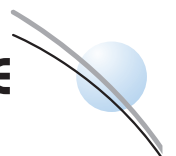


HALF-YEAR  
FINANCIAL REPORT

2020

**Dermapharm Holding SE**



# DERMAPHARM AT A GLANCE

## Group results at a glance

		H1 2020	H1 2019
Revenue	EUR million	378.2	333.2
Adjusted EBITDA*	EUR million	91.7	90.1
Adjusted EBITDA margin*	%	24.2	27.0
Unadjusted EBITDA	EUR million	85.7	81.6
Unadjusted EBITDA margin	%	22.7	24.5
Operating result	EUR million	64.9	57.3
EBT	EUR million	58.7	54.9
Consolidated net profit for the period	EUR million	39.1	39.4
Earnings per share	EUR	0.72	0.73

		30 June 2020	31 December 2019
Total assets	EUR million	1,202.3	1,044.9
Equity	EUR million	281.3	284.5
Equity ratio	%	23.4	27.2
Cash and cash equivalents	EUR million	97.7	115.0
Net debt	EUR million	551.1	465.4

\* H1 2020 EBITDA was adjusted for non-recurring expenses amounting to EUR 6.0 million.  
 In H1 2019, EBITDA was adjusted for non-recurring expenses amounting to EUR 8.5 million.  
 (For detailed information, please refer to section 2. Report on economic position, 2.2 Course of business.)

## 2020 financial calendar

16 November 2020	Publication of Q3 Quarterly Report
17 November 2020	Deutsches Eigenkapitalforum (virtual)

## QUICK CHECK



**>50**  
DEVELOPMENT  
PRODUCTS



**>380**  
ACTIVE  
PHARMACEUTICAL  
INGREDIENTS



**>1,300**  
MARKETING  
AUTHORISATIONS



**2,163**  
EMPLOYEES

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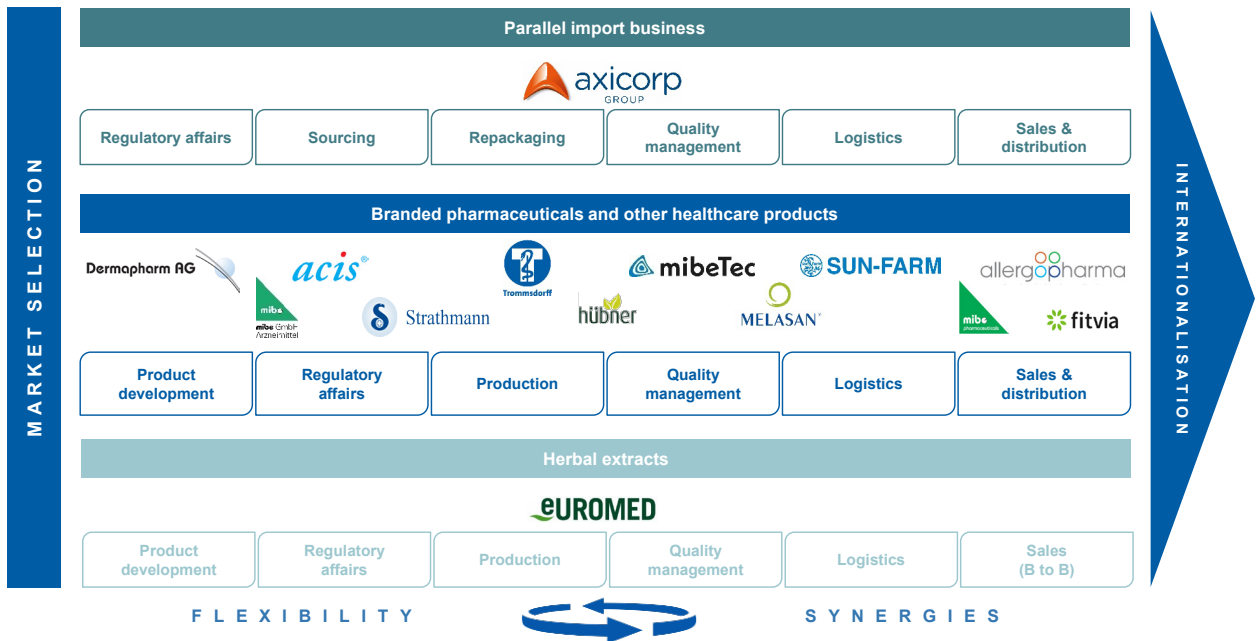
# COMPANY PROFILE

## Specialist for off-patent branded pharmaceuticals

We are a leading manufacturer of off-patent branded pharmaceuticals for selected therapeutic areas. Our product range covers prescription pharmaceuticals (Rx), over-the-counter (OTC) products, food supplements and medical devices. More than 50% of our brand portfolio consists of originator preparations which are no longer protected by patents. Founded in 1991, Dermapharm is based in Grünwald near Munich. The Group's main manufacturing facility for the development and production of as well as logistics associated with branded pharmaceuticals is located in Brehna near Leipzig.

Our proven expertise in product development enables us to develop, manufacture and market a wide range of branded pharmaceuticals based on formulations of active pharmaceutical ingredients that are no longer protected by patents. Our portfolio currently comprises more than 380 active pharmaceutical ingredients, with more than 1,300 marketing authorisations resulting. Furthermore, we offer a growing portfolio of other healthcare products such as food supplements, medical devices and cosmetics. This broad product range makes our Company unique.

One of our key strengths is the in-house product development, in-house production in accordance with the Good Manufacturing Practice (GMP) standard and distribution of pharmaceuticals and other healthcare products for specifically targeted markets by pharmaceutical trained sales force. Our "Made in Germany" quality seal and an integrated business model have helped us to achieve a strong track record for developing and marketing new pharmaceuticals and other healthcare products. We have obtained marketing authorisations for more than 730 pharmaceuticals developed by our highly qualified teams of researchers. These marketing authorisations also include authorisations for markets outside of Germany. Our comprehensive approach allows us to control the entire value chain and optimise margins by reducing production costs.

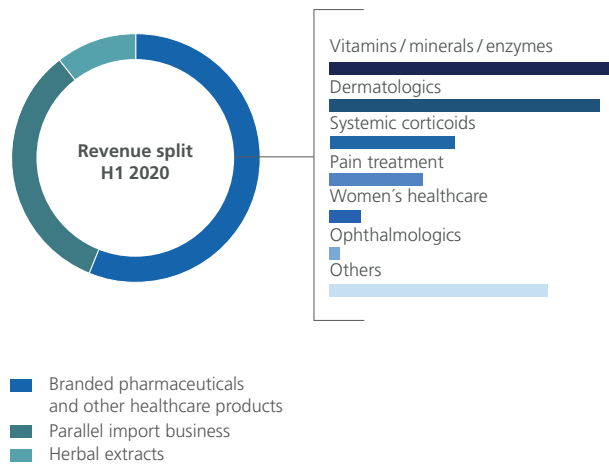


Our focus also lies on the attractive growth market for herbal pharmaceuticals and healthcare products, in which Euromed has positioned itself as a leading company for the production of herbal extracts. We map Euromed’s business in the “Herbal extracts” segment.

We also operate a parallel imports business under the “axicorp” brand. We import originator pharmaceuticals from other EU Member States and resell them to pharmaceutical wholesalers and pharmacies in Germany. This enables us to benefit from the different pricing structures in the individual EU member states. Based on revenue, Dermapharm was one of the top five parallel importers in Germany in the first half year 2020.

### Attractive product mix

Our ever-growing product portfolio, which includes well-known brands such as Dekristol®, Ampho-Moronal® and Prednisolut®, primarily covers selected and specialised niche markets with high entry barriers and low levels of competition. We hold a significant market share in each of these markets. With a mix of high-growth products and stable products which doctors use as standard therapies, we have a market presence with an attractive and diverse portfolio. This portfolio primarily covers the following therapeutic areas: vitamins/minerals/enzymes, dermatologics, systemic corticoids, women’s healthcare, ophthalmologics, pain treatment and other healthcare products. We have compounds of more than 380 active pharmaceutical ingredients in varying strengths and dosage forms. This allows us to offer doctors and pharmacists different solutions for individual medical treatment needs.



We have also developed an attractive product category within and beyond the pharmacy business with our patented medical devices bite away® and Herpotherm®. With the acquisition of Fitvia, which markets its products for healthy nutrition exclusively via social media, we have also opened the door to new target groups for us.

By acquiring Allergopharma, we strengthened our position in the field of allergy desensitisation. We are thus expanding our dermatology therapeutic area and are expanding our know-how in this field by adding valuable expertise in specific immunotherapy for allergies. The newly acquired portfolio covers a broad selection of high-dosage, hypoallergenic preparations, known as allergoids, as well as allergens for diagnostic testing.

We have successfully implemented our internationalisation strategy and, in addition to our home market of Germany, we are now also present in the United Kingdom, Italy, Spain, and the United States. We have also been doing business for many years now in Austria, Switzerland, Croatia, Poland and Ukraine. During the current financial year we will work to market selected products from our existing product portfolio in the German market as well as new product developments in these European markets and in countries outside of Europe.

## SYSTEMATIC GROWTH STRATEGY



### In-house product development

We develop and successfully bring to market additional pharmaceuticals and other healthcare products at our very own centre of excellence. Once our specialists identify a potentially attractive off-patent pharmaceutical that fits with our portfolio, we can successfully complete all key development and authorisation processes for generics in house – including designing and funding clinical trials. We rely on the know-how of our own experienced experts for this. We then begin manufacturing these newly developed products in-house. In total, we manufacture about 90% of our pharmaceutical product portfolio ourselves.



### Internationalisation

In order to further expand our business with branded pharmaceuticals and other healthcare products, we have formed subsidiaries in the United Kingdom, Italy, Spain and the United States and have hired sales and distribution managers who are intimately familiar with their respective territories. Furthermore, myriad compounds developed in-house are currently undergoing the approvals process in these countries, ensuring that we will gradually enlarge our portfolio and the respective sales and distribution structures as we expand into new markets. For instance, we are expanding into other countries in Europe, Asia and the Americas with our CE-certified and internationally patented medical devices bite away® and Herpotherm®.



### M&A activities

Obtaining new authorisations and acquiring products and companies has always been part of Dermapharm's business strategy and a key success factor for continued growth. Since the Company's formation in 1991, we have steadily expanded our product offering through successful acquisitions in Germany and abroad. This includes, for instance, the acquisition of attractive patented medical devices and pharmaceutical manufacturers, which complement Dermapharm's portfolio ideally and expand our know-how in growth markets. We continually review specific growth opportunities and pursue strategic options that fit our strategy.

## LETTER TO THE SHAREHOLDERS

*Dear ladies and gentlemen,  
dear shareholders,*

In the first six months of the financial year 2020, we systematically implemented our three-pillar strategy of developing products in-house, continuing our international expansion and successfully acquiring companies, all the while maintaining our growth trend.

In March 2020, we acquired Allergopharma GmbH & Co. KG, which specialises in allergy desensitisation products, from Merck KGaA, thereby ideally complementing our product range with high-dosage, hypoallergenic preparations, known as allergoids. We are thus building on our expertise in the field of dermatology and now have an innovative portfolio of immunotherapeutic products to treat allergies. This acquisition has enabled us to continue to successfully diversify our broad portfolio and lay the groundwork for future growth.

Since the beginning of the year, the pharmaceuticals industry has also been faced with the COVID-19 pandemic and the resulting effects. Dermapharm successfully adapted to the ever-changing environment in recent months. Thanks to the considerable commitment on the part of our employees, we were able to serve the at times extreme demand for our products and avoid supply bottlenecks. The increase in demand in certain therapeutic areas during the first quarter, which was driven by the pandemic, resulted in greater revenue growth than expected. The impacts of stockpiling played a not insignificant role within the supply chain. This impact on demand due to surplus stockpiling had already begun to wane significantly by the second quarter, and is likely to subside further in the second half of the year. Since March 2020 Dermapharm has also registered restrained demand from international customers as a result of lockdown regulations.

