current assets** mainly comprise the carrying amounts of the product brands acquired in 2021, the decrease of that position as of 30 September 2022 compared to the prior year balance sheet date of € 6,158 thousand mainly results from regular amortization.

Additionally, a new lease agreement on office spaces was capitalized as right-of-use assets within non-current assets since 1 June 2022. Furthermore, PharmaSGP has entered into interest rate hedging agreements in Q3 2022 to mitigate interest rate risks from the syndicate financing. The non-current portion of the fair value of these agreements amounts to € 1,847 thousand.

**Cash and cash equivalents** have further increased due to the positive earnings position and the resulting positive net cash inflows from operating activities. The increase in **other current assets** mainly stems from increased inventories, trade receivables and the current portion of the fair value of the interest rate hedges.

## Equity and liabilities in € thousand



The change in **equity** stems from the profit of the period of € 8,611 thousand, the dividend of € 5,400 thousand distributed in Q2 2022 and the initial addition to accumulated other comprehensive income of € 2,152 thousand. This item results from the recognition in equity of the effective portion of interest rate hedges.

The increase in **non-current liabilities** from € 334 thousand as of 31 December 2021 to € 79,096 thousand as of 30 September 2022 results from the above-mentioned refinancing of the bank loans. Non-current financial liabilities measured at amortized cost amount to € 76,984 thousand as of 30 September 2022.

**Current liabilities** have decreased accordingly and amount to € 18,847 thousand as of 30 September 2022. As of 31 December 2021, this position comprised current financial liabilities of € 85,000 thousand that were repaid in July 2022.

## Financial Position

in € thousand	9M 2022	9M 2021
Net cash flows from operating activities	16,005	-7,159
Net cash flows used in investing activities	716	-83,236
Net cash flows used in financing activities	-7,746	96,569
<b>Net increase in cash and cash equivalents</b>	<b>7,543</b>	<b>6,174</b>
Cash and cash equivalents as of 1 January	20,824	8,001
<b>Cash and cash equivalents as of 30 September</b>	<b>28,367</b>	<b>14,175</b>

In the nine-months period of 2022, PharmaSGP could generate net cash flows from **operating activities** in the amount of € 16,005 thousand. Disregarding a special effect in the previous year, there would have been an operating cash inflow of € 4,773 thousand in 9M 2021. The improvement in the current period results from the increase in revenues and the improved profitability.

After the GSK transaction in the previous year, cash flows used in **investing activities** have stabilized on their regular level and mainly comprise investments in PharmaSGP's marketing authorizations.

In the nine-month period of 2022, cash flows used in **financing activities** comprise the dividend payment of € 5,400 thousand, the repayment of the previous bank financing of € 85,000 thousand, the proceeds from the new syndicate financing (net of other financing expenses) of € 83,838 thousand, the repayment of lease liabilities of € 318 thousand and interest payments of € 866 thousand.

## Outlook

In view of the positive business development to date and the continuing positive outlook for the fourth quarter, the Management Board raised its guidance for the full year 2022 on 10 November 2022. For the financial year 2022, the management now expects revenues in a range of € 82 and € 86 million with an adjusted EBITDA margin between 30 and 33 %. This corresponds to an adjusted EBITDA between € 24.6 million and € 28.4 million.

Previously, revenues in the range of € 78 million and € 82 million and adjusted EBITDA in a range of € 23.4 million to € 27.1 million (with an adjusted EBITDA margin of 30 to 33 %) were forecast for the financial year 2022.

