Prospectus dated June 8, 2020

Prospectus

for the public offering

of

6,600,000 existing bearer shares with no par value (*Stückaktien*)
from the holdings of the Selling Shareholders in a base deal

and of

up to 1,800,000 existing bearer shares with no par value (*Stückaktien*)
from the holdings of the Selling Shareholders subject to the exercise of an upsize option upon decision of the Selling Shareholders, in consultation with the sole bookrunner, based on market demand on the date of pricing

and of

up to 1,260,000 existing bearer shares with no par value (*Stückaktien*)
from the holdings of the Selling Shareholders in connection with a possible over-allotment
with the total number of such shares not exceeding 15%
of the final number of base shares and upsize shares, if any, placed in the offering

and at the same time for the

admission to trading on the regulated market (*regulierter Markt*)
of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

12,000,000 existing bearer shares with no par value (*Stückaktien*) (existing share capital),
each such share with a notional value of €1.00

of

PharmaSGP Holding SE

Price Range: €31.50 – €36.50

International Securities Identification Number (ISIN): DE000A2P4LJ5
German Securities Code (*Wertpapierkennnummer* (*WKN*)): A2P4LJ
Ticker Symbol: PSG

Sole Global Coordinator and Sole Bookrunner

Berenberg

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I. SUMMARY OF THE PROSPECTUS

A. – Introduction and Warnings

This prospectus (the "**Prospectus**") relates to shares of PharmaSGP Holding SE (the "**Company**"), Lochhamer Schlag 21, 82166 Gräfelfing, Federal Republic of Germany ("**Germany**"), legal entity identifier ("**LEI**") 3912005CZ12PVVCIPT91, each such share having the International Securities Identification Number ("**ISIN**") DE000A2P4LJ5 (each share of the Company, a "**Share**").

The Shares are offered by FUTRUE GmbH, Am Haag 14, 82166 Gräfelfing, Germany, LEI 391200OOHIICRVNSDC06 ("**FUTRUE**"), and MVH Beteiligungs- und Beratungs-GmbH, Am Haag 14, 82166 Gräfelfing, Germany, LEI 391200KIHT28KAWIYP61 ("**MVH**" and, together with FUTRUE, the "**Selling Shareholders**"), together with Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany, LEI 529900UC2OD7II24Z667 (the "**Sole Bookrunner**"). The Company, the Selling Shareholders and the Sole Bookrunner assume responsibility for the contents of this Prospectus.

On June 8, 2020, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, approved this Prospectus as the competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended.

This summary should be read as an introduction to this Prospectus. Investors should base any decision to invest in the Shares on the review of this Prospectus as a whole. Investors in the Shares may lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

B. – Key Information on the Issuer

B.1 – Who is the Issuer of the Securities?

Since May 2020, the Company is the holding company of a group of companies operating in the healthcare industry. Its operating subsidiaries PharmaSGP GmbH, Remitan GmbH, Restaxil GmbH and, following the acquisition of the Company by the Selling Shareholders in March 2020, the Company itself are together referred to as "**PharmaSGP**" in this Prospectus.

PharmaSGP is a pure-play consumer health company with a broad portfolio of leading chemical-free non-prescription pharmaceuticals sold over the counter ("**OTC**") and other healthcare products. Its core brands cover chronic indications, including pain and other age-related ailments. PharmaSGP's OTC products are based on natural active pharmaceutical ingredients ("**APIs**") with documented efficacy and fewer known side effects than most chemical-based pharmaceuticals. Although PharmaSGP's chemical-free OTC and other healthcare products are sold exclusively through pharmacies, PharmaSGP markets them directly to its target consumers, especially the elderly, under well-known brands. The wide reach of PharmaSGP is evidenced by the fact that some of its products are available in up to 95% of German pharmacies (*source: information from a database on revenues from sales of OTC products and availability of such products in German pharmacies compiled by INSIGHT Health GmbH & Co. KG, which the Company has analyzed to assess its market position ("**INSIGHT Health**")*).

In Germany, PharmaSGP is the market leader for chemical-free pain remedies (based on revenues for orally-administered chemical-free OTC remedies for nerve pain and rheumatic pain in the six-month period ended June 30, 2019 (*source: INSIGHT Health*)). Since introducing the first product from its current product portfolio in Germany in 2012, PharmaSGP has successfully exported its business model to other European countries, including Austria, Italy, Belgium and Spain, and it recently obtained marketing authorizations (*Arzneimittelzulassungen*) for three of its best-selling OTC products in France, bringing the total number of its marketing authorizations to 67. Currently, PharmaSGP's product portfolio comprises 30 chemical-free OTC and other healthcare products. To capitalize on attractive market opportunities, PharmaSGP has recently increased the rate of product introductions, with eight products expected to be launched in the nine-month period ending June 30, 2020. The Company intends to introduce a further six new products by the end of 2020.

Germany is PharmaSGP's largest market, accounting for 73.2% of its total revenues in 2019. Germany is also Europe's leading economy and, with total sales of €10.6 billion in 2018, the largest market for OTC products and other consumer health and care products (*i.e.*, pharmacy-exclusive food supplements, cosmetics and skincare products) in Continental Europe (*i.e.*, Germany, Austria, France, Italy, Spain, the Netherlands and Belgium). This market benefits from general demographic and lifestyle trends, including aging of the population, the increasing prevalence of chronic diseases and growing health awareness, which together has led to rising rates of self-medication. From 2015 to 2018, it grew at a compound annual growth rate of 3.9%. Chemical-free OTC products combine effectiveness with fewer side effects and reduced drug interaction compared to chemical-based products. As a result, from 2015 to 2018 growth of revenues from the top-selling brands in the market for chemical-free OTC products and other consumer health and care products in Germany outpaced the top-grossing chemical-based OTC brands (*source: Sempora Consulting GmbH, "SEMPORA Market Report: EU Self-Medication"*). The markets for OTC and other healthcare products in PharmaSGP's other target countries are characterized by similar positive trends.

PharmaSGP's chemical-free products cover multiple chronic indications and are marketed under well-known brand families. Its pain remedies marketed under the RubaXX® and Restaxil® brands are the leading chemical-free OTC pain remedies for rheumatic pain and nerve pain, respectively, in Germany (*source: INSIGHT Health*). PharmaSGP has also introduced leading products against sexual weakness, vertigo and the aging of the skin to the German market. The Company plans to expand on the strong market positions for its key products in the German market and to introduce them in other European countries. To this end, in 2020 the Company intends to introduce its top-selling chemical-free OTC remedies against rheumatic pain, sexual weakness and vertigo in France, which is the second largest market for OTC products in Continental Europe.

PharmaSGP constantly analyzes its target markets to identify chronic indications with strong untapped demand for a chemical-free remedy. Once it has identified an attractive market opportunity, PharmaSGP seeks to address such demand by drawing on an existing pipeline of 38 marketing authorizations for chemical-free OTC remedies that are currently not marketed as well as its longstanding experience in finding natural APIs with documented efficacy and successfully developing new OTC products based on such APIs. This proven and structured development process limits PharmaSGP's development costs and allows it to achieve a faster time to market than most other pharmaceuticals companies. As of the date of this Prospectus, PharmaSGP has already filed applications for an additional eight chemical-free OTC products.

To ensure fast and successful market introductions for its products, PharmaSGP can draw on its longstanding experience in direct consumer marketing through magazine advertisements and television commercials as well as established relationships with these key media channels. Such magazine advertisements alone have a reach of approximately 40 million potential consumers within one week. PharmaSGP's marketing campaigns lead to high customer loyalty towards its health and beauty brands. In addition to PharmaSGP's direct marketing prowess, endorsements of pharmacists and physicians are aiding its marketing efforts and account for up to 30% of units sold for certain products marketed under the RubaXX®, Restaxil® and TAUMEA® brands in Germany (*source: Information from a database on reasons for purchases by consumers, compiled by GfK SE for the three-month period ended December 31, 2018, and analyzed by the Company to assess purchaser motivation*). To further drive such endorsements, PharmaSGP has recently increased its marketing efforts *vis-à-vis* pharmacists, in particular through e-detailing devices and conferences. The Company believes that its combined expertise in the development and marketing of chemical-free OTC and other healthcare products will fuel PharmaSGP's continued growth and allow for strong revenue build-up from new product introductions.

To focus on its key competencies of development and marketing, where PharmaSGP can derive the maximum value, PharmaSGP has established an asset-light, scalable business model that can easily be transferred to other target geographies. It has outsourced the entire manufacturing process to third-party manufacturers, which in many cases also handle the sourcing of the required raw materials. Finished products are shipped directly from these manufacturers to the logistics center of a single local logistics provider in each country. These providers store PharmaSGP's products in their warehouses and handle the distribution to wholesalers as well as directly to pharmacies. The Company believes that its asset-light business model enables it to leverage its key competencies by minimizing PharmaSGP's capital requirements, allowing PharmaSGP to expand its business within its existing markets and to target other geographies with only limited investments.

PharmaSGP believes that the development of its business is supported by the following strengths:

- its position in the growing market for chemical-free OTC and other healthcare products driven by favorable underlying trends;

- PharmaSGP's market-leading positions through trusted health and beauty brands covering highly relevant chronic ailments and marketed directly to consumers;

- its cost-efficient development capabilities and proven development track record;
- a powerful launch machine for new products and the ability to promote endorsements from pharmacists through innovative marketing efforts;
- an asset-light business model with high scalability and proven transferability;
- PharmaSGP's strong revenue growth, combined with its outstanding profitability, which lead to high cash generation; and
- the Company's entrepreneurial and committed management team.

In order to further expand its competitive position, the Company plans to pursue the following strategy:

- increase the number of indications covered by PharmaSGP's product offering;
- leverage PharmaSGP's established brand families to introduce new chemical-free OTC and other healthcare products;
- increase PharmaSGP's European footprint; and
- expand PharmaSGP's market position through selected acquisitions of other businesses, marketing authorizations, products, assets or other arrangements in PharmaSGP's target geographies.

Registration and Applicable Laws – The Company has its registered seat in Gräfelfing, Germany, and the LEI 3912005CZ12PVVCIPT91. The Company is incorporated in Germany. As a (*Societas Europaea* (*SE*)) incorporated in Germany, the Company is subject to both European legislation on such companies as well as German law.

Major Shareholders – As of the date of this Prospectus, FUTRUE holds 90.0% of the Company's share capital and MVH holds the remaining 10.0% of the Company's share capital. Dr. Clemens Fischer holds all of the shares in FUTRUE, while Ms. Madlena Hohlefelder holds all of the shares in MVH.

Controlling Shareholders – The Selling Shareholders have entered into a voting agreement, pursuant to which they have agreed to uniformly exercise their voting rights in the Company's shareholders' meeting. The voting agreement has an indefinite term and can be terminated with one month notice. For the duration of such voting agreement, both Selling Shareholders may be considered to hold a controlling interest in the Company within the meaning of the German Securities and Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), assuming their aggregate shareholding in the Company amounts to 30% or more of the Company's voting rights. FUTRUE, in turn, is directly controlled by Dr. Clemens Fischer, while MVH is directly controlled by Ms. Madlena Hohlefelder.

Key Managing Directors – The members of the Company's management board are Ms. Natalie Weigand and Mr. Michael Rudolf.

Statutory Auditors – The Company's statutory auditor is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Munich office, Arnulfstraße 59, 80636 Munich, Germany.

B.2 – What is the Key Financial Information regarding the Issuer?

Unless indicated otherwise, all financial information presented in the tables below is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables below may not add up to the aggregate amounts in such tables (sum totals or sub totals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

Selected Combined Financial Information of PharmaSGP

Selected Data from the Combined Statements of Profit or Loss and Other Comprehensive Income

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(audited) (in € million)		(unaudited) (in € million)	
Revenues	**53.1**	**60.6**	**62.6**	**15.0**	**16.7**
Other operating income	0.2	0.2	0.2	0.0	0.6
Raw material, consumables and finished goods	(4.6)	(6.5)	(5.9)	(1.6)	(1.2)
Personnel expenses	(2.1)	(1.7)	(2.0)	(0.6)	(0.6)
Depreciation and amortization	(0.4)	(0.4)	(0.4)	(0.1)	(0.1)
Other operating expenses	(30.8)	(32.7)	(32.0)	(8.9)	(11.1)
EBIT	**15.3**	**19.5**	**22.4**	**3.8**	**4.3**
Finance income	0.0	0.0	0.0	0.0	0.0
Finance expenses	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)
Profit before taxes	**15.3**	**19.5**	**22.3**	**3.8**	**4.3**
Income tax expense	(3.5)	(4.8)	(5.6)	(0.9)	(1.1)
Profit for the period	**11.8**	**14.7**	**16.7**	**2.9**	**3.2**

Selected Data from the Combined Statements of Financial Position

	As of December 31,			As of March 31,
	2017	2018	2019	2020
		(audited) (in € million)		(unaudited) (in € million)
Total non-current assets	1.5	1.7	1.6	1.4
Total current assets	82.6	90.4	102.1	107.7
Total assets	**84.0**	**92.0**	**103.7**	**109.1**
Total shareholders' equity	73.7	84.4	95.6	98.9
Total non-current liabilities	–	0.4	0.2	0.2
Total current liabilities	10.4	7.3	7.9	9.9
Total shareholders' equity and liabilities	**84.0**	**92.0**	**103.7**	**109.1**

Selected Data from the Combined Statements of Cash Flow

	As of and for the fiscal year ended December 31,			As of and for the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(audited) (in € million)		(unaudited) (in € million)	
Net cash flows from operating activities	14.3	8.4	17.6	2.4	4.9
Net cash flows from investing activities	0.1	(0.2)	(0.3)	(0.2)	(0.1)
Net cash flows from financing activities	11.3	(4.3)	(5.8)	(0.1)	0.0
Cash and cash equivalents at beginning of the period	47.5	73.1	77.0	77.0	88.5
Cash and cash equivalents at the end of the period	73.1	77.0	88.5	79.1	93.3

Key Financial and Operating Data

	As of and for the fiscal year ended December 31,			As of and for the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(audited, unless indicated otherwise)		(unaudited)	
Revenues (in € million)	53.1	60.6	62.6	15.0	16.7
Revenue growth (in %)[(1)]	–	*14.1*	*3.3*	–	*11.3*
Gross profit margin (in %)[(1), (2)]	*91.1*	*89.3*	*90.6*	*89.3*	*92.8*
EBIT (in € million)	15.3	19.5	22.4	3.8	4.3

	As of and for the fiscal year ended December 31,			As of and for the three-month period ended March 31,	
	2017	2018	2019	2019	2020
	(audited, unless indicated otherwise)			(unaudited)	
EBIT margin (in %)[(1), (3)]	*28.8*	*32.2*	*35.8*	*25.3*	*25.7*
EBITDA (in € million)[(1)]	15.7	19.9	22.8	3.9	4.4
EBITDA margin (in %)[(1), (4)]	*29.6*	*32.8*	*36.4*	*26.0*	*26.3*
Cash conversion rate (in %)[(1), (5)]	*119.5*	*77.6*	*87.4*	*72.4*	*184.4*

(1) Unaudited.
(2) Defined as the ratio of (i) the difference between PharmaSGP's revenues and its costs of raw material, consumables and finished goods, divided by (ii) PharmaSGP's revenues.
(3) Defined as EBIT divided by revenues.
(4) Defined as EBITDA divided by revenues.
(5) Defined as the ratio of (i) PharmaSGP's free cash flows from equity (*i.e.*, the sum of its profit for the period, depreciation and amortization and decreases in working capital, less increases in working capital and payments for investments in intangible assets and PPE), divided by (ii) PharmaSGP's profit for the period.

B.3 – What are the Key Risks that are Specific to the Issuer?

- Negative developments in the European markets for OTC and other healthcare products, in particular in Germany, could adversely affect demand for PharmaSGP's products.
- PharmaSGP derives a significant portion of its revenues from sales of certain key products, in particular OTC pain remedies marketed under the RubaXX® and Restaxil® brands, and negative developments affecting these products could have a disproportionate effect on PharmaSGP's revenues and profitability.
- PharmaSGP may not be able to successfully develop new products and obtain marketing authorizations for such products, which may prevent it from expanding its product portfolio as envisioned.
- PharmaSGP may not be able to successfully launch its new product developments, which may prevent it from expanding its product portfolio as envisioned.
- PharmaSGP's efforts to expand its business in other European markets may fail.
- PharmaSGP may not be able to maintain and enhance the perception of its health and beauty brands, which may adversely affect demand for its products.
- The market perception with respect to the safety, effectiveness and quality of PharmaSGP's products may suffer, which may adversely affect demand for its products.
- The third parties on which PharmaSGP depends for the sourcing of raw materials and other goods as well as the manufacture of its products may no longer be available or fail to properly perform their obligations.
- The third-party logistics providers distributing PharmaSGP's products to wholesalers and pharmacies may no longer be available or fail to properly perform their obligations.
- PharmaSGP may not be able to identify and capitalize on attractive acquisition opportunities, which may prevent it from achieving its intended external growth.
- PharmaSGP may be adversely affected by changes in laws and regulations, in particular those governing the development, manufacture and distribution of chemical-free OTC and other healthcare products.
- Given that PharmaSGP is a relatively new enterprise operating in a highly regulated industry, its compliance and risk management systems may not be sufficient to prevent and discover compliance violations.
- Advertisements for OTC products are subject to extensive regulation and PharmaSGP's advertisements may be challenged by governmental authorities, competitors or competition associations.
- PharmaSGP's products could be subject to product liability claims, actions by governmental authorities or product recalls.

