

2021

Half-Year Financial Report

With our natural enthusiasm for **improving patients' quality of life**, we provide them individual **best solutions** from our ever-growing product range to **treat chronic ailments** – everyday!



Four New Brands for our PharmaSGP Platform

Our vision is to become Europe's leading company fielding a strong OTC product portfolio that features brand leaders in their categories. In order to further expand our competitive position, we are relying on organic and inorganic impulses by identifying untapped market potential and leveraging this potential via our PharmaSGP platform.

Consequently, in addition to the further organic growth of our „Health Brands“, the targeted acquisition

of established brands with value added potential and their integration into our platform represent central components of our growth strategy.

Against this backdrop, the recent acquisition of the OTC brands Baldriparan®, Formigran®, Spalt® and Kamol® fits perfectly into our strategy. This is because this step is strengthening our business in several respects:

We are continuing to expand our „Health Brands“ category.

We are opening up additional markets in Europe.

We are expanding our therapeutic areas.

Value Appreciation through M&A

With the acquisition of Baldriparan®, Formigran®, Spalt® and Kamol®...

» ... we are strengthening our „Health“ focus category

The focus of our portfolio is on our core brands in the “Health Brands” category, with which we cover chronic indications, especially pain relief, as well as other age-related conditions. The emphasis is on drugs with predominantly natural active pharmaceutical ingredients and documented efficacy, which are characterized by good tolerability.

With the addition of Formigran®, Spalt® and Kamol® we are supplementing the strategically important area of “pain relief”. At the same time, Baldriparan® opens up additional growth options with the new therapeutic area “sleep disorders”. Both areas are among the strongest-selling and continuously growing therapeutic areas in pharmacies.

» ... we are enlarging our international footprint

As significant growth rates are expected for the entire European OTC market in the future thanks to basic, fundamental trends, we have always driven the internationalization of our brand portfolio forward. Since the launch of the first product in 2012, we have successfully transferred our business model from Germany to Austria, Italy, Belgium, France and to Spain.

In 2020, the four brands Baldriparan®, Formigran®, Spalt® and Kamol® were distributed in eight countries. On the one hand, we are thereby strengthening our presence in Germany, Austria and France. On the other hand, we are opening up five new European markets and extending our international footprint to a total of eleven countries. In the future, we will also become active in Switzerland, Hungary, Poland, the Czech Republic and Slovakia.

» ... we are leveraging value enhancement potentials by way of our platform

We are integrating Baldriparan®, Formigran®, Spalt® and Kamol® into our pan-European PharmaSGP platform in order to leverage value creation potentials. We perceive excellent opportunities for this, as the brands command a very strong and loyal customer base.

Thanks to our efficient and scalable platform, our aim is to create additional added value by

- » increasing sales through our effective D2C marketing and high target group media reach;
- » achieving earnings improvements thanks to our lean cost structures; and
- » expanding sales and market share of the products in a specifically targeted manner through product innovations.



New Therapeutic Area Sleep Disorders

Baldriparan®
The No. 1 herbal sleep aid

Baldriparan® has been on the market for 67 years and ranks as the leading OTC brand for natural valerian sleeping pills in pharmacies in Germany. With the addition of Baldriparan®, PharmaSGP is now tapping into the new therapeutic area of sleep disorders.



Strategic Expansion of the Pain Relief Category

Spalt®

The classic
painkiller

Spalt® has already been on the market for 88 years and features as one of the most iconic brands in Germany. To this day, the Spalt® pain tablet with 2-fold effect is unique in its combination. The special Spalt® liquid capsules offer fast efficacy thanks to the dissolved form.



Formigran®

The No. 1 for
migraines

Formigran® has been available for 15 years and was the first over-the-counter medication with an active ingredient specifically developed for the treatment of migraine in the field of headache therapy. Today, Formigran® is the top-selling OTC triptan for migraine.



Kamol®

The French
traditional brand

The French traditional brand Kamol® has been on the market for over 30 years. Kamol® is a massage cream with camphor, eucalyptus and menthol. Eucalyptus is traditionally used for muscular complaints. Menthol has a revitalizing effect on stressed and strained muscles.



The PharmaSGP Platform

A highly efficient, scalable business model

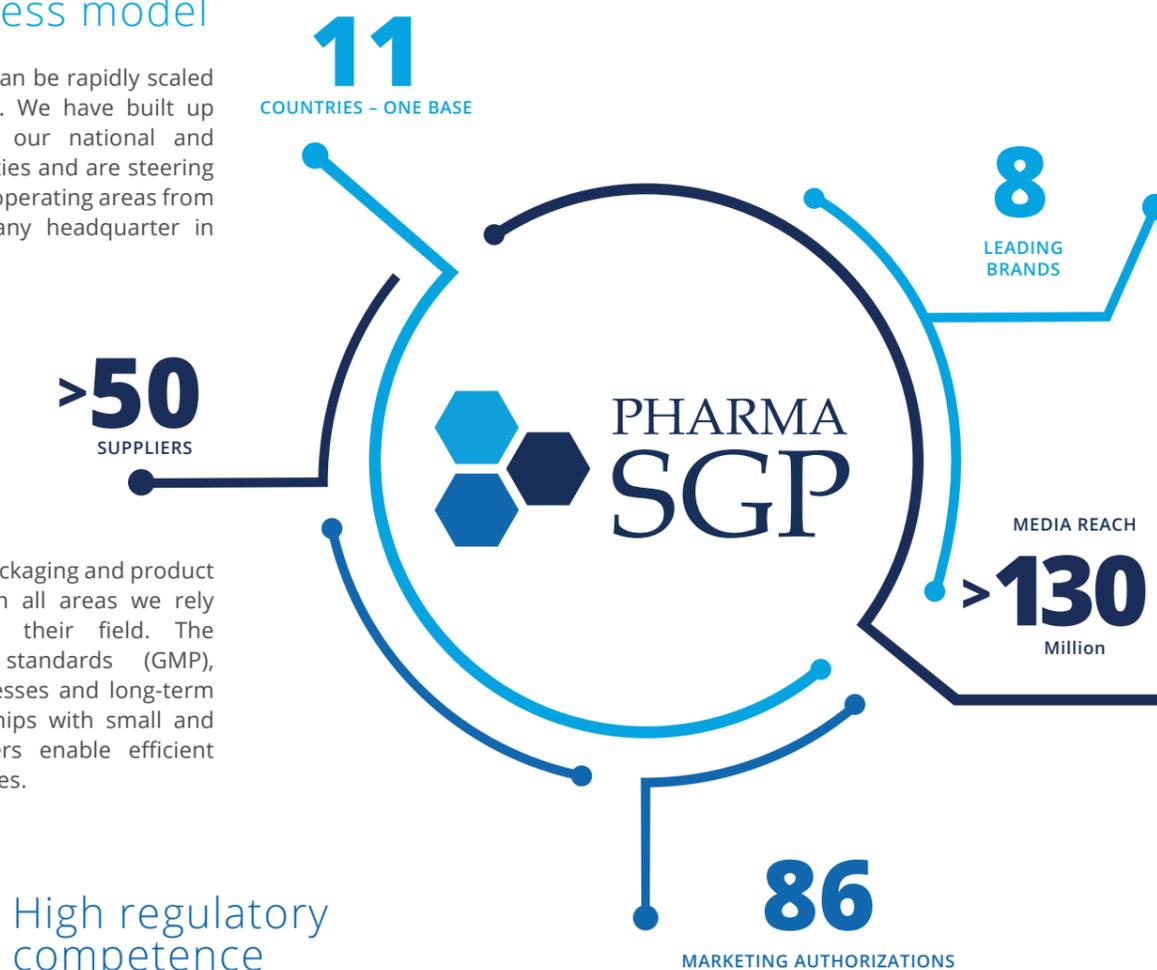
We have established a business model with low fixed costs and proven transferability to other target markets. We focus on our core competencies and have outsourced the entire manufacturing and logistics process. We have standardized our processes so

that our business can be rapidly scaled in all our markets. We have built up expert teams for our national and international activities and are steering all of our business operating areas from our central company headquarter in Germany.