The results for the first half of 2020 reflect the success of our growth strategy on the one hand, while on the other the first six months of the year have been marked by the COVID-19 pandemic. After a very strong first quarter, and taking into account Allergopharma's results, we continued to grow in the second quarter, increasing our consolidated revenue by 13.5% to EUR 378.2 million in the first half of the year compared to the same period of the previous year. One encouraging development was that our "Herbal extracts" segment was able to report a slight recovery in demand after a weaker first quarter due to the coronavirus crisis. At the same time, adjusted EBITDA increased by 1.8% to EUR 91.7 million. The adjusted EBITDA margin was 24.2%, which is 2.8 percentage points below the same period in the previous year. While the "Branded pharmaceuticals and other healthcare products" and "Parallel imports business" segments contributed to the positive earnings development, we had to record a decline in the "Herbal Extracts" segment, driven by high one-off effects in the previous year.

Hence our business model has proven itself to be robust in the pandemic. Our growing product range puts in an excellent position in attractive niche markets. In addition, our production facilities in Germany were classified as critical national infrastructure in accordance with § 5 of the Federal Office for Informational Security's Critical Infrastructure Regulation (BSI-Kritisverordnung) and is therefore required to maintain production operations at all times, even in times of crisis.

Overall, the outlook for this year and beyond is positive. Taking into account the Allergopharma, we are therefore increasing the forecast and now expect an increase of 12-15% in revenues and 8-10% in adjusted EBITDA compared to the previous year. In the interests of our shareholders, our newly formed Board of Management will continue to concentrate on maintaining our profitable growth trend and expanding our solid market position as a leading manufacturer of off-patent branded pharmaceuticals in selected markets.

Grünwald, 9 September 2020

The Board of Management

Dr. Hans-Georg Feldmeier  
Chief Executive Officer

Hilde Neumeyer  
Chief Financial Officer

Karin Samusch  
Chief Business Development Officer

Dr. Jürgen Ott  
Chief Marketing Officer

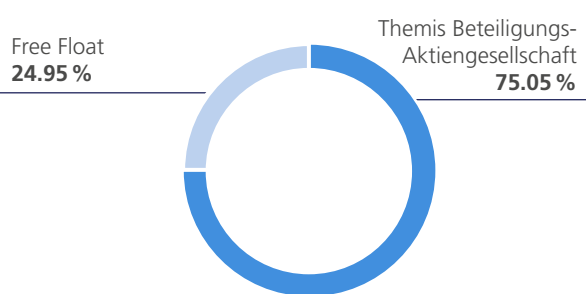
# INFORMATION ABOUT THE DERMAPHARM HOLDING SE SHARES

## Share information – H1 2020

shares at a glance (XETRA)	
High (28. May 2020)	48.88 €
Low (19. March 2020)	28.67 €
Closing price (30 June 2020)	44.29 €
Trading volume (9 February 2018 to 30 June 2020; average number of shares)	51,400 shares

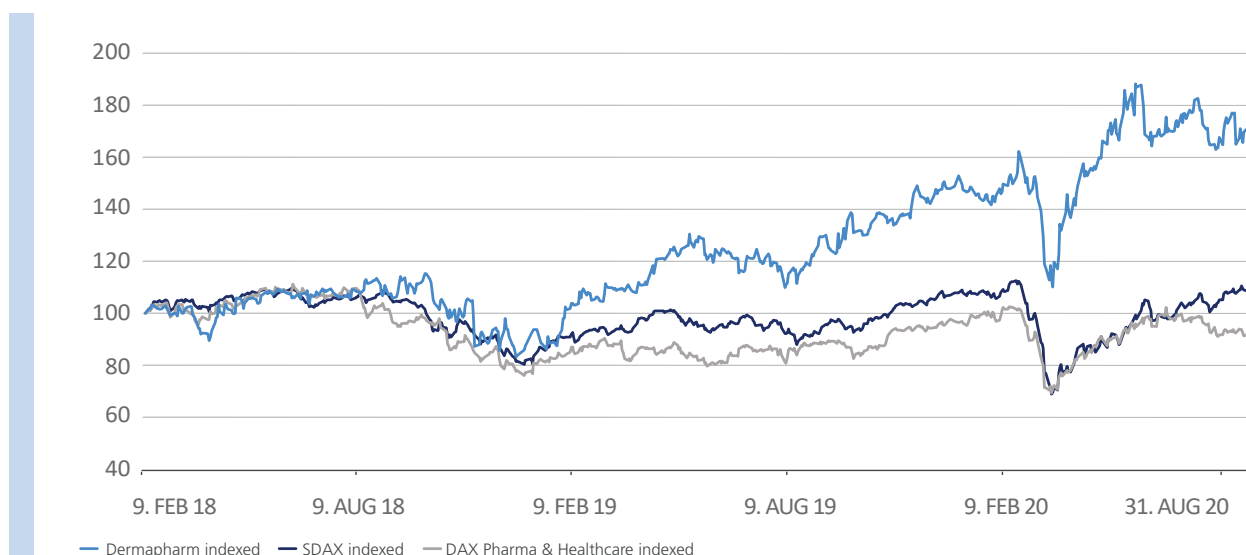
General information	
German Securities Code (WKN)	A2GS5D
ISIN	DE000A2GS5D8
Ticker symbol	DMP
Type of shares	No-par value ordinary bearer shares
Initial listing	9 February 2018
Number of shares	53.84 million
Stock exchanges	Regulated Market (Prime Standard) of the Frankfurt Stock Exchange
Analysts	Charlotte Friedrichs, Joh. Berenberg, Gossler & Co. KG Daniel Wendorff, Commerzbank AG Dennis Berzhanin, Pareto Securities AG
Designated Sponsors	Joh. Berenberg Gossler & Co KG Commerzbank AG Mainfirst Bank AG

## Shareholder structure



Disclosure based on the notifications of voting rights and directors' dealings in accordance with German Securities Trading Act (WpHG, as of 1 July 2019).

## Dermapharm Holding SE shares (XETRA, indexed)





## 2020 Annual General Meeting

On 17 June 2020, Dermapharm Holding SE successfully held its 2020 Virtual Annual General Meeting at the offices of Dermapharm Holding SE in Grünwald. At the recommendation of the Management Board, the Annual General Meeting resolved to distribute a dividend of EUR 0.80 per share. Thus, Dermapharm's shareholders took part in the Company's success in keeping with the dividend policy set out in the IPO. All agenda items were approved with a large majority. 90.61 % of the share capital was in attendance at the Virtual Annual General Meeting. At the Annual General Meeting, the Management Board reported in detail on the development of Dermapharm Holding SE's operations and strategy in financial year 2019 and provided an overview of the current 2020 financial year and the strategy to come. The Annual General Meeting ratified the actions of the Management Board and of the Supervisory Board for financial year 2019 by a large majority. Furthermore, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, was elected as the auditor for financial year 2020.

The detailed results of the voting are available at the Annual General Meeting section of the Company website [ir.dermapharm.de](http://ir.dermapharm.de).

# INTERIM GROUP MANAGEMENT REPORT

## 1. INFORMATION ABOUT THE GROUP

### 1.1 Business model and strategy

#### Business model

Dermapharm Holding SE (together with its consolidated subsidiaries referred to as "Dermapharm" or the "Group") is a leading manufacturer of off-patent branded pharmaceuticals for selected therapeutic areas in Germany, with a growing international presence. The Company currently focuses on the three segments "Branded pharmaceuticals and other healthcare products", "Herbal extracts" and the "Parallel import business". Dermapharm pursues the strategy of a business model that is as deeply integrated as possible. Dermapharm pursues a dynamic growth strategy consisting of the development of new products, increasing internationalisation and targeted M&A activities in all business areas. Dermapharm develops, produces and distributes its products with its own resources and relies on the production location Germany and the associated quality promise.

#### Branded pharmaceuticals and other healthcare products

By pursuing a targeted acquisition strategy and intelligent product development, Dermapharm has built up a broad product portfolio of off-patent branded pharmaceuticals in profitable niche markets. Furthermore, Dermapharm offers a growing portfolio of other healthcare products such as medical devices, food supplements and cosmetics. Our extensive range of pharmaceuticals and healthcare products comprises more than 380 active pharmaceutical ingredients resulting in more than 1,300 national and international marketing authorisations. The majority of these are produced in-house and sold via our distribution organisation.

As a medium-sized corporate group, Dermapharm is particularly committed to the medium-sized partners such as doctors and pharmacists and of course especially to the patients. The Group's product portfolio covers a broad spectrum of groups of active ingredients in varying dosage forms and strengths. This allows Dermapharm to offer a variety of solutions for different medical needs. According to INSIGHT Health, Dermapharm is the market leader in Germany for prescription dermatologics and systemic corticoids, based on the number of prescriptions issued by doctors registered there. With its vitamin D compound Dekristol® 20,000 I.U., Dermapharm is also the market leader in prescription vitamins, according to INSIGHT Health.

#### Herbal extracts

Through its Spanish subsidiary Euromed, a leading manufacturer of standardised herbal extracts for the pharmaceutical and cosmetic industry, Dermapharm has gained access to herbal raw materials and natural active ingredients and expanded its own value-added chain.

The broad product range is manufactured in-house at modern development and production facilities, partly using patented processes, and marketed in 38 countries via a B2B distribution model. Dermapharm increasingly uses them in the manufacture of its own products.

#### Parallel import business

Dermapharm operates the parallel import business under the brand "axicorp". The business model is based on legal regulations from the Social Security Code, whereby price differences within the internal market of the European Union for prescription-only originator pharmaceuticals are exploited in favour of the statutory health insurance system in Germany.

axicorp has the special know-how of purchasing these originator pharmaceuticals from other EU member states. In its own production facility, the products are assembled according to the requirements of the German market. The products are sold via direct marketing activities, in particular through the company's own call centre.

According to INSIGHT Health, axicorp is the fifth-largest parallel importer in the first half of the year of 2020 in terms of gross sales based on the ex-factory price in Germany and covers the majority of the prescription-only originator pharmaceuticals available on the German parallel import market.

## Strategy

Dermapharm aims to systematically leverage not only organic but also external growth opportunities. By doing so, it hopes to continue to build on its positive performance of recent years and further expand the strong position of its three segments.

Dermapharm's growth strategy is based on three pillars:

1. expanding the product portfolio by bringing to market new, internally developed products
2. increasing the Group's international presence; and
3. successfully completing further acquisitions of products and businesses.

In order to expand its product portfolio, Dermapharm continually strives to develop and bring to market additional branded pharmaceuticals and other healthcare products. Dermapharm's product pipeline currently comprises over 50 ongoing development projects involving new products for the defined niche markets. The focus is on the following therapeutic areas: Dermatologics, Vitamins/minerals/enzymes, Women's healthcare products and Ophthalmologics. Moreover, we will continue to develop the technology of medical devices bite away® and Herpotherm® and press ahead with the development further medical devices. Dermapharm plans to leverage the existing development, manufacturing and marketing capacities to launch and market new products via its distribution organisation. Also in the field of "Herbal extracts", Dermapharm aims to continue to design and develop new, innovative and sustainable extracts through modern extraction facilities and partnerships with renowned universities and other partners.

With regard to its international presence, Dermapharm plans to continuously introduce selected products from the existing product portfolio as well as new product developments at its international subsidiaries. Dermapharm supports these expansion efforts on the one hand by founding its own branches abroad. On the other hand, Dermapharm is making further progress in internationalisation through the acquisition of Allergopharma.