C. – Key Information on the Securities

C.1 – What are the Main Features of the Securities?

This offering (the "**Offering**") relates to (i) 6,600,000 existing Shares from the holdings of the Selling Shareholders in a base deal (the "**Base Shares**"), (ii) up to 1,800,000 existing Shares from the holdings of the Selling Shareholders subject to the exercise of an upsize option upon decision of the Selling Shareholders, in consultation with the Sole Bookrunner, based on market demand on the date of pricing (the "**Upsize Shares**") and (iii) up to 1,260,000 existing Shares from the holdings of the Selling Shareholders in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the Base Shares and the Upsize Shares, the "**Offer Shares**"). The total number of Over-Allotment Shares will not exceed 15% of the final number of Base Shares and Upsize Shares, if any, placed in this Offering. FUTRUE is offering 90% of the Base Shares, Upsize Shares and Over-Allotment Shares, respectively, while MVH is offering the remaining 10% of the Base Shares, Upsize Shares and Over-Allotment Shares, respectively.

Number and Nature of Shares – 12,000,000 Shares are outstanding. All Shares are bearer shares with no par value (*Stückaktien*), each such Share representing a notional value of €1.00.

ISIN and Denomination – The ISIN of the Shares is DE000A2P4LJ5 and the Shares are denominated in Euros.

Rights Attached to the Shares and Transferability – All Shares carry full dividend rights from January 1, 2020. Each Share carries one vote at the Company's shareholders' meeting. The Shares are subordinated to all other securities and claims in case of an insolvency of the Company and freely transferable in accordance with the legal requirements for bearer shares.

Dividend Policy – The Company does not expect to pay a dividend with respect to the fiscal year ending December 31, 2020. Starting with the dividend for the fiscal year ending December 31, 2021, the Company intends to pay a dividend in the ordinary course of business of 30% to 50% of PharmaSGP's profit for the year as shown in the consolidated financial statements of the Company prepared in accordance with IFRS. The Company aims to have a sustainable dividend policy that focuses on dividend continuity. The Company's ability to pay dividends in the future will, however, depend on the amount of net retained profits available to the Company. There is no guarantee that sufficient net retained profits will be available to pay dividends in the envisaged amount, or at all. The results set out in the audited combined financial statements and unaudited condensed combined interim financial statements of PharmaSGP may not be indicative of future dividend payments by the Company.

C.2 – Where will the Securities be traded?

All Shares are expected to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Listing**").

C.3 – What are the Key Risks that are Specific to the Securities?

- Following this Offering, the Selling Shareholders will retain a significant influence over the Company and the interests of the Selling Shareholders may conflict with those of the Company and its other shareholders.

D. – Key Information on the Offer of the Securities and the Admission to Trading

D.1 – Under which Conditions and Timetable can I invest in this Security?

Scope of the Offering	The Offering consists of a public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States of America, the Offer Shares will only be offered and sold to qualified institutional buyers as defined in, and in reliance on, Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States of America, the Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S under the Securities Act.
Price Range	€31.50 to €36.50 per Offer Share (the "**Price Range**").
Offer Period.....	June 8, 2020 through June 18, 2020 (the "**Offer Period**"), provided that the Offer Period will not commence prior to the publication of this Prospectus and may be shortened or extended.

Offer Price	The offer price for the Offering (the "**Offer Price**") is expected to be determined by the Company and the Selling Shareholders, after consultation with the Sole Bookrunner, on June 18, 2020. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the Offer Price is, in principle, aimed at achieving the highest Offer Price.
Green Shoe Option	To cover a possible over-allotment, the Selling Shareholders have granted the Sole Bookrunner an option to acquire up to 1,260,000 Shares at the Offer Price (the "**Greenshoe Option**").
Listing and Closing	Listing approval is expected to be granted on June 18, 2020 and trading is expected to commence on June 19, 2020. Delivery of the Offer Shares against payment of the Offer Price is expected to take place on June 23, 2020.
Dilution of New Shareholders.....	€25.76 per Share, or 312.5% (assuming completion of the Offering at the mid-point of the Price Range).
Total Expenses	Approximately €13.1 million (assuming completion of the Offering at the mid-point of the Price Range, placement of the maximum number of Offer Shares, full exercise of the Greenshoe Option and payment of the discretionary fee in full).
Expenses Charged to Investors	Only customary transaction and handling fees charged by the investors' brokers.

D.2 – Who is the Offeror and the Person asking for Admission to Trading?

Offerors	FUTRUE, a limited liability company (*Gesellschaft mit beschränkter Haftung*), MVH, a limited liability company (*Gesellschaft mit beschränkter Haftung*), and the Sole Bookrunner, a limited partnership (*Kommanditgesellschaft*) with a limited liability company as a general partner, each of them incorporated and with its registered seat in, and operating under the laws of, Germany.
Admission to Trading.....	The Company, together with the Sole Bookrunner, expects to apply for the Listing.

D.3 – Why is this Prospectus being Produced?

Reasons for the Offering and the Listing.....	The Company intends to pursue the Listing to gain access to the capital markets. The Company believes that this access will benefit its future growth and expand its financing options. The Selling Shareholders intend to pursue the Offering to receive the net proceeds from the Offering in order to finance their highly resource intensive research and development investment projects outside PharmaSGP.
Use of Proceeds	The Company will not receive any proceeds from the sale of the Offer Shares from the holdings of the Selling Shareholders.
Net Proceeds.....	Approximately €315.4 million attributable to the Selling Shareholders (assuming completion of the Offering at the mid-point of the Price Range, placement of the maximum number of Offer Shares, full exercise of the Greenshoe Option and payment of the discretionary fee in full).
Underwriting Agreement ..	On June 8, 2020, the Company, the Selling Shareholders and the Sole Bookrunner entered into an underwriting agreement relating to the offer and sale of the Offer Shares in connection with the Offering. Subject to certain conditions, in particular the execution of a pricing agreement, the Sole Bookrunner has agreed to acquire the Offer Shares with a view to offering them to investors in the Offering.
Material Conflicts of Interest.....	There are no conflicting interests with respect to the Offering or the Listing.

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II. PROSPEKTZUSAMMENFASSUNG

A. – Einleitung mit Warnhinweisen

Dieser Prospekt (der „**Prospekt**“) bezieht sich auf Aktien der PharmaSGP Holding SE (die „**Gesellschaft**“), Lochhamer Schlag 21, 82166 Gräfelfing, Bundesrepublik Deutschland („**Deutschland**“), Rechtsträgerkennung („**LEI**“) 3912005CZ12PVVCIPT91, wobei jede dieser Aktien die internationale Wertpapier-Identifikationsnummer („**ISIN**“) DE000A2P4LJ5 hat (jede Aktie der Gesellschaft eine "**Aktie**").

Die Aktien werden von der FUTRUE GmbH, Am Haag 14, 82166 Gräfelfing, Deutschland, LEI 391200OOHIICRVNSDC06 („**FUTRUE**“) und der MVH Beteiligungs- und Beratungs-GmbH, Am Haag 14, 82166 Gräfelfing, Deutschland, LEI 391200KIHT28KAWIYP61 („**MVH**“ und zusammen mit der FUTRUE die "**Veräußernden Aktionäre**"), zusammen mit der Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Deutschland, LEI 529900UC2OD7II24Z667 (der "**Sole Bookrunner**"), angeboten. Die Gesellschaft, die Veräußernden Aktionäre und der Sole Bookrunner übernehmen die Verantwortung für den Inhalt dieses Prospekts.

Die Bundesanstalt für Finanzdienstleistungsaufsicht, Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland, hat diesen Prospekt am 8. Juni 2020 als die zuständige Behörde unter der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 über den Prospekt, der beim öffentlichen Angebot von Wertpapieren oder bei deren Zulassung zum Handel an einem geregelten Markt zu veröffentlichen ist, in der jeweils gültigen Fassung, gebilligt.

Diese Zusammenfassung sollte als Prospekteinleitung verstanden werden. Anleger sollten sich bei jeder Entscheidung, in die Aktien zu investieren, auf diesen Prospekt als Ganzes stützen. Die Anleger könnten das gesamte angelegte Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Zivilrechtlich haften nur diejenigen Personen, die diese Zusammenfassung samt etwaiger Übersetzungen vorbereitet haben, und dies auch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die Aktien für die Anleger eine Entscheidungshilfe darstellen würden.

B. – Basisinformationen über die Emittentin

B.1 – Wer ist die Emittentin der Wertpapiere?

Die Gesellschaft ist seit Mai 2020 die Holdinggesellschaft einer Gruppe von Unternehmen, die im Gesundheitsbereich aktiv sind. Ihre operativen Tochtergesellschaften PharmaSGP GmbH, Remitan GmbH, Restaxil GmbH und – nach dem Erwerb der Gesellschaft durch die Veräußernden Aktionäre im März 2020 – die Gesellschaft selbst werden in diesem Prospekt zusammen als „**PharmaSGP**“ bezeichnet.

PharmaSGP ist ein ausschließlich im Bereich Gesundheit für Verbraucher tätiges Unternehmen mit einem breiten Portfolio an führenden chemiefreien rezeptfreien Arzneimitteln (*over the counter pharmaceuticals* („**OTC**")) und anderen Gesundheitsprodukten. Ihre Kernmarken decken chronische Indikationen ab, insbesondere Schmerzen und sonstige altersbedingte Krankheiten. Die OTC-Produkte von PharmaSGP basieren auf natürlichen pharmazeutischen Wirkstoffen (*active pharmaceutical ingredients* („**APIs**")) mit dokumentierter Wirksamkeit und weniger bekannten Nebenwirkungen als die meisten chemische Arzneimittel. Die chemiefreien OTC- und anderen Gesundheitsprodukte von PharmaSGP werden ausschließlich durch Apotheken verkauft. PharmaSGP vermarktet diese unter bekannten Marken direkt an ihre Zielgruppe, insbesondere ältere Menschen. Die Tatsache, dass einige ihrer Produkte in bis zu 95% der Apotheken in Deutschland verfügbar sind, belegt die Große Reichweite von PharmaSGP (*Quelle: Informationen aus einer Datenbank zu Umsätzen von OTC Produkten und deren Verfügbarkeit in Apotheken, die von der INSIGHT Health GmbH & Co. KG zusammengestellt wurde und welche die Gesellschaft ausgewertet hat, um ihre Marktposition zu analysieren ("**INSIGHT Health**")*).

In Deutschland ist PharmaSGP eine Marktführerin für chemiefreie Schmerzmittel (basierend auf den Umsatzerlösen mit chemiefreien OTC-Heilmitteln für Nervenschmerzen und rheumatische Schmerzen, die oral verabreicht werden, im zum 30. Juni 2019 endenden Sechsmonatszeitraum (*Quelle: INSIGHT Health*)). Seit der Einführung des ersten Produkts aus ihrem gegenwärtigen Produktportfolio in 2012 hat PharmaSGP ihr Geschäftsmodell erfolgreich in andere europäische Länder transferiert, darunter Österreich, Italien, Belgien und Spanien. Zuletzt hat sie in Frankreich

Arzneimittelzulassungen für drei ihrer meistverkauften OTC-Produkte erhalten, wodurch sich die Gesamtzahl ihrer Arzneimittelzulassungen auf 67 beläuft. Das Produktportfolio von PharmaSGP umfasst gegenwärtig 30 chemiefreie OTC- und andere Gesundheitsprodukte. Um attraktive Marktchancen zu nutzen, hat PharmaSGP in jüngster Zeit die Rate der Produkteinführungen erhöht, wobei erwartet wird, dass im zum 30. Juni 2020 endenden Neunmonatszeitraum acht Produkte eingeführt werden. Die Gesellschaft beabsichtigt, bis Ende 2020 weitere sechs Produkte einzuführen.

Deutschland ist der größte Markt von PharmaSGP und machte 2019 73,2% ihrer gesamten Umsatzerlöse aus. Deutschland ist zudem die führende Volkswirtschaft Europas und mit Umsatzerlösen von €10,6 Milliarden in 2018 der größte Markt für OTC-Produkte und andere Gesundheits– und –pflegeprodukte für Verbraucher (d.h. apothekenexklusive Nahrungsergänzungsmittel, Kosmetika und Hautpflegeprodukte) in Kontinentaleuropa (d.h. Deutschland, Österreich, Frankreich, Italien, Spanien, die Niederlande und Belgien). Dieser Markt profitiert von allgemeinen Life Style Trends sowie demographischen Trends, einschließlich dem Altern der Bevölkerung, der steigenden Verbreitung von chronischen Krankheiten und einem steigenden Gesundheitsbewusstsein, was zusammengenommen zu einer steigenden Rate an Selbstmedikation geführt hat. Zwischen 2015 und 2018 wuchs er mit einer durchschnittlichen jährlichen Wachstumsrate von 3,9%. Chemiefreie OTC-Produkte verbinden Wirksamkeit mit weniger Nebenwirkungen und Wechselwirkungen im Vergleich zu chemischen Produkten. Aus diesem Grunde hat das Wachstum der Umsatzerlöse der meistverkauften Marken für chemiefreie OTC-Produkte und andere Gesundheits– und –pflegeprodukte für Verbraucher in Deutschland von 2015 bis 2018 das der chemischen OTC–Marken mit den höchsten Umsatzerlösen überholt (*Quelle: Sempora Consulting GmbH, „SEMPORA Market Report: EU Self-Medication"*). Die Märkte für OTC- und andere Gesundheitsprodukte in den anderen Zielmärkten von PharmaSGP sind durch ähnliche positive Trends gekennzeichnet.

Die chemiefreien Produkte von PharmaSGP decken zahlreiche chronische Indikationen ab und werden unter bekannten Markenfamilien vertrieben. Ihre Schmerzmittel, die unter den Marken RubaXX® und Restaxil® vertrieben werden, sind die führenden chemiefreien OTC-Schmerzmittel für rheumatische Schmerzen bzw. Nervenschmerzen in Deutschland (*Quelle: INSIGHT Health*)). PharmaSGP hat zudem führende Produkte gegen sexuelle Schwäche, Schwindel und Hautalterung im deutschen Markt eingeführt. Die Gesellschaft plant, auf der starken Marktposition ihrer wichtigsten Produkte in Deutschland aufzubauen und diese in anderen europäischen Ländern einzuführen. Zu diesem Zweck beabsichtigt die Gesellschaft, ihre meistverkauften chemiefreien OTC-Heilmittel gegen rheumatische Schmerzen, sexuelle Schwäche und Schwindel 2020 in Frankreich, dem zweitgrößten kontinentaleuropäischen Markt für OTC-Produkte einzuführen.

PharmaSGP analysiert laufend ihre Zielmärkte, um chronische Indikationen mit einer hohen, unbefriedigten Nachfrage nach einem chemiefreien Heilmittel zu identifizieren. Sobald sie eine attraktive Marktopportunität identifiziert hat, versucht PharmaSGP diese Nachfrage zu adressieren, indem sie auf ihre bestehende Pipeline von 38 Arzneimittelzulassungen für chemiefreie OTC-Heilmittel, die derzeit nicht vermarktet werden sowie ihre langjährige Expertise beim Finden von natürlichen APIs mit dokumentierter Wirksamkeit und der erfolgreichen Entwicklung von neuen OTC-Produkten, die auf solchen APIs basieren, zurückgreift. Dieser bewährte und strukturierte Prozess begrenzt die Entwicklungskosten von PharmaSGP und ermöglicht es ihr einen schnelleren Marktzugang zu erreichen als andere Arzneimittelhersteller. Zum Datum dieses Prospekts hat PharmaSGP bereits Anträge für acht weitere chemiefreie OTC-Produkte gestellt.

Um schnelle und erfolgreiche Markteinführungen für ihre Produkte sicherzustellen, kann PharmaSGP auf ihre langjährige Erfahrung im direkt an Verbraucher gerichteten Marketing durch Zeitschriften- und Fernsehwerbung sowie auf etablierte Beziehungen zu diesen wesentlichen Medienkanälen zurückgreifen. Allein diese Zeitschriftenwerbung haben eine Reichweite von rund 40 Millionen potentiellen Verbrauchern pro Woche. Die Marketingkampagnen von PharmaSGP führen zu einem hohen Maß an Loyalität der Konsumenten gegenüber ihren Gesundheits- und Beauty-Marken. Neben den Fähigkeiten von PharmaSGP im Direktmarketing befördern Empfehlungen von Apothekern und Ärzten ihre Marketingbestrebungen und machen bis zu 30% der verkauften Einheiten von bestimmten Produkten, die unter den Marken RubaXX®, Restaxil® und TAUMEA® in Deutschland vertrieben werden, aus (*Quelle: Informationen aus einer Datenbank zu Kaufgründen von Konsumenten, welche die GfK für den zum 31. Dezember 2018 endenden Dreimonatszeitraum zusammengestellt hat und welche die Gesellschaft analysiert hat, um die Motivation von Konsumenten zu analysieren*). Um solche Empfehlungen weiter zu steigern, hat PharmaSGP zuletzt ihre Marketinganstrengungen gegenüber Apothekern verstärkt, insbesondere durch E-Detailing Geräte und Kongresse. Die Gesellschaft ist der Auffassung, dass ihre gebündelte Kompetenz bei der Entwicklung und Vermarktung von chemiefreien OTC- und anderen Gesundheitsprodukten das fortgesetzte Wachstum von PharmaSGP begünstigen und einen starken Anstieg der Umsatzerlöse aus neuen Produkteinführungen ermöglichen wird.