A highly diversified supply chain

We have outsourced the entire manufacturing process for our drugs, dietary supplements and cosmetics to third-party manufacturers. More than 50 different qualified suppliers form a highly diversified pan-European supply chain. From formula development, laboratory tests and raw material

procurement, to packaging and product manufacturing – in all areas we rely on specialists in their field. The highest quality standards (GMP), standardized processes and long-term business relationships with small and large manufacturers enable efficient scalability at all times.



High regulatory competence

Strong regulatory competence is an important part of our platform strategy. Our experts are responsible for all regulatory matters and approval procedures for the portfolio in Germany and abroad. We also command extensive experience of regulatory requirements for

cosmetics and dietary supplements. This enables us to integrate OTC products of different categories at any time. Through the acquisition of the GSK portfolio, the number of marketing authorizations – existing or filed – has increased to 86.

D2C marketing specialists

One of our key success drivers is our proven D2C marketing strategy, which focuses on directly addressing end consumers via print media and TV. We have established a special process in order to precisely analyze and understand consumer needs and uncover untapped market

potentials. This enabled us to already create a number one brand with our first launch in 2012. Since 31 August 2021, we have eight category-leading brands in our portfolio and a proven track record of building and growing leading consumer brands.

Wide reach at low cost

Our D2C marketing strategy is characterized by a wide target group media reach. We achieve an average target group media reach in excess of 130 million contacts per month in our markets. A clearly defined media strategy and special

algorithms for measuring the efficiency of marketing campaigns, in combination with established, long-standing relationships with relevant media companies, enable attractive and efficient media conditions.

Our milestones

2012
The first OTC drug is established in Germany.

2013
Launch of the successful RubaXX® brand for rheumatic pain.

2014
The portfolio already includes three leading brands in their categories.

2016
The business model is successfully transferred abroad.

2017
Restaxil® is the year's most successful OTC launch in Germany.

2018
The platform strategy is now established in six European markets.

2019
The number of packs sold annually exceeds 3 million units.

2020
In June, PharmaSGP goes public (Germany's first Prime Standard IPO of 2020).

2021
Acquisition of the Baldriparan®, Formigran®, Spalt® and Kamol® brands from GSK.

Our most important Brand Families

Our focus: "Health Brands"

PharmaSGP offers a broad portfolio of trusted brands for many different indications.



Health

Health

Health

Beauty

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Foreword by the Management Board

Dear Shareholders,

Dear Ladies and Gentlemen,

While the first half of 2021 continued to be burdened in operational terms by the Covid 19 pandemic, as expected, we achieved another milestone in PharmaSGP's corporate history with the acquisition of a highly attractive portfolio of four established OTC product brands and we further strengthened our business strategically by a significant measure.

Area-wide lockdowns continued to lead to substantially lower customer frequency in pharmacies in our target markets, particularly in the first quarter of 2021. This incurred a correspondingly negative impact on the overall OTC market. In this context, and in view of the development of the "Beauty Brands" category in the first half of 2021, our revenues declined as anticipated by 21.8% year-on-year to € 26.4 million. By contrast, revenues in our strategically important "Health Brands" category declined less markedly by 15.8%, in line with the general market developments. As a result of the overall decline in revenues, adjusted EBITDA also decreased in the first half of the year, with an adjusted EBITDA margin of 24.6%. Although we have still not been able to develop our full potential under these continuing challenges, we are registering positive signs at quarterly level. As a result, we were able to lift revenue again in the second quarter by 14.0% compared to the first quarter of 2021. Moreover, the adjusted EBITDA margin also returned to a level above 30% in the second quarter of 2021 at 31.0%.

We are convinced that we will return to our dynamic growth path in the future. We reached a milestone in this respect in mid-June with the agreement concluded with the GlaxoSmithKline Group on the acquisition of an OTC portfolio. We were able to complete this acquisition on schedule at the end of August. The acquisition of the Baldriparan®, Formigran®, Spalt® and Kamol® brands strategically strengthens our business by further expanding the "Health Brands" category, broadening the therapeutic areas and opening up new markets in Europe.

With Baldriparan®, the leading OTC brand for natural valerian sleeping aids in pharmacies in Germany, we are opening up the new therapeutic

area of sleep disorders. In addition, Formigran®, Spalt® and Kamol® strengthen our strategically significant "pain therapy" category. Consequently, with our products we are addressing two of the strongest-selling and dynamically growing therapeutic areas in pharmacies. In 2020, the products of the acquired brand portfolio were already distributed in eight countries. This means that we are now also active in Switzerland, Hungary, Poland, the Czech Republic and Slovakia.

The acquisition and integration of established brands with value enhancement potential is an essential part of our growth strategy. With the completion of the acquisition, we have now integrated the four products into our pan-European platform and will be able to leverage their genuine potential. This will have a correspondingly positive impact on our business development in 2021, and especially in the upcoming years. Consequently, for the full year 2021, including the revenue and earnings contributions from the GSK portfolio, we now anticipate revenue between € 60 million and € 65 million and an adjusted EBITDA margin between 27% and 31%.

Our very special thanks go to our employees, who have been doing an extraordinary job for over a year in this pandemic situation and have worked with us in the acquisition of the Baldriparan®, Formigran®, Spalt® and Kamol® brands. We would also like to thank our shareholders, business partners and customers for their trust and loyalty. We would be delighted if you would continue to stay by our side and accompany us on our course to a successful future.

Gräfelfing, September 2021

Natalie Weigand
(CEO)

Michael Rudolf
(CFO)

PharmaSGP on the Capital Market

The share of PharmaSGP started the financial year 2021 at a price of € 26.95 as of 4 January 2021. As of 15 September 2021, the share closed at a price of € 22.00, which corresponds to a market capitalization of € 264 million. Since the beginning of May, the share has shown a clear upward trend and has since remained at a stable level.

Share Price*



* based on Xetra closing prices of Deutschen Börse AG

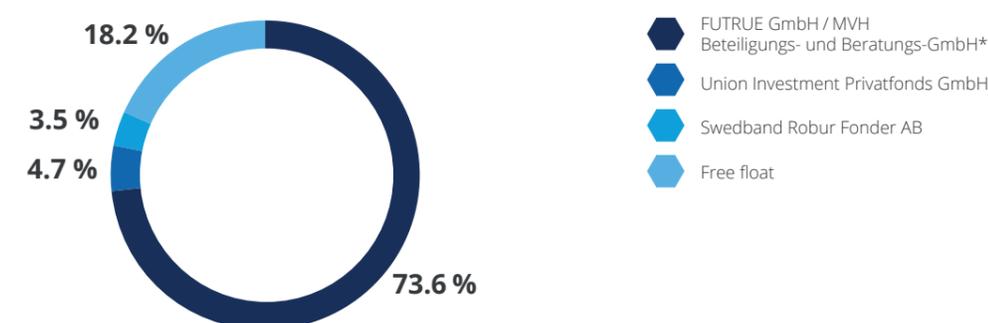
Master Data of the Share*

Security Identification Number (WKN)	A2P4LJ
ISIN	DE000A2P4LJ5
Ticker symbol	PSG
Type of shares	Ordinary bearer shares with no par value (no-par value shares)
Initial listing	19 June 2020
Number of shares	12.0 million
Closing price* (15 September 2021)	€ 21.00
High / low*	€ 26.95 / € 15.70
Share price performance	-18.4 %
Market capitalization (15 September 2021)	€ 264 million
Stock exchange / segment	Frankfurt Stock Exchange / Prime Standard
Designated Sponsor	Joh. Berenberg, Gossler & Co. KG

* based on Xetra closing prices of Deutschen Börse AG

Shareholder Structure

Information based on the voting rights notifications received pursuant to the German Securities Trading Act, WpHG (as of July 2021.)