# Condensed Interim Consolidated Financial Statements as of 30 September 2022

## Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

in € thousand	9M 2022	9M 2021
Revenues	63,946	46,165
Other operating income	175	149
Raw materials, consumables and finished goods	-6,875	-3,966
Personnel expenses	-4,262	-3,591
Other operating expenses	-33,143	-26,224
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>19,841</b>	<b>12,533</b>
Depreciation and amortization	-6,886	-1,208
<b>Earnings before interest and taxes (EBIT)</b>	<b>12,955</b>	<b>11,325</b>
Finance expenses	-1,495	-329
<b>Profit before taxes</b>	<b>11,460</b>	<b>10,996</b>
Income tax expense	-2,849	-2,699
<b>Profit for the period</b>	<b>8,611</b>	<b>8,297</b>
of which attributable to shareholders of PharmaSGP Holding SE	8,611	8,297
Other comprehensive income	2,152	-
<b>Total comprehensive income</b>	<b>10,763</b>	<b>8,297</b>
of which attributable to shareholders of PharmaSGP Holding SE	10,763	8,297
Basic and diluted earnings per share (€)	0.72	0.69

## Condensed Consolidated Statements of Financial Position

in € thousand	30 September 2022	31 December 2021
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	76,042	82,188
Property, plant and equipment (PPE)	368	350
Right-of-use assets	1,293	191
other non-current financial assets	1,993	-
<b>Total non-current assets</b>	<b>79,696</b>	<b>82,729</b>
<b>Current assets</b>		
Inventories	6,319	4,185
Trade and other receivables	9,497	6,579
Other assets	402	291
Other financial assets	1,006	-
Income tax assets	216	651
Cash and cash equivalents	28,367	20,824
<b>Total current assets</b>	<b>45,807</b>	<b>32,530</b>
<b>Total assets</b>	<b>125,503</b>	<b>115,259</b>
<b>Shareholders' equity and liabilities</b>		
<b>Shareholders' equity</b>		
Share capital	12,000	12,000
Capital reserve	38,120	38,120
Retained earnings	-24,712	-27,923
Accumulated other comprehensive income	2,152	-
<b>Total shareholders' equity</b>	<b>27,560</b>	<b>22,197</b>
<b>Non-current liabilities</b>		
Provisions	133	62
Financial liabilities	76,984	-
Lease liabilities	909	1
Deferred tax liabilities	1,070	271
<b>Total non-current liabilities</b>	<b>79,096</b>	<b>334</b>
<b>Current liabilities</b>		
Provisions	1,021	1,008
Financial liabilities	7,376	85,000
Trade payables	7,719	4,519
Other liabilities	1,377	1,098
Other financial liabilities	778	724
Lease liabilities	390	193
Income tax liabilities	186	186
<b>Total current liabilities</b>	<b>18,847</b>	<b>92,728</b>
<b>Total shareholders' equity and liabilities</b>	<b>125,503</b>	<b>115,259</b>

## Condensed Consolidated Statements of Cash Flows

in € thousand	9M 2022	9M 2021
Profit for the period	8,611	8,297
Depreciation and amortization of intangible assets, PPE and right-of-use assets	6,886	1,208
(Increase)/decrease in inventories	-2,134	-1,519
(Increase)/decrease in trade and other receivables	-2,918	-2,198
(Increase)/decrease in other assets	-258	-12,879
Increase/(decrease) in trade payables	3,480	-1,021
Increase/(decrease) in other (financial) liabilities	333	-319
Increase/(decrease) in provisions	84	12
Interest (income) and expense	1,387	196
Income tax expense	2,849	2,699
Income tax payments	-2,315	-1,635
<b>Net cash flows from operating activities</b>	<b>16,005</b>	<b>-7,159</b>
Payments for investments in intangible assets	-614	-83,161
Payments for investments in PPE	-102	-75
<b>Net cash flows used in investing activities</b>	<b>-716</b>	<b>-83,236</b>
Dividends paid	-5,400	-
Repayment of financial liabilities, net of other financing expenses	83,838	97,000
Repayment of financial liabilities	-85,000	-
Repayment of lease liabilities	-318	-235
Interest paid	-866	-196
<b>Net cash flows / (used in) financing activities</b>	<b>-7,746</b>	<b>-96,569</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,543</b>	<b>6,174</b>
Cash and cash equivalents as of 1 January	20,824	8,001
<b>Cash and cash equivalents as of 30 September</b>	<b>28,367</b>	<b>14,175</b>

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# Imprint

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## 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.

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