Dermapharm's business strategy has always included the acquisition of new registrations, products and companies. Since its foundation in 1991, Dermapharm has continuously expanded its product range through successful acquisitions. Starting with the successfully integrated dermatology segment of Bristol-Meyer Squibb in 2002 and the takeover of the therapeutics unit of Jenapharm from Schering in 2004, Dermapharm has consistently continued its growth course over the years through various acquisitions. In September 2017, Dermapharm successfully acquired the medical devices bite away® and Herpotherm®. This was followed in 2018 by the acquisitions of the companies Strathmann and Trommsdorff with a specialised portfolio of prescription medicines and OTC products, with which Dermapharm opened up the therapeutic area "pain treatment". Most recently, Dermapharm strengthened its dermatology therapeutic area with the acquisition of Allergopharma.

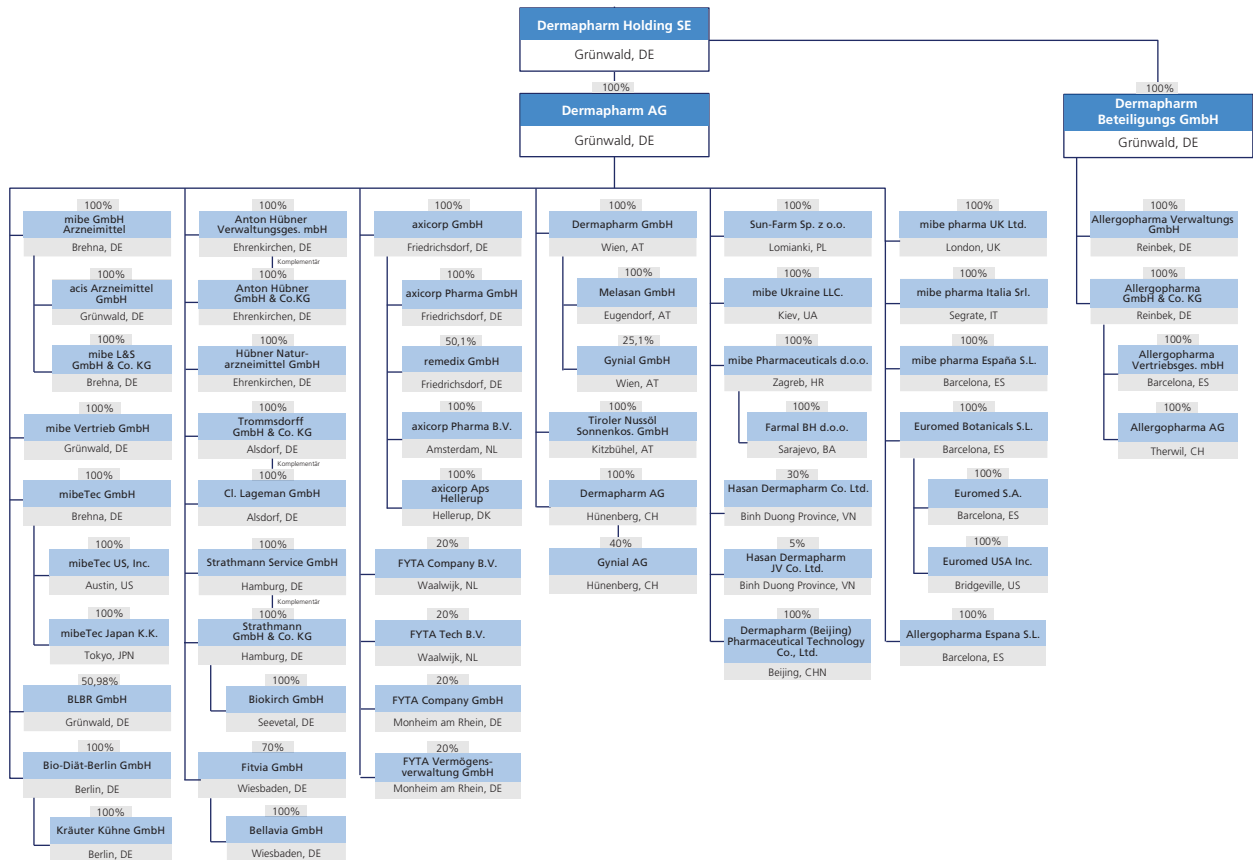
## 1.2 Group structure and interests

Dermapharm Holding SE holds 100 % of the shares in Dermapharm AG and 100 % of Dermapharm Beteiligungs GmbH and is the parent company of the Group. It essentially has the function of a strategic holding company. The operative business of the Group is conducted by Dermapharm AG and Dermapharm Beteiligungs GmbH and its various subsidiaries.

The group of companies consolidated by Dermapharm includes all companies whose financial and business policies are subject to direct or indirect control by Dermapharm. In addition, Dermapharm holds interests in companies whose financial and business policies are subject to significant influence the company.

As at 30 June 2020, the Group comprises 56 companies, of which 28 are domiciled in Germany.

The following Group structure shows direct and indirect subsidiaries and associates as at the the reporting date:



With its Group companies, Dermapharm has put in place all of the prerequisites for achieving long-term success. These include flexible company structures, a secure and broad customer base, international positioning with regional industry expertise and an entrepreneurial management structure.

### 1.3 Sites and employees

The Group operates development, production, and distribution sites in Germany as largest sales market. In addition, there are sites in Austria, Switzerland, Italy, Spain, the United Kingdom, Croatia, Bosnia and Herzegovina, Poland, Ukraine and the USA.

The majority of all compounds from the "Branded pharmaceuticals and other healthcare products" segment are manufactured in the central production and logistics centre, mibe GmbH Arzneimittel in Brehna. This site is also responsible for centralised purchasing and for product supply to the subsidiaries.

While in Poland individual products are produced for the local market, the company Melasan in Austria produces food supplements as a contract manufacturer.

The advertising and distribution of all branded pharmaceuticals and healthcare products in Germany is carried out by various sales force lines which visit pharmacies, registered doctors and clinics. Depending on the areas of product application, these efforts are conducted very specifically according to the defined customer target groups. Herbal extracts are sold via an international "B2B business model"; with more than 300 customers, Euromed generates 98 % of its sales abroad. The parallel imported original preparations are also distributed via direct telephone sales via a call centre.

Qualified employees are the basis for Dermapharm's long-term commercial success. In the first half year 2020, an average of 2,163 employees worked for Dermapharm (same period of the previous year: 1,818 employees).

### 1.4 Management system and performance indicators

At the Group level, Dermapharm Holding SE has three segments: "Branded pharmaceuticals and other healthcare products", "Herbal extracts" and "Parallel import business". The Board of Management approves objectives for use in the business planning and management of the segments. Budgetary plans which are prepared annually for a period of three years translate these objectives into specific, measurable targets.

Regular reports to the Board of Management provide details on the performance of the three segments so that any potential unfavourable trends can be countered in a timely manner. In this way, the management system plays a role in ensuring that the Group continues to grow profitably.

Dermapharm manages its operations using selected financial performance indicators. The financial performance indicators are monitored continuously and are integrated into the monthly reporting to the Board of Management. The defined segments continually review the specified plan figures and compare them with the current business performance (plan to actual comparison). Based on this review, corresponding measures are derived from any deviations from the original revenue and EBITDA targets.

The key management metrics used by the Board of Management to measure the success of business activities are revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA).

The following shows a reconciliation of EBITDA to Group earnings as presented in the income statement:

	Profit or loss for the period
+	Income tax expenses
=	Earnings before taxes (EBT)
+	Financial expenses
-	Financial income
+	Depreciation, amortisation and write-downs
=	<b>EBITDA</b>

## 1.5 Research and development

Dermapharm's focus is on developing preparations using active pharmaceutical ingredients which are generally no longer subject to industrial property rights. Hence, on account of its business model, Dermapharm specifically does not conduct any fundamental pharmaceutical research.

The foundation for profitable growth and the long-term success of the Company lies in continuously bringing to market new branded internally developed pharmaceuticals that enhance market competence in the key therapeutic areas and offering them at the best possible cost. Dermapharm is confident that its own expertise in product development is a key factor for the Group's success. This enables Dermapharm to retain control over the timing and costs of product development and allows it to devote itself to developing special projects, including niche products. The Group's in-house central development centre in Brehna plays a crucial role in this. Further development centres are established at Hübner for food supplements and at Allergopharma for the development of immune therapies.

Dermapharm continuously analyses the target markets for new product options. After identifying a potentially attractive pharmaceutical product, Dermapharm is able to carry out the key phases of the development and marketing authorisation process itself, including the development of the study design and the sponsoring of clinical trials. In doing so, it has access to the proven expertise of its development specialists, some of whom have over 25 years of experience in developing off-patent pharmaceuticals. In addition, Dermapharm has the necessary regulatory expertise to successfully complete both national and EU marketing authorisation procedures. Thus, newly developed preparations are equally made available to the German and foreign subsidiaries for marketing.

## 2. REPORT ON ECONOMIC POSITION

### 2.1 Macroeconomic and sector-specific environment

#### Macroeconomic environment

In its World Economic Outlook Update for June 2020, the International Monetary Fund (IMF) forecasted that in 2020, economic growth in the EU member states would contract by 10.2% in the shadow of the COVID-19 pandemic. In 2021, the eurozone economy is expected to grow again, by 6.0%. The IMF expects the COVID-19 pandemic to significantly depress the growth rates for all of the major economies of the eurozone in 2020, affecting Germany, France, Italy and Spain in particular. The IMF also predicts that the German economy will recover only gradually in the second half of the year, with a negative growth rate of -7.8% projected for 2020 overall. By 2021, the German economy is expected to grow again by 5.4%. In that connection, the IMF noted the German federal government's stimulus measures aimed at bolstering an economic recovery and providing support for small and medium-sized enterprises. In its June outlook for the global economy in 2020, the IMF forecasted negative growth of -4.9%. This new outlook represents a 1.9 percentage point downward adjustment on the April 2020 forecast, as the global pandemic impacted the economy in the first half of the year far more severely than anticipated in the spring.

In light of the fact that the Group's business model in the healthcare market is geared towards a relatively non-cyclical demand, the global economic environment generally has less of a direct impact on the Company's business performance than the respective regulatory conditions in the individual market regions.

#### Sector-specific environment

The pharmaceuticals and healthcare market is driven by key trends. These continue to include demographic trends such as an increasingly ageing society, global population growth, rising health awareness and more frequent self-medication as well as advances in the medical field. Accordingly, the European pharmaceuticals market has grown continuously in recent years.

According to information from the consultancy firm IQVIA (source: IMSVALOTC), the entire European pharmaceuticals market generated annual revenue of USD 281.7 billion by the end of the first quarter of 2020, corresponding to an increase of 10.1% compared to the same period in the previous year (MAT Q1 2019: USD 255.8 billion). Of that amount, USD 249.2 billion was attributable to prescription pharmaceuticals (MAT Q1 2019: USD 222.4 billion) and USD 32.4 billion to OTC pharmaceuticals (MAT Q1 2019: USD 33.4 billion).

Dermapharm's primary market, Germany, has a highly developed healthcare system with 149,710 registered physicians (in 2019), 19,075 public pharmacies (in 2019) and 1,925 hospitals (in 2018). Because of this, Germany spends a larger share of its gross domestic product for healthcare than any other country in the European Union, and it has the second-highest per capita healthcare spending and the highest share of health spending covered by public funds in the European Union. IQVIA reports that annual revenue in the German pharmaceuticals market increased by 25.7% to USD 58.6 billion at the end of Q1 2020 (MAT Q1 2019: USD 46.6 billion). Of that amount, USD 53.1 billion was attributable to prescription pharmaceuticals (MAT Q1 2019: USD 40.9 billion) and USD 5.4 billion to OTC pharmaceuticals (MAT Q1 2019: USD 5.7 billion).