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

Annual General Meeting

On 25 June 2021, PharmaSGP successfully held its Annual General Meeting. As a result of the general restrictions due to the Covid-19 pandemic, the Annual General Meeting was held virtually. The presence of the represented share capital was 87.3 %. All agenda items were passed with a clear majority.

Interim Group Management Report for the Period 1 January to 30 June 2021

1. Principles of the Group

1.1. Business Model

PharmaSGP Holding SE (together with its subsidiaries PharmaSGP GmbH, Remitan GmbH, Restaxil GmbH and PharmaSGP Vertriebs GmbH: "PharmaSGP" or the "Group") is a consumer health company with a diversified portfolio of over-the-counter (OTC) pharmaceuticals and other healthcare products that are marketed with the focus on the pharmacy distribution channel.

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

- A proven, scalable asset-light business model combined with established processes
- A highly diversified European supply chain
- Broad and long-standing regulatory expertise
- A strong and specialized Direct-to-Consumer (D2C) marketing strategy
- A wide target group media reach of more than 130 million contacts per month

In order to focus on its success drivers, PharmaSGP has deliberately established a scalable, asset-light business model which can also be transferred quickly and efficiently to other target markets. The entire manufacturing process is handled by a diversified network of third-party manufacturers in Europe. In Germany and in foreign markets, individual local logistics providers supply wholesalers and to a lesser extent pharmacies directly. Combined with many years of experience of approval processes for new OTC pharmaceuticals

in Germany and abroad, as well as regulatory requirements for other healthcare products, PharmaSGP's platform allows it to quickly and efficiently establish and grow both new and existing brands and to establish its business model in other countries with little investment.

PharmaSGP's OTC products cover highly relevant and chronic indications marketed directly to their target group, especially senior citizens, under wellknown pharmaceutical brands via a specialized D2C marketing strategy with a wide target group media reach and efficient commercial media conditions. In a structurally growing market, it has thereby been able to establish market-leading positions in many important indication areas, such as rheumatic and neuralgic pain or sexual weakness. The product portfolio is expanded through inhouse developments as well as acquired marketing approvals, brands and product portfolios.

PharmaSGP's core market is Germany, which accounted for 67.6 % of total revenues in the first six months of 2021. As the European OTC market is also expected to significantly grow in the future due to fundamental trends, the Group continues its drive towards greater internationalization of its brand portfolio. Since the launch of the first product from the current product portfolio in 2012, PharmaSGP has successfully transferred its business model to Austria, Italy, Belgium, France and Spain. Since September 2021, the Group has expanded its operations to Switzerland and Eastern Europe.

1.2. Product Portfolio

As of 30 June 2020, the product portfolio currently marketed by PharmaSGP includes more than 40 OTC pharmaceuticals and other healthcare

products. The Group's core brands cover chronic indications, especially pain, as well as other age-related ailments. The OTC drugs are mostly based on natural active pharmaceutical ingredients with documented efficacy and few known side effects.

In Germany, PharmaSGP is the market leader for chemical-free pain remedies, based on revenues of chemical-free, systemic OTC drugs for nerve and rheumatic pain. The latter are sold under the well-known brand families Restaxil® (nerve pain) and RubaXX® (rheumatic pain). PharmaSGP has also established leading brands in their categories for vertigo (TAUMEA®) and sexual weakness (DESEO®, Neradin®).

The development of existing brand families and the expansion of the brand portfolio through inhouse developments and acquired marketing authorizations, brands and product portfolios are essential components of the growth strategy. As a result of the latest acquisition of product brands from GlaxoSmithKline Group ("GSK portfolio"), the product portfolio will be expanded by the brands Baldriparan®, Spalt®, Formigran® and Kamol® as of 31 August 2021.

1.3. Goals and Strategy

PharmaSGP's goal is to establish a strong portfolio of leading OTC brands in Europe. To achieve this, it has defined a growth strategy focused on the use of its platform in Europe.

In addition to further organic growth and expansion of its existing portfolio, PharmaSGP is focusing on the acquisition and integration of established brands. Value enhancement potential can be realized by

- increasing revenues through the implementation of the D2C marketing strategy and exploiting the wide target group media reach, and
- increasing profitability through margin optimizations and improvement of the cost structure based on the asset-light business model, among other things.

The Group looks for well-known and established brands with an existing customer base and untapped commercial potential, as well as brands that are under-invested in their current environment which can be further expanded.

The starting point for realizing PharmaSGP's growth potential is the ongoing analysis of its target markets. A fast product launch, a flexible marketing approach and a clear end-consumer focus define the path to sustained market success for PharmaSGP. In addition, further internationalization is a key element of the growth strategy.

1.4. Research and Development

Cost-efficient development capabilities, a fast product development process and a rapid integration process for introducing established products to the PharmaSGP platform are key drivers of PharmaSGP's growth. Developing and integrating new products are fundamental to PharmaSGP. Key activities include identifying potentially attractive indications and active pharmaceutical ingredients, developing and perfecting formulations and optimizing and updating existing marketing authorizations.

PharmaSGP cooperates with specialized contract manufacturers and certified laboratories to create formulation samples. Services such as test productions, analytics or shelf-life studies are bought in as needed with a view to consciously making the development process resource-efficient and cost-efficient. This process keeps PharmaSGP's development costs at a low level and accelerates market access. Acquired authorizations with regards to the specification and manufacturing process are adapted to the relevant requirements of PharmaSGP and to the current catalogue of requirements of regulating authorities.

The Group draws on many years of experience with regard to approval processes for new OTC pharmaceuticals in Germany and abroad. As of 30 June 2021, a total of 68 marketed and non-marketed marketing authorizations (existing or filed) have been granted in Germany and abroad. After the closing of the acquisition of the GSK portfolio, the number of marketing authorizations increased to 86 since 31 August 2021.

1.5. Marketing and Sales

Through its specialized D2C marketing strategy, PharmaSGP has established leading consumer brands in important indication areas, such as rheumatic and neuralgic pain or sexual weakness. It focuses its marketing on a direct-to-consumer approach through print media and TV advertising. By advertising in wide reaching newspapers and magazines and selected TV channels, PharmaSGP currently has a target group media reach of more than 130 million contacts per month in its target markets.

Besides reliable product quality, the Group's marketing activities create consumer loyalty to PharmaSGP's brands. This is reflected in repeat purchases and in numerous positive testimonials from customers and patients. The fact that its products are available in up to 98% of German pharmacies also demonstrates PharmaSGP's wide reach.

1.6. Group Structure

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

PharmaSGP GmbH and Restaxil GmbH distribute the majority of OTC products in the Health Brands category, while Remitan GmbH mainly sells products in the Beauty Brands category, such as the collagen drink Fulminan®.

1.7. Locations and Employees

The registered office of the PharmaSGP companies is in Gräfelfing, Bavaria, Germany. As of 30 June 2021, the Group had a total of 63 employees (full-time equivalents) at this location.

All relevant departments, including Marketing and Sales, Product Development, Quality Management & Regulatory Affairs, Operations, Controlling & Finance and other supporting functions are located at the Company's offices in Gräfelfing. The production of OTC drugs and healthcare products generally takes place in Germany or in a few cases in European countries, in cooperation with selected and certified contract manufacturers. To distribute

its products, PharmaSGP cooperates with logistics and distribution partners in the respective countries on a long-term basis.

1.8. Management System and Performance Indicators

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

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

The key performance indicators for the Management Board are revenues and – since mid of 2021 – adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) in order to measure the Company's success. In connection with the acquisition of the GSK portfolio, Management decided to replace the former performance indicator "adjusted earnings before interest and taxes (adjusted EBIT)" by adjusted EBITDA. Presentation of current results and prior period results and expected developments were updated accordingly.