Um sich auf ihre entscheidenden Stärken Entwicklung und Marketing zu fokussieren, aus denen PharmaSGP den maximalen Wert ziehen kann, hat PharmaSGP ein skalierbares, schlankes Geschäftsmodell mit geringem Anlagevermögen etabliert, das leicht in andere Zielmärkte transferiert werden kann. Sie hat den gesamten Herstellungsprozess an Dritthersteller ausgelagert, die in vielen Fällen auch den Einkauf der erforderlichen Rohstoffe übernehmen. Die fertigen Produkte werden von diesen Herstellern direkt an die Logistikzentren jeweils eines einzigen lokalen Logistikanbieters pro Land geliefert. Diese Anbieter lagern die Produkte von PharmaSGP in ihren Lagerhäusern und übernehmen den Vertrieb an Großhändler sowie direkt an Apotheken. Die Gesellschaft geht davon aus, dass ihr schlankes Geschäftsmodell mit geringem Anlagevermögen sie in die Lage versetzt, ihre Kernkompetenzen wirksam einzusetzen, indem es die Kapitalanforderungen von PharmaSGP minimiert. Dies erlaubt es ihr, mit nur geringen Investitionen ihr Geschäft innerhalb ihrer bestehenden Märkte zu erweitern und in andere Länder zu expandieren.

PharmaSGP ist der Auffassung, dass die folgenden Stärken die Entwicklung ihres Geschäfts unterstützen:

- ihre Position im wachsenden Markt für chemiefreie OTC- und andere Gesundheitsprodukte, der durch günstige grundlegende Trends angetrieben wird;
- die marktführenden Positionen von PharmaSGP aufgrund vertrauenswürdiger Gesundheits- und Beauty-Marken, die äußerst relevante chronische Krankheiten abdecken und die sie direkt an Konsumenten vermarktet;
- ihre kosteneffizienten Entwicklungsmöglichkeiten und ihre nachgewiesene Erfolgsbilanz bei Entwicklungen;
- ein leistungsfähiger Prozess für neue Produkteinführungen sowie die Fähigkeit, Empfehlungen von Apothekern durch innovative Marketinganstrengungen zu fördern;
- ein schlankes Geschäftsmodel mit geringem Anlagevermögen, das äußerst skalierbar und nachweislich transferierbar ist;
- das hohe Umsatzwachstum von PharmaSGP, verbunden mit ihrer herausragenden Profitabilität, die zu einer hohen Generierung von Barmitteln führen; sowie
- das unternehmerisch denkende und engagierte Managementteam der Gesellschaft.

Um ihre Wettbewerbsposition weiter auszubauen, beabsichtigt die Gesellschaft, die folgende Strategie zu verfolgen:

- die Zahl der Indikationen, die vom Produktangebot von PharmaSGP abgedeckt werden, zu erhöhen;
- die etablierten Markenfamilien von PharmaSGP wirksam zu nutzen, um neue chemiefreie OTC- und andere Gesundheitsprodukte einzuführen;
- die Präsenz von PharmaSGP in Europa zu vergrößern; sowie
- die Marktposition von PharmaSGP durch ausgewählte Akquisitionen von anderen Unternehmen, Arzneimittelzulassungen, Produkten, Vermögenswerten oder durch andere Vereinbarungen in den Zielmärkten von PharmaSGP auszuweiten.

Sitz und geltendes Recht – Die Gesellschaft hat ihren eingetragenen Sitz in Gräfelfing, Deutschland, und die LEI 3912005CZ12PVVCIPT91. Die Gesellschaft ist in Deutschland inkorporiert. Als eine Societas Europaea (SE), die in Deutschland inkorporiert ist, unterliegt die Gesellschaft europäischen Rechtsvorschriften sowie deutschem Recht.

Hauptanteilseigner – Zum Datum dieses Prospekts hält die FUTRUE 90,0% des Grundkapitals der Gesellschaft und die MVH die übrigen 10,0 % des Grundkapitals der Gesellschaft. Dr. Clemens Fischer hält sämtliche Anteile an der FUTRUE, während Frau Madlena Hohlefelder sämtliche Anteile an der MVH hält.

Beherrschende Anteilseigner – Die Veräußernden Aktionäre haben eine Stimmbindungsvereinbarung abgeschlossen, mit der sie vereinbart haben, ihre Stimmrechte in der Hauptversammlung der Gesellschaft einheitlich auszuüben. Die Stimmbindungsvereinbarung ist auf unbestimmte Zeit geschlossen und kann mit einer Kündigungsfrist von einem Monat gekündigt werden. Für die Dauer dieser Stimmbindungsvereinbarung geltend beide Veräußernde Aktionäre als Inhaber einer kontrollierenden Beteiligung im Sinne des Wertpapiererwerbs- und Übernahmegesetzes, sofern ihre Gesamtbeteiligung an der Gesellschaft 30% oder mehr der Stimmrechte an der

Gesellschaft beträgt. Die FUTRUE wiederum wird direkt durch Herrn Dr. Clemens Fischer beherrscht, während die MVH direkt durch Frau Madlena Hohlefelder beherrscht wird.

Hauptgeschäftsführer – Die Mitglieder des Vorstands der Gesellschaft sind Frau Natalie Weigand und Herr Michael Rudolf.

Abschlussprüfer – Der Wirtschaftsprüfer der Gesellschaft ist die Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Büro München, Arnulfstraße 59, 80636 München, Deutschland.

B.2 – Welches sind die wesentlichen Finanzinformationen über die Emittentin?

Die in den untenstehenden Tabellen aufgeführten Finanzinformationen werden in Millionen Euro (€ Mio.) gezeigt, soweit nicht anders angegeben. Bestimmte Finanzinformationen, einschließlich von Prozentsätzen wurden auf eine Dezimalstelle hinter dem Komma kaufmännisch gerundet. Daher entsprechen die gerundeten Zahlen in den untenstehenden Tabellen möglicherweise nicht in allen Fällen den Gesamtwerten (Summen oder Zwischensummen) in diesen Tabellen, die auf Basis von ungerundeten Zahlen berechnet werden. Zudem werden Differenzen und Verhältniszahlen auf Basis gerundeter Zahlen berechnet und können daher von den ungerundeten Differenzen oder Verhältniszahlen, die an anderer Stelle in diesem Prospekt erscheinen, abweichen.

Bei in Klammern angegebenen Finanzinformationen handelt es sich um den negativen Wert der gezeigten Zahlen. Ein Gedankenstrich („–“) zeigt an, dass die jeweilige Zahl nicht verfügbar ist oder Null beträgt, während eine Null („0,0“) bedeutet, dass die jeweilige Zahl auf Null gerundet wurde.

Ausgewählte Konzernfinanzinformationen von PharmaSGP

Ausgewählte Daten aus der Konzern-Gesamtergebnisrechnung

	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 31. März endenden Dreimonatszeitraum	
	2017	2018	2019	2019	2020
		(geprüft) (in € Mio.)		(ungeprüft) (in € Mio.)	
Umsatzerlöse	**53,1**	**60,6**	**62,6**	**15,0**	**16,7**
Sonstige Erträge	0,2	0,2	0,2	0,0	0,6
Aufwendungen für Rohstoffe, Verbrauchsmaterial und fertige Erzeugnisse	(4,6)	(6,5)	(5,9)	(1,6)	(1,2)
Personalaufwand	(2,1)	(1,7)	(2,0)	(0,6)	(0,6)
Abschreibungen	(0,4)	(0,4)	(0,4)	(0,1)	(0,1)
Sonstige Aufwendungen	(30,8)	(32,7)	(32,0)	(8,9)	(11,1)
EBIT	**15,3**	**19,5**	**22,4**	**3,8**	**4,3**
Finanzertrag	0,0	0,0	0,0	0,0	0,0
Finanzaufwand	(0,0)	(0,0)	(0,2)	(0,0)	(0,0)
Überschuss vor Steuern	**15,3**	**19,5**	**22,3**	**3,8**	**4,3**
Ertragssteueraufwand	(3,5)	(4,8)	(5,6)	(0,9)	(1,1)
Periodenüberschuss	**11,8**	**14,7**	**16,7**	**2,9**	**3,2**

Ausgewählte Daten aus der Konzernbilanz

	Zum 31. Dezember			Zum 31. März
	2017	2018	2019	2020
		(geprüft) (in € Mio.)		(ungeprüft) (in € Mio.)
Langfristige Vermögenswerte	1,5	1,7	1,6	1,4
Kurzfristige Vermögenswerte	82,6	90,4	102,1	107,7
Gesamtaktiva	**84,0**	**92,0**	**103,7**	**109,1**

	Zum 31. Dezember			Zum 31. März
	2017	2018	2019	2020
		(geprüft) (in € Mio.)		(ungeprüft) (in € Mio.)
Eigenkapital	73,7	84,4	95,6	98,9
Langfristige Verbindlichkeiten	–	0,4	0,2	0,2
Kurzfristige Verbindlichkeiten	10,4	7,3	7,9	9,9
Gesamtpassiva	**84,0**	**92,0**	**103,7**	**109,1**

Ausgewählte Daten aus der Konzernkapitalflussrechnung

	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 31. März endenden Dreimonatszeitraum	
	2017	2018	2019	2019	2020
		(geprüft) (in € Mio.)		(ungeprüft) (in € Mio.)	
Netto Cash Flows aus der Betriebstätigkeit	14,3	8,4	17,6	2,4	4,9
Netto Cash Flows aus der Investitionstätigkeit	0,1	(0,2)	(0,3)	(0,2)	(0,1)
Netto Cash Flows aus der Finanzierungstätigkeit	11,3	(4,3)	(5,8)	(0,1)	0,0
Liquide Mittel zum Beginn der Periode	47,5	73,1	77,0	77,0	88,5
Liquide Mittel zum Ende der Periode	73,1	77,0	88,5	79,1	93,3

Wesentliche Finanz- und operative Daten

	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 31. März endenden Dreimonatszeitraum	
	2017	2018	2019	2019	2020
	(geprüft, soweit nicht anders angegeben)			(ungeprüft)	
Umsatzerlöse (in € Mio.)	53,1	60,6	62,6	15,0	16,7
Wachstum der Umsatzerlöse (in %)[1]	–	*14,1*	*3,3*	–	*11,3*
Bruttogewinnmarge *(in %)*[1, 2]	*91,1*	*89,3*	*90,6*	*89,3*	*92,8*
EBIT (in € Mio.)	15,3	19,5	22,4	3,8	4,3
EBIT-Marge *(in %)*[1, 3]	*28,8*	*32,2*	*35,8*	*25,3*	*25,7*
EBITDA (in € Mio.)[1]	15,7	19,9	22,8	3,9	4,4
EBITDA-Marge (in %)[1, 4]	*29,6*	*32,8*	*36,4*	*26,0*	*26,3*
Cash Conversion Rate (in %)[1, 5]	*119,5*	*77,6*	*87,4*	*72,4*	*184,4*

(1) Ungeprüft.
(2) Definiert als das Verhältnis der (i) Differenz zwischen den Umsatzerlösen von PharmaSGP und ihren Aufwendungen für Rohstoffe, Verbrauchsmaterial und fertige Erzeugnisse (ii) geteilt durch die Umsatzerlöse von PharmaSGP.
(3) Definiert als EBIT geteilt durch Umsatzerlöse.
(4) Definiert als EBITDA geteilt durch Umsatzerlöse.
(5) Definiert als das Verhältnis der (i) freien Cash Flows aus dem Eigenkapital von PharmaSGP (d.h. der Summe aus ihrem Periodenüberschuss, Abschreibungen und Verringerungen des Working Capital, abzüglich der Erhöhungen des Working Capital und der Zahlungen für Investitionen in immaterielle Vermögenswerte) geteilt durch den Periodenüberschuss von PharmaSGP.

B.3 – Welches sind die zentralen Risiken, die für die Emittentin spezifisch sind?

- Negative Entwicklungen in den europäischen Märkten für OTC und andere Gesundheitsprodukte, insbesondere in Deutschland, könnten die Nachfrage nach den Produkten von PharmaSGP beeinträchtigen.

- PharmaSGP generiert einen erheblichen Anteil ihrer Umsatzerlöse aus Verkäufen von bestimmten wesentlichen Produkten, insbesondere von OTC-Schmerzmitteln, die unter den Marken RubaXX® und Restaxil® vertrieben werden. Negative Entwicklungen, die diese Produkte beeinträchtigen, könnten disproportionale Auswirkungen auf die Umsätze und Erlöse von PharmaSGP haben.

- PharmaSGP ist möglicherweise nicht in der Lage, neue Produkte zu entwickeln und Arzneimittelzulassungen für diese Produkte zu erhalten. Dies könnte sie daran hindern, ihr Produktportfolio wie geplant zu erweitern.

- PharmaSGP schafft es möglicherweise nicht, neue Produktentwicklungen erfolgreich einzuführen. Dies könnte sie daran hindern, ihr Produktportfolio wie geplant zu erweitern.

- Die Bemühungen von PharmaSGP, ihr Geschäft in anderen europäischen Märkten zu expandieren, könnten scheitern.

- PharmaSGP ist möglicherweise nicht in der Lage, das Ansehen ihrer Gesundheits- und Beauty-Marken zu erhalten und zu verbessern, was sich nachteilig auf die Nachfrage nach ihren Produkten auswirken könnte.

- Die Wahrnehmung des Markts im Hinblick auf die Sicherheit, Wirksamkeit und Qualität der Produkte von PharmaSGP könnte sich verschlechtern, was sich nachteilig auf die Nachfrage nach ihren Produkten auswirken könnte.

- Die Dritten, von denen PharmaSGP für den Bezug der Rohstoffe und anderen Güter sowie die Herstellung ihrer Produkte angewiesen ist, stehen möglicherweise nicht mehr zur Verfügung oder erfüllen ihre Verpflichtungen nicht ordnungsgemäß.

- Die Logistikpartner, welche die Produkte von PharmaSGP an Großhändler und Apotheken liefern, stehen möglicherweise nicht mehr zur Verfügung oder erfüllen ihre Verpflichtungen nicht ordnungsgemäß.

- PharmaSGP ist möglicherweise nicht in der Lage, attraktive Akquisitionsmöglichkeiten zu identifizieren und zu nutzen. Dies könnte sie daran hindern, das von ihr angestrebte externe Wachstum zu erreichen.

- PharmaSGP könnte durch die Änderung von Gesetzen und Vorschriften beeinträchtigt werden, insbesondere solchen, die auf die Entwicklung, die Herstellung den Vertrieb von chemiefreien OTC- und anderen Gesundheitsprodukten anwendbar sind.

- Da PharmaSGP ein relativ junges Unternehmen ist, das in einer stark regulierten Industrie agiert, sind ihre Compliance- und Risikomanagementsysteme möglicherweise nicht ausreichend, um Compliance-Verstöße zu verhindern und aufzudecken.

- Werbeanzeigen für OTC-Produkte unterliegen einer umfangreichen Regulierung und die Werbeanzeigen von PharmaSGP könnten von Behörden, Wettbewerbern oder Wettbewerbsverbänden angegriffen werden.

- Die Produkte von PharmaSGP könnten Gegenstand von Produkthaftungsansprüchen, Eingriffen von Behörden oder Produktrückrufen werden.

C. – Basisinformationen über die Wertpapiere

C.1 – Welches sind die wichtigsten Merkmale der Wertpapiere?

Dieses Angebot (das „**Angebot**“) bezieht sich auf (i) 6.600.000 bestehende Aktien aus dem Bestand der Veräußernden Aktionäre im Rahmen des Base Deal (die „**Basisaktien**“), (ii) bis zu 1.800.000 bestehende Aktien aus dem Bestand der Veräußernden Aktionäre abhängig von der Ausübung einer Aufstockoption nach Entscheidung der Veräußernden Aktionäre in Absprache mit dem Sole Bookrunner, abhängig von der Nachfrage am Tag der Preisfestsetzung (die „**Upsize-Aktien**“) sowie (iii) bis zu 1.260.000 bestehende Aktien aus dem Besitz der Veräußernden Aktionäre in Verbindung mit einer möglichen Mehrzuteilung (die „**Mehrzuteilungsaktien**“ und zusammen mit den Basisaktien und den Upsize-Aktien die „**Angebotsaktien**“). Die Gesamtzahl der Mehrzuteilungsaktien wird nicht mehr als 15% der endgültig im Rahmen dieses Angebots platzierten Basisaktien und etwaigen Upsize-Aktien betragen. Die FUTRUE bietet 90% der Basisaktien, Upsize-Aktien bzw. Mehrzuteilungsaktien an, während die MVH die übrigen 10% der Basisaktien, Upsize-Aktien bzw. Mehrzuteilungsaktien anbietet.

Anzahl und Art der Aktien – Es sind 12.000.000 Aktien ausgegeben. Alle Aktien sind Inhaberaktien (Stückaktien) mit einem rechnerischen Anteil am Grundkapital von je €1,00.

ISIN und Währung – Die ISIN der Aktien lautet DE000A2P4LJ5 und die Aktien sind in Euro denominiert.