Revenue from off-patent pharmaceuticals without discounts from discount agreements and biosimilars increased by 11.2% in Germany from EUR 9.0 billion in 2019 (basis: manufacturer's selling price). However, volume gains are often neutralised due to government intervention in pricing. As a result, a continued downward trend in prices, state-imposed mandatory discounts and steep discounts to health insurance organisations as a result of statutory discount agreement options between manufacturers and health insurance organisations continue to characterise this market.

According to INSIGHT Health, in the first half of financial year 2020, revenue in the parallel imports market amounted to EUR 1.6 billion compared to EUR 1.5 billion in the previous year (basis: manufacturer's selling prices). The share of pharmacy revenue attributable to reimports was 8.4% in the first half of 2020, down slightly from the 8.5% figure reported in H1 2019. With effect from 1 July 2019 the savings target that is to be achieved by selling affordable imported pharmaceuticals was defined in section 129 (2) of the German Social Security Code, Book V (Sozialgesetzbuch, Fünftes Buch, "SGB V") as 2% of theoretical revenue in the import-relevant market. That percentage represents the difference between expenditure for the affordable imported pharmaceuticals sold and the expenditure for the respective reference pharmaceutical taking into consideration the statutory discounts and amount to 2% of the imputed total cost. It is presently being determined whether the current savings target will continue to be valid going forward. In addition, in the case of generic active ingredients not covered by discount agreements, the master agreement stipulates that the pharmacist is obligated to sell one of the four most affordable pharmaceutical registration numbers (Pharmazentralnummer, "PZN").

## 2.2 Course of business

Since the beginning of the year, the pharmaceuticals industry has also been faced with the COVID-19 pandemic and the resulting effects. Dermapharm successfully adapted to the ever-changing environment in recent months. Thanks to the considerable commitment on the part of our employees, we were able to serve the at times extreme demand for our products and avoid supply bottlenecks. The increase in demand in certain therapeutic areas during the first quarter, which was driven by the pandemic, resulted in greater revenue growth than expected. The impacts of stockpiling played a not insignificant role within the supply chain. This impact on demand due to surplus stockpiling had already begun to wane significantly by the second quarter, and is likely to subside further in the second half of the year. Since March 2020 Dermapharm has registered restrained demand from international customers as a result of lockdown regulations.

The companies within the Group systematically leveraged synergies and generated organic growth through the introduction of new, internally developed, products in selected niche markets, while continuing to develop the existing portfolio. Aside from organic growth, the successful integration of the acquired company Allergopharma also made a significant contribution to this positive business trend.

### Acquisitions

#### Acquisition of Allergopharma GmbH & Co. KG and Allergopharma Verwaltungs GmbH

Under the purchase agreement dated 19 February 2020, Dermapharm acquired Allergopharma GmbH & Co. KG and Allergopharma Verwaltungs GmbH, which are registered in Reinbek near Hamburg and specialises in allergy desensitisation products, via its subsidiary Dermapharm Beteiligungs GmbH, which was newly formed in connection with this acquisition. Allergopharma had previously been a subsidiary of Merck KGaA, Darmstadt.

Allergopharma has more than 50 years' of experience in researching and treating allergies. Allergopharma specialises in subcutaneous hyposensitisation and is one of Europe's market leaders in this field, offering a wide product range with high-dosage, hypoallergenic preparations, known as allergoids. The portfolio also includes a large selection of allergens for diagnostic testing. Allergopharma markets its products in 18 countries. The company uses its own sales force and external partners to market its products abroad.

The deal closed on 31 March 2020. However, this did not include the sales unit in China. As it generally takes longer to obtain approval from the Chinese authorities, the sales unit is expected to be transferred to Dermapharm in the second half of the year.

### Performance indicators

**Consolidated revenue** increased by 13.5 % to EUR 378.2 million as compared to the prior-year period (H1 2019: EUR 333.2 million).

At the same time, **adjusted EBITDA** increased by 1.8 % to EUR 91.7 million (H1 2019: EUR 90.1 million).

The **non-recurring expenses** which were eliminated in the calculation for adjusted EBITDA amounted to EUR 6.0 million and comprised the following in H1 2020:

- EUR 1.5 million in adjustments made in connection with the purchase price allocation (IFRS 3) of FYTA due to the carrying amount "step-up" for technologies and licences and the related amortisation charges
- and EUR 0.5 million in adjustments at Allergopharma due to the carrying amount "step-up" for inventories on account of the fair value measurement and the related decrease in inventories
- Acquisition costs in connection Allergopharma amounting to EUR 1.7 million and
- Restructuring expenses in relation to Allergopharma amounting to EUR 2.4 million.

The **non-recurring expenses in H1 2019** which were eliminated in the calculation for adjusted EBITDA amounted to EUR 8.5 million and comprised the following:

- Reductions of inventories in connection with the carrying amount "step-up" for the inventories recognised as at the acquisition date due to fair value measurement as part of the purchase price allocation (IFRS 3) of Euromed (EUR 3.6 million).
- Acquisition costs in connection with
  - Euromed amounting to EUR 3.0 million; and
  - Fitvia amounting to EUR 0.1 million; and
- Consulting services in connection with further acquisition projects amounting to EUR 0.2 million.
- Restructuring expenses incurred in relation to Bio-Diät Berlin and its subsidiary Kräuter Kühne amounting to EUR 1.6 million.

The **adjusted EBITDA margin** amounted to 24.2 % (H1 2019: 27.0 %).

**Unadjusted EBITDA** amounted to EUR 85.7 million, representing a 5.0 % increase (H1 2019: EUR 81.6 million).

The **unadjusted EBITDA margin** amounted to 22.7 % (H1 2019: 24.5 %).



## 2.3 Financial position, financial performance and cash flows

### 2.3.1 Financial performance of the Group

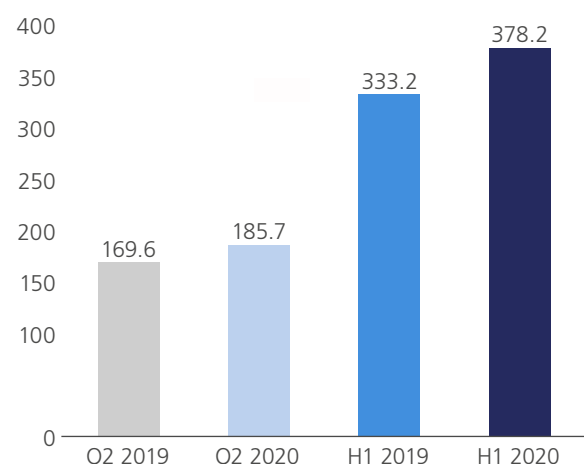
#### Revenue and earnings performance of the Group

**Consolidated revenue** rose to EUR 378.2 million in the first six months of 2020, representing a 13.5 % increase as compared to the same period of the previous year (EUR 333.2 million). This increase was due primarily to the first-time consolidation of Allergopharma with effect from April 2020, the revenue contributions by Fitvia and Bellavia, which had not been included in the prior-year period, and organic growth.

For further information on Allergopharma's initial consolidation please refer to note 2.4.

#### Half-yearly and quarterly comparison of revenue trend

EUR million



The increase in revenue in the first half of 2020 resulted in a higher **cost of materials** in absolute terms of EUR 194.6 million in the period under review (previous year: EUR 164.7 million). However, taking into account the change in inventories, the cost of materials ratio improved from 47.0 % in the prior-year period to 45.1 % thanks to higher revenue in the high-margin segment "Branded pharmaceuticals and other healthcare products", more favourable procurement conditions, the increase in the number of products manufactured in-house, and the leveraging of synergies within the Group.

**Personnel expenses** amounted to EUR 73.8 million in H1 2020 (previous year: EUR 56.1 million). This increase was influenced primarily by additional personnel expenses following the first-time consolidation of Allergopharma, Fitvia and Bellavia and the general growth trend within the Group. Personnel expenses also included restructuring expenses of EUR 2.4 million in connection with the acquisition of Allergopharma in the first half of 2020. Due to the increase in personnel expenses, the ratio of personnel expenses to revenue thus stood at 19.5 % in H1 2020 (previous year: 16.8 %).

**Depreciation, amortisation and write-downs** amounted to EUR 21.9 million in H1 2020 (previous year: EUR 23.4 million). The decrease is attributable primarily to depreciation, amortisation and write-downs on assets from the purchase price allocation (PPA depreciation, amortisation and write-downs) in connection with Euromed relating to the prior-year period.

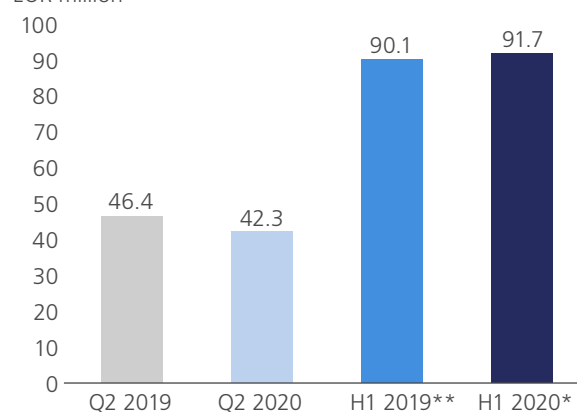
**Other operating expenses** amounted to EUR 59.9 million in H1 2020 (previous year: EUR 49.9 million). The increase is due primarily to the first-time inclusion of the Fitvia, Bellavia and Allergopharma in the group of consolidated companies. Non-recurring consulting fees of EUR 1.7 million were incurred in connection with the acquisition of Allergopharma. By comparison, non-recurring expenses in H1 2019 amounted to EUR 3.3 million. The ratio of other operating expenses to revenue rose to 15.8 % in light of these non-recurring items (previous year: 15.0 %).

The **adjusted EBITDA** described in 2.2 above rose in H1 2020 by 1.8 % from EUR 90.1 million in the previous year to EUR 91.7 million. The **adjusted EBITDA margin** declined accordingly from 27.0 % in the previous year to 24.2 %.

Based on **unadjusted EBITDA** amounting to EUR 85.7 million (previous year: EUR 81.6 million), in the first half of the year, Dermapharm reported an unadjusted EBITDA margin of 22.7 %, which was down on the prior-year figure of 24.5 %.

#### Half-yearly and quarterly comparison of EBITDA trend

EUR million



\* In H1 2020, EBITDA was adjusted for non-recurring expenses amounting to EUR 6.0 million.

\*\* In H1 2019, EBITDA was adjusted for non-recurring expenses amounting to EUR 8.5 million.

Unadjusted **earnings before taxes (EBT)** amounted to EUR 58.7 million in H1 2020 (previous year: EUR 54.9 million). The EBT margin fell as a result of the above-average increase in personnel expenses and other operating expenses to 15.5 %, and was thus down year on year (previous year: 16.5 %).

The unadjusted **profit or loss for the period** in the first six months of the 2020 financial year amounted to EUR 39.1 million (previous year: EUR 39.4 million).

## Segment reporting

The following tables show the changes in the performance indicators reported internally to Dermapharm's Board of Management by segments.