2. Economic Report

2.1. General Economic Environment and Industry-Specific Conditions

2.1.1. General Economic Environment

According to the Kiel Institute for the World Economy (IfW), the global economy had expanded in the first quarter of 2021 with an increase in global output of 0.8%, roughly on a par with the average level of the years before the Corona crisis.¹ According to the IfW, high Covid-19 infection figures and their countermeasures in many countries slowed down economic expansion in the first months of the current year.²

For 2021, the economic researchers expect a significant increase in global production of 6.7% overall.³ In particular, the waning of the Covid-19 pandemic and a reversal of the countermeasures are expected to contribute to this development, according to the IfW.⁴

After the German gross domestic product decreased by 1.8% in the first quarter,⁵ the IfW does not yet expect a strong recovery in the second quarter. Accordingly, the IfW forecasts an overall GDP growth of only 3.9% for 2021.⁶ In comparison, a stronger increase in economic output of 5.3% is expected for the Eurozone as a whole.⁷ For other key EU markets such as France, a growth of 6.1% is expected, and even higher growth rates of 5.9% and 7.6% are also anticipated for Italy and Spain.⁸

2.1.2. General Conditions in the Industry

In the long-term perspective, the pharmaceutical and healthcare market relevant to PharmaSGP will be driven by major, fundamental consumer trends. These include the demographic development, accompanied by a continuing aging of society. At the same time, a continuously increasing health awareness as well as social trends towards natural pharmaceuticals and increased self-medication can be identified. For example, sales of OTC pharmaceuticals in Europe are

expected to total up to approximately €24 billion in 2021, with annual growth rates of 3.4% until 2025.⁹

However, the short-term market development was significantly influenced by the Covid-19 pandemic in the first half of 2021. Sales in the German pharmacy market – the key market to PharmaSGP – saw a decline of 7.2%.¹⁰ With a minus of 17.8%, OTC pharmaceuticals were affected to a greater extent than the overall market.¹¹ In terms of revenues, the market for OTC pharmaceuticals decreased by 11.4%.¹² In the course of the first half of 2021, the same category trends as in 2020 continued. For example, sales of cold remedies showed a corresponding recovery compared to the previous year and were around 30% above the prior-year level at the end of the first half of 2021. However, compared to pre-pandemic values, a significant downturn can still be observed.¹³

2.2. Course of Business for PharmaSGP

The significant market weakness also impacted PharmaSGP's business. As expected, revenues decreased in line with the market development by 21.8% in the first half of 2021 compared to the prior-year period, with a lower decrease in revenues of 15.8% in the strategically important Health Brands category. The Beauty Brands category performed as expected (-54.8%).

As a result of the revenue decrease, earnings before interest, taxes, depreciation and amortization, and adjusted by one-time costs (adjusted EBITDA) decreased to €6,495 thousand in the first half of 2021 which corresponds to an adjusted EBITDA margin of 24.6% (H1 2020: adjusted EBITDA of €10,863 thousand, adjusted EBITDA margin of 32.1%).

It should be emphasized that PharmaSGP succeeded in increasing revenues in the second quarter of 2021 by 14.0% compared to the first quarter of 2021. The adjusted EBITDA margin of 31.0% in

1 Kiel Institute for the World Economy (2021), Kieler Konjunkturberichte, Weltwirtschaft im Sommer 2021, p. 2

2 Ibid., p. 2

3 Ibid., p. 8

4 Ibid., p. 7

5 Kiel Institute for the World Economy (2021), Kieler Konjunkturberichte, Deutsche Wirtschaft im Sommer 2021, p. 3

6 Ibid., p. 3

7 Kiel Institute for the World Economy (2021), Kieler Konjunkturberichte, Weltwirtschaft im Sommer 2021, p. 9

8 Kiel Institute for the World Economy (2021), Kieler Konjunkturberichte, Weltwirtschaft im Sommer 2021, p. 28

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

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

11 Ibid., p. 7

12 Ibid., p. 7

13 Ibid., p. 21

the second quarter of 2021 also reached a level of over 30 % again – after a lower value in the first quarter (17.2 %).

The product portfolio was further expanded in the first half of 2021 with the launch of the products DESEO® and Sedacalman® in Austria in January 2021.

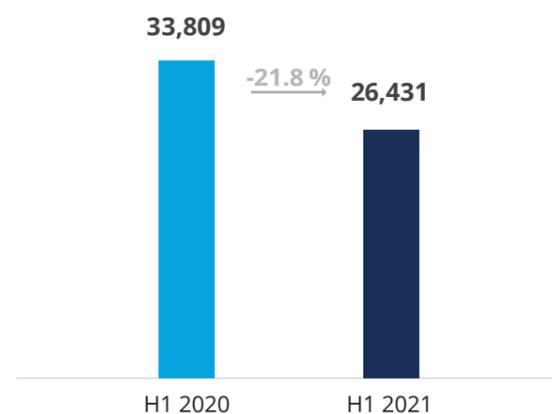
A major contribution to the growth strategy was achieved in the first half of 2021 with the acquisition of the GSK portfolio. On 15 June 2021, GlaxoSmithKline Consumer Healthcare Holdings (No. 2) Limited, SmithKline Beecham Limited and PharmaSGP GmbH signed an Asset Purchase Agreement on the acquisition of the OTC product brands Baldriparan®, Spalt®, Formigran® and Kamol®. In addition, the corresponding product inventories will be taken over against payment. The transaction was formally completed on 31 August 2021, after the balance sheet date. The transaction will impact PharmaSGP's assets, financial and earnings position only in the second half of 2021, however, incidental acquisition costs eligible for capitalization have already been incurred in the first half of 2021.

2.3. Earnings, Assets and Financial Position of PharmaSGP

2.3.1. Earnings position of the Group

Group revenues development: expected decrease due to Covid-19 situation

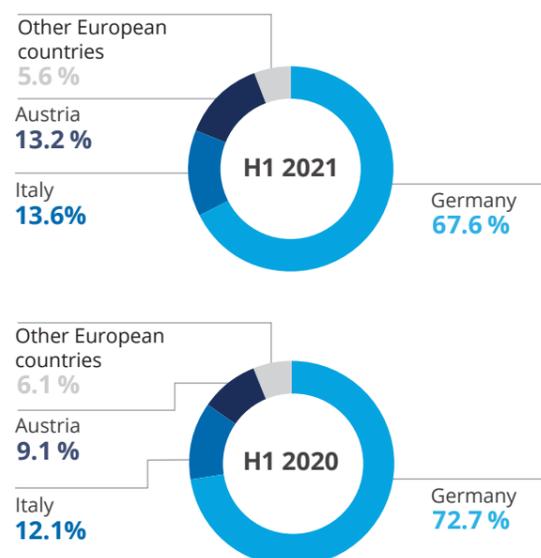
Revenues in € thousand



As expected, revenues have decreased by 21.8 % due to the market weakness caused by the Covid-19 situation that also continued in the second quarter of 2021. In the first half year 2021, revenues came at € 26,431 thousand (H1 2020: € 33,809 thousand).

Thus, PharmaSGP follows the general market development for OTC pharmaceuticals, however, revenues have increased from € 12,350 thousand in the first quarter of 2021 by 14.0 % to € 14,081 thousand in the second quarter of 2021.

Revenue share by region: increasing foreign share

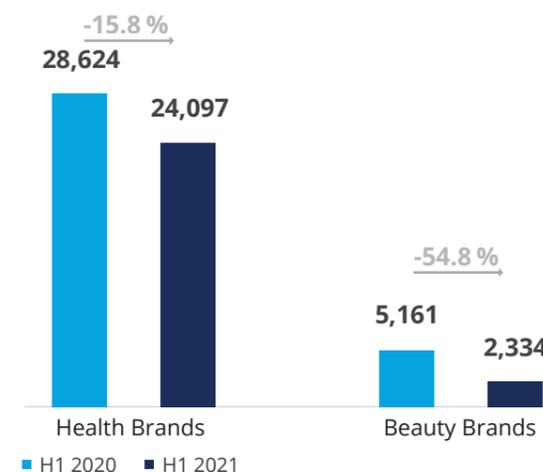


Revenues in Germany amount to € 17,863 thousand in the first half year 2021, a decrease of 27.3 % compared to the prior-year period (H1 2020: € 24,567 thousand). Among other factors, this decrease is driven by decreasing revenues in the Beauty Brands category and leads to a further reduction of the German revenue share to 67.6 % of Group revenues (H1 2020: 72.7 %).