Mit den Aktien verbundene Rechte und Übertragbarkeit – Alle Aktien sind voll dividendenberechtigt ab dem 1. Januar 2020. Jede Aktie gewährt eine Stimme in der Hauptversammlung der Gesellschaft. Die Aktien sind gegenüber allen anderen Wertpapieren und Forderungen nachrangig im Falle einer Insolvenz der Gesellschaft und nach den gesetzlichen Bestimmungen für Inhaberaktien frei übertragbar.

Dividendenpolitik – Die Gesellschaft geht nicht davon aus, dass sie im Hinblick auf das zum 31. Dezember 2020 endende Geschäftsjahr eine Dividende zahlen wird. Ab der Dividende für das zum 31. Dezember 2021 endende Geschäftsjahr beabsichtigt die Gesellschaft, im gewöhnlichen Geschäftsgang eine Dividende in Höhe von 30% bis 50% des im nach IFRS erstellten Konzernabschluss der Gesellschaft ausgewiesenen Konzernergebnisses von PharmaSGP zu zahlen. Die Gesellschaft strebt eine nachhaltige Dividendenpolitik an, die sich auf die Kontinuität von Dividenden fokussiert. Die Fähigkeit der Gesellschaft, zukünftig Dividenden zu zahlen, hängt jedoch von der Höhe des der Gesellschaft zur Verfügung stehenden Jahresüberschusses ab. Es gibt keine Garantie dafür, dass ausreichende Jahresüberschüsse zur Verfügung stehen werden, um Dividenden in der angepeilten Höhe oder überhaupt Dividenden zu zahlen. Die Ergebnisse, die im geprüften kombinierten Abschluss und im ungeprüften kombinierten Zwischenabschluss von PharmaSGP ausgewiesen werden, sind möglicherweise nicht indikativ im Hinblick auf zukünftige Dividendenzahlungen der Gesellschaft.

C.2 – Wo werden die Wertpapiere gehandelt?

Es wird erwartet, dass alle Aktien zum Handel am regulierten Markt der Frankfurter Wertpapierbörse und zugleich zum Teilbereich des regulierten Marktes mit zusätzlichen Zulassungsfolgepflichten (*Prime Standard*) zugelassen werden (die „**Börsennotierung**“).

C.3 – Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Nach diesem Angebot werden die Veräußernden Aktionäre einen erheblichen Einfluss auf die Gesellschaft behalten. Die Interessen der Veräußernden Aktionäre könnten denen der Gesellschaft und ihrer anderen Aktionäre widersprechen.

D. – Basisinformationen über das Angebot der Wertpapiere und die Zulassung zum Handel

D.1 – Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Umfang des Angebots	Das Angebot besteht aus einem öffentlichen Angebot in Deutschland und Privatplatzierungen in bestimmten Rechtsordnungen außerhalb Deutschlands. In den Vereinigten Staaten von Amerika werden die Angebotsaktien nur qualifizierten institutionellen Anlegern entsprechend und in Übereinstimmung mit und unter Berufung auf Rule 144A nach dem U.S. Securities Act von 1933 in der jeweils gültigen Fassung (der „**Securities Act**“) oder gemäß einer anderen anwendbaren Ausnahme von den Registrierungsanforderungen des Securities Act bzw. in Transaktionen, die diesen Registrierungsanforderungen nicht unterfallen, angeboten und verkauft. Außerhalb der Vereinigten Staaten von Amerika werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen in Übereinstimmung mit der Regulation S des Securities Act angeboten und verkauft.
Preisspanne	Von €31,50 bis €36,50 je Angebotsaktie (die „**Preisspanne**“).
Angebotszeitraum.....	Vom 8. Juni 2020 bis zum 18. Juni 2020 (der „**Angebotszeitraum**”), wobei der Angebotszeitraum nicht vor der Veröffentlichung dieses Prospekts beginnen wird und verkürzt oder verlängert werden kann.
Angebotspreis	Der Angebotspreis für das Angebot (der „**Angebotspreis**“) und die endgültige Anzahl der im Rahmen des Angebots platzierten Angebotsaktien werden von der Gesellschaft und den Veräußernden Aktionären nach Rücksprache mit dem Sole Bookrunner voraussichtlich am 18. Juni 2020 festgelegt. Der Angebotspreis wird auf Grundlage der von den Anlegern während des Angebotszeitraums eingereichten Orders festgelegt, die in dem im Rahmen eines Bookbuilding-Verfahrens erstellten Orderbuch zusammengefasst wurden. Diese Orders werden anhand der angebotenen Preise und der erwarteten Anlagehorizonte der jeweiligen Anleger bewertet. Diese Methode zur Festlegung des Angebotspreises zielt grundsätzlich darauf ab, den höchsten Angebotspreis zu erreichen.
Greenshoe-Option	Zur Abdeckung einer möglichen Mehrzuteilung haben die Veräußernden Aktionäre dem Sole Bookrunner eine Option zum Erwerb von bis zu 1.260.000 Aktien zum Angebotspreis eingeräumt (die „**Greenshoe-Option**“).

Börsennotierung und Vollzug	Die Zulassung zur Börsennotierung wird voraussichtlich am 18. Juni 2020 erteilt und der Handel wird voraussichtlich am 19. Juni 2020 aufgenommen. Die Lieferung der Angebotsaktien gegen Zahlung des Angebotspreises wird voraussichtlich am 23. Juni 2020 erfolgen.
Verwässerung neuer Aktionäre	€25,76 je Aktie oder 312,5% (unter der Annahme des Vollzugs des Angebots zur Mitte der Preisspanne).
Gesamtkosten	Rund €13,1 Mio. (unter der Annahme des Vollzugs des Angebots zur Mitte der Preisspanne, Platzierung der maximalen Anzahl an Angebotsaktien, vollständiger Ausübung der Greenshoe-Option sowie der vollständigen Zahlung der Ermessensvergütung).
Kosten, die Anlegern in Rechnung gestellt werden	Ausschließlich marktübliche Transaktions- und Abwicklungskosten, die durch die Broker der Anleger in Rechnung gestellt werden.

D.2 – Wer ist der Anbieter und/oder die die Zulassung zum Handel beantragende Person?

Anbieter	FUTRUE, eine Gesellschaft mit beschränkter Haftung, MVH, eine Gesellschaft mit beschränkter Haftung und der Sole Bookrunner, eine Kommanditgesellschaft mit einer Gesellschaft mit beschränkter Haftung als Komplementärin, jeweils in Deutschland inkorporiert, dort mit eingetragenem Sitz und nach deutschem Recht tätig.
Zulassung zum Handel	Die Gesellschaft geht davon aus, dass sie zusammen mit dem Sole Bookrunner die Börsennotierung beantragen wird.

D.3 – Weshalb wird dieser Prospekt erstellt?

Gründe für das Angebot und die Börsennotierung	Die Gesellschaft beabsichtigt, die Börsennotierung zu verfolgen, um Zugang zu den Kapitalmärkten zu erhalten. Die Veräußernden Aktionäre beabsichtigen, das Angebot zu verfolgen, um die den Veräußernden Aktionären zustehenden Nettoerlöse aus dem Angebot zu erhalten und ihre Investitionen zu diversifizieren.
Zweckbestimmung der Erlöse	Die Gesellschaft wird keine Erlöse aus der Veräußerung der Angebotsaktien aus dem Bestand der Veräußernden Aktionäre erhalten.
Nettoerlöse	Rund €315,4 Mio., die den Veräußernden Aktionären zustehen (unter der Annahme des Vollzugs des Angebots zur Mitte der Preisspanne, Platzierung der maximalen Anzahl an Angebotsaktien, vollständiger Ausübung der Greenshoe-Option sowie der vollständigen Zahlung der Ermessensvergütung).
Zeichnungsvereinbarung ..	Am 8. Juni 2020 haben die Gesellschaft, die Veräußernde Aktionäre und der Sole Bookrunner eine Übernahmevereinbarung über das Angebot und die Veräußerung der Angebotsaktien im Zusammenhang mit dem Angebot geschlossen. Unter bestimmten Bedingungen, insbesondere dem Abschluss einer Preisfestsetzungsvereinbarung, hat sich der Sole Bookrunner verpflichtet, die Angebotsaktien zu erwerben, um sie Investoren im Rahmen des Angebots anzubieten.
Wesentliche Interessenkonflikte	In Bezug auf das Angebot oder die Börsennotierung bestehen keine Interessenkonflikte.

1. RISK FACTORS

*This prospectus (the "**Prospectus**") relates to an initial public offering (the "**Offering**") of shares in PharmaSGP Holding SE (the "**Company**"). Since May 2020, the Company is the holding company of a group of companies operating in the healthcare industry. Its operating subsidiaries PharmaSGP GmbH, Remitan GmbH, Restaxil GmbH and, following the acquisition of the Company by FUTRUE GmbH and MVH Beteiligungs- und Beratungs-GmbH (together, the "**Selling Shareholders**") in March 2020, the Company itself are together referred to as "**PharmaSGP**" in this Prospectus.*

An investment in the shares of the Company is subject to risks. According to Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, the risk factors featured in a prospectus must be limited to risks which are specific to the issuer and/or to the securities and which are material for taking an informed investment decision. Therefore, the following risks are only those risks that are specific to PharmaSGP and to the Company's shares. In addition, PharmaSGP faces various risks generally faced by any company operating in the markets in which PharmaSGP operates with a platform similar to PharmaSGP's platform. Furthermore, any investment in the Company's shares bears general risks relevant to investments in this type of security. The market price of the Company's shares could decline if any of these risks were to materialize, in which case investors could lose some or all of their investment.

The following risk factors are categorized into subcategories based on their respective nature. Within each such subcategory, the order of risk factors is based on the Company's current assessment with respect to the probability of occurrence and expected magnitude of impact of such risk factors, with at least the two most material risk factors (i.e., those the Company believes are most likely to have a material adverse impact) mentioned at the beginning of each subcategory. Irrespective of this order, however, any of the risks described below could have a material adverse effect on the business, financial condition, cash flows, results of operations and prospects of PharmaSGP as well as the price of the Company's shares.

1.1 Risks related to PharmaSGP's Business Activities and Industry

1.1.1 Negative developments in the European markets for OTC and other healthcare products, in particular in Germany, could adversely affect demand for PharmaSGP's products.

PharmaSGP develops and distributes chemical-free non-prescription pharmaceuticals sold over the counter ("**OTC**") for chronic indications and other healthcare products (*i.e.*, products that are not pharmaceuticals and do not require a marketing authorization, but are also exclusively sold in pharmacies) such as food supplements and skincare products. PharmaSGP operates exclusively in the European Union, with Germany, where all of its operations are located, accounting for 73.2% of its total revenues of €62.6 million in the fiscal year ended December 31, 2019.

At the beginning of the current fiscal year, a number of adverse developments had already resulted in a growing degree of uncertainty in the European markets, including rising political tensions, in particular in the Middle East, tariff disputes between the United States of America and other key economies such as China, the ongoing refugee crisis in Europe, strikes and political instability in key European markets such as France and Italy as well as the unresolved exit of the United Kingdom from the European Union. Since then, the pandemic spread of COVID-19, a novel strain of the coronavirus, has affected all key economies worldwide, including all markets in which PharmaSGP operates, disrupted public life and supply chains in parts of these economies and significantly depressed stock prices. As of the date of this Prospectus, some of the measures to combat the COVID-19 pandemic are still in place and it is uncertain when these measures will no longer affect the European economy.

As a result of the ongoing COVID-19 pandemic, the European Commission recently warned that there is a very real risk of a severe and deep recession in the European markets in which PharmaSGP operates (*source: EEF*). This kind of recession would likely result in a deterioration of consumers' purchasing power and consumer confidence. Given that PharmaSGP directly markets its chemical-free OTC and other healthcare products to consumers who typically have to bear the costs for such remedies themselves, such adverse developments could have a disproportionate effect on demand for PharmaSGP's chemical-free OTC and other healthcare products. In addition, third parties may take a more defensive approach in anticipation of an expected recession. For example, in April 2020, during the most severe Covid-19 situation in Germany and other European countries, PharmaSGP saw a certain drop in revenues due to a reduction of inventory levels by pharmaceutical wholesalers.

1.1.2 PharmaSGP derives a significant portion of its revenues from sales of certain key products, in particular OTC pain remedies marketed under the RubaXX® and Restaxil® brands, and negative developments affecting these products could have a disproportionate effect on PharmaSGP's revenues and profitability.

PharmaSGP derives a substantial portion of its revenues from sales of a limited number of key products, in particular pain remedies marketed under the RubaXX® and Restaxil® brands. In the fiscal year ended December 31, 2019, RubaXX® drops against rheumatic pain and other products marketed under the RubaXX® brand accounted for 30% of PharmaSGP's revenues, while liquid remedies against nerve pain and other products marketed under the Restaxil® brand accounted for 21% of its revenues. Increasing sales in products marketed under the Restaxil® brand were the main driver of PharmaSGP's growth in the fiscal years ended December 31, 2017, 2018 and 2019, in particular in Austria and Germany.

There is, however, no guarantee that sales of these key products will continue to grow or be sustainable at their current levels. If PharmaSGP's competitors obtain marketing authorizations to distribute products with similar indications and dosage forms as those key products marketed under PharmaSGP's RubaXX® or Restaxil® brands, this could result in pricing pressure or force PharmaSGP to invest more heavily in marketing to maintain its market position. Other factors, including the introduction of alternative forms of treatment, unexpected side effects, recalls, negative publicity as well as regulatory actions, in particular with respect to the relevant marketing authorizations, could adversely affect sales of PharmaSGP's key products. Any adverse developments affecting these key products could have a disproportionate effect on PharmaSGP's revenues and profitability.

1.1.3 PharmaSGP may not be able to successfully develop new products and obtain marketing authorizations for such products, which may prevent it from expanding its product portfolio as envisioned.

After several years of strong ramp up following their initial introduction, the revenue development for PharmaSGP's chemical-free OTC and other healthcare products typically levels off, and may even decline, in particular for other healthcare products. PharmaSGP's ability to continue to increase its revenues therefore depends on its ability to expand its product portfolio and to offset declining revenues for certain products with new product launches. For example, PharmaSGP introduced the FULMINAN® collagen drink in Germany in June 2017, in order to capitalize on strong demand for this type of beauty product despite the relative short lifespan of products in the skincare market. After an initial strong increase in sales, the sales of the FULMINAN® collagen drink declined significantly in the fiscal year ended December 31, 2019 as consumers moved on to other skincare products. This adverse development did, however, not result in a decrease of PharmaSGP's overall revenues as sales of other products in PharmaSGP's portfolio more than offset the declining sales under the FULMINAN® brand. If PharmaSGP is not able to grow its key brands or to successfully launch new brands for additional products, it may not be able to grow or maintain its current sales levels and operations.

To identify attractive market opportunities, PharmaSGP constantly analyzes the overall market situation in its target geographies. As of the date of this Prospectus, its pipeline comprises 38 marketing authorizations that are currently not marketed for various indications and PharmaSGP has already applied for eight additional authorizations. Once PharmaSGP has identified an opportunity, it compares the market need to its existing pipeline to see whether it has a suitable remedy available. In most cases, PharmaSGP, however, needs to identify suitable natural active pharmaceutical ingredients ("**APIs**") for the relevant indication and prepare a corresponding new formulation. There is, however, no guarantee that PharmaSGP will be able to identify suitable market opportunities in the future and prepare the formulation required for the manufacturing of a corresponding product based on additional natural APIs.

For the introduction of a new OTC product, PharmaSGP requires a marketing authorization (*Arzneimittelzulassung*) granted by the competent governmental authority. When PharmaSGP submits the application to obtain such marketing authorization, a number of factors may frustrate PharmaSGP's development efforts or delay the application process, including:

- the relevant governmental authority may change standards; or
- such governmental authority may request that PharmaSGP provide additional information on the pharmacological effects, efficacy, quality and safety of the product; or
- PharmaSGP may fail to adhere to guidelines, legislation or internal requirements of governmental authorities; or
- the competent regulatory authority may issue a negative benefit/risk assessment for the relevant new OTC product.

As a result of these uncertainties, the approval process required to obtain marketing authorizations for new OTC products is typically complex, lengthy and subject to unanticipated delays, and PharmaSGP may incur higher costs than originally anticipated or fail to obtain the required marketing authorization in time to market a new product ahead of competitors or at all.

In addition, standards for the granting of marketing authorizations may change at any time and the competent governmental authorities have substantial discretion. While in many countries such authorities currently accept existing documentation on the efficacy of natural APIs, this approach may not apply to all APIs or indications, and the relevant governmental authorities may change that approach going forward and instead increasingly require clinical trials or other tests before granting marketing authorizations even for OTC products based on natural APIs with documented efficacy. As a result, the application process for new marketing authorizations may become even more difficult, time-consuming and expensive in the future, which could prevent PharmaSGP from successfully developing new products.

1.1.4 PharmaSGP may not be able to successfully launch its new product developments, which may prevent it from expanding its product portfolio as envisioned.

Even if PharmaSGP is successful in developing new chemical-free OTC and other healthcare products, the success of new launches depends on a variety of factors, some of which are outside PharmaSGP's control (*e.g.*, actions of competitors and consumer perception regarding new products). Where PharmaSGP cannot introduce an OTC product from its pipeline of 38 marketing authorizations that are currently not marketed, the process for obtaining a new authorization may take considerable time, and the longer it takes, the longer it may take for PharmaSGP to generate revenues and profits from the intended launch, if it can do so at all. A product considered promising at the beginning of its development cycle becomes less attractive (*e.g.*, if a competitor manages to reach the market earlier or consumer behavior changes).

