

INTERIM STATEMENT Q1

2020

Dermapharm Holding SE



CONSOLIDATED RESULTS AT A GLANCE

		Q1 2020	Q1 2019
Revenue	EUR million	192.5	163.6
Adjusted EBITDA*	EUR million	49.4	43.7
Adjusted EBITDA margin*	%	25.7	26.7
Unadjusted EBITDA	EUR million	49.2	40.7
Unadjusted EBITDA margin	%	25.6	24.9
Operating result	EUR million	39.7	28.8
EBT	EUR million	36.8	27.2
Consolidated net profit	EUR million	26.8	19.2
Earnings per share	EUR	0.50	0.36

		31 March 2020	31 December 2019
Total assets	EUR million	1,107.7	1,044.9
Equity	EUR million	311.1	284.5
Equity ratio	%	28.1	27.2
Cash and cash equivalents	EUR million	138.7	115.0
Net debt	EUR million	444.9	465.4

* Q1 2020 EBITDA adjusted for non-recurring expenses in connection with the acquisition of Allergopharma amounting to EUR 0.2 million. Q1 2019 EBITDA adjusted by non-recurring expenses of EUR 2.9 million in connection with the acquisition of Euromed and by non-recurring expenses of EUR 0.1 million for consultancy services in connection with further acquisition efforts.

2020 Financial calendar

2020 Virtual Annual General Meeting	17 June 2020
Publication of the preliminary figures for H1 2020	21 August 2020
Publication of 2020 Half-Yearly Financial Report	9 September 2020
Publication of Q3 Interim Statement	16 November 2020

LETTER TO THE SHAREHOLDERS

*Dear ladies and gentlemen,
dear shareholders,*

We maintained our growth trend in the first three months of financial year 2020. We continue to focus on implementing our three-pillar strategy of developing products in-house, continuing our international expansion and successfully acquiring companies.

Since the beginning of the year, the pharmaceuticals industry has also been faced with the COVID-19 pandemic and the resulting effects. Dermapharm has acted swiftly to adapt to the changing environment. We immediately took all necessary measures to ensure our ability to maintain operations while at the same time protecting the health and safety of our employees. Our production facilities in Germany were classified as critical national infrastructure in accordance with § 6 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. This is where our commitment to our production facilities in Germany pays off. Thanks to the outstanding dedication of our employees, we were able to avoid supply bottlenecks even during these difficult times. Increased demand in certain therapeutic areas contributed to a higher increase in revenue growth than expected for the reporting period. The impacts of stockpiling played a not insignificant role within the supply chain. This peak in demand is thus expected to subside over the remaining part of the year. In the "Herbal extracts" segment, demand was weaker in the wake of the COVID-19 pandemic.

Dermapharm's business developed successfully in the first quarter of 2020. We increased consolidated revenue by 17.7% over the prior-year period, to EUR 192.5 million. At the same time, we improved the profitability of our Company. Adjusted EBITDA increased by 13.0% to EUR 49.4 million in the reporting period. The adjusted EBITDA margin was thus 25.7%, one percentage point below the prior-year figure. The "Branded pharmaceuticals and other healthcare products" segment – which features a large proportion of high-margin products – and the "Parallel import business" segment were key drivers of the increase in earnings.

In the first months of 2020, we also leveraged our corporate strategy to provide our business with new positive momentum. In addition to expanding the distribution of existing products, we are constantly working to market new, off-patent branded pharmaceuticals for selected niche markets in Germany and abroad. For instance, we saw success with our newly launched OTC product Levocamed®, which is used to treat allergy

symptoms and comes available as a combo pack that includes a nasal spray and eye drops. Our product pipeline currently covers more than 50 ongoing development projects for selected therapeutic areas.

At the beginning of financial year 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.

In the interests of our shareholders, as the year progresses we 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, May 2020