By contrast, the share of foreign markets has increased as a result of the expansion of international activities. In Austria, for example, we achieved a revenue increase of 13.2 % in the first half of 2021 compared to the prior-year period. Additionally, foreign markets tend to be less affected by the development of Beauty Brands.

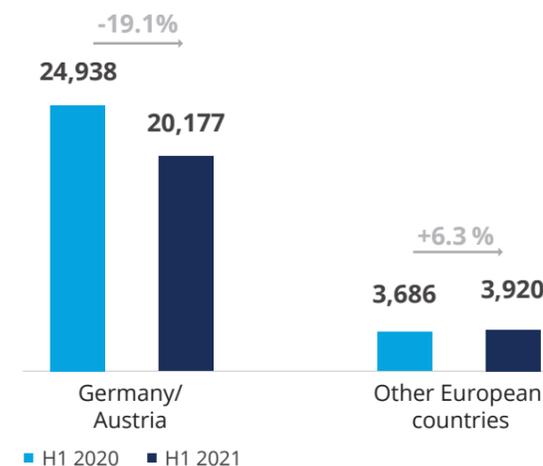
Revenues by category: Health Brands still most important category

Revenues in € thousand



In the first half year of 2021, the strategically important Health Brands category noted a revenue decrease of 15.8 % to € 24,097 thousand (H1 2020: € 28,624 thousand).

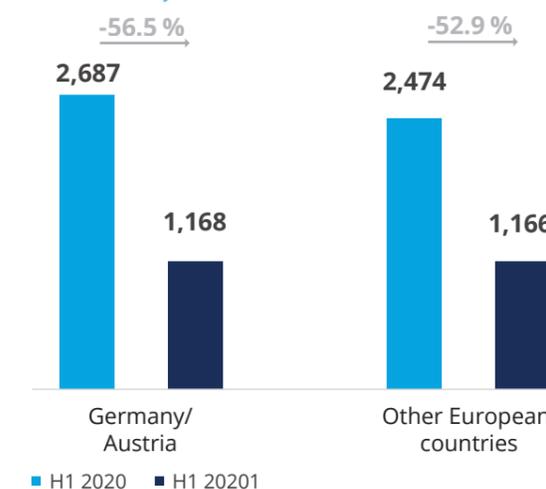
Revenues Health Brands in € thousand



In the German-speaking markets Germany and Austria, revenues of the Health Brands category decreased by 19.1 % to € 20,177 thousand. In the second quarter of 2021, however, sales of Health Brands products in Germany and Austria had grown by 16.3 % over the first quarter.

In other European countries, PharmaSGP could increase its revenues in the Health Brands category by 6.3 % and achieved revenues of € 3,920 thousand (H1 2020: € 3,686 thousand).

Revenues Beauty Brands in € thousand



As expected, revenues in the Beauty Brands category decreased both in Germany and abroad due to significantly reduced marketing spending.

The Group's **other operating income** decreased to € 72 thousand in the half-year period of 2021, whereas the prior-year period with € 1,659 thousand is affected by special positions. In the half-year period of 2020, other operating income mainly comprised consulting and other service fees incurred in connection with the preparation of the IPO and recharged to FUTRUE GmbH ("FUTRUE") and MVH Beteiligungs- und Beratungs-GmbH ("MVH"). A corresponding expense item is recognized in other operating expenses. In the half-year period of 2021, there was no comparable transaction.

Compared to the prior-year period, the expenses for **raw materials, consumables and finished goods** decreased to € 2,324 thousand (H1 2020: € 2,757 thousand) and are in line with the revenue development. The cost of materials as a percentage of revenues increased slightly to 8.8 % (H1 2020: 8.2 %).

Personnel expenses have increased to € 2,456 thousand in the half-year period of 2021 (H1 2020: € 1,683 thousand) against the background of the agreed transfer of 26 employees from FUTRUE

Group in connection of the IPO. The number of employees (full-time-equivalents) as of 30 June 2021 was 63 (30 June 2020: 53). The ratio of personnel expenses to revenues was 9.3 % (H1 2020: 5.0 %).

Other operating expenses decreased in the first half year of 2021 to € 15,796 thousand (H1 2020: € 21,289). Main driver is marketing spending which has been reduced to € 13,358 thousand in the first half year of 2021 (H1 2020: € 15,936 thousand). The ratio of marketing expenses to revenues increased to 50.5 % in the first half year of 2021 (H1 2020: 47.1 %).

Additionally, the half-year period of 2020 includes consulting and other service fees in the amount of € 1,586 thousand incurred in connection with the preparation of the IPO as well as expenses of € 1,124 thousand for the corporate and organizational structuring of the Group. In the half-year period of 2021, legal and consulting fees of € 562 thousand were incurred for planned acquisitions.

Earnings development: decrease due to reduction in revenues

in € thousand	H1 2021	H1 2020	Change
adjusted EBITDA	6,495	10,863	-40.2 %
adjusted EBITDA margin	24.6 %	32.1 %	
One-time effects	568	1,124	
unadjusted EBITDA	5,927	9,739	-39.1 %
unadjusted EBITDA margin	22.4 %	28.8 %	

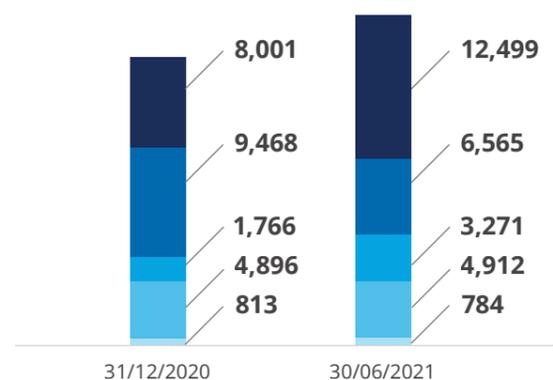
Due to the effects of the Covid-19 pandemic, **earnings before interest, taxes, depreciation and amortization adjusted for one-off costs and special effects (adjusted EBITDA)** fell to € 6,495 thousand the half-year period of 2021 (H1 2020: € 10,863 thousand). This corresponds to an adjusted EBITDA margin measured against revenues of 24.6 % (H1 2020: 32.1 %). Compared to the first quarter of 2021, the adjusted EBITDA margin could be significantly improved from 17.2 % to 31.0 % in the second quarter of 2021.

One-time and special effects amounted to € 568 thousand in the half-year period of 2021 and comprise legal and consulting fees in connection with planned acquisitions (not eligible for capitalization) as well as expenses in connection

with the long-term compensation of the Management Board. Adjusted one-time expenses in the prior year relate to consulting expenses and fees for the corporate and organizational restructuring of the Group carried out in 2020.

2.3.2. Asset position

Assets in € thousand

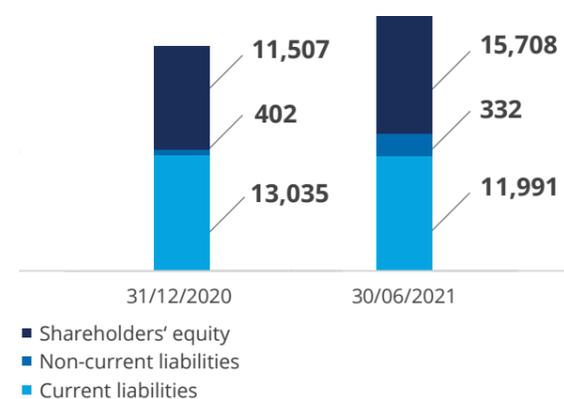


- Cash and cash equivalents
- Trade and other receivables
- Intangible assets
- Other current assets
- Other non-current assets

Non-current assets have increased to € 4,055 thousand as of 30 June 2021 (31 December 2020: € 2,579 thousand), whereas the main increase stems from intangible assets that have increased by € 1,505 thousand since 31 December 2020. This results mainly from capitalized incidental acquisition costs incurred for the purchase of the GSK portfolio in the first half year of 2021 prior to the completion of the transaction.