In addition, PharmaSGP may fail to correctly assess the potential market for new products and the actual market at the time of introduction may be significantly less attractive than at the time development commenced (*e.g.*, if alternative forms of treatment are discovered or if more effective or cost efficient products are introduced). If PharmaSGP determines that it is unable to achieve break-even for a product within three to six months after launch, it typically discontinues the product. For example, PharmaSGP recently launched Cambiola® drops that help with weight loss in the Italian market. Once initial demand for this product proved to be significantly lower than expected, PharmaSGP decided to discontinue the distribution of Cambiola® drops. For any product that is discontinued shortly after launch, any investment in the development and marketing of such product is lost. Failure to successfully establish strong market positions for new chemical-free OTC and other healthcare products in a timely manner could prevent PharmaSGP from successfully maintaining and expanding its business.

1.1.5 PharmaSGP's efforts to expand its business in other European markets may fail.

Apart from Germany, PharmaSGP is also active in Austria, where it markets both OTC and other healthcare products, as well as Italy, France, Belgium and Spain, where to date it has only marketed other healthcare products. In the fiscal year ended December 31, 2019, sales in these countries accounted for 26.8% of PharmaSGP's total revenues. In the future, PharmaSGP plans to introduce selected products from its existing product portfolio as well as new product developments to additional markets. In particular, the Company plans to expand its presence in the French market, where it has recently obtained marketing authorizations for three OTC products that are amongst its top sellers in Germany. Such expansion efforts may, however, fail due to a number of reasons, including:

- different purchasing behavior by consumers;
- lower or lack of recognition of PharmaSGP's brands and trademarks;
- different market environments (*e.g.*, a need to obtain prior approval from the competent governmental authorities for PharmaSGP's marketing materials) and distribution channels (*e.g.*, pharmacy chains);
- a lack of established contacts with local logistics providers and wholesalers as well as different payment targets;
- different legal requirements for chemical-free OTC and other healthcare products; and
- different governmental authorities who supervise the approval process for, and marketing and distribution of, PharmaSGP's products.

In addition, PharmaSGP is typically required to obtain new marketing authorizations before marketing its OTC products abroad, even when it has already obtained such authorizations in Germany. Each national governmental authority may impose its own requirements and therefore the process may vary from country to country. Consequently, there is no guarantee that PharmaSGP can obtain the required marketing authorization in time or at all. Other than in Germany and Austria, PharmaSGP mostly markets other healthcare products in its target geographies, and therefore has only limited experience with obtaining marketing authorizations outside Germany and Austria. Consequently, the introduction of chemical-free OTC products in additional target geographies may prove particularly challenging for PharmaSGP.

1.1.6 PharmaSGP may not be able to maintain and enhance the perception of its health and beauty brands, which may adversely affect demand for its products.

PharmaSGP's business depends on the strength of its health and beauty brands and their recognition by consumers. Consequently, it has made significant investments in its direct marketing efforts to potential customers. PharmaSGP's marketing expenses, which amounted to €27.8 million in the fiscal year ended December 31, 2019, represent its most significant type of expenses. The Company believes it has one of the highest marketing budgets among distributors of chemical-free OTC products in Germany and expects to continue to invest significant funds to establish additional brand families. There is, however, no guarantee that such marketing efforts will be successful or that they will result in a sufficient increase in demand for PharmaSGP's chemical-free OTC and other healthcare products to offset its marketing expenses. Furthermore, growing competition from major healthcare companies marketing their products as natural, healthy and tolerable may make it harder for PharmaSGP to successfully market its products as the best natural treatment available.

Conversely, the perception of PharmaSGP's health and beauty brands may suffer if consumers mistrust its brands (*e.g.*, due to negative experiences with its products or public complaints by other consumers) or chemical-free OTC products in general (*e.g.*, due to negative reporting with respect to the effectiveness of such products or a general discussion on the efficacy of homeopathic remedies). Given that PharmaSGP uses brand families to market a range of products under similar brands and thereby increase the recognition of its brands, any adverse effects affecting any of its key brand families will likely affect a range of products and consequently have a disproportionately adverse effect on PharmaSGP's sales and profitability.

In addition, the relevance and perception of PharmaSGP's health and beauty brands typically depends on the continued expansion of the product portfolio marketed under such brands, in particular with respect to brands exclusively used to market other healthcare products. As a result, the relevance of PharmaSGP's brands may suffer if it fails to introduce new products under these brands, which may not always be possible.

When launching new brands or seeking to enhance the recognition of its existing brands, PharmaSGP typically expends the most funds on advertisements in newspapers and magazines, in particular those that are widely circulated amongst its target group (*i.e.*, the elderly) to generate initial interest from consumers who then place orders for PharmaSGP's chemical-free OTC and other healthcare products with their local pharmacy. Such advertisements may, however, become less effective as a result of declining demand for printed publications and the number of such publications available may continue to decline. There is no guarantee that PharmaSGP will be able to find alternative marketing channels that are similarly effective in reaching its target group.

1.1.7 The market perception with respect to the safety, effectiveness and quality of PharmaSGP's products may suffer, which may adversely affect demand for its products.

The perception of consumers with respect to the safety and quality of PharmaSGP's chemical-free OTC and other healthcare products is key to PharmaSGP's sales efforts. If any of PharmaSGP's products prove to be, or are accused of being, ineffective or even harmful to customers, or become subject to recalls, either due to a corresponding legal obligation (see "*1.3.3 Advertisements for OTC products are subject to extensive regulation and PharmaSGP's advertisements may be challenged by governmental authorities, competitors or competition associations.*") or because they do not meet PharmaSGP's quality standards, this could adversely impact demand for such products and cause PharmaSGP to incur additional costs. Furthermore, due to the importance of market perception, negative publicity with respect to PharmaSGP and its chemical-free OTC and other healthcare products (*e.g.*, consumers or competitors questioning the efficacy of its products) could adversely affect demand for such products.

Even where negative publicity does not relate to PharmaSGP's product offering but to similar products marketed by other companies, this could have a negative effect on demand for PharmaSGP's products. In particular, given that PharmaSGP's chemical-free OTC products qualify as homeopathic remedies, general discussions on, and skepticism with respect to, the efficacy of such remedies, which have occurred in the past, could adversely affect demand for such products. If doctors, pharmacists and consumers perceive prescription pharmaceuticals and chemical-based OTC products to be more effective, consumers may decide to substitute PharmaSGP's products.

All of PharmaSGP's chemical-free OTC and other healthcare products are exclusively sold to end-consumers in pharmacies. While demand for such products is primarily driven by direct orders from such consumers, endorsements and comments by pharmacists nevertheless tend to influence the perception of PharmaSGP's products. In addition to the strength of PharmaSGP's brands and its reputation, the acceptance of its products among pharmacists depends upon a variety of factors (*e.g.*, acceptance as an effective remedy, their perceived advantages and disadvantages and the perception of competing products, including traditional pharmaceuticals and chemical-based OTC products), many of which are beyond PharmaSGP's control. Should pharmacists fail to recommend its products or even recommend those of its competitors, this could adversely affect PharmaSGP's sales.

1.1.8 The illegal distribution of counterfeit versions of PharmaSGP's products could adversely affect PharmaSGP's sales.

Third parties may illegally distribute and sell counterfeit versions of PharmaSGP's chemical-free OTC and other healthcare products, which do not meet the rigorous manufacturing and testing standards of PharmaSGP's proprietary products. Counterfeit products are frequently unsafe or ineffective and may contain harmful substances, the wrong dose of active ingredients or no active ingredients at all. Distributors and users may, however, not be able to identify counterfeit products as such. Reports of adverse reactions to counterfeit products or increased levels of counterfeiting could adversely affect customer confidence in PharmaSGP's authentic chemical-free OTC and other healthcare products and the harm caused by unsafe counterfeit products may mistakenly be attributed to such authentic products. Public loss of confidence in the integrity of PharmaSGP's products due to counterfeiting of such products could have a material adverse effect on PharmaSGP's sales.

1.1.9 The third parties on which PharmaSGP depends for the sourcing of raw materials and other goods as well as the manufacture of its products may no longer be available or fail to properly perform their obligations.

PharmaSGP fully depends on third parties to supply the raw materials and other goods required for its chemical-free OTC and other healthcare products. Multiple factors outside PharmaSGP's control (*e.g.*, the quality of harvests, local political developments, demand driven by PharmaSGP's competitors and the returns local producers can achieve by growing other crops) could adversely affect the availability of such raw materials. As a result, the required raw materials may not be available in sufficient quantities and at acceptable prices in order to keep up with demand of PharmaSGP's products.

In addition, PharmaSGP has fully outsourced the manufacture of its chemical-free OTC and other healthcare products to 36 qualified third-party manufacturers and suppliers located in Germany, while certain intermediate products are sourced from five third-party providers located in other European countries. There is, however, no guarantee that such manufacturers and suppliers will continue to be available and willing to manufacture PharmaSGP's products and supply it with the required goods and that they will have sufficient capacities to handle PharmaSGP's growing product portfolio. Given that PharmaSGP is typically required to order its products several months in advance and complete a qualification process for its third-party manufacturers and suppliers, its reliance on third-party manufacturers and suppliers makes it less flexible and reliant on the capacity of these third parties. A lack of capacities in the market may force PharmaSGP to bear higher costs and there is no guarantee that it will be able to pass such costs on to its customers. If PharmaSGP is not able to commission suitable, sufficient manufacturing capacities from third-party manufacturers and suppliers, it may not be able to introduce new chemical-free OTC and other healthcare products or maintain its product portfolio.

Given that it has outsourced the manufacturing process, PharmaSGP has only limited control over the operations of its third-party manufacturers and suppliers and it cannot guarantee that these parties will comply with good manufacturing process standards and manufacture PharmaSGP's chemical-free OTC and other healthcare products in accordance with PharmaSGP's specifications and applicable laws and regulations. Any failure to comply with these requirements could result in enforcement action against PharmaSGP or its third-party manufacturers, including the seizure of products and shutting down of manufacturing facilities. Such enforcement as well as other factors (*e.g.*, fires, natural hazards and power outages) could interrupt the manufacture of PharmaSGP's products, which may prevent PharmaSGP from meeting customer demand and adversely affect its revenues, profitability and market position.

1.1.10 The third-party logistics providers distributing PharmaSGP's products to wholesalers and pharmacies may no longer be available or fail to properly perform their obligations.

Following manufacture, PharmaSGP's finished products are stored by, and distributed through, a single logistics provider for each of its target geographies. In the fiscal year ended December 31, 2019, sales to its German logistics partner accounted for 68% of PharmaSGP's overall revenues. PharmaSGP depends on its third-party logistics providers for the timely delivery of its products to wholesalers and pharmacies in order to meet demand from pharmacies, and there is no guarantee that PharmaSGP's chosen logistics providers or a suitable alternative will continue to be available. Any interruption to PharmaSGP's logistics chain due to a failure by such providers to fulfill their contractual obligations (*e.g.*, due to labor disputes, shutdowns of their facilities, an inability to find suitable third-party carriers or fires), could result in delays, increased costs and lost sales for PharmaSGP, and there is no guarantee that it will be able to take recourse with its logistics providers for such adverse effects.

Given that PharmaSGP only cooperates with one logistics provider per target geography, any interruptions experienced by such logistics provider could completely shut down PharmaSGP's sales in the relevant country as it may be difficult to find a suitable alternative logistics provider at short notice and provide such provider with sufficient amounts of products. Since such logistics providers directly sell PharmaSGP's products to wholesalers in their own name, PharmaSGP bears the full insolvency risk of its logistics providers and any of them becoming insolvent may adversely affect PharmaSGP's financial situation. In addition, storing and shipping costs of third-party logistics providers may increase (*e.g.*, due to salary increases in the logistics industry) and such providers will likely pass on such cost increases to PharmaSGP, which could adversely affect its profitability.

1.2 Risks related to PharmaSGP's Platform

1.2.1 PharmaSGP may not be able to identify and capitalize on attractive acquisition opportunities, which may prevent it from achieving its intended external growth.

Going forward, PharmaSGP may decide to fuel growth through selected strategic acquisitions of other businesses, marketing authorizations, products, assets or other arrangements. In this context, the Company is even considering very sizeable transactions. There is, however, no guarantee that PharmaSGP will be able to identify attractive opportunities, given that the number of companies in the chemical-free OTC and other healthcare products market with a suitable size is relatively limited. In addition, PharmaSGP has only acquired marketing authorizations in the past. Consequently, it has no prior experience with larger transactions and any external growth opportunities involving another business or a significant number of assets may involve significant risks and integration challenges (*e.g.*, with respect to aligning the personnel, operations and products of the acquired businesses) and ultimately fail if PharmaSGP cannot obtain the required regulatory approvals. They may also require PharmaSGP to invest substantial resources, disrupt its ongoing business and divert management's attention.

Furthermore, PharmaSGP may be unable to realize synergies or other benefits expected to result from future acquisitions or to expend more resources on the integration of such acquisitions than originally anticipated and may incur unanticipated liabilities. As a result, such future acquisitions may not yield returns for PharmaSGP or even have a material adverse effect on its existing operations. While there is no guarantee that such funding will be available, PharmaSGP may finance its future acquisitions through a mix of cash reserves, debt financing, or by issuing additional shares, which could lead PharmaSGP to incur significant amounts of debt and/or dilute the holdings of the Company's existing shareholders.

1.2.2 PharmaSGP may not be able to attract and retain qualified employees.

Due to the specialized nature of PharmaSGP's business, PharmaSGP is highly dependent upon its ability to attract and retain top management talent as well as highly qualified scientific, marketing and sales personnel. This is reflected in the current composition of PharmaSGP's workforce, where more than three quarters of PharmaSGP's employees hold a university degree. Competition for qualified employees is especially intense in PharmaSGP's industry and due to its comparably small size and limited resources, it may be difficult for PharmaSGP to attract and retain the services of qualified employees. In addition, given that all of its employees are employed at its headquarters near Munich, PharmaSGP has to compete for qualified employees in a market that houses multiple international corporations with more funding than PharmaSGP. Furthermore, its existing teams may not be adequately staffed to handle the increased workload that may result from PharmaSGP's continued expansion and there is no guarantee that PharmaSGP will be able to hire qualified new employees required to expand its business in a timely manner.

In addition, shifting demographics are expected to result in fewer students, fewer graduates and fewer people entering the workforce in Europe in the future. Moreover, many individuals of younger generations have changing expectations regarding their careers, engagement and the integration of work in their overall lifestyles, all of which may render such individuals less suitable to fill vacancies within PharmaSGP. An inability to attract and retain qualified employees could adversely affect PharmaSGP's ability to maintain and expand its operations.

1.2.3 PharmaSGP has a limited operating history as a standalone company and may not be able to sufficiently expand its platform to handle future growth.

The operating subsidiaries of the Company were founded between March 2009 and July 2016 and grew rapidly through the introduction of multiple new chemical-free OTC and other healthcare products. As a result, PharmaSGP's internal control systems have only recently been updated in anticipation of the Offering as well as the corresponding listing and these systems may prove insufficient. In addition, following the Offering, PharmaSGP will be operating outside its former parent group for the first time, while certain contractual relationships (*e.g.*, with respect to media agreements and educational events organized for the benefit of pharmacists) will remain in place for the foreseeable future. There is, however, no guarantee that PharmaSGP will be able to continue to commission such services from its former parent group at acceptable rates going forward or at all.

Further growth may continue to pose a challenge for PharmaSGP and its platform may prove insufficient for its expanding business. Accordingly, PharmaSGP may be required to further scale its platform, which may not always be possible or prove lengthy and costly. If PharmaSGP is unable to successfully handle future growth, it may be required to take steps to slow down such growth, which may adversely affect its competitive position. Given that its platform is set up to be asset light, continued growth may require PharmaSGP to expand its relationships with various third parties and to expend time and effort to integrate these new providers. PharmaSGP's growth could, however, exceed the capacities of such third parties and as a result it may not be able to commission the required services.

1.2.4 PharmaSGP may be subject to disruptions or failures of its information technology systems.

PharmaSGP's business depends on the efficient and uninterrupted operation of its information technology systems, in particular for its accounting and record keeping functions. PharmaSGP also stores data in its data centers (*e.g.*, proprietary information regarding its OTC and other healthcare products as well as details on its customers for these products). Such data is essential to the operation of PharmaSGP's business and its ability to analyze its target markets, including with respect to new market opportunities. A disruption, infiltration or failure of PharmaSGP's information technology systems (*e.g.*, due to software or hardware malfunctions, system implementations or upgrades, computer viruses, third-party security breaches, employee error, theft or misuse, power disruptions, natural disasters or accidents) could cause breaches of data security, loss of intellectual property or critical data, the release and misappropriation of sensitive information and impair PharmaSGP's operations.

1.3 Risks related to Regulatory, Legal and Tax Matters

1.3.1 PharmaSGP may be adversely affected by changes in laws and regulations, in particular those governing the development, manufacture and distribution of chemical-free OTC and other healthcare products.