The Board of Management



Dr Hans-Georg Feldmeier
Chief Executive Officer



Stefan Hümer
Chief Financial Officer

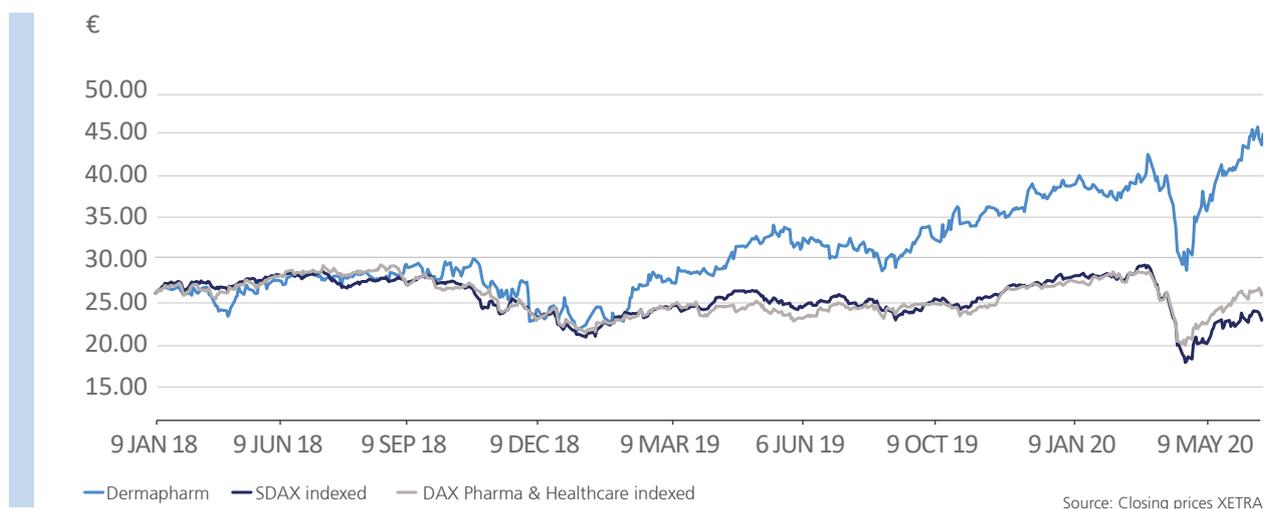


Dr Jürgen Ott
Chief Marketing Officer



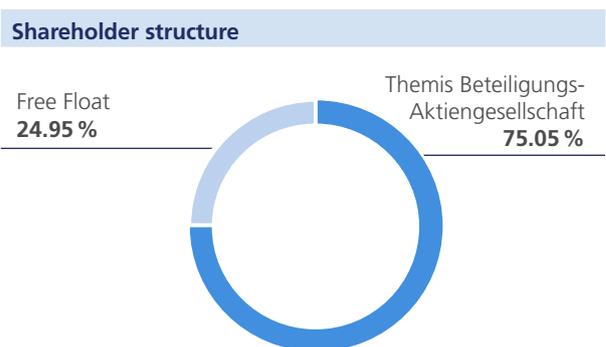
Karin Samusch
Chief Business
Development Officer

SHARE INFORMATION



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 exchange	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 AS
Designated Sponsors	Joh. Berenberg, Gossler & Co. KG Commerzbank AG Mainfirst Bank AG

The shares at a glance (XETRA)	
High (11 May 2020)	EUR 45.40
Low (20 December 2018)	EUR 21.62
Closing price (15 May 2020)	EUR 44.50
Trading volume (9 February 2018 to 15 May 2020; average number of shares)	30,331 shares



Information based on voting rights notifications received pursuant to German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG") as at 1 July 2019

REPORT ON ECONOMIC POSITION

1. Course of business

Overall, Dermapharm Holding SE developed strategically and operationally successfully in the first quarter of 2020. This was accomplished thanks to the systematic expansion of our product portfolio through the introduction of new products developed in-house for selected niche markets, organic growth and the successful integration of the companies acquired in previous years.

Our expansion of in-house production capacities also helped in achieving the corporate goals in the first quarter.

Consolidated revenue increased by 17.7 % to EUR 192.5 million as compared to the prior-year period (Q1 2019: EUR 163.6 million). At the same time, adjusted EBITDA increased by 13.0 % to EUR 49.4 million (Q1 2019: EUR 43.7 million). Unadjusted EBITDA amounted to EUR 49.2 million, representing a 20.9 % increase (Q1 2019: EUR 40.7 million).

The adjusted EBITDA margin amounted to 25.7 % (Q1 2019: 26.7 %). The unadjusted EBITDA margin amounted to 25.6 % (Q1 2019: 24.9 %).

The overall performance in the first three months of 2020 has underscored the fact that Dermapharm's business model has proven robust even in the face of the COVID-19 pandemic.

Acquisition of Allergopharma GmbH & Co. KG

Under the purchase agreement dated 19 February 2020, Dermapharm acquired Allergopharma GmbH & Co. KG, which is 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.