6 months ended 30 June 2020 in EUR thousand	Branded pharmaceuticals and other healthcare products	Parallel import business	Herbal extracts	Reconciliation/ Group holding company	Group
Revenue	213,598	126,685	39,439	(1,526)	378,196
<i>of which intra-segment revenue</i>	<i>1,450</i>	<i>1</i>	<i>74</i>	<i>(1,526)</i>	<i>-</i>
Revenue from external customers	212,148	126,684	39,365	-	378,196
Revenue growth	21.2 %	7.0 %	-1.0 %	-	13.5 %
EBITDA	75,234	5,238	7,932	(2,690)	85,714
<i>of which earnings from investments accounted for using the equity method</i>	<i>906</i>	<i>-</i>	<i>(1,951)</i>	<i>-</i>	<i>(1,045)</i>
EBITDA margin	35.5 %	4.1 %	20.1 %	-	22.7 %

\* As from 1 April 2020 with Allergopharma

6 months ended 30 June 2019 in EUR thousand	Branded pharmaceuticals and other healthcare products	Parallel import business	Herbal extracts	Reconciliation/ Group holding company	Group
Revenue	176,183	118,383	39,789	(1,183)	333,171
<i>of which intra-segment revenue</i>	<i>1,153</i>	<i>-</i>	<i>30</i>	<i>(1,183)</i>	<i>-</i>
Revenue from external customers	175,030	118,383	39,759	-	333,171
Revenue growth	7.3 %	1.1 %	-	-	18.9 %
EBITDA	71,626	4,932	7,742	(2,693)	81,608
<i>of which earnings from investments accounted for using the equity method</i>	<i>926</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>926</i>
EBITDA margin	40.9 %	4.2 %	19.5 %	-	24.5 %

### Revenue and earnings performance in the "Branded pharmaceuticals and other healthcare products" segment

Revenue in the "Branded pharmaceuticals and other healthcare products" segment reported in H1 2020 increased by 21.2 % compared to the previous year to EUR 212.1 million (previous year: EUR 175.0 million). This increase was due primarily to the first-time consolidation of Allergopharma, the revenue contributions by Fitvia and Bellavia, which had not been included in the prior-year period, and organic growth in this segment and was based on the systematic implementation of the corporate strategy, which focused on selected niche markets.

The segment's **EBITDA** reported in H1 2020 rose by 5.0 % to EUR 75.2 million (previous year: EUR 71.6 million). This increase was due primarily to the contributions from Fitvia, Bellavia and Allergopharma, which had not been included in the prior-year period. At 35.5 % (prior-year period: 40.9 %), the segment's **EBITDA margin** was down year on year due to the fact that the margins of the aforementioned new acquisitions were below the segment average.

### Revenue and earnings performance of the "Parallel import business" segment

**Revenue** in the "Parallel import business" segment reported in H1 2020 rose by 7.0 % compared to the previous year to EUR 126.7 million (previous year: EUR 118.4 million). This increase was attributable primarily to a stable market share in a slightly growing market, higher demand in reimported anaesthetics, higher OTC sales and Axicorp's continued ability to deliver.

**EBITDA** reported in the "Parallel import business" segment increased by 6.1 % to EUR 5.2 million in H1 2020 (previous year: EUR 4.9 million). The segment's **EBITDA margin** was thus 4.1 % and thus on par with the prior-year figure of 4.2 %.

### Revenue and earnings performance of the "Herbal extracts" segment

**Revenue** in the "Herbal extracts" segment reported in H1 2020 decreased to EUR 39.4 million (previous year: EUR 39.8 million). The segment saw weaker demand due to the impact of the COVID-19 pandemic, particularly in Spain and the United States. However, demand began to recover at the end of H1 2020.

The reported **EBITDA** for H1 2020, taking into account the negative result from the investment in the FYTA Group, which was accounted for using the equity method, amounted to EUR 7.9 million (previous year: EUR 7.7 million) and was thus below our expectations. This resulted in a 20.1 % **EBITDA margin** for this segment (prior-year period: 19.5 %).

### 2.3.2. Financial position of the Group

The financial position of the Group developed as shown below as at 30 June 2020:

The **total assets** increased to EUR 1,202.3 million as at 30 June 2020 (31 December 2019: EUR 1,044.9 million). This was due largely to the first-time consolidation of Allergopharma as at 1 April 2020.

**Non-current assets** rose from EUR 691.9 million as at 31 December 2019 to EUR 806.3 million as at 30 June 2020. This was due primarily to the increase in goodwill and property, plant and equipment in connection with the acquisition of Allergopharma.

**Current assets** increased from EUR 352.9 million as at 31 December 2019 to EUR 396.0 million as at 30 June 2020. In addition to the acquisition of Allergopharma, this was attributable mainly to the increase in inventories due to the decline in sales across individual sales channels as a result of the COVID-19 pandemic.

**Equity** amounted to EUR 281.3 million as at 30 June 2020, compared to EUR 284.5 million as at 31 December 2019. With an **equity ratio** of 23.4 % as at 30 June 2020 (31 December 2019: 27.2 %), Dermapharm continues to have a strong equity base despite the decrease in the equity ratio as a result of the acquisitions.

The **non-current liabilities** increased to EUR 783.9 million as at 30 June 2020 (31 December 2019: EUR 658.0 million). This rise is attributable primarily to the increase provisions for pensions in connection with the first-time consolidation of Allergopharma and the increase in non-current financial liabilities due a working capital line that was drawn down in the amount of EUR 57.5 million.

The **current liabilities** increased to EUR 137.1 million as at the reporting date (31 December 2019: EUR 102.4 million). This increase was attributable first and foremost to current financial liabilities amounting to EUR 21.0 million (31 December 2019: EUR 11.3 million) and trade payables of EUR 53.9 million (31 December 2019: EUR 35.4 million). Higher provisions for manufacturer rebates were recognised in connection with the acquisition of Allergopharma. Furthermore, a restructuring provision for Allergopharma amounting to EUR 2.4 million was recognised.

### 2.3.3 Cash flows of the Group

#### Stable cash flows

Dermapharm's financial position and cash flows remained stable in the reporting period. Accordingly, the Group's liquidity was guaranteed at all times in the current financial year.

The main sources of liquidity were cash inflows from ongoing business activities and borrowings in the short, medium and long term. The profitability of business activities and net working capital impacted the cash inflows received from the ongoing business activities. In addition to the existing financing by means of loans, lines of credit and various promissory note loans, Dermapharm also has access to a cash liquidity reserve in the form of cash and cash equivalents.

#### Material new funding and repayments of loans in the reporting period

To finance the acquisition of the shares in Allergopharma, Dermapharm AG drew on a working capital line of EUR 57.5 million at the beginning of April 2020, which had been made available upon conclusion of the syndicated loan agreement taken out in June 2019.

## Overview of the structure of financial liabilities in the Group as at 30 June 2020

Current residual terms of financial liabilities:

EUR thousand	< 1 year	1-5 years	> 5 years	Total
Promissory note loans	0	57,552	61,500	<b>119,052</b>
Liabilities to banks	17,162	464,347	7,759	<b>489,268</b>
Lease liabilities	3,836	5,847	5,255	<b>14,938</b>
<b>Total</b>	<b>20,998</b>	<b>527,746</b>	<b>74,514</b>	<b>623,258</b>

### Cash flow analysis

The **net cash flow from operating activities** consists of changes in items not covered by investments, financing and through changes in the scope of consolidation and measurement.

The net cash flow from operating activities decreased to EUR 40.9 million in H1 2020 (previous year: EUR 44.4 million). This development was due mainly to the year-on-year increase in inventories in working capital assets in H1 2020.

**Cash flow from investing activities**, which reflects the cash outflows for investments less the inflows from disposals, amounted to EUR -75.8 million in H1 2020 (previous year: EUR -334.3 million). Cash flows from investing activities were impacted primarily by the decline in payments for business combinations less available cash amounting to EUR 62.7 million (previous year: EUR 253.6 million). The Allergopharma acquisition was included in this figure.

**Free cash flow**, i.e., cash flow from ongoing business activities plus cash flow from investing activities, amounted to EUR -34.9 million in the period under review (previous year: EUR -290.0 million).

**Cash flow from financing activities** amounted to EUR 8.8 million in the period under review (previous year: EUR 138.7 million). This was influenced significantly by the distribution of a dividend for financial year 2019 amounting to EUR 43.1 million in June 2020 (previous year: EUR 41.5 million) in accordance with the resolution by the Annual General Meeting on 17 June 2020. The AGM followed the Management Board's recommendation to distribute a dividend of EUR 0.80 per share carrying dividend rights. The figure in the prior-year period had been influenced by proceeds from borrowings amounting to EUR 345.2 million. These resulted from a bridge loan to acquire Euromed, a term loan facility to finance the construction of a new production facility for Melasan in Austria and a syndicated bullet loan and revolving line of credit. This was offset by payments to repay borrowings in the amount of EUR 160.6 million.

Thus, Dermapharm Holding SE had cash and cash equivalents of EUR 97.7 million as at 30 June 2020 (30 June 2019: EUR 81.7 million).

### 3. REPORT ON OPPORTUNITIES AND RISKS

The risks and opportunities of future development at Dermapharm are described in detail in the combined Group management report for the 2019 financial year (see 3. Report on opportunities and risks).

No additional risks or opportunities have materialised during the period under review.

### 4. REPORT ON EXPECTED DEVELOPMENTS

#### Outlook

In its report on expected developments, the Management Board discusses, to the extent possible, its expectations with respect to the future development of Dermapharm and the market environment in which the Group operates for financial year 2020. Dermapharm's business model is geared towards markets which offer sustainable growth potential due to general and industry-specific growth mechanisms in the pharmaceuticals and healthcare market, as well as to growth forecasts by independent institutions. Given the strategic path followed by the "Branded pharmaceuticals and other healthcare products" segment, the speedy integration of Allergopharma, the systematic implementation of the three-pillar strategy, the solid development in the "Parallel import business" segment and the improvements in the "Herbal extracts" segment, the Management Board expects that the positive growth outlook will prevail in the future. The Management Board therefore expects the Group to experience continued year-on-year growth in financial year 2020 and, taking into account Allergopharma, revised its forecast upwards, with an expected increase of 12-15 % in revenue and 8-10 % in adjusted EBITDA as compared to the previous year. These growth rates are based on organic growth, growth from new launches of in-house developments, the integration of Fitvia and Bellavia and growth from the Allergopharma acquisition included in the forecast.

Due to the high level of uncertainty regarding the further course of the COVID-19 pandemic, the above forecast is subject to a significantly higher degree of uncertainty.

#### Forward-looking statements

This report contains forward-looking statements made on the basis of information that was available as at the date on which this half-yearly financial report was prepared. However, this also entails operating challenges and risks which are determined to a large extent by changing or additional state regulatory measures, such as cost-reduction measures and more cumbersome requirements for authorisations. As a result, the future development of the Group's revenue and earnings will be characterised in equal parts by growth-promoting and growth-inhibiting conditions. These and other factors can result in actual events, the financial position, performance and the profitability of the Company deviating significantly from the estimates stated herein.