PharmaSGP is required to comply with a wide range of laws and regulations relating to, *inter alia*, the development, manufacturing, distribution, marketing and monitoring of chemical-free OTC and other healthcare products as well as employment matters, and the application of such laws and regulations by local authorities may vary. Key laws applicable to PharmaSGP's business and operations in Germany include the German Pharmaceuticals Act (*Arzneimittelgesetz*), the German Pharmacy Act (*Apothekengesetz* ("**ApoG**")) and the German Drug Advertisement Act (*Heilmittelwerbegesetz* ("**HWG**")) as well as special regulations applicable to chemical-free OTC and other healthcare products. In PharmaSGP's other target geographies, specific national laws and regulations cover similar aspects of PharmaSGP's business. In addition, there are a number of European regulations applicable to PharmaSGP's business in all of its target geographies such as Regulation (EC) No. 1924/2006 of the European Parliament and of the Council of December 20, 2006 on nutrition and health claims made on foods.

Before PharmaSGP can introduce a new OTC product, it is required to obtain a marketing authorization from the competent governmental authority (*e.g.*, the German Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte*) in Germany). The process for obtaining such authorizations is complex, lengthy and there is no guarantee PharmaSGP will actually be able to obtain the required marketing authorizations (see "*1.1.3 PharmaSGP may not be able to successfully develop new products and obtain marketing authorizations for such products.*"). Yet even when such marketing authorizations have been granted, the safety, effectiveness, manufacturing, labeling, storing, distribution, record keeping, reporting, marketing and promotion of PharmaSGP's chemical-free OTC and other healthcare products is strongly regulated and intensely scrutinized by European, national and local governmental authorities. PharmaSGP's products are constantly monitored and it may be required to submit safety and other post-marketing information and reports to ensure regulatory compliance. PharmaSGP is also required to report any adverse reactions, quality and production problems to the competent governmental authorities. Any discovery of defects or failure to comply with regulatory requirements could result in a revocation or suspension of PharmaSGP's marketing authorizations and/or its wholesale authorization, marketing or manufacturing restrictions, product recalls, refusal of governmental authorities to approve pending marketing applications, or fines and other administrative, civil and criminal penalties.

In addition, the ApoG imposes limits on the ownership of German pharmacies, effectively preventing corporations from creating large pharmacy chains. These provisions have, however, been challenged in the past and there have been numerous initiatives pushing for their abolition. Should these efforts prove successful, larger pharmacy chains or purchasing consortiums may be created, which could demand significant rebates from wholesalers and these wholesalers would then pass on such requests to PharmaSGP or could decide not to offer PharmaSGP's products at the prices set by PharmaSGP, which could adversely affect its sales and profitability.

Any changes in the laws and regulations applicable to the development and distribution of PharmaSGP's chemical-free OTC and other healthcare products as well as other aspects of its operations and PharmaSGP's platform, or changes to the application and interpretation of such laws and regulations by authorities and courts, may give rise to substantial compliance costs, adjustment expenses and other costs as well as fines in connection with PharmaSGP's business activities, lead to a revocation of its marketing authorizations or render such authorizations invalid, or prevent PharmaSGP from executing its strategy as planned. Even legislative initiatives and the corresponding public debates could result in significant uncertainty, regardless of whether such initiatives ultimately become law.

1.3.2 Given that PharmaSGP is a relatively new enterprise operating in a highly regulated industry, its compliance and risk management systems may not be sufficient to prevent and discover compliance violations.

PharmaSGP is a relatively new enterprise, having introduced its first OTC product in 2012. Complying with the extensive regulation applicable to the pharmaceuticals and healthcare industry is particularly challenging for such a new enterprise. Consequently, there is no guarantee that PharmaSGP's compliance and risk management systems are sufficient to ensure that PharmaSGP's employees, third-party contractors, in particular manufacturers and logistics providers, related parties and agents are or will be in compliance with all applicable laws and regulations, in particular since the criteria for determining compliance are often complex and subject to change and new interpretation. If PharmaSGP fails to comply with applicable laws and regulations, it may breach representations made to its customers or governmental authorities, and such governmental authorities may require labeling revisions, formulation changes, product modifications, recalls, product seizures, a suspension or revocation of PharmaSGP's permission to distribute OTC products, a suspension of the review of PharmaSGP's submissions for approval or additional safety data for PharmaSGP's new or existing products or other remedial actions. In addition, such violations may be punishable by criminal and civil sanctions, including substantial fines, and harm PharmaSGP's reputation.

1.3.3 Advertisements for OTC products are subject to extensive regulation and PharmaSGP's advertisements may be challenged by governmental authorities, competitors or competition associations.

Advertisements for PharmaSGP's OTC products are subject to extensive regulation (*e.g.*, the HWG in Germany) and heavily scrutinized by various governmental authorities in its target geographies. Such regulation, in particular, prohibits misleading advertisements of OTC products, requires the disclosure of specific information and prohibits referrals to certain third-party statements (*e.g.*, recommendations of scientists). In addition, advertisements for OTC products may only refer to those indications that are covered by the relevant marketing authorization, while advertisements for other healthcare may not give the impression that such products are suitable remedies for diagnosed ailments or have any other health benefits than those specifically covered by the relevant marketing authorization.

In certain target geographies (*e.g.*, France), PharmaSGP's advertisements are even subject to prior approval by the competent governmental authorities. For example, the competent regulatory authorities in France have rejected PharmaSGP's initially proposed advertisements for its TAUMEA® products in the French market. PharmaSGP has entered into discussions to agree on suitable advertisements with these regulatory authorities, but there is no guarantee that it will be able to find a compromise that sufficiently takes into account PharmaSGP's marketing needs. Furthermore, for the first applications for products to be marketed under the Neradin® and RubaXX® brands in the French market, the duration of the application process has been adversely affected by the current pandemic spread of COVID-19, as the competent governmental authorities have informed PharmaSGP that they will require more time to review its application. This could ultimately also delay the launch of these products in the French market. If PharmaSGP is not able to advertise its products as intended, this could adversely affect its ability to launch and subsequently continue to market such products.

Furthermore, any violations of applicable advertisement regulations may lead to regulatory investigations, restrictions of PharmaSGP's marketing activities, a total or partial suspension of regulatory approvals, refusals to approve pending applications for marketing authorizations and civil and criminal sanctions by governmental authorities. In addition, it is common practice in the healthcare industry to review labeling and advertisements of competitors for compliance with applicable laws and regulations and to challenge any perceived violations. As a result, PharmaSGP has been subject to disputes and litigation for allegations of unfair competition and has in some cases been forced to modify advertisements for its chemical-free OTC and other healthcare products. In the future, competitors or competition associations may continue to challenge PharmaSGP's labeling and advertisements in accordance with principles of unfair competition law, which could result in injunctions, civil proceedings and criminal prosecutions.

1.3.4 PharmaSGP's products could be subject to product liability claims, actions by governmental authorities or product recalls.

As a distributor of chemical-free OTC and other healthcare products, PharmaSGP is exposed to product liability claims, regulatory action and litigation if its products are alleged to have caused loss or injury (*e.g.*, in case of product defects, such as contamination, adulteration, unintended harmful side effects or interactions with other substances, failure to include adequate instructions for use or failure to include adequate warnings concerning possible side effects or interactions with other substances). Any product liability claims or corresponding regulatory actions against PharmaSGP could result in increased costs and could adversely affect PharmaSGP's reputation and the perception of its products by consumers.

In addition, PharmaSGP may be legally required to recall harmful or otherwise faulty products, in which case PharmaSGP could incur substantial expenses and face legal proceedings, lose a significant share of its revenues and be unable to maintain its profitability. Any product recalls may require significant management attention and damage PharmaSGP's reputation and that of PharmaSGP's products and brand families. Such product recalls may also lead to increased scrutiny of PharmaSGP by governmental authorities, result in the imposition of fines and penalties and cause PharmaSGP to incur higher compliance, legal or other expenses.

1.3.5 PharmaSGP depends on its brands and other intellectual property and the ability to protect such intellectual property against infringements from third parties.

PharmaSGP depends on its ability to obtain and protect its intellectual property, in particular its key trademarks RubaXX®, Restaxil®, DESEO®, Neradin®, TAUMEA® and FULMINAN®, as well as other intellectual property such as internet domains and business know-how, against infringements from third parties. There is, however, no guarantee that effective legal remedies will be available to PharmaSGP in order to protect its intellectual property against infringements by third parties and PharmaSGP may fail to properly utilize any available remedies. In addition, it may not be able to register any additional intellectual property it requires (*e.g.*, to introduce new brand families), in particular if such registration is found to interfere with existing intellectual property held by third parties. If PharmaSGP is not able to adequately protect its intellectual property, competitors may market products similar to PharmaSGP's products and utilize brands and domains that interfere with those under which PharmaSGP markets its products.

In addition, PharmaSGP seeks to protect its business know-how and processes related to its products through confidentiality and non-disclosure agreements with third-party contractors, employees and consultants. PharmaSGP may, however, not have adequate remedies for breaches of these agreements and disputes may arise concerning the ownership of intellectual property or the applicability of such confidentiality agreements.

1.3.6 Changes to the general tax environment and future tax audits and investigations could lead to an increase of PharmaSGP's tax burden.

PharmaSGP's tax burden depends on various tax laws, as well as their application and interpretation, and any changes of such tax laws may adversely affect PharmaSGP. In addition, amendments to tax laws may take effect retroactively, and their application or interpretation by tax authorities or courts may change unexpectedly, which could also lead to an increase of PharmaSGP's tax burden.

To date, the only entity of PharmaSGP that has received final and binding tax assessments is PharmaSGP GmbH for the periods up to and including the fiscal year ended December 31, 2015. No other final and binding tax assessments have been received by any entity of PharmaSGP or for any subsequent periods. The lack of more recent final and binding tax assessments increases the uncertainty regarding the tax authority's interpretation of applicable tax laws for periods for which no final and binding assessment has been received. There is no guarantee that PharmaSGP's own tax assessments are complete and correct or that its interpretation of applicable tax laws will correspond to the interpretation of competent tax authorities. As a result, tax audits by such tax authorities may result in PharmaSGP being required to pay subsequent taxes and amend its interpretation of tax laws going forward, which may lead to an increase of PharmaSGP's tax burden.

1.4 Risks related to the Company's Shares

1.4.1 Following this Offering, the Selling Shareholders will retain a significant influence over the Company and the interests of the Selling Shareholders may conflict with those of the Company and its other shareholders.

Following the successful completion of this Offering, the Selling Shareholders will continue to own at least 19.5% of the Company's share capital (assuming placement of all shares that are the subject of this Offering, including full exercise of the upsize option and full exercise of the greenshoe option). The Selling Shareholders have entered into a voting agreement, pursuant to which they have agreed to uniformly exercise their voting rights in the Company's shareholders' meeting. The voting agreement has an indefinite term and can be terminated with one month notice. In addition, Dr. Clemens Fischer, the sole shareholder of FUTRUE GmbH, is the head of the supervisory board of the Company, while Ms. Madlena Hohlefelder, the sole shareholder of MVH Beteiligungs- und Beratungs-GmbH, is the deputy head of the supervisory board of the Company. Consequently, the Selling Shareholders will retain a significant influence over the Company following the Offering. The interests of the Selling Shareholders may deviate from the Company's interests or those of other shareholders. Certain measures and transactions as well as dividend payments may be impossible to implement without the support of the Selling Shareholders.

1.4.2 The articles of association of the Company provide for significant amounts of authorized and contingent capital. Future issuances of shares could adversely affect the market price of the Shares and lead to substantial dilution.

The articles of association of the Company provide for an authorized capital in an amount of €6.0 million and a contingent capital in the same amount. In the future, PharmaSGP may require additional capital to finance its business operations and continued growth. The Company may seek to raise such capital through the issuance of additional shares or debt securities with conversion rights (*e.g.*, convertible bonds or option bonds), which could reduce the market price of the Company's shares. If such offerings are made without granting subscription rights to the Company's existing shareholders, this could substantially dilute the economic and voting rights of such existing shareholders and reduce the value of their interests in the Company. Such dilution may also arise from the acquisition of, or investments in, companies in exchange for newly issued shares of the Company, as well as from the issuance of shares to employees in the context of employee participation programs.

1.4.3 There is no guarantee that following the Offering a liquid market for the Company's shares will develop.

The Company's shares have never been publicly traded and there is no guarantee that an active and liquid market for the Company's shares will develop and persist. Consequently, investors may not be able to sell their shares in the Company at or above the final offer price for the shares sold in this Offering in the foreseeable future, or at all. In addition, such lack of trading history will make it harder for investors to assess the future volatility of the Company's share price.

1.4.4 The Company may not be able to pay dividends in the foreseeable future or at all.

The Company does not expect to pay a dividend with respect to the fiscal year ending December 31, 2020. Starting with the dividend for the fiscal year ending December 31, 2021, the Company intends to pay a dividend in the ordinary course of business of 30% to 50% of PharmaSGP's profit for the year as shown in the consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"). The Company aims to have a sustainable dividend policy that focuses on dividend continuity. There is, however, no guarantee that sufficient net retained profits will be available to the Company in the future to pay dividends in the envisaged amount, or at all.

Dividends may only be distributed from the net retained profits (*Bilanzgewinn*) of the Company. Consequently, it will only be able to make dividend payments in the envisaged amount if sufficient net retained profits are available to the Company. The net retained profits are calculated based on the Company's unconsolidated financial statements prepared in accordance with the accounting principles of the German Commercial Code (*Handelsgesetzbuch* ("**HGB**")). Accounting principles set forth in the HGB differ from IFRS in material respects and the results set out in the PharmaSGP's combined financial statements and its unaudited condensed combined interim financial statements may not be indicative of the Company's future dividend payments.

Furthermore, the continued operation and expansion of PharmaSGP's business will require substantial funding. Any determination to pay dividends in the future will be at the discretion of the Company's management board and will depend upon the Company's results of operations, financial condition, restrictions imposed by applicable laws and other factors management deems relevant. Consequently, the Company may not be able to pay dividends in the foreseeable future or at all.

1.4.5 PharmaSGP may fail to comply with the additional requirements, which will be applicable to it following the Offering.

Following the Offering, the Company will for the first time be subject to the legal requirements of a company listed on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), including requirements relating to corporate governance, listing standards, timely reporting as well as securities and investor relations issues. PharmaSGP's management will have to implement the necessary changes to PharmaSGP's internal control systems and there is no guarantee that it will be able to comply with these additional requirements without difficulties and inefficiencies, and any violations could cause it to incur significant additional costs and/or could expose it to regulatory or civil litigation or penalties.

2. GENERAL INFORMATION

2.1 Responsibility Statement

The following persons assume responsibility for the contents of this prospectus (the "**Prospectus**") pursuant to Section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), and declare that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts, and that this Prospectus makes no omission likely to affect its import:

- PharmaSGP Holding SE (the "**Company**"), with its registered office at Lochhamer Schlag 21, 82166 Gräfelfing, Federal Republic of Germany ("**Germany**"), legal entity identifier ("**LEI**") 3912005CZ12PVVCIPT91, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 255684;

- Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany, LEI 529900UC2OD7II24Z667 ("**Berenberg**" or the "**Sole Global Coordinator**" or the" "**Sole Bookrunner**");

- FUTRUE GmbH, with its registered office at Am Haag 14, 82166 Gräfelfing, Germany, LEI 391200OOHIICRVNSDC06, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 173092; and

- MVH Beteiligungs- und Beratungs-GmbH, with its registered office at Am Haag 14, 82166 Gräfelfing, Germany, LEI 391200KIHT28KAWIYP61, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 176504 (together with FUTRUE GmbH, the "**Selling Shareholders**").

Since May 2020, the Company is the holding company of a group of companies operating in the healthcare industry. Its operating subsidiaries PharmaSGP GmbH, Remitan GmbH, Restaxil GmbH and, following the acquisition of the Company by the Selling Shareholders in March 2020, the Company itself are together referred to as "**PharmaSGP**" in this Prospectus.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "**EEA**").

The information contained in this Prospectus will not be updated subsequent to the date hereof except for any significant new factor, material mistake or material inaccuracy relating to the information included in this prospectus which may affect the assessment of the Offer Shares and which arises or is noted between the time when this Prospectus is approved and the closing of the offer period or the time when trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) commences, whichever occurs later, which will be disclosed in a supplement to this Prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**") without undue delay.

This Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**")), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, as the competent authority under the Prospectus Regulation. BaFin has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the Company's shares and investors should make their own assessment as to the suitability of investing in the Company's shares.

2.2 Purpose of this Prospectus

This Prospectus relates to the offering of 9,660,000 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 (the "**Offering**"), comprising:

- 6,600,000 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders (the "**Base Shares**");
- up to 1,800,000 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders subject to the exercise of an upsize option upon decision of the Selling Shareholders, in consultation with the Sole Bookrunner, based on market demand on the date of pricing (the "**Upsize Shares**"); and
- up to 1,260,000 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the Base Shares and the Upsize Shares, the "**Offer Shares**").

FUTRUE GmbH is offering 90% of the Base Shares, Upsize Shares and Over-Allotment Shares, respectively, while MVH Beteiligungs- und Beratungs-GmbH is offering the remaining 10% of the Base Shares, Upsize Shares and Over-Allotment Shares, respectively.

For the purpose of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), this Prospectus relates to 12,000,000 shares of the Company, corresponding to the Company's entire share capital.