Segment Branded pharmaceuticals and other healthcare products

In the "Branded pharmaceuticals and other healthcare products" segment, Dermapharm significantly increased revenue by 25.8 % to EUR 106.2 million (Q1 2019: EUR 84.4 million). This increase was based mainly on greater demand for our products, which because of the COVID-19 pandemic focused in particular on the therapeutic areas "vitamins/minerals/enzymes" for boosting immune systems and the "systemic corticoids" which have an anti-inflammatory effect and help to weaken immune responses. The impacts of stockpiling played a not insignificant role within the supply chain. This peak in demand is thus expected to subside over the remaining part of the year. Thus far, Dermapharm has not been affected by API supply bottlenecks since the outbreak of the pandemic.

This resulted in an adjusted EBITDA of EUR 43.7 million, representing a 17.2 % year-on-year increase (Q1 2019: EUR 37.3 million). The segment adjusted EBITDA margin amounted to 41.1 % (Q1 2019: 44.2 %).

Unadjusted EBITDA rose to EUR 43.5 million (Q1 2019: EUR 34.3 million). The segment's unadjusted EBITDA margin amounted to 41.0 % (Q1 2019: 40.6 %).

Segment Parallel import business

Revenue for the parallel import business rose by 15.4 % to EUR 67.5 million (Q1 2019: EUR 58.5 million). The sharp increase was due mainly to increased demand for reimported originator preparations, which Dermapharm was able to service thanks to its intact supply capability and proactive inventory process.

EBITDA for this segment increased disproportionately by 42.9 % to EUR 3.0 million (Q1 2019: EUR 2.1 million). The segment's EBITDA margin increased accordingly in the first three months of 2020 to 4.4 % (Q1 2019: 3.6 %). The increase in the high-margin product group of "reimported anaesthetics" and the distribution of "well-known OTC products" via the Company's own call centre were the primary cause of the increase in the margin.

Segment Herbal extracts

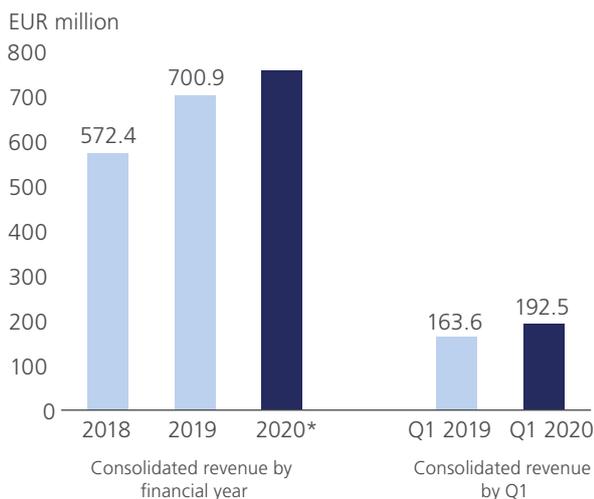
In the "Herbal extracts" segment, Euromed contributed EUR 18.9 million to revenue in Q1 2020 (Q1 2019: EUR 20.6 million). The segment saw weaker demand due to the impact of the COVID-19 pandemic, particularly in Spain and the United States.

The segment's contribution to EBITDA, taking into account the negative result from investment in the FYTA Group of EUR -0.9 million, which was accounted for using the equity method, amounted to EUR 3.9 million (Q1 2019: EUR 4.5 million) and was below our expectations. The EBITDA margin thus amounted to 20.6% (Q1 2019: 21.8%).

2. Revenue and earnings performance

Revenue trend

Yearly and quarterly comparison of revenue trend

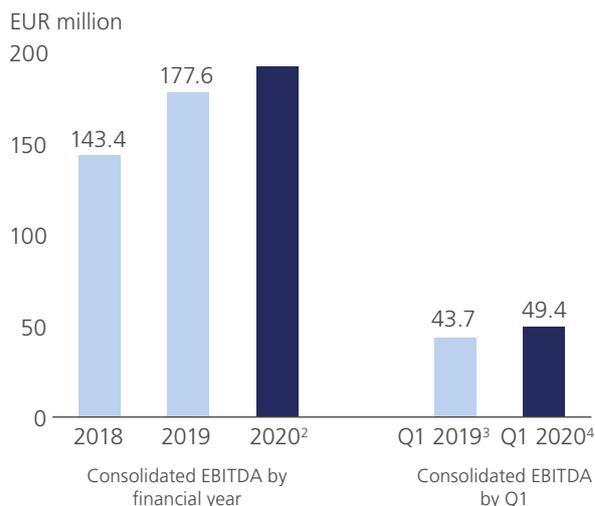


* Estimated revenue for the year within growth forecast of upper single-digit percentage range (excluding effects of COVID-19 pandemic and the acquisition of Allergopharma).