Grünwald, 9 September 2020

The Board of Management

Dr. Hans-Georg Feldmeier  
Chief Executive Officer

Hilde Neumeyer  
Chief Financial Officer

Karin Samusch  
Chief Business Development Officer

Dr. Jürgen Ott  
Chief Marketing Officer

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED STATEMENT OF FINANCIAL POSITION as at 30 June 2020 and 31 December 2019

Assets EUR thousand	30 June 2020	31 December 2019
<b>Non-current assets</b>		
Intangible assets	296,940	293,031
Goodwill	250,724	202,245
Property, plant and equipment	195,590	132,585
Investments accounted for using the equity method	61,068	62,113
Equity investments	491	395
Other non-current financial assets	1,467	1,562
<b>Total non-current assets</b>	<b>806,280</b>	<b>691,931</b>
<b>Current assets</b>		
Inventories	213,341	175,643
Trade receivables	66,719	48,879
Other current financial assets	4,053	6,040
Other current assets	12,098	5,396
Tax assets	321	231
Cash and cash equivalents	97,695	114,956
Non-current assets held for sale	1,767	1,796
<b>Total current assets</b>	<b>395,995</b>	<b>352,941</b>
<b>Total assets</b>	<b>1,202,275</b>	<b>1,044,871</b>

<b>Equity and liabilities</b> EUR thousand	<b>30 June 2020</b>	<b>31 December 2019</b>
<b>Equity</b>		
Issued capital	53,840	53,840
Capital reserves	92,210	92,754
Retained earnings	136,036	139,067
Other reserves	(7,085)	(7,012)
<b>Equity attributable to owners of parent</b>	<b>275,002</b>	<b>278,649</b>
Non-controlling interests	6,286	5,841
<b>Total equity</b>	<b>281,288</b>	<b>284,490</b>
<b>Non-current liabilities</b>		
Provisions for employee benefits	140,333	56,976
Non-current financial liabilities	602,260	543,347
Other non-current financial liabilities	19,442	18,684
Other non-current liabilities	10,797	11,915
Deferred tax liabilities	11,054	27,038
<b>Total non-current liabilities</b>	<b>783,885</b>	<b>657,960</b>
<b>Current liabilities</b>		
Other provisions	17,542	16,238
Current financial liabilities	20,999	11,264
Trade payables	53,864	35,355
Other current financial liabilities	6,065	7,079
Other current liabilities	27,836	26,571
Tax liabilities	10,795	5,914
<b>Total current liabilities</b>	<b>137,102</b>	<b>102,421</b>
<b>Total equity and liabilities</b>	<b>1,202,275</b>	<b>1,044,871</b>

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the 3- and 6-month periods ended 30 June 2020 and 30 June 2019

EUR thousand	3 months ended		6 months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Revenue	185,727	169,619	378,196	333,171
Change in inventories	11,047	(2,440)	24,218	8,028
Own work capitalised	3,387	2,894	6,751	6,107
Other operating income	1,325	2,236	5,997	4,166
Cost of materials	(91,908)	(78,661)	(194,642)	(164,722)
Personnel expenses	(43,024)	(28,514)	(73,816)	(56,132)
Depreciation and amortisation	(12,000)	(11,923)	(21,930)	(23,425)
Other operating expenses	(29,449)	(24,718)	(59,946)	(49,938)
<b>Operating result</b>	<b>25,106</b>	<b>28,492</b>	<b>64,829</b>	<b>57,256</b>
Share of profit/loss of companies accounted for using the equity method, after tax	(557)	477	(1,045)	926
Financial income	102	2,224	394	2,337
Financial expenses	(2,782)	(3,485)	(5,516)	(5,589)
<b>Financial result</b>	<b>(3,236)</b>	<b>(784)</b>	<b>(6,168)</b>	<b>(2,326)</b>
<b>Earnings before taxes</b>	<b>21,869</b>	<b>27,708</b>	<b>58,662</b>	<b>54,930</b>
Income tax expenses	(9,606)	(7,537)	(19,581)	(15,536)
<b>Profit or loss for the period</b>	<b>12,264</b>	<b>20,170</b>	<b>39,080</b>	<b>39,394</b>
<i>Other comprehensive income not reclassified to profit or loss in subsequent periods:</i>				
Actuarial gains/losses from remeasurement of defined benefit pension plans	-	-	-	-
Deferred taxes relating to items not subject to reclassification	-	-	-	-
<i>Other comprehensive income which may be reclassified to profit or loss in subsequent periods:</i>				
Foreign operations - currency translation differences	166	38	(73)	228
<b>Other comprehensive income, after tax</b>	<b>166</b>	<b>38</b>	<b>(73)</b>	<b>228</b>
<b>Total comprehensive income for the period</b>	<b>12,430</b>	<b>20,209</b>	<b>39,008</b>	<b>39,623</b>
<b>Profit or loss for the period attributable to</b>				
Owners of the parent	11,971	20,061	38,635	39,217
Non-controlling interests	292	109	445	177
	<b>12,264</b>	<b>20,170</b>	<b>39,080</b>	<b>39,394</b>
<b>Total comprehensive income for the period attributable to</b>				
Owners of the parent	12,137	20,099	38,562	39,446
Non-controlling interests	292	109	445	177
	<b>12,430</b>	<b>20,209</b>	<b>39,008</b>	<b>39,623</b>
<b>Earnings per share</b>				
Basic (= diluted) earnings per share (EUR)	<b>0.22</b>	<b>0.38</b>	<b>0.72</b>	<b>0.73</b>



## CONDENSED STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2020 and 30 June 2019

EUR thousand	6 months ended	
	30 June 2020	30 June 2019
Earnings before taxes	58,662	54,930
Depreciation and amortisation (reversals of depreciation and amortisation) of fixed assets	21,159	22,106
(Increase)/decrease in working capital (assets)	(30,082)	(17,941)
Increase/(decrease) in working capital (liabilities)	3,587	(6,333)
Increase/(decrease) in provisions for employee benefits	252	(183)
Other non-cash items	445	424
Share of (profit)/loss of companies accounted for using the equity method, after tax	1,045	(926)
(Gain)/loss on disposal of non-current assets	(109)	(54)
Interest expense/(income)	4,579	3,575
Income tax payments	(18,613)	(11,244)
<b>Net cash flows from operating activities</b>	<b>40,924</b>	<b>44,354</b>
Proceeds from the disposal of intangible assets and property, plant and equipment	373	1,514
Business combinations, less cash	(62,701)	(253,607)
Payments for investments in intangible assets and property, plant and equipment	(15,002)	(21,837)
Payments for investments in financial assets	(100)	(60,345)
Dividends from companies accounted for using the equity method	1,652	-
<b>Cash flows from investing activities</b>	<b>(75,778)</b>	<b>(334,276)</b>
Dividends paid	(43,072)	(41,457)
Proceeds from borrowings	58,442	345,155
Repayments of borrowings	(1,060)	(160,556)
Payments of lease liabilities	(2,166)	(2,332)
Proceeds from reimbursements of interest paid	1,286	925
Interest paid	(4,612)	(3,071)
<b>Cash flows from financing activities</b>	<b>8,819</b>	<b>138,664</b>
<b>Net increase / decrease in cash, cash equivalents and bank overdrafts</b>	<b>(26,035)</b>	<b>(151,258)</b>
Cash, cash equivalents and bank overdrafts as at 1 January	108,992	206,439
Effect of exchange rate changes on cash and cash equivalents	(126)	33
Effect on cash funds of changes in the group of consolidated companies	827	-
<b>Cash, cash equivalents and bank overdrafts as at 30 June</b>	<b>83,657</b>	<b>55,214</b>
Bank overdrafts as at 1 January	(5,963)	(6,082)
Bank overdrafts as at 30 June	(14,038)	(26,459)
<b>Cash and cash equivalents as at 30 June</b>	<b>97,695</b>	<b>81,672</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

as at 30 June 2020 and 30 June 2019

EUR thousand	Attributable to owners of the parent					Total	Non-control- ling interests	Total equity
	Issued capital	Capital reserves	Retained earnings	Other reserves	Contributi- ons in kind not yet registered			
<b>As at 1 January 2019</b>	<b>53,840</b>	<b>100,790</b>	<b>100,992</b>	<b>(3,173)</b>	-	<b>252,449</b>	<b>3,636</b>	<b>256,085</b>
Profit or loss for the period	-	-	39,217	-	-	39,217	177	39,394
Other comprehensive income, after tax	-	-	-	228	-	228	-	228
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>39,217</b>	<b>228</b>	<b>-</b>	<b>39,446</b>	<b>177</b>	<b>39,623</b>
Call/put options of non-controlling interests	-	-	-	-	-	-	-	-
Transactions with non-controlling interests without change of control	-	-	2,336	-	-	2,336	(1,591)	745
Dividends	-	-	(41,457)	-	-	(41,457)	-	(41,457)
Changes to the group of consolidated companies	-	-	-	-	-	-	-	-
<b>As at 30 June 2019</b>	<b>53,840</b>	<b>100,790</b>	<b>101,089</b>	<b>(2,945)</b>	<b>-</b>	<b>252,774</b>	<b>2,221</b>	<b>254,996</b>
<b>As at 1 January 2020</b>	<b>53,840</b>	<b>92,754</b>	<b>139,067</b>	<b>(7,012)</b>	<b>-</b>	<b>278,649</b>	<b>5,841</b>	<b>284,490</b>
Profit or loss for the period	-	-	38,635	-	-	38,635	445	39,080
Other comprehensive income, after tax	-	-	-	(73)	-	(73)	-	(73)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>38,635</b>	<b>(73)</b>	<b>-</b>	<b>38,562</b>	<b>445</b>	<b>39,008</b>
Call/put options of non-controlling interests	-	(543)	-	-	-	(543)	-	(543)
Transactions with non-controlling interests without change of control	-	-	-	-	-	-	-	-
Dividends	-	-	(43,072)	-	-	(43,072)	-	(43,072)
Changes to the group of consolidated companies	-	-	1,406	-	-	1,406	-	1,406
<b>As at 30 June 2020</b>	<b>53,840</b>	<b>92,210</b>	<b>136,036</b>	<b>(7,085)</b>	<b>-</b>	<b>275,002</b>	<b>6,286</b>	<b>281,288</b>

# SELECTED EXPLANATORY NOTES

## 1. Corporate Information

Dermapharm Holding SE (hereinafter also the "Company") together with its consolidated subsidiaries (hereinafter referred to as "Dermapharm" or the "Group") is a leading manufacturer of off-patent branded pharmaceuticals for selected therapeutic areas, over-the-counter drugs, non-prescription natural remedies, medical devices, herbal extracts as well as parallel imports of originator preparations, both in Germany and with a growing international presence.

The Company has its registered office at Lil-Dagover-Ring 7, Grünwald, Germany, and is entered in the commercial register under number HRB 234575.

The Company is the holding company of the Group, whose subsidiaries operate primarily in Germany. Dermapharm also has subsidiaries in Austria, Switzerland, Italy, Spain, the United States and the United Kingdom as well as in eastern Europe (Croatia, Poland and Ukraine), among other countries. The Company's domestic and international subsidiaries concentrate on the development, licensing, manufacture and sale of products using off-patent active pharmaceutical ingredients in the healthcare sector, and in particular in the pharmaceutical industry. Its core products are branded generics, OTC products, non-prescription healthcare products, herbal extracts and parallel-imported originator pharmaceuticals.

Dermapharm'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) A2GS5D, International Securities Identification Number (ISIN) DE000A2GS5D8 and ticker symbol DMP. Trading opened on 9 February 2018.

The interim consolidated financial statements were authorised by the Management Board by resolution dated 9 September 2020.

## 2. Significant accounting policies and changes

### 2.1 Basis of preparation

In accordance with § 52 of the Exchange Rules (Börsenordnung) of the Frankfurt Stock Exchange in conjunction with § 117 no. 2 and § 115 (2) to (4) of the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG"), Dermapharm's half-yearly financial report contains the condensed interim consolidated financial statements and an interim Group management report and was prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting).

The interim financial statements comply with the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The 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 condensed 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. Due to the currently unforeseeable global effects of the COVID-19 pandemic, these judgements and estimates by the management are subject to a higher degree of uncertainty than would normally be the case. In this context, Dermapharm is constantly reviewing the impact of the pandemic on the Company's performance and the resulting effects on its accounts. The course of the business in the first half of 2020 was marked in the first quarter by a rise in demand in some therapeutic areas as a result of the COVID-19 pandemic, which led to higher-than-budgeted revenue growth. The increase in inventories at wholesalers and pharmacies, the general reluctance to visit doctors and pharmacies and lower demand across the board from international customers led to a decline in sales in the second quarter. However, Dermapharm still recorded strong growth overall in the first half of the year. Management expects the situation to continue to normalise in the further course of the financial year and revised its forecast for the 2020 financial year upwards on account of the acquisition of Allergopharma. Please refer to the report on expected developments in the interim management report for more details. Based on the analysis of the Company's performance to date and management's assessment of the Company's performance in the further course of the 2020 financial year, there are currently no indications of material impairment in respect of goodwill or intangible assets. Nor were there any indications of significant impairment of other assets, in particular trade receivables and inventories.