The Offering consists of an initial public offering ("**IPO**") in Germany and private placements in certain jurisdictions outside Germany. In the United States of America (the "**United States**"), the Offer Shares will only be offered and sold to qualified institutional buyers ("**QIBs**") as defined in, and in reliance on, Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will only be offered and sold in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**").

2.3 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on PharmaSGP's future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which PharmaSGP is exposed. Statements made using words such as "predicts", "forecasts", "projects", "plans", "intends", "endeavors", "expects" or "targets" generally indicate forward-looking statements.

The forward-looking statements contained in this Prospectus are subject to opportunities, risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause PharmaSGP's actual results, including its financial condition and profitability, to differ materially from those expressed or implied in the forward-looking statements. These expressions can be found, in particular, in the Sections "*1. Risk Factors*", "*9.4 Key Factors influencing PharmaSGP's Results of Operations*", "*9.8.2 Current Investments*", "*10. Markets and Competition*", "*11. Business*", "*22. Recent Developments and Trend Information*" and wherever information is contained in this Prospectus regarding the Company's plans, intentions, beliefs, or current expectations relating to PharmaSGP's future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, investments and capital expenditure requirements, future growth in demand for its residential units as well as the economic and regulatory environment which PharmaSGP is subject to.

In light of these uncertainties and assumptions, future events mentioned in this Prospectus may not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party sources could prove to be inaccurate (for further information on the third-party sources used in this Prospectus, see "*2.4 Sources of Market Data*"). Actual results, performance or events may turn out to be better or worse compared to the results, performance and events described in the forward-looking statements, in particular due to:

- adverse developments of the European economy, in particular due to the effects of COVID-19, a novel strain of the coronavirus;
- reduced demand for PharmaSGP's chemical-free non-prescription pharmaceuticals sold over the counter ("**OTC**") and other healthcare products;
- competition, in particular new products introduced by competitors;
- a lack of acceptance for OTC and other healthcare products based on natural active pharmaceutical ingredients ("**APIs**");
- challenges inherent in the development of new products, including obtaining regulatory approvals;
- changes in laws, regulations and governmental policies, in particular relating to the introduction of new chemical-free OTC and other healthcare products;
- dependence on third-party suppliers, manufacturers and logistics providers;
- increased raw material prices or supply shortages;
- interruptions of PharmaSGP's information technology systems;
- an inability to retain key employees of PharmaSGP;
- increased regulatory controls;
- efficacy or safety concerns resulting in recalls or regulatory action;
- litigation and product liability claims; and
- reputational risks in connection with the public perception of PharmaSGP's products.

Moreover, it should be noted that all forward-looking statements only speak as of the date of this Prospectus and that neither the Company nor the Sole Bookrunner assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

The Section "*1. Risk Factors*" contains a detailed description of various risks. If these risks were to materialize, this could adversely affect the actual outcome of the matters described in the forward-looking statements contained in this Prospectus, in particular where such statements relate to the development of PharmaSGP's business, financial condition, cash flows, results of operations and prospects.

2.4 Sources of Market Data

Unless otherwise specified, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which PharmaSGP operates are based on the Company's assessments. These assessments, in turn, are based in part on internal market observations and on various market studies.

In February 2020, PharmaSGP commissioned an independent market study from Sempora Consulting GmbH ("**Sempora**") on the market for OTC and other healthcare products, in particular chemical-free products, titled "SEMPORA Market Report: EU Self-Medication" (the "**Sempora Market Study**"). The Sempora Market Study is not an expert report within the meaning of Item 1.4 of Annex I of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019. Neither the Company nor the Sole Bookrunner have verified any of the market data or other information included in the Sempora Market Study, nor have they asked Sempora to modify or otherwise adjust the Sempora Market Study. They did, however, discuss some of the underlying assumptions and findings with Sempora.

The following sources were used in the preparation of this Prospectus:

- Report by ABDA – Bundesvereinigung Deutscher Apothekenverbände e.V., "*Die Apotheke – Zahlen, Daten, Fakten 2019*", published June 2019, https://www.abda.de/aktuelles-und-presse/zdf/ ("**ABDA**");
- Federal Statistics Office (*Statistisches Bundesamt*), database on demographic data in Germany, https://www.destatis.de/DE/Themen/Gesellschaft-Umwelt/Bevoelkerung/Bevoelkerungsstand/_inhalt.html;jsessionid=5CCD6C3DAE4DAB2DF45DB93A856E172A.internet8711 ("**Destatis**");
- European Commission, "European Economic Forecast – Spring 2020", May 2020, https://ec.europa.eu/info/sites/info/files/economy-finance/ip125_en.pdf ("**EEF**");
- European Statistical Office, database on demographic data in Europe, https://ec.europa.eu/eurostat/de/data/database ("**Eurostat**");
- Information from a database on reasons for purchases by consumers, compiled by GfK SE for the three-month period ended December 31, 2018, and analyzed by the Company to assess purchaser motivation, https://www.gfk.com/de/client-portals-overview ("**GfK**");
- Information from a database on revenues from sales of OTC products and availability of such products in German pharmacies compiled by INSIGHT Health GmbH & Co. KG, which the Company has analyzed to assess its market position, https://www.insight-health.de/#!/services ("**INSIGHT Health**");
- OECD, "*Health at a Glance 2019*", study published November 7, 2019, https://www.oecd-ilibrary.org/social-issues-migration-health/health-at-a-glance-2019_4dd50c09-en ("**OECD**");
- Pain Alliance Europe, "*Survey on Chronic Pain 2017*", dated June 2017, https://www.pae-eu.eu/wp-content/uploads/2017/12/PAE-Survey-on-Chronic-Pain-June-2017.pdf ("**PAE**");
- Robert Koch Institute, "*Prevalence and patterns of morbidity among adults in Germany*", published March 22, 2012, https://edoc.rki.de/handle/176904/1424 ("**RKI**");
- the Sempora Market Study, www.sempora.com/de/studien.html; and
- The Telegraph, "*Dr Google will see you now: Search giant wants to cash in on your medical queries*", article dated March 10, 2019, https://www.telegraph.co.uk/technology/2019/03/10/google-sifting-one-billion-health-questions-day/ ("**Telegraph**").

It should be noted, in particular, that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the aforementioned sources. The Company has accurately reproduced such information and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Prospective investors are, nevertheless, advised to consider this data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party sources has been included in this Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action with respect to, shares in the Company.

In addition, the sources of market data included in this Prospectus were prepared before the pandemic spread of COVID-19, a novel strain of the coronavirus, and have not been updated for the potential effects of this pandemic. The Company is not able to determine whether the third parties who have prepared such sources will revise their estimates and projections due to the potential impact of COVID-19 on future market developments.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Sole Bookrunner (see "*2.1 Responsibility Statement*"), neither the Company nor the Sole Bookrunner have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and the Sole Bookrunner make no representation or warranty as to the accuracy of any such information from third-party studies included in this Prospectus. In addition, prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

2.5 Documents Available for Inspection

For the period during which this Prospectus remains valid, the following documents will be available on the Company's website at www.sgp-pharma.com under the "Investor Relations" section:

- the Company's articles of association (the "**Articles of Association**");
- the unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020 prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), on interim financial reporting (IAS 34).
- the audited combined financial statements of PharmaSGP as of and for the fiscal years ended December 31, 2019, 2018 and 2017 prepared in accordance with IFRS; and
- the audited unconsolidated financial statements of the Company as of December 31, 2019 and for the period from November 21, 2019 to December 31, 2019 prepared in accordance with generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch* ("**HGB**")).

The Company's future consolidated financial statements, unconsolidated financial statements and condensed interim consolidated financial statements will be available from the Company on its website and the paying agent designated in this Prospectus (see "*3.4.3 Dividend Rights, Paying Agent and Liquidation Rights*"). The Company's consolidated and unconsolidated financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website www.sgp-pharma.com and information accessible via this website is neither part of, nor incorporated by reference into, this Prospectus.

Furthermore, the Sempora Market Study is available on Sempora's website at www.sempora.com/de/studien.html

2.6 Currency Presentation

In this Prospectus, "**Euro**" and "**€**" refer to the single European currency adopted by certain participating member states of the European Union, including Germany.

2.7 Presentation of Financial Information

Where financial information in the tables included this Prospectus is labeled "audited", this means that it has been taken from PharmaSGP's audited financial statements mentioned in Section "*2.5 Documents Available for Inspection*". The label "unaudited" indicates financial information that has not been taken from the audited financial statements mentioned above, but was taken either from PharmaSGP's unaudited condensed combined interim financial statements mentioned in Section "*2.5 Documents Available for Inspection*" or PharmaSGP's accounting records or internal reporting system, or is based on calculations of figures from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the text and tables included in this Prospectus is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables included in this Prospectus may not add up to the aggregate amounts in such tables (sum totals or sub totals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

2.8 Alternative Performance Measures

Throughout this Prospectus, the Company presents financial information that is not prepared in accordance with IFRS, or any other internationally accepted accounting principles, including earnings before interest, taxes, depreciation and amortization ("**EBITDA**") and the cash conversion rate (*i.e.*, the ratio of (i) PharmaSGP's free cash flows from equity (*i.e.*, the sum of its profit for the period, depreciation and amortization and decreases in working capital, less increases in working capital and payments for investments in intangible assets and PPE), divided by (ii) PharmaSGP's profit for the period (the "**Cash Conversion Rate**")) as well as certain operating data (together, the "**Alternative Performance Measures**").

Such Alternative Performance Measures should not be considered as alternatives or substitutes for profit for the period, EBIT or other data from PharmaSGP's combined statements of profit or loss and other comprehensive income, combined statements of financial position or combined statements of cash flow prepared in accordance with IFRS, or as measures of profitability or liquidity.

The Alternative Performance Measures do not necessarily indicate whether cash flows will be sufficient for PharmaSGP's cash requirements and may not be indicative of its future results. Furthermore, the Alternative Performance Measures are not recognized under IFRS, should not be considered as substitutes for an analysis of PharmaSGP's operating results prepared in accordance with IFRS, and may not be comparable to similarly titled information published by other companies.

For further information on the Alternative Performance Measures, see "*9.3.4 Key Financial and Operating Data*".

3. THE OFFERING

3.1 Subject Matter of the Offering

This Prospectus relates to the Offering of 9,660,000 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00, comprising:

- 6,600,000 Base Shares from the holdings of the Selling Shareholders;
- up to 1,800,000 Upsize Shares from the holdings of the Selling Shareholders; and
- up to 1,260,000 Over-Allotment Shares from the holdings of the Selling Shareholders.

The number of Base Shares and Upsize Shares actually placed with investors will be determined by the Selling Shareholders, in consultation with the Sole Bookrunner, on the pricing date. The total number of Over-Allotment Shares will not exceed 15% of the final number of Base Shares and Upsize Shares, if any, placed in the Offering. For additional information, see "*3.8 Stabilization Measures, Over-Allotments and Greenshoe Option*".

The Offer Shares are offered by the Selling Shareholders, together with the Sole Bookrunner. The Company is not offering any Offer Shares. FUTRUE GmbH is offering 90% of the Base Shares, Upsize Shares and Over-Allotment Shares, respectively, while MVH Beteiligungs- und Beratungs-GmbH is offering the remaining 10% of the Base Shares, Upsize Shares and Over-Allotment Shares, respectively. The Selling Shareholders will receive any proceeds from the sale of Offer Shares (after deduction of fees and commissions), while the Company will not receive any proceeds from the sale of such Offer Shares.

The Offering consists of an initial public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States, the Offer Shares will only be offered and sold to QIBs as defined in, and in reliance on, Rule 144A, or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S.

Immediately prior to the Offering, the Selling Shareholders hold 100% of the Company's share capital. Following completion of the Offering and assuming full placement of the maximum number of Offer Shares and full exercise of the Greenshoe Option (see "*3.8 Stabilization Measures, Over-Allotments and Greenshoe Option*"), the Selling Shareholders will hold 19.5% of the shares in the Company.

Berenberg is acting as the Sole Global Coordinator and Sole Bookrunner.

3.2 Price Range, Offer Period, Offer Price and Allotment

The price range for the Offering within which purchase orders may be placed is €31.50 to €36.50 per Offer Share (the "**Price Range**").

The period during which investors may submit purchase orders for the Offer Shares is expected to commence on June 8, 2020, and to expire on June 18, 2020 (the "**Offer Period**"), provided that the Offer Period will not commence prior to publication of this Prospectus. On the last day of the Offer Period, offers to purchase Offer Shares may be submitted (i) until 12:00 p.m. (noon) Central European summer time by private investors and (ii) until 2:00 p.m. Central European summer time by institutional investors. Multiple purchase orders are permitted.

Subject to the publication of a supplement to this Prospectus, if required, the Company, the Selling Shareholders and the Sole Bookrunner reserve the right to reduce the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period.

Reductions in the number of Offer Shares, changes to the Price Range or an extension or shortening of the Offer Period will not invalidate any offers to purchase Offer Shares that have already been submitted. If such changes require the publication of a supplement to this Prospectus, investors who submitted purchase orders prior to the publication of the supplement have the right to withdraw these offers to purchase within two working days following the publication of such supplement pursuant to Article 23 para. 1 of the Prospectus Regulation in conjunction with Article 21 para. 2 of the Prospectus Regulation, provided that the significant new factor, material mistake or material inaccuracy requiring the publication of a supplement to this Prospectus arose or was noted before the closing of the Offer Period or the delivery of the Offer Shares. Instead of withdrawing their offers to purchase placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two working days following the publication of the supplement.

Any changes to the terms of the Offering will be published by means of electronic media such as Reuters or Bloomberg, and, if required, by Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended ("**MAR**"), the German Securities Prospectus Act (*Wertpapierprospektgesetz*), or the German Securities Trading Act (*Wertpapierhandelsgesetz* ("**WpHG**")), as an ad-hoc release via an electronic information dissemination system, on the Company's website www.sgp-pharma.com under the "Investor Relations" section and as a supplement to this Prospectus. Investors who have submitted purchase orders will not be notified individually. Under certain conditions, the Sole Bookrunner may terminate the underwriting agreement, entered into between the Company, the Selling Shareholders and the Sole Bookrunner on June 8, 2020 (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (see "*18.4 Termination and Indemnification*"). Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

The final price of the Offer Shares in the Offering (the "**Offer Price**") will be determined at the end of the bookbuilding process by the Company and the Selling Shareholders after consultation with the Sole Bookrunner. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the Offer Price is, in principle, aimed at achieving the highest possible Offer Price. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate a steady performance in the secondary market given the demand for the Company's shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors interested in purchasing shares at a particular price, but also to the composition of the Company's shareholder structure that would result at a given price, and expected investor behavior. The Company and the Selling Shareholders will not specifically charge any expenses and taxes related to the Offering to investors.

Also on the pricing date, the Selling Shareholders will, in their sole discretion and after consultation with the Sole Bookrunner, determine if and to what extent they will exercise the upsize option, taking into account the market demand and using the order book prepared during the bookbuilding process.

The Offer Price and the final number of Offer Shares placed in the Offering (*i.e.*, the results of the Offering) are expected to be set on June 18, 2020. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the purchase orders then available. The Offer Price and the final number of Offer Shares (*i.e.*, the results of the Offering) are expected to be published on or about June 18, 2020, by means of an ad-hoc release on an electronic information dissemination system and on the Company's website www.sgp-pharma.com under the "Investor Relations" section. Investors who have placed orders to purchase Offer Shares with the Sole Bookrunner can obtain information from the Sole Bookrunner about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price. Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place two business days after commencement of trading. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Sole Bookrunner reserves the right to reject orders, or to only accept them in part.

Investors will not be charged expenses by the Company, the Selling Shareholders or the Sole Bookrunner in connection with the Offering. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

3.3 Expected Timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

June 8, 2020	Approval of the Prospectus by BaFin
	Publication of the approved Prospectus on the Company's website www.sgp-pharma.com under the "Investor Relations" section
	Application for admission of the Company's shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
	Commencement of the Offer Period
June 18, 2020	Expiration of the Offer Period
	Determination of the Offer Price and final number of Offer Shares to be allocated
	Publication of the Offer Price in the form of an ad-hoc release on an electronic information dissemination system and on the Company's website www.sgp-pharma.com under the "Investor Relations" section
	Admission of the Company's shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
June 19, 2020	Commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
June 23, 2020	Book-entry delivery of the Offer Shares against payment of the Offer Price (settlement and closing)

This Prospectus will be published on the Company's website at www.sgp-pharma.com under the "Investor Relations" section. Printed copies of this Prospectus are available from the Company free of charge during normal business hours at the following address: PharmaSGP Holding SE, Lochhamer Schlag 21, 82166 Gräfelfing, Germany (telephone: +49 (0) 89 78 79 790 – 78).

3.4 Information on the Shares

3.4.1 Share Capital of the Company and Governing Law

As of the date of this Prospectus, the share capital of the Company amounts to €12,000,000.00 and is divided into 12,000,000 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00.

The shares of the Company were created pursuant to the laws applicable to a European company (*Societas Europaea* (*SE*)), in particular Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the statute for a European company (SE), as amended (the "**SE Regulation**"), in conjunction with the German Stock Corporation Act (*Aktiengesetz* ("**AktG**")).

3.4.2 Voting Rights

Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.