- Dermapharm got off to a successful start in financial year 2020.
- Revenue in Q1 2020 amounted to EUR 192.5 million, up significantly year on year by 17.7 % (Q1 2019: EUR 163.6 million).
- Because the deal closed as at 31 March 2020, Allergopharma's revenue is not included in the first quarter. Allergopharma will be included in the Group of companies for the first time in the second quarter.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

Yearly and quarterly comparison of EBITDA¹ trend



¹ Adjusted for non-recurring expenses.

² Estimated development of EBITDA within forecast of upper single-digit percentage range (excluding effects of COVID-19 pandemic and the acquisition of Allergopharma).

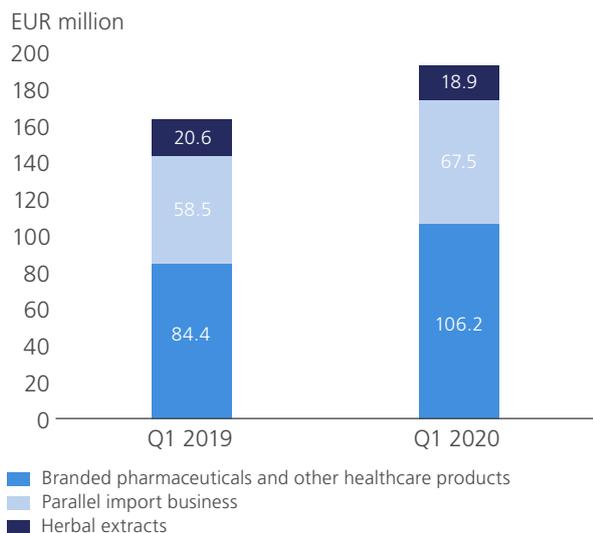
³ Q1 2019 EBITDA adjusted by non-recurring expenses of EUR 2.9 million in connection with the acquisition of Euromed and by non-recurring expenses of EUR 0.1 million for consultancy services in connection with acquisition efforts.

⁴ Q1 2020 EBITDA adjusted for non-recurring expenses in connection with the acquisition of Allergopharma amounting to EUR 0.2 million.

- Dermapharm increased its adjusted consolidated EBITDA year on year by 13.0 % from EUR 43.7 million in Q1 2019 to EUR 49.4 million in Q1 2020. This resulted in a 25.7 % adjusted EBITDA margin.
- At the same time, unadjusted EBITDA increased from EUR 40.7 million to EUR 49.2 million. This corresponds to a 25.6 % unadjusted EBITDA margin.
- Because the deal closed as at 31 March 2020, Allergopharma's EBITDA is not included in the first quarter. Allergopharma will be included in the Group of companies for the first time in the second quarter.

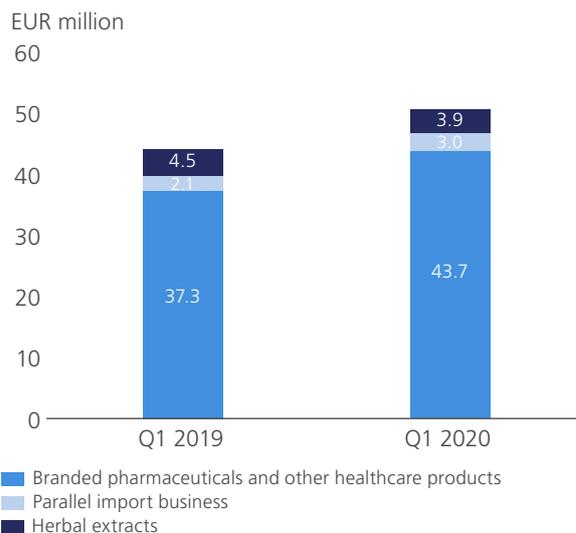
Performance of the segments

Quarter-on-quarter revenue trend by segment



- Revenue in the "Branded pharmaceuticals and other healthcare products" segment increased by 25.8% to EUR 106.2 million in Q1 2020 (Q1 2019: EUR 84.4 million).
- Revenue in the "Parallel import business" segment rose by 15.4% to EUR 67.5 million in the reporting period (Q1 2019: EUR 58.5 million).
- Revenue for the "Herbal extracts" segment fell by -8.3% from EUR 20.6 million to EUR 18.9 million.