Current assets have increased to € 23,976 thousand as of 30 June 2021 (31 December 2020: € 22,365 thousand). Cash and cash equivalents have increased by € 4,498 thousand due to positive cash inflows from operating activities. By contrast, trade and other receivables have decreased by € 2,903 thousand. Trade receivables are mainly due from logistics partners and have decreased at the end of the period for seasonal reasons.

Equity and liabilities in € thousand



Shareholders' equity amounted to € 15,708 thousand as of 30 June 2021, the increase compared to 31 December 2020 stems from the profits of the half-year period 2021.

Non-current liabilities amounted to € 332 thousand as of 30 June 2021; they have decreased by € 70 thousand in the half-year period 2021 mainly from redemptions of lease liabilities.

Also **current liabilities** have decreased by € 1,044 thousand in the first half year of 2021 and amount to € 11,991 thousand as of 30 June 2021. The reduction mainly results from decreased trade payables.

2.3.3. Financial position

in € thousand	H1 2021	H2 2020
Net cash flows from operating activities	5,224	12,219
Net cash flows used in investing activities	-555	-552
Net cash flows used in financing activities	-171	-94,884
Net increase (decrease) in cash and cash equivalents	4,498	-83,216
Cash and cash equivalents as of 1 January	8,001	88,476
Cash and cash equivalents as of 30 June	12,499	5,260

In the half-year period 2021, the Group could generate € 5,224 thousand as **net cash flows from operating activities** that exceed the profit for the period. This was achieved by a further optimization of net working capital and refunds from tax overpayments made in the prior year.

Compared to the prior-year period, the cash inflows has decreased by 57 %. On the one hand, the first half year of 2020 had a higher profit of the period, on the other hand there were significant one-time improvements in net working capital in the half-year period of 2020. In the half-year period of 2021, net working capital could be further improved, but not the same extent as in the prior-year period.

Net cash flows used in investing activities of € 555 thousand are almost at prior-year level. In the half-year period of 2021, mainly payments for intangible assets and incidental acquisition cost for the purchase of the GSK portfolio were made (€ 527 thousand), whereas in the prior-year period also payments for PPE (€ 349 thousand) are included, resulting from a one-time purchase of IT and office equipment.

Net cash flows used in financing activities comprise in the current and the prior-year reporting period lease payments and negative interest on cash balances. Additionally, the half-year period 2020 includes dividend payments (€ 94,833 thousand) and cash inflows (€ 120 thousand) from the inclusion of PharmaSGP Holding SE into the scope of consolidation.

2.4. Overall Statement

In the first half of 2021, the measures to contain the Covid-19 pandemic continued to have a strong negative impact on consumer behavior in PharmaSGP's target markets. In particular, comprehensive lockdowns led to significantly lower customer frequency in pharmacies, which had continued into the second quarter. This had a corresponding impact on the overall OTC market.

PharmaSGP's business has developed in line with the OTC market in the first half of 2021, as expected. Compared to the prior-year period, revenues have decreased by 21.8 % to € 26,431 thousand, the adjusted EBITDA margin has decreased by 7.5 percentage points to 24.6 %. The second quarter of 2021, however, had significantly improved compared to the first quarter 2021, with revenues increasing by 14.0 % and EBITDA margin reaching

31.0 %. The focus category Health Brands and international markets were key drivers of the increase in revenue and adjusted EBITDA in the second quarter of 2021.

In addition, the Company has a solid assets and financial position with an equity ratio of 56.0 %, consistently positive operating cash flows and cash and cash equivalents of € 12,499 thousand, with immaterial financial debt of € 360 thousand in the form of lease obligations.

PharmaSGP continues to be fully convinced of the long-term success outlook of its business model and sees this assumption confirmed based on the development in the second quarter of 2021 and the positive macroeconomic forecasts for the full year 2021. With the acquisition of the GSK portfolio, the business model was further expanded, and the Health Brands category sustainably strengthened in the third quarter of 2021.

3. Report on Expected Developments

This Interim Group Management Report contains forward-looking statements based on information available as of the preparation date of this report. Statements in the report are subject to risks and uncertainties. These risks and other factors described in this report could cause the actual results, the financial position, the Company's development or performance to be different from the statements made in this report.

Outlook for the Group

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

The key factor for PharmaSGP's development in 2021 is the further course of the Covid-19 pandemic. With regard to the European OTC markets relevant for PharmaSGP, the Management Board expects a recovery in the second half of the year, provided there is no renewed negative impact from measures to contain the pandemic on the OTC markets relevant for PharmaSGP in Europe. Against this backdrop and after the formal completion of the Asset Purchase Agreement concluded with

GlaxoSmithKline Group on the acquisition of an OTC portfolio with the brands Baldriparan®, Formigran®, Spalt® and Kamol® on 31 August 2021, the Management Board updated the revenues and earnings outlook for the financial year 2021 on 15 September 2021. Revenues and adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) of PharmaSGP Group – which replaced the previous performance indicator “adjusted earnings before interest and taxes (adjusted EBIT)” – serve as key performance indicators in this context. Including the revenues and earnings contributions of the GSK portfolio for the four-months period from 1 September 2021, the Management Board now expects full-year 2021 revenues between € 60 million and € 65 million and an adjusted EBITDA margin between 27 % and 31 %.

The previous outlook for the financial year 2021 forecasted revenues of between € 56 million and € 60 million and an adjusted EBIT margin of between 27 % and 30 %, which corresponds to an adjusted EBITDA margin of between 28 % and 31 %.

4. Opportunities and Risk Report

Opportunities and risks associated with the future development of PharmaSGP are outlined in the Annual Report 2020 (see “Combined Management Report for the Financial Year 2020”, page 41–47). Except for the category “market-related and strategic risks”, the opportunities and risk assessment remains unchanged.

Market-related and strategic risks

An integral part of the PharmaSGP growth strategy is the substantial expansion of brands and products established through M&A activities via the PharmaSGP platform, significantly accelerating the pace of growth for PharmaSGP. The integration of acquired portfolios or companies may only be realized at higher costs than planned. In addition, it may not be possible to exploit expected synergy potentials to the anticipated extent. To mitigate these risks, PharmaSGP performs detailed due diligence reviews in its acquisition processes, supported by relevant company divisions and experienced external consultants. Integration processes are managed by experienced project teams from all relevant departments. Considering

the extent of damage, the potential impact of the risk on the business performance is classified as medium.

5. Financial Risk Management and Financial Instruments

Relating to financial instruments, the Group may be exposed to market price risks (interest rate risks, currency risks), liquidity risks and credit risks. In connection with the raising of financial debts, the assessment of the **interest rate risk** has changed.

On 15 June 2021, a loan agreement between FUTRUE as lender and PharmaSGP Holding SE and PharmaSGP GmbH as borrowers was signed in order to finance the acquisition of the GSK portfolio. Since no facilities were drawn as of 30 June 2021, there was no interest rate risk as of 30 June 2021.

The loan amount of € 85,000 thousand was drawn down for only a few days in August 2021 and then replaced through bank financing. The bank financing has a volume of € 85,000 thousand, it matures on 15 September 2022 and bears interest at a margin of 1.65 percentage points above 1-month-EURIBOR. In addition, PharmaSGP received a short-term and fixed-interest interim financing in the amount of € 12,000 thousand by FUTRUE, which is scheduled for redemption until the end of 2021.

Due to the fixed interest rate, the short-term interim financing of € 12,000 thousand bears no interest rate risks. The bank financing is subject to the risk of interest rate fluctuations which may impact the future development of the Group. Due to the short term of the loan and general expectations on the development of interest rate levels, PharmaSGP assumes a low interest rate risk in relation to the bank financing.

With regards to **currency risk**, **liquidity risk** and **credit risk**, the risk assessments made in the Combined Management Report for the financial year 2020 remain unchanged.

6. Subsequent Events

The purchase of the GSK portfolio is a major transaction after the reporting date. Please refer to note 6 in the Notes to the Condensed Interim Consolidated Financial Statements as of 30 June 2021.