3.4.3 Dividend Rights, Paying Agent and Liquidation Rights

Each share in the Company carries full dividend rights from January 1, 2020.

The paying agent of the Company is Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Germany.

In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

3.4.4 Form and Certification of the Shares

All of the Company's shares are bearer shares with no par value (*Stückaktien*). The Company's shares are represented by a global share certificate, which is expected to be deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**"), on or about June 9, 2020.

Section 5 para. 3 sentence 3 of the Articles of Association excludes the shareholders' right to receive individual share certificates. Pursuant to Section 5 para. 3 sentence 1 of the Articles of Association, the Company's management board (*Vorstand* (the "**Management Board**")) determines the form of the share certificates.

All shares of the Company provide holders thereof with the same rights and no shares provide any additional rights or advantages.

3.4.5 Currency of the Securities Issue

The Company's shares are denominated in Euros.

3.4.6 Delivery and Settlement

Delivery of the Offer Shares against payment of the Offer Price is expected to take place on June 23, 2020. The Offer Shares will be made available to investors as co-ownership interests in the global share certificate.

The Offer Shares purchased in the Offering will be credited to a securities deposit account maintained by a German bank with Clearstream.

3.4.7 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN)	DE000A2P4LJ5
German Securities Code (*Wertpapierkennnummer* (*WKN*))	A2P4LJ
Ticker Symbol	PSG

3.4.8 Identification of Target Market

Solely for the purpose of fulfilling the product governance requirements set forth in (i) Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and (iii) local implementing measures (together, the "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which a "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result of such process, it has been determined that the Offer Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is only suitable for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such an investment.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Offering and does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase, or take any other action with respect to, the Offer Shares.

3.5 Transferability of Shares and Limitations on Disposal

The Company's shares are freely transferable in accordance with the legal requirements for bearer shares. Except for the restrictions set forth in Section "*3.9 Lock-up Agreements*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

3.6 Selling Shareholders

Immediately prior to the Offering, the Selling Shareholders hold 100% of the Company's share capital. Following completion of the Offering and assuming full placement of the maximum number of Offer Shares and full exercise of the Greenshoe Option (see "*3.8 Stabilization Measures, Over-Allotments and Greenshoe Option*"), the Selling Shareholders will hold 19.5% of the shares in the Company.

For further information on the Selling Shareholders, see "*13. Shareholder Information*".

3.7 Allotment Criteria

The allotment of Offer Shares to private investors and institutional investors will be determined by the Company and the Selling Shareholders after consultation with the Sole Bookrunner. The decision ultimately rests with the Selling Shareholders. Allotments will be made on the basis of the quality of individual investors (*e.g.*, the expected investment horizon and trading behavior) as well as individual orders and other important allotment criteria to be determined by the Selling Shareholders after consultation with the Sole Bookrunner.

The Selling Shareholders may purchase Offer Shares in the Offering, and such Offer Shares would not be subject to any lock-up restrictions.

3.8 Stabilization Measures, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, the Sole Bookrunner will act as stabilization manager and may, as stabilization manager, make over-allotments and take stabilization measures in accordance with Article 5 paras. 4 and 5 of the MAR in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing the MAR.

Stabilizations measures may be taken on any trading venue where the Company's shares are traded. Such measures aim at supporting the market price of the Company's shares during the Stabilization Period, thereby alleviating selling pressure generated by short-term investors and maintaining an orderly market in the Company's shares. These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

The Sole Bookrunner is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may start from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must end no later than 30 calendar days thereafter (the "**Stabilization Period**").

As a result of these stabilization measures, investors may, in addition to the Base Shares and Upsize Shares, if any, be allocated up to 1,260,000 Over-Allotment Shares as part of the allocation of the Offer Shares ("**Over-Allotment**"). For the purpose of such potential Over-Allotment, the Sole Bookrunner will be provided with up to 1,095,375 Over-Allotment Shares from the holdings of the Selling Shareholders in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the final number of Base Shares and Upsize Shares, if any, placed in the Offering.

The Selling Shareholders have granted the Sole Bookrunner an option to acquire up to 1,260,000 shares of the Company at the Offer Price, less agreed commissions (the "**Greenshoe Option**"). The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after the commencement of trading of the Company's shares.

The Sole Bookrunner may exercise the Greenshoe Option to the extent Over-Allotment Shares were allocated to investors in the Offering. The number of Over-Allotment Shares acquired under the Greenshoe Option is to be reduced by any shares of the Company held by the Sole Bookrunner when the Greenshoe Option is exercised, if such shares were acquired by the Sole Bookrunner in the context of stabilization measures.

Public announcements regarding stabilization measures will be made (i) prior to the start of the Offering, (ii) by the end of the seventh daily market session following the date any stabilization measures were taken, and (iii) within one week after the end of the Stabilization Period.

Within one week after the end of the Stabilization Period, the Sole Bookrunner will ensure adequate public disclosure as to whether stabilization measures were taken, the date on which stabilization measures started and last occurred, and the price range within which stabilization measures were carried out, for each of the dates during which stabilization measures were carried out and the trading venue(s) on which the stabilization measures were carried out, where applicable.

Exercise of the Greenshoe Option will be disclosed to the public promptly, together with all appropriate details, including the date of exercise of the Greenshoe Option and the number and nature of Over-Allotment Shares involved, in accordance with Article 8 lit. (f) of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing the MAR.

3.9 Lock-up Agreements

In the Underwriting Agreement, the Company agreed with the Sole Bookrunner that, for the period commencing on June 8, 2020 and ending three months after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 19, 2020), the Company will not, and for a further period of three months thereafter it will not without the prior written consent of the Sole Bookrunner:

- announce or execute any capital increase from authorized capital; or
- propose a capital increase to its shareholders' meeting; or
- announce, execute or propose to its shareholders' meeting any issuance of financial instruments that carry conversion or option rights to shares in the Company; or
- enter into other transactions or perform any actions with a similar economic effect to those described above.

The Company may, however, (i) issue or sell any shares or other securities, including actual or virtual options, under current and future management participation plans to former, and future employees, supporters, former, current and future members of executive bodies, service providers and business partners of the Company or its subsidiaries or their respective investment vehicles, and (ii) pursue any corporate actions undertaken by the Company for the purposes of entering into any agreement regarding, or resolution upon the entering into, any joint venture or the acquisition of any companies, provided that in the case of (i), the Company will, with respect to future management participation plans only, use its best efforts that the beneficiaries of such future management participation plans or, in the case of (ii), the parties to the joint venture or acquiring entity to which such shares are issued, agree towards the Sole Bookrunner to be bound by the same lock-up undertaking as the Company.

In addition, for the period commencing on June 8, 2020 and ending six months after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 19, 2020) with respect to the Selling Shareholders and ending twelve months after such date with respect to the members of the Management Board, the Selling Shareholders and the members of the Management Board have agreed that they will not, without the prior written consent of the Sole Bookrunner:

- sell, distribute, transfer or otherwise dispose of any of its shares or securities in the Company; or
- grant, issue or sell any option or conversion rights on the shares of the Company; or
- vote in favor of a proposed increase of the share capital of the Company or issuance of financial instruments that carry conversion or option rights to shares in the Company; or
- enter into other transactions or perform any actions with a similar economic effect to those described above.

The foregoing shall not apply to (i) transfers to affiliates of such shareholders or any other shareholder immediately prior to the Offering, (ii) future pledges granted to the Sole Bookrunner or its affiliates, and (iii) any transfers of shares to the Sole Bookrunner or its affiliates pursuant to enforcement of any pledge entered into in accordance with (ii), provided in each case that such transferee(s) agree(s) towards the Sole Bookrunner to be bound by the same lock-up undertaking.

3.10 Admission to Trading

The Company, together with the Sole Bookrunner, expects to apply for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about June 8, 2020. The listing approval (admission decision) for the Company's shares is expected to be granted on June 18, 2020. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on June 19, 2020.

The underwriters for an issuance often make purchase offers at the time of first trading in order to support the development of the initial share price. Such purchase offers, when made by the Sole Bookrunner, may lead to the development of a higher initial share price than would have been the case in the absence of such measures.

3.11 Designated Sponsor

The Sole Bookrunner has been mandated as designated sponsor of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreement expected to be entered into between the Sole Bookrunner and the Company, the Sole Bookrunner will, *inter alia*, place limited buy and sell orders for the Company's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Company's shares.

3.12 Interests of Parties Participating in the Offering

The Selling Shareholders will receive the proceeds from the sale of the Offer Shares (after deduction of fees and commissions). Accordingly, the Selling Shareholders have an interest in the success of the Offering on the best possible terms.

The head of the Company's supervisory board (*Aufsichtsrat* (the "**Supervisory Board**")), Dr. Clemens Fischer, and the deputy head of the Supervisory Board, Ms. Madlena Hohlefelder, are the sole shareholders of the Selling Shareholders and will therefore indirectly receive the proceeds from the sale of the Offer Shares (after deduction of fees and commissions). Accordingly, these persons have an interest in the success of the Offering on the best possible terms.

The Selling Shareholders have granted the members of the Management Board a one-time bonus with a value of €400,000.00 for Ms. Natalie Weigand and €250.000,00 for Mr. Michael Rudolf, respectively (see "*16.2.3 Special Bonus*"). The payment of this bonus depends on successful completion of the Offering. In addition, the compensation of the members of the Management Board will be lower if the Offering is not completed by December 31, 2020. Consequently, the members of the Management Board have an interest in the successful completion of the Offering.

In connection with the Offering and the admission to trading of the Company's shares, the Sole Bookrunner has formed a contractual relationship with the Company and the Selling Shareholders. The Sole Bookrunner is acting for the Company and the Selling Shareholders on the Offering and on coordinating the structuring and execution of the Offering. Upon successful completion of the Offering, the Sole Bookrunner will receive a commission and the size of this commission depends on the results of the Offering. As a result, the Sole Bookrunner has a financial interest in the success of the Offering on the best possible terms.

Furthermore, the Sole Bookrunner and any of its affiliates, acting as investors for their own accounts, may acquire shares in the Offering, and in such capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. In addition, the Sole Bookrunner or its affiliates may enter into financing arrangements, including swaps or contracts for differences, pursuant to which the Sole Bookrunner or its affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

The Sole Bookrunner or its affiliates have, and may from time to time in the future continue to have, business relations with PharmaSGP and the Selling Shareholders, including lending activities, or may perform services for PharmaSGP or the Selling Shareholders in the ordinary course of business.

None of the aforementioned interests in the Offering constitute a conflict of interests or a potential conflict of interests. Consequently, there are no conflicts of interest with respect to the Offering.

4. PROCEEDS AND COSTS OF THE OFFERING AND LISTING

The Company will not receive any proceeds from the sale of the Offer Shares from the holdings of the Selling Shareholders.

Assuming placement of the maximum number of Offer Shares (*i.e.*, 9,660,000 Offer Shares) and full exercise of the Greenshoe Option totaling up to 1,260,000 shares, the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds attributable to the Selling Shareholders would amount to approximately €304.3 million, €328.4 million and €352.6 million, respectively, and net proceeds would amount to approximately €292.0 million, €315.4 million and €338.8 million, respectively.

Assuming an Offer Price at the mid-point of the Price Range, placement of the maximum number of Offer Shares, full exercise of the Greenshoe Option and payment of the discretionary fee in full, the costs of the Company and the Selling Shareholders related to the Offering of the Offer Shares and the listing of the Company's entire share capital, including underwriting and placement commissions payable to the Sole Bookrunner, are expected to total approximately €13.1 million. All such costs will ultimately be borne by the Selling Shareholders.

Assuming an Offer Price at the mid-point of the Price Range, placement of the maximum number of Offer Shares, full exercise of the Greenshoe Option and payment of the discretionary fee of up to €3.3 million at the mid-point of the Price Range in full, the commission payable to the Sole Bookrunner would amount to €9.9 million.

5. REASONS FOR THE OFFERING AND LISTING AND USE OF PROCEEDS

The Company intends to list its shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub segment with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to gain access to the capital markets. The Company believes that this access will benefit its future growth and expand its financing options.

The Company will not receive any proceeds from the sale of the Offer Shares from the holdings of the Selling Shareholders.

The Selling Shareholders intend to pursue the Offering to receive the net proceeds from the Offering in order to finance their highly resource intensive research and development investment projects outside PharmaSGP.

6. DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE

6.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a European company (*Societas Europaea* (*SE*)) with a two-tier management and control system under European and German law such as the Company, the distribution of dividends for any given fiscal year and the amount and payment date thereof, are resolved by the Company's shareholders' meeting (*Hauptversammlung*) of the subsequent fiscal year, based upon either a joint proposal by the Management Board and the Supervisory Board or upon the Management Board's or the Supervisory Board's proposal. The shareholders' meeting must be held within the first six months of each fiscal year.

Dividends may only be distributed from the net retained profits (*Bilanzgewinn*) of the Company. The net retained profits are calculated based on the Company's unconsolidated financial statements prepared in accordance with generally accepted accounting principles of the HGB. Accounting principles set forth in the HGB differ from IFRS in material respects.

When determining the net retained profits, the net income or loss for the fiscal year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for retained profit/loss carryforwards (*Gewinn-/Verlustvorträge*) from the previous fiscal year and withdrawals from, or appropriations, to reserves (retained earnings). Certain reserves must be set aside by law and deducted when calculating the net retained profits available for distribution.

The Management Board must prepare unconsolidated financial statements (balance sheet, income statement and notes to the unconsolidated financial statements) and a management report for the previous fiscal year by the statutory deadline and present these to the Supervisory Board and the auditors immediately after preparation. At the same time, the Management Board must present a proposal for the allocation of the Company's net retained profits to the Supervisory Board pursuant to Article 61 of the SE Regulation in conjunction with Section 170 para. 2 AktG. According to Article 61 of the SE Regulation in conjunction with Section 171 AktG, the Supervisory Board must review the unconsolidated financial statements, the Management Board's management report and the proposal for the allocation of the net retained profits and report to the shareholders' meeting in writing on the results of such review.

The shareholders' meeting's resolution on the allocation of the net retained profits requires a simple majority of votes cast to be passed. Pursuant to Section 21 para. 2 of the Articles of Association, the shareholders' meeting may also resolve that the dividends be distributed partially or entirely in kind (*e.g.*, as a distribution of treasury shares if such shares are held by the Company at that time). Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) without undue delay after the shareholders' meeting.

Dividends resolved by the shareholders' meeting are due and payable in compliance with the rules of the respective clearing system on the third business day following the relevant shareholders' meeting, unless a later due date is specified in the dividend resolution or the Articles of Association. Since all of the Company's dividend entitlements are evidenced by the global share certificate deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts. German custodian banks are under an obligation to distribute these funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at their respective bank about the terms and conditions applicable in their case. To the extent dividends can be distributed by the Company in accordance with the HGB and corresponding decisions are taken, there are no restrictions on shareholders' rights to receive such dividends.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For further information on the taxation of dividends, see "*19.1.1 Taxation of Dividend Income*".

Any dividends not claimed within three years become time-barred. Once the statute of limitations applies, the right to receive the relevant dividend payments passes to the Company.

6.2 Dividend Policy and Dividends per Share

The Company was founded on November 21, 2019 and did not conduct any business activities prior to the contribution of PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH to the Company on May 8, 2020. Therefore, the Company has not paid any dividends or made any other distributions up to and including the date of this Prospectus. PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH did, however, distribute dividends in an aggregate amount of €94.8 million to the Selling Shareholders on June 2, 2020, resulting in a corresponding decrease of PharmaSGP's cash and cash equivalents. The dividend distributions were financed from available cash reserves.

The Company's ability and intention to pay dividends in the future will depend on its financial position, results of operations, capital requirements, investment options and other factors that the Management Board and the Supervisory Board deem relevant, and any proposals by the Management Board and Supervisory Board regarding dividend payments will require the approval by Company's the shareholders' meeting. The principal sources of funding for the payment of dividends by the Company will be dividends and other distributions received from the Company's current and future subsidiaries. Such subsidiaries may only pay dividends in accordance with applicable laws and their respective articles of association.

The Company does not expect to pay a dividend with respect to the fiscal year ending December 31, 2020. Starting with the dividend for the fiscal year ending December 31, 2021, the Company intends to pay a dividend in the ordinary course of business of 30% to 50% of PharmaSGP's profit for the year as shown in the consolidated financial statements of the Company prepared in accordance with IFRS. The Company aims to have a sustainable dividend policy that focuses on dividend continuity. The Company's ability to pay dividends in the future will, however, depend on the amount of net retained profits available to the Company. There is no guarantee that sufficient net retained profits will be available to pay dividends in the envisaged amount, or at all. The results set out in the audited combined financial statements and unaudited condensed combined interim financial statements of PharmaSGP may not be indicative of future dividend payments by the Company.

7. CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables show PharmaSGP's capitalization and indebtedness as of March 31, 2020 derived from the unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020 prepared in accordance with IFRS on interim financial reporting (IAS 34). Unlike consolidated financial information, combined financial information does not separately disclose share capital, legal reserves and other reserves. Consequently, such numbers are not included in the tables set forth below.

Investors should read the following tables in conjunction with the Section "10. Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations", the combined financial statements of PharmaSGP included in this Prospectus, including the related notes thereto, and additional financial information contained elsewhere in this Prospectus.

7.1 Capitalization

	As of March 31, 2020	Effects of the Dividend