Quarter-on-quarter EBITDA trend by segment



- Adjusted EBITDA in the "Branded pharmaceuticals and other healthcare products" segment increased by 17.2% to EUR 43.7 million (Q1 2019: EUR 37.3 million). By contrast, at 41.1% (previous year: 44.2%), the segment's adjusted EBITDA margin was below the prior-year quarter.
- EBITDA in the "Parallel import business" segment amounted to EUR 3.0 million in Q1 2020 (Q1 2019: EUR 2.1 million). This represents a 42.9% increase. As a result, the EBITDA margin amounted to 4.4% (Q1 2019: 3.6%).
- EBITDA for the "Herbal extracts" segment fell from EUR 4.5 million to EUR 3.9 million. The EBITDA margin amounted to 20.6% (Q1 2019: 21.8%).

3. Events after the reporting period

No noteworthy events which might influence Dermapharm's business development have occurred between the end of the reporting period, 31 March 2020, and the date of this interim statement.

REPORT ON EXPECTED DEVELOPMENTS

In light of our strategy in the "Branded pharmaceuticals and other healthcare products" segment, our consistent implementation of our three-pillar strategy as well as the strategically and operationally successful development, the Board of Management confirms its outlook for the year 2020 as expressed in the Annual Report as at 31 December 2019, despite the ongoing COVID-19 pandemic and the economic impacts stemming from it, which cannot as yet be wholly estimated.

The Board of Management therefore continues to expect the Group to experience sustained year-on-year growth in financial year 2020. Based on increases in volume and the successful launch of internally developed products, the Board of Management continues to expect consolidated revenue and EBITDA to grow organically by percentages in the upper single digits. The demand effects that occurred in the first quarter will smooth out again later in the year. This prognosis does not reflect the growth that is expected to stem from the Allergopharma acquisition. We will provide a more detailed forecast as soon as possible once the acquisition has been finalised, including for the sales unit in China.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020

Rounding differences may arise due to the different presentation of figures in EUR million in the interim management report and EUR thousand in the interim consolidated financial statements and segment reporting.

CONDENSED STATEMENT OF FINANCIAL POSITION

Assets EUR thousand	31 March 2020	31 December 2019
Non-current assets		
Intangible assets	290,680	293,031
Goodwill	202,245	202,245
Property, plant and equipment	132,224	132,585
Investments accounted for using the equity method	61,625	62,113
Equity investments	494	395
Other non-current financial assets	1,565	1,562
Deferred tax assets	-	-
Total non-current assets	688,834	691,931
Current assets		
Inventories	185,993	175,643
Trade receivables	60,275	48,879
Other current financial assets	4,683	6,040
Other current assets	7,343	5,396
Tax assets	232	231
Cash and cash equivalents	138,694	114,956
Non-current assets held for sale	1,757	1,796
Total current assets	398,978	352,941
Total assets	1,087,812	1,044,871

Equity and liabilities EUR thousand	31 March 2020	31 December 2019
Equity		
Issued capital	53,840	53,840
Capital reserves	92,754	92,754
Retained earnings	165,731	139,067
Other reserves	(7,251)	(7,012)
Equity attributable to owners of parent	305,074	278,649
Non-controlling interests	5,994	5,841
Total equity	311,068	284,490
Non-current liabilities		
Provisions for employee benefits	56,778	56,976
Non-current financial liabilities	543,692	543,347
Other non-current financial liabilities	18,691	18,684
Other non-current liabilities	12,105	11,915
Deferred tax liabilities	27,270	27,038
Total non-current liabilities	658,537	657,960
Current liabilities		
Other provisions	16,204	16,238
Current financial liabilities	13,960	11,264
Trade payables	46,459	35,355
Other current financial liabilities	7,299	7,079
Other current liabilities	27,533	26,571
Tax liabilities	6,752	5,914
Total current liabilities	118,207	102,421
Total equity and liabilities	1,087,812	1,044,871

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q1 2020	Q1 2019
Revenue	192,469	163,553
Change in inventories	13,171	10,468
Own work capitalised	3,364	3,214
Other operating income	4,673	1,930
Cost of materials	(102,734)	(86,061)
Personnel expenses	(30,792)	(27,617)
Depreciation and amortisation	(9,930)	(11,502)
Other operating expenses	(30,497)	(25,219)
Operating result	39,724	28,764
Share of profit/loss of companies accounted for using the equity method, after tax	(488)	449
Financial income	291	113
Financial expenses	(2,735)	(2,104)
Financial result	(2,931)	(1,542)
Earnings before taxes	36,792	27,222
Income tax expenses	(9,976)	(7,998)
Profit or loss for the period	26,817	19,224
<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	-	-
Gains/losses from remeasurement of property, plant and equipment	-	-
<i>Other comprehensive income which may be reclassified to profit or loss in subsequent periods:</i>		
Foreign operations - currency translation differences	(239)	190
Other comprehensive income, after tax	(239)	190
Total comprehensive income for the period	26,578	19,414
Profit or loss for the period attributable to		
Owners of the parent	26,664	19,156
Non-controlling interests	153	67
	26,817	19,224
Total comprehensive income for the period attributable to		
Owners of the parent	26,462	19,347
Non-controlling interests	153	67
	26,578	19,414
Earnings per share		
Basic (= diluted) earnings per share (EUR)	0.50	0.36

CONDENSED STATEMENT OF CASH FLOWS

EUR thousand	Q1 2020	Q1 2019
Profit or loss for the period	36,792	27,222
Depreciation and amortisation of fixed assets	9,864	11,096
(Increase)/decrease in working capital (assets)	(23,852)	(18,575)
Increase/(decrease) in working capital (liabilities)	13,566	2,053
Increase/(decrease) in provisions for employee benefits	(198)	(91)
Other non-cash items	(104)	263
Share of profit/loss of companies accounted for using the equity method, after tax	488	(449)
(Gain)/loss on disposal of non-current assets	(51)	(7)
Interest expense/(income)	2,346	2,161
Income tax payments	(8,830)	(6,913)
Net cash flows from operating activities	30,022	16,760
Proceeds from the disposal of intangible assets and property, plant and equipment	296	(98)
Proceeds from the disposal of financial assets	-	3
Business combinations, less cash	-	(225,923)
Proceeds from excess purchase price payments in the context of business combinations	(7,910)	(9,524)
Payments for investments in financial assets	(100)	(60,038)
Dividends from companies accounted for using the equity method	1,652	-
Cash flows from investing activities	(6,063)	(295,580)
Proceeds from borrowings	942	150,000
Repayments of borrowings	(447)	(21,341)
Payments of lease liabilities	(996)	(471)
Proceeds from reimbursements of interest paid	-	14
Interest paid	(1,554)	(1,308)
Cash flows from financing activities	(2,055)	126,894
Net increase/decrease in cash, cash equivalents and bank overdrafts	21,904	(151,926)
Cash, cash equivalents and bank overdrafts as at 1 January	108,992	206,439
Effect of exchange rate changes on cash and cash equivalents	36	66
Cash, cash equivalents and bank overdrafts as at 31 March	130,933	54,579
Bank overdrafts as at 1 January	(5,963)	(6,082)
Bank overdrafts as at 31 March	(7,761)	(27,686)
Cash and cash equivalents as at 31 March	138,694	82,265

SEGMENT REPORTING

Q1 2020 T€	Branded pharmaceuticals and other healthcare products	Parallel import business	Herbal extracts	Reconcilia- tion / Group holding company	Group
Revenue	106,882	67,455	18,929	(797)	192,469
<i>of which intra-segment revenue</i>	728	-	69	(797)	-
Revenue from external customers	106,154	67,455	18,860	-	192,469
Revenue growth	25.7 %	15.2 %	-8.4 %	-	17.7 %
EBITDA	43,515	2,972	3,881	(1,202)	49,166
<i>of which earnings from investments accounted for using the equity method</i>	454	-	(942)	-	(488)
EBITDA margin	41.0 %	4.4 %	20.6 %	-	25.5 %

Q1 2019 EUR thousand	Branded pharmaceuticals and other healthcare products	Parallel import business	Herbal extracts	Reconcilia- tion / Group holding company	Group
Revenue	85,277	58,537	20,579	829	165,221
<i>of which intra-segment revenue</i>	840	-	-	829	1,669
Revenue from external customers	84,437	58,537	20,579	-	163,553
Revenue growth	6.2 %	1.0 %	-	-	19.0 %
EBITDA	34,328	2,116	4,548	(277)	40,716
<i>of which earnings from investments accounted for using the equity method</i>	449	-	-	-	449
EBITDA margin	40.7 %	3.6 %	22.1 %	-	24.9 %

IMPRINT

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