Gräfelfing, 30 September 2021

Natalie Weigand
(CEO)

Michael Rudolf
(CFO)

Condensed Interim Consolidated Financial Statements as of 30 June 2021

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

in € thousand	H1 2021	H1 2020
Revenues	26,431	33,809
Other operating income	72	1,659
Raw materials, consumables and finished goods	-2,324	-2,757
Personnel expenses	-2,456	-1,683
Other operating expenses	-15,796	-21,289
Earnings before interest, taxes, depreciation and amortization (EBITDA)	5,927	9,739
Depreciation and amortization	-337	-216
Earnings before interest and taxes (EBIT)	5,590	9,524
Finance income	-	4
Finance expenses	-26	-71
Profit before taxes	5,564	9,457
Income tax expense	-1,363	-2,351
Profit for the period	4,201	7,106
of which attributable to shareholders of PharmaSGP Holding SE	4,201	7,106
Other comprehensive income	-	-
Total comprehensive income	4,201	7,106
of which attributable to shareholders of PharmaSGP Holding SE	4,201	7,106
Basic and diluted earnings per share (€) ¹⁾	0.35	0.59

¹⁾ For the half-year period of 2020, 12,000,000 shares are the basis for calculating earnings per shares.

Condensed Consolidated Statements of Financial Position

in € thousand	30 June 2021	31 December 2020
Assets		
Non-current assets		
Intangible assets	3,271	1,766
Property, plant and equipment (PPE)	342	369
Right-of-use assets	353	384
Other non-current financial assets	89	60
Total non-current assets	4,055	2,579
Current assets		
Inventories	3,299	3,036
Trade and other receivables	6,565	9,468
Other assets	490	240
Income tax assets	1,123	1,620
Cash and cash equivalents	12,499	8,001
Total current assets	23,976	22,365
Total assets	28,031	29,944

in € thousand	30 June 2021	31 December 2020
Shareholders' equity and liabilities		
Shareholders' equity		
Share capital	12,000	12,000
Capital reserve	38,120	38,120
Retained earnings	-34,412	-38,613
Total shareholders' equity	15,708	11,507
Non-current liabilities		
Provisions	31	42
Lease liabilities	38	145
Deferred tax liabilities	263	215
Total non-current liabilities	332	402
Current liabilities		
Provisions	794	764
Trade payables	8,840	9,790
Other liabilities	806	815
Other financial liabilities	1,043	1,230
Lease liabilities	322	239
Income tax liabilities	186	197
Total current liabilities	11,991	13,035
Total shareholders' equity and liabilities	28,031	24,944

Condensed Consolidated Statements of Changes in Equity

in € thousand	Share capital	Capital reserve	Reserves attributable to shareholders	Retained earnings	Net assets attributable to shareholders ²⁾	Total shareholders' equity
As of 1 January 2020	-	-	-	-	95,580	95,580
Dividends	-	-	-	-	-94,833	-94,833
Shareholder contributions	120	-	-	-	-	120
Allocation of net assets based on legal structure	11,880	-	-11,133	-	-747	-
Profit for the period	-	-	-	7,106	-	7,106
As of 30 June 2020	12,000	-	-11,133	7,106	-	7,972
As of 1 January 2021	12,000	38,120	-	-38,613	-	11,507
Profit for the period	-	-	-	4,201	-	4,201
As of 30 June 2021	12,000	38,120	-	-34,412	-	15,708

²⁾ As of 31 December 2019, PharmaSGP was not a legally separable subgroup for which consolidated financial statements had to be prepared according to IFRS 10. Therefore, as of 31 December 2019, combined financial statements were prepared in which net assets attributable to shareholders were presented.

Condensed Consolidated Statements of Cash Flows

in € thousand	H1 2021	H1 2020
Profit for the period	4,201	7,106
Depreciation and amortization of intangible assets, PPE and right-of-use assets	337	216
(Increase) / decrease in inventories	-263	-442
(Increase) / decrease in trade and other receivables	2,903	-2,329
(Increase) / decrease in other assets	-279	-199
Increase / (decrease) in trade payables	-2,049	9,387
Increase / (decrease) in other (financial) liabilities	-196	710
Increase / (decrease) in provisions	19	-63
Interest (income) and expense	16	67
Income tax expense	1,363	2,351
Income tax payments	-828	-4,589
Interest received	-	4
Net cash flows from operating activities	5,224	12,219
Payments for investments in intangible assets	-527	-203
Payments for investments in PPE	-28	-349
Net cash flows used in investing activities	-555	-552
Dividends paid	-	-94,833
Repayment of lease liabilities	-155	-99
Payment from shareholders	-	120
Interest paid	-16	-71
Net cash flows used in financing activities	-171	-94,884
Net increase / (decrease) in cash and cash equivalents	4,498	-83,216
Cash and cash equivalents as of 1 January	8,001	88,476
Cash and cash equivalents as of 30 June	12,499	5,260

Notes to the Condensed Interim Consolidated Financial Statements as of 30 June 2021

1. Basis of preparation

1.1. Background and general information

PharmaSGP Holding SE (hereafter also referred to as the “Company” or “SGP SE”) with its registered office at Lochhamer Schlag 21, 82166 Gräfelfing, Germany, is a European Company (Societas Europaea, “SE”) with its primary activities in the healthcare business in Germany and other European countries. The Company is registered in the commercial register of the Munich Local Court under HRB 255684.

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

The Group is a consumer health company with a diverse portfolio of non-prescription pharmaceuticals (over the counter; “OTC”) and other healthcare products that are marketed with the focus on the pharmacy distribution channel. Its core brands cover chronic indications, including pain and other age-related ailments. The Group’s OTC products are mostly based on natural active pharmaceutical ingredients (“APIs”).

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

1.2. Consolidated financial statements and basis of presentation

Scope of consolidation

SGP SE is the holding company of the Group. The Group’s business is conducted by PharmaSGP GmbH, Restaxil GmbH and Remitan GmbH. On 2 March 2021, an additional operating company – PharmaSGP Vertriebs GmbH – was founded as a fully owned subsidiary of SGP SE. The registration in the commercial register was completed on 16 March 2021. The consolidated financial statements include all companies controlled by the Company, either directly or indirectly, as defined by IFRS 10.

Basis of presentation

The condensed interim consolidated financial statements as of 30 June 2021, were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union (EU). These interim consolidated financial statements conform with the regulation IAS 34 “Interim financial reporting”.

The condensed interim consolidated financial statements as of 30 June 2021 were neither audited nor reviewed by the Group’s auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended on 31 December 2020.

Except for new or amended financial standards and interpretations issued by the IASB, the same accounting and measurement principles were

generally applied as in the consolidated financial statements for the financial year ended on 31 December 2020.

Effects of new or amended financial standards and interpretations issued by the IASB

In the condensed interim consolidated financial statements as of 30 June 2021, the amendments to IFRS 16 “Covid-19-related rent concessions” – as endorsed by the EU on 9 October 2020 – were adopted. The adoption had no impact on the net assets, financial position and results of operations of the Group.

Significant accounting judgments and estimates

Judgments, estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and assumptions are reviewed on an on-going basis. Revisions to estimates are recognized prospectively.

The Group makes judgments, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. In particular, estimates and assumptions in relation to warranty provisions, refund liabilities and intangible assets could result in outcomes requiring a material adjustment to the carrying amounts of assets and liabilities within the future financial years. Accounting judgments and estimates made in the consolidated financial statements as of 31 December 2020 have not significantly changed for the preparation of the condensed interim consolidated financial statements as of 30 June 2021.

1.3. Changes in presentation

In connection with the acquisition of a product portfolio from GlaxoSmithKline Group (“GSK portfolio”, see note 6), management of PharmaSGP has defined a new key performance indicator “Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)”. For reconciliation purposes, a further subtotal line “Earnings before interest, taxes, depreciation and amortization (EBITDA)” was added to the consolidated statements of profit or loss, both in the current and the comparative period. All other financial statement items remain unchanged.