## 2.2 Changes in accounting policies

The same accounting policies were applied in these condensed interim consolidated financial statements as in the consolidated financial statements for financial year 2019. For more information about the Group's accounting policies, please refer to the notes to the consolidated financial statements in the 2019 Annual Report.

## 2.3 Standards and Interpretations applicable for the first time during the year under review

In the first half of 2020, Dermapharm has observed and, where relevant, applied the pronouncements and amendments to IASB pronouncements published by the IASB and endorsed by the EU with an initial application date of 1 January 2020. These amendments did not have any material effect on the presentation of Dermapharm's financial position, financial performance and/or cash flows.

Nor is the future application of standards, interpretations and amendments published but not yet applied is expected to have any (material) effect on the consolidated financial statements.

## 2.4 Consolidation principles and group of consolidated companies

### Consolidation principles

Dermapharm Holding SE is the parent company of the Group. Group business is conducted by Dermapharm AG and its subsidiaries as well as the subsidiaries of Dermapharm Beteiligungs GmbH. The condensed interim consolidated financial statements include all material companies whose financial and business policies can be controlled by the Company, either directly or indirectly, and the material equity interests of Dermapharm whose financial and business policies can be influenced by the Company to a significant extent.

### Changes to the scope of consolidation

#### mibe Ukraine LLC.

mibe Ukraine LLC., with its registered office in Kiev, Ukraine, is a wholly owned subsidiary of Dermapharm AG and was included in the group of consolidated companies for the first time with effect from 1 January 2020 as it is classified as material to the Group's financial position, financial performance and cash flows following the change in the business model. The object of the company is the sale and distribution of pharmaceutical products.

#### Dermapharm Beteiligungs GmbH

On 18 February 2020, the former shelf company IONOS 19-080 GmbH was reorganised and now operates as Dermapharm Beteiligungs GmbH, with its registered office in Grünwald near Munich. The object of the company is the acquisition, holding, management and disposal of equity investments in other enterprises and companies. The company is a wholly owned subsidiary of Dermapharm Holding SE.

#### Allergopharma España S.L.

On 24 March 2020, the former shelf company Fast Placement Systems S.L. was reorganised and now operates as Allergopharma España S.L., with its registered office in Barcelona, Spain. The company operates the Allergopharma Group's sales and distribution business in Spain. The company is a wholly owned subsidiary of Dermapharm AG. For additional details, please see note 2.5.

## Allergopharma Gruppe

With effect from 31 March 2020, Dermapharm Beteiligungs GmbH acquired 100% of all business or limited partner shares in Allergopharma Verwaltungs GmbH as well as in Allergopharma GmbH & Co. KG, with its registered office in Reinbek near Hamburg, as well as its subsidiaries and international sales units (jointly referred to as "Allergopharma"). Allergopharma specialises in the subcutaneous hyposensitisation treatment of allergies and offers a wide range of high-dose, hypoallergenic preparations, known as allergoids, and a large selection of allergens for diagnostic testing. For additional details about this acquisition, please see note 2.5.

## 2.5 Business combinations

During the period from 1 January 2020 to 30 June 2020, the Group concluded the following business combinations:

### Allergopharma

With effect from 31 March 2020, Dermapharm Beteiligungs GmbH, as a wholly owned subsidiary of Dermapharm Holding SE, entered into a purchase agreement with Merck KGaA (seller), with its registered office in Darmstadt, to acquire all shares and limited partners' interests in Allergopharma Verwaltungs GmbH and Allergopharma GmbH & Co. KG, with its registered office in Reinbek near Hamburg, and its subsidiaries Allergopharma AG, with its registered office in Therwil, Switzerland, and Allergopharma Vertriebsges. mbH, with its registered office in Vienna, Austria. The purchase agreement also provides for the acquisition of Allergopharma's Spanish and Chinese sales and distribution businesses by Dermapharm under separate purchase agreements. The Spanish sales and distribution business was acquired with effect from 27 March 2020 under a separate purchase agreement between Merck S.L.U., with its registered office in Madrid, Spain, and Allergopharma España S.L. (previously the shelf company "Fast Placement Systems S.L."), with its registered office in Barcelona, Spain, a wholly owned subsidiary of Dermapharm AG. Due to the complex regulatory requirements, the acquisition of the Chinese sales and distribution business was closed in the second half of 2020. Germany's Federal Cartel Office approved the entire transaction on 12 March 2020.

For the past 50 years, Allergopharma has specialised in the subcutaneous hyposensitisation treatment of allergies and offers a wide range of high-dose, hypoallergenic preparations, known as allergoids, and a large selection of allergens for diagnostic testing, which constitute an ideal complement to Dermapharm's existing portfolio. The Allergopharma Group's business was included in the Dermapharm's Groups "Branded pharmaceuticals and other healthcare products" segment.

The acquisition constituted a business combination as defined under IFRS 3. 31 March 2020 was selected as the date to include the company in the consolidated financial statements for the first time. Factoring in the negotiated and not-yet-final price adjustment clauses, the purchase price for Allergopharma amounted to EUR 70,000 thousand. Of this amount, EUR 66,126 thousand is attributable to the companies in Germany, Austria and Switzerland (DACH countries), EUR 2,029 thousand to the Spanish sales and distribution business and EUR 1,845 thousand to the Chinese sales and distribution business. Separate purchase price allocations were prepared for the individual DACH and Spanish components of the transaction. The purchase price allocation for the Chinese sales unit will follow in the second half of 2020.

The fair values of the assets and liabilities (in accordance with IFRS 3) of Allergopharma's DACH companies were as follows at the acquisition date, 31 March 2020:

<b>Identified assets and liabilities</b>	<b>Fair value</b>
<b>EUR thousand</b>	
Intangible assets	8,880
<i>of which identified in purchase price allocation</i>	6,187
Property, plant and equipment	64,838
<i>of which identified in purchase price allocation</i>	3,372
Inventories	17,339
<i>of which identified in purchase price allocation</i>	1,289
Trade receivables	11,178
Other assets	401
Cash and cash equivalents	11,934
Deferred tax assets	16,099
Pension obligations	(83,105)
Other provisions	(1,881)
Trade payables	(14,347)
Other liabilities	(12,102)
Deferred tax liabilities	(79)
Recognised goodwill	46,971

Acquired gross contractual amounts receivable amount to EUR 11,178 thousand, none of which were deemed uncollectable as at the acquisition date. The gross amount corresponds to the fair value because the remaining term of the receivables is less than one year.

Comparing the consideration transferred for the interests with the identified fair value of the assets and liabilities (EUR 19,155 thousand) resulted in goodwill of EUR 46,971 thousand. Factors giving rise to this goodwill relate to expected increases in profitability and other intangible assets that cannot be reported separately, such as the workforce of the acquired companies.

The assets measured at fair value for the first time in connection with the purchase price allocation and the key assumptions for the valuation were as follows:

<b>Identified assets and liabilities</b>	<b>Identified hidden</b>		<b>Useful life</b>	<b>Cost of capital</b>
<b>at the reporting date</b>	<b>reserves (EUR thousand)</b>			
Land	1,237		indefinite	3.92 %
Buildings	(3,335)		45 years	3.92 %
Machinery	5,470		12 years	3.63 %
Software	398		3 years	3.63 %
Trademark - Allergopharma	5,789		15 years	8.51 %
Inventories	1,289		0.75 years	n/a

The fair values of the assets and liabilities (in accordance with IFRS 3) of Allergopharma Spain were as follows at the acquisition date, 31 March 2020:

<b>Identified assets and liabilities</b>	<b>Fair value</b>
<b>EUR thousand</b>	
Inventories	520
<i>of which identified in purchase price allocation</i>	84
Recognised goodwill	1,509

Comparing the consideration transferred for the interests with the identified fair value of the assets and liabilities (EUR 520 thousand) resulted in goodwill of EUR 1,509 thousand. Factors giving rise to this goodwill relate to expected increases in profitability and other intangible assets that cannot be reported separately, such as the workforce of the acquired company.

The assets measured at fair value for the first time in connection with the purchase price allocation and the key assumptions for the valuation were as follows:

<b>Identified assets and liabilities</b>	<b>Identified hidden</b>		
<b>at the reporting date</b>	<b>reserves (EUR thousand)</b>	<b>Useful life</b>	<b>Cost of capital</b>
Inventories	84	0.75 years	n/a

The Allergopharma Group contributed EUR 15,249 thousand to consolidated revenue for the period from 31 March 2020 to 30 June 2020; the adjusted EBITDA contribution amounted to EUR 1,338 thousand over this period.

The recognised goodwill and the fair values of these assets may still change once the appraisals and tax accounts have been completed.

### 3. Notes to the consolidated statement of financial position

#### 3.1 Equity

##### Dividend

The Annual General Meeting on 17 June 2020 resolved to distribute a dividend of EUR 43,072 thousand (EUR 0.80 per share carrying dividend rights) to the shareholders from the net retained profits of Dermapharm Holding SE for 2019. The dividend was distributed on 22 June 2020.

#### 3.2 Other provisions

A restructuring provision amounting to EUR 2,350 thousand was recognised under other provisions. This provision includes expenses incurred in connection with a programme of measures implemented at Allergopharma. Specifically, this relates to severance payments for employees who agreed to the voluntary redundancy programme with severance agreements. The employees were notified in writing of the pending measure, which had been documented in a restructuring plan, on 12 June 2020 and had until 26 July 2020 to decide to participate. The aim of the measure is to further improve Allergopharma's profitability going forward by adjusting the size of the workforce, thereby streamlining work processes.

#### 3.3 Financial liabilities

Financial liabilities changed as follows:

EUR thousand	30 June 2020	31 December 2019
Bank loans	472,106	414,583
Promissory note loans	119,052	119,009
Lease liabilities	11,101	9,755
<b>Non-current financial liabilities</b>	<b>602,260</b>	<b>543,347</b>
Bank loans	3,124	2,251
Lease liabilities	3,836	3,049
Bank overdrafts	14,038	5,963
<b>Current financial liabilities</b>	<b>20,999</b>	<b>11,264</b>

In early April 2020, Dermapharm drew on a working capital line of EUR 57,500 thousand from Facility B of the syndicated loan to finance the acquisition of the interests in Allergopharma.



## 4. Notes to the consolidated statement of comprehensive income

### 4.1 Revenue

Dermapharm generates its revenue primarily through the supply of products.

The primary focus of Dermapharm's business lies on the German market. The consolidated revenue generated in Germany in the reporting period amounted to EUR 313,329 thousand (previous year: EUR 273,997 thousand) and accounted for 83 % (previous year: 82 %) of total consolidated revenue. Consolidated revenue of EUR 40,111 thousand was generated in the reporting period (previous year: EUR 39,759 thousand) in Spain, corresponding to 11 % (previous year: 12 %) of consolidated revenue. Revenue generated in Austria and Switzerland, representing approximately 4 % (previous year: 4 %) of consolidated revenue overall, amounted to EUR 15,856 thousand (previous year: EUR 13,073 thousand). The remaining portion of Dermapharm's consolidated revenue (EUR 8,900 thousand; previous year: EUR 6,342 thousand) is generated in eastern Europe, primarily in Poland, Croatia and Ukraine, and in the United Kingdom, Italy and the United States. Consolidated revenue is allocated on the basis of where the respective companies are located.

Revenue and EBITDA are the two key performance indicators which the Board of Management of Dermapharm Holding SE uses as the basis for steering the Group. Additional information on the development of revenue during the reporting period is contained in the Segment Reporting section contained in note 5.

### 4.2 Financial result

The financial result comprises the following:

EUR thousand	6 months ended	
	30 June 2020	30 June 2019
Interest income	366	917
Currency translation gains	7	-
Income from fair value measurement	-	1,372
Miscellaneous	21	48
<b>Financial income</b>	<b>394</b>	<b>2,337</b>
Interest expense	(4,782)	(4,327)
Leasing	(162)	(131)
Expenses from fair value measurement	(124)	(1,013)
Miscellaneous	(447)	(118)
<b>Financial expenses</b>	<b>(5,516)</b>	<b>(5,589)</b>
<b>Share of profit / loss of companies accounted for using the equity method, after tax</b>	<b>(1,045)</b>	<b>926</b>
<b>Financial result</b>	<b>(6,168)</b>	<b>(2,326)</b>

The decline in the income and expenses from fair value measurement is attributable to the cross-currency swap with UniCredit Bank that expired in the first half of 2020.

## 5. Segment reporting

The measurement approach for segment reporting corresponds to the accounting policies applied in the consolidated financial statements prepared in accordance with IFRS as at 31 December 2019.

6 months ended 30 June 2020 in EUR thousand	Branded pharmaceuticals and other healthcare products*	Parallel import business	Herbal extracts	Reconciliation/ Group holding company	Group
Revenue	213,598	126,685	39,439	(1,526)	378,196
<i>of which intersegment revenue</i>	1,450	1	74	(1,526)	-
Revenue from external customers	212,148	126,684	39,365	-	378,196
Revenue growth	21.2 %	7.0 %	-1.0 %	-	13.5 %
EBITDA	75,234	5,238	7,932	(2,690)	85,714
<i>of which earnings from investments accounted for using the equity method</i>	906	-	(1,951)	-	(1,045)
EBITDA margin	35.5 %	4.1 %	20.1 %	-	22.7 %

\* As from 1 April 2020 with Allergopharma

6 months ended 30 June 2019 in EUR thousand	Branded pharmaceuticals and other healthcare products	Parallel import business	Herbal extracts	Reconciliation/ Group holding company	Group
Revenue	176,183	118,383	39,789	(1,183)	333,171
<i>of which intersegment revenue</i>	1,153	-	30	(1,183)	-
Revenue from external customers	175,030	118,383	39,759	-	333,171
Revenue growth	7.3 %	1.1 %	-	-	18.9 %
EBITDA	71,626	4,932	7,742	(2,693)	81,608
<i>of which earnings from investments accounted for using the equity method</i>	926	-	-	-	926
EBITDA margin	40.9 %	4.2 %	19.5 %	-	24.5 %

The segments' EBITDA is reconciled to consolidated profit or loss as follows:

EUR thousand	6 months ended	
	30 June 2020	30 June 2019
<b>EBITDA</b>	<b>85,714</b>	<b>81,608</b>
Depreciation and amortisation	(21,930)	(23,425)
Financial income	394	2,337
Financial expenses	(5,516)	(5,589)
<b>Earnings before taxes (EBT)</b>	<b>58,662</b>	<b>54,930</b>
Income tax expenses	(19,581)	(15,536)
<b>Profit or loss for the period</b>	<b>39,080</b>	<b>39,394</b>

## 6. Additional disclosures on financial instruments

The table below shows the carrying amounts of all financial instruments reported in the consolidated statement of financial position and how the assets and liabilities or parts of the totals of each category are classified into the categories in accordance with IFRS 9.

It also depicts the fair values of the financial instruments and the IFRS 13 fair value hierarchy level applied to obtain the value.

30 June 2020		Reconciliation of items of the statement of financial position to the measurement categories of IFRS 9					
EUR thousand	Carrying amount at 30 June 2020	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Measurement in accordance with IFRS 16	Fair value as at 30 June 2020	Fair value level
<b>Financial assets</b>							
Other non-current financial assets	1,466	710	756	-	-	1,466	3
Equity investments	491	491	-	-	-	491	-
Trade receivables	66,719	66,719	-	-	-	66,719	-
Other current financial assets	4,053	4,053	-	-	-	4,053	-
Cash and cash equivalents	97,695	97,695	-	-	-	97,695	-
<b>Financial liabilities</b>							
Non-current financial liabilities							
<i>of which bank loans</i>	472,106	472,106	-	-	-	475,529	2
<i>of which promissory note loans</i>	119,052	119,052	-	-	-	119,040	2
<i>of which lease liabilities</i>	11,101	-	-	-	11,101	12,684	2
Other non-current financial liabilities	19,442	-	295	19,147*	-	19,442	2/3
Current financial liabilities							
<i>of which bank loans</i>	3,124	3,124	-	-	-	3,124	-
<i>of which promissory note loans</i>	-	-	-	-	-	-	-
<i>of which bank overdrafts</i>	14,038	14,038	-	-	-	14,038	-
<i>of which lease liabilities</i>	3,836	-	-	-	3,836	3,836	-
Trade payables	53,864	53,864	-	-	-	53,864	-
Other current financial liabilities	6,065	6,065	-	-	-	6,065	-

\* Liability from the put option on the remaining shares in Fitvia GmbH; see also the 2019 Annual Report, note 2.16.

31 December 2019		Reconciliation of items of the statement of financial position to the measurement categories of IFRS 9					
EUR thousand	Carrying amount as at 31 December 2019	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Measurement in accordance with IFRS 16	Fair value as at 31 December 2019	Fair value level
<b>Financial assets</b>							
Other non-current financial assets	1,562	691	871	-	-	1,562	3
Equity investments	395	395	-	-	-	395	-
Trade receivables	48,879	48,879	-	-	-	48,879	-
Other current financial assets	6,040	4,999	1,041	-	-	6,040	2
Cash and cash equivalents	114,956	114,956	-	-	-	114,956	-
<b>Financial liabilities</b>							
Non-current financial liabilities							
<i>of which bank loans</i>	414,583	414,583	-	-	-	427,659	2
<i>of which promissory note loans</i>	119,009	119,009	-	-	-	121,351	2
<i>of which lease liabilities</i>	9,755	-	-	-	9,755	12,614	2
Other non-current financial liabilities	18,684	-	285	18,399*	-	18,684	2/3
Current financial liabilities							
<i>of which bank loans</i>	2,251	2,251	-	-	-	2,251	-
<i>of which promissory note loans</i>	-	-	-	-	-	-	-
<i>of which bank overdrafts</i>	5,963	5,963	-	-	-	5,963	-
<i>of which lease liabilities</i>	3,049	-	-	-	3,049	3,049	-
Trade payables	35,355	35,355	-	-	-	35,355	-
Other current financial liabilities	7,079	6,038	1,041	-	-	7,079	2

\* Liability from the put option on the remaining shares in Fitvia GmbH; see also the 2019 Annual Report, note 2.16.

Due to the short maturity of the cash and cash equivalents, trade receivables and payables as well as other current financial assets and other current financial liabilities, it is assumed that the carrying amounts of these items are reasonable approximations of their fair values.

The fair values of the financial instruments allocated to Level 3 changed as follows:

EUR thousand	Financial assets measured at fair value	Financial liabilities measured at fair value
<b>As at 1 January 2020</b>	<b>871</b>	<b>18,399</b>
Additions	-	-
Disposals	-	-
Change in fair value recognised through profit or loss	(115)	-
Change in fair value recognised through other comprehensive income	-	748
<b>As at 30 June 2020</b>	<b>756</b>	<b>19,147</b>

EUR thousand	Financial assets measured at fair value	Financial liabilities measured at fair value
<b>As at 1 January 2019</b>	<b>0</b>	<b>564</b>
Additions	939	-
Disposals	-	(743)
Change in fair value recognised through profit or loss	-	179
Change in fair value recognised through other comprehensive income	-	-
<b>As at 30 June 2019</b>	<b>939</b>	<b>0</b>

There were no reclassifications within the fair value hierarchy in the first six months of the financial year.

## 7. Related party disclosures

Related party relationships arise in the ordinary course of business between Dermapharm Holding SE and its Group companies. Related parties within the meaning of IAS 24 are understood as subsidiaries, associates and joint ventures that are directly or indirectly controlled but are not consolidated for reasons of materiality, and entities or persons and their close family members if they have control of the reporting entity or exert significant influence over the Group. In addition, persons are related parties if they are a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

### Material transactions

#### Related party transactions (persons)

EUR thousand	6 months ended	
	30 June 2020	30 June 2019
Marketing and advertising	612	566
Remuneration at Dermapharm AG, Hünenberg, Switzerland	-	56
<b>Total</b>	<b>612</b>	<b>622</b>

#### Related party transactions (entities)

EUR thousand	Transactions in the 6 months ended		Open receivables as at		Open liabilities as at	
	30 June 2020	30 June 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
<b>Transfer of goods</b>						
Associates	435	-	11	-	-	-
Non-consolidated companies	1,473	1,052	1,208	1,029	-	-
<b>Consulting and services</b>						
Parent (Themis Beteiligungs-AG) of Dermapharm	150	11	-	-	-	-
Non-consolidated companies	150	1,273	41	-	43	21
<b>Offsetting of current expenses</b>						
Parent (Themis Beteiligungs-AG) of Dermapharm	248	872	-	1,041	-	-
Associates	-	-	-	1,652	-	-
<b>Miscellaneous</b>						
Associates	473	96	1,725	1,250	-	-
Non-consolidated companies	-	149	30	15	-	-
<b>Total</b>	<b>2,929</b>	<b>3,453</b>	<b>3,015</b>	<b>4,987</b>	<b>43</b>	<b>21</b>

## 8. Events after the reporting period

Events after the reporting date with a material or potentially material effect on the Group's financial position, financial performance and cash flows:

### Acquisition of Allergopharma China sales business

With effect from 31. August 2020, Dermapharm (Beijing) Pharmaceutical Technology Co. Ltd. based in Beijing, China, a subsidiary of Dermapharm AG, signed with Merck Serono Co. Ltd. based in Beijing, China, itself a subsidiary of Merck KGaA, as the seller a purchase agreement to acquire the Chinese Allergopharma sales business. The purchase price amounts to EUR 1,845 thousand. A purchase price allocation made necessary by the acquisition will be carried out in the second half of 2020.

Grünwald, 9 September 2020

The Management Board

Dr. Hans-Georg Feldmeier  
Chief Executive Officer

Hilde Neumeyer  
Chief Financial Officer

Karin Samusch  
Chief Business Development Officer

Dr. Jürgen Ott  
Chief Marketing Officer

## 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.

Grünwald, 9 September 2020

The Board of Management

Dr. Hans-Georg Feldmeier  
Chief Executive Officer

Hilde Neumeyer  
Chief Financial Officer

Karin Samusch  
Chief Business Development Officer

Dr. Jürgen Ott  
Chief Marketing Officer



Warth & Klein Grant Thornton AG has issued a review report in German language on the interim consolidated financial statements and the interim group management report of Dermapharm Holding SE, Grünwald, for the period from 1 January 2020 to 30 June 2020, which have been prepared in German language. The translation of the review report in English language is as follows:

## REVIEW REPORT

To Dermapharm Holding SE

We have reviewed the condensed interim consolidated financial statements – comprising the condensed statement of financial position, the condensed statement of profit or loss and other comprehensive income for the period, the condensed statement of cash flows, the condensed statement of changes in equity, and selected explanatory notes – and the interim group management report of Dermapharm Holding SE, Grünwald, for the period from 1 January 2020 to 30 June 2020 which form part of the half-year financial reporting in accordance with section 115 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those 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 German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of Company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statements audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements of Dermapharm Holding SE, Grünwald, for the period from 1 January 2020 to 30 June 2020 have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

München, 9 September 2020

Warth & Klein Grant Thornton AG  
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger  
[German Public Auditor]

Anja Zweck  
[German Public Auditor]

# IMPRINT

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