2. Segment information

General information

The Group has one operating segment including all products of the Group companies. This assessment is based on information reported to the Group’s Chief Operating Decision Maker (CODM) for the purpose of assessing segmental performance and resource allocation. The Management Board is the CODM and monitors the entity’s performance. Performance is measured using revenues and for one-time effects adjusted earnings before interest, taxes, depreciation and amortization (“adjusted EBITDA”) as key performance indicators to assess the success of the Group’s business. Segment assets are presented in the consolidated statements of financial position. For segment profit, please refer to the Interim Group Management Report, note 2.3.1 “Earnings position of the Group”.

Geographical information

Revenues in € thousand	H1 2021	H1 2020
Germany	17,863	24,567
Italy	3,610	4,108
Austria	3,483	3,077
Other European countries ³⁾	1,475	2,057
	26,431	33,809

³⁾ comprises: France, Belgium and Spain

Basis for the revenues number is the country where the customer is located. All non-current assets of the Group are located in Germany.

3. Notes to the condensed consolidated statements of financial position, consolidated statements of profit or loss and other comprehensive income

3.1. Intangible assets

In the half-year period of 2021, incidental acquisition costs of €1,261 thousand for the acquisition of the GSK portfolio were capitalized, leading to an increase in intangible assets. Incidental acquisition costs mainly comprise legal and consulting fees and are directly attributable to the acquisition of the assets. See further explanations in note 6.

3.2. Revenues

Revenues are almost exclusively generated from the sale of over-the-counter (OTC) pharmaceuticals and other healthcare products. Disclosures on markets are made in note 2.

3.3. Other operating income

In the half-year period of 2020, other operating income is mainly related to IPO consulting services and other IPO related costs charged to FUTRUE GmbH ("FUTRUE") and MVH Beteiligungs- und Beratungs-GmbH ("MVH"). A corresponding amount has been accounted for in other operating expenses. In the half-year period of 2021, there was no comparable transaction.

3.4. Other operating expenses

in € thousand	H1 2021	H2 2020
Marketing	13,358	15,936
Legal and consulting fees	674	1,958
External services	233	601
Miscellaneous	1,531	2,794
	15,796	21,289

Marketing spendings have decreased in the half-year period of 2021 to €13,358 thousand in line with the revenue development (H1 2020: €15,936 thousand).

Additionally, expenses for IPO consulting services and other IPO related costs amounting to €1,586 thousand and one-time costs related to the establishment of the new corporate structure of the Group amounting to €1,124 thousand are included in the half-year period of 2020. In the half-year period of 2021, there were no comparable transactions.

3.5. Income taxes and deferred taxes

The income tax expense of €1,363 thousand for the half-year period of 2021 is measured based on the best estimate of the average annual income tax rate expected for the full financial year.

4. Financial instruments and financial risk management

The following table shows the carrying amounts and fair values of the financial assets (except for cash and cash equivalents) and financial liabilities (except for lease liabilities) and the allocation of financial statement positions to the measurement categories:

in € thousand	30 June 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at amortized cost (debt instruments):				
Trade and other receivables	6,565	6,565	9,468	9,468
Other non-current financial assets	89	89	60	60
Total	6,654	6,654	9,528	9,528
thereof current	6,565	6,565	9,468	9,468
thereof non-current	89	89	60	60
Financial liabilities measured at amortized cost:				
Trade payables	8,840	8,840	9,790	9,790
Other liabilities	726	726	734	734
Other financial liabilities	1,043	1,043	1,230	1,230
Total	10,609	10,609	11,754	11,754
thereof current	10,609	10,609	11,754	11,754
thereof non-current	-	-	-	-

Relating to financial assets, there are no debt instruments, equity instrument or other financial assets measured at fair value as of 30 June 2021 and 31 December 2020. Relating to financial liabilities, there are no financial liabilities measured at fair value as of 30 June 2021 and 31 December 2020.

Due to their short-term nature the carrying amounts of all current financial assets and

liabilities approximate their fair value. Non-current financial assets represent mainly lease deposits, the carrying amounts also approximate the fair value of these assets.

Gains and losses from financial instruments are recognized as finance income or finance expenses.

5. Related party disclosures

Transactions with key management personnel

Except for the remuneration of the Management Board and Supervisory Board, there were no other transactions with key management personnel or their close family members in the half-year period of 2021 or in the prior year.

Transactions between SGP SE and its subsidiaries

On 22 April 2021, SGP SE and its newly founded subsidiary PharmaSGP Vertriebs GmbH concluded on a domination and profit and loss transfer agreement. Thus, PharmaSGP Vertriebs GmbH has become part of the fiscal unit for income tax and VAT purposes (ertragsteuerliche und umsatzsteuerliche Organschaft) that comprises SGP SE and its other subsidiaries.

Transactions with FUTRUE and MVH

In the half-year period of 2021, the Group received media services, IT services and other services based on the existing service agreements between the Group and FUTRUE. No selling and research services were requested. MVH has not rendered services to the Group in the half-year period of 2021.

On June 15, 2021, a loan agreement between FUTRUE as lender and SGP SE as borrower was signed, with a total amount of € 85,000 thousand in order to finance the acquisition of the GSK portfolio (see information in note 6). Simultaneously, SGP SE and its subsidiary PharmaSGP GmbH signed a loan agreement granting PharmaSGP GmbH as borrower the same amount at almost identical conditions.

Both loans are unsecured and have a minimum term until 31 December 2021 with subsequent renewal options. The interest rate is determined based on a benchmark analysis for the applicable market interest rate. As of 30 June 2021, no facilities were drawn. As of 25 August 2021 – after the reporting date –, both loans were refinanced through bank loans.

6. Events after the reporting date

On 15 June 2021, GlaxoSmithKline Consumer Healthcare Holdings (No. 2) Limited, SmithKline Beecham Limited (both hereafter referred to as “GSK”) and PharmaSGP GmbH signed an Asset Purchase Agreement on the acquisition of four OTC product brands (“GSK portfolio”) at a total purchase price of €81,400 thousand. In addition, the corresponding product inventories will be taken over against payment. The transaction was formally completed on 31 August 2021.

The purchase price was fully paid in cash on 31 August 2021. Financing was provided by means of a loan agreement in the amount of €85,000 thousand with FUTRUE signed on 15 June 2021, and a short-term interim financing in the amount of € 12.000 thousand by FUTRUE signed on 25 August 2021, which is scheduled for redemption until the end of 2021. The loan agreement of 15 June 2021 was refinanced by bank loans on 25 August 2021. The bank financing has a volume of €85,000 thousand, it was unsecured as of the signing day and matures on 15 September 2022. The complete loan amount falls due on the maturity date and bears interest at a margin of 1.65 percentage points above 1-month-EURIBOR.

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

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

The acquisition of the product portfolio is structured as an asset deal, that comprises the sole acquisition of assets. There will be no change in scope of consolidation and no transfer of GSK employees. According to IFRS 3, the transaction does not qualify as a purchase of a business, but the purchase of single assets which are mainly accounted for pursuant to IAS 38. Accordingly, there will be no recognition of goodwill. Among others, the acquired assets comprise:

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

The allocation of the purchase price and incidental acquisition costs is based on suitable valuation models.

The integration of the GSK portfolio is leveraging potential for value enhancement. Thus, PharmaSGP’s portfolio is expanded by established brands, the number of indications is increased and the internationalization of the Group is further expanded.

In the context of the transaction, the outlook for the financial year 2021 has been adjusted.

Gräfelfing, 30 September 2021

Natalie Weigand
(CEO)

Michael Rudolf
(CFO)

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Condensed Interim Consolidated Financial Statements for the period from 1 January to 30 June 2021 give a true and fair view of the net assets, financial position and profit or loss of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Gräfelfing, 30 September 2021

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Disclaimer

The half-year financial report is also available in German and can be downloaded in both languages from the Internet at <https://ir.pharmasgp.com>. In the event of deviations, the German version takes precedence over the English translation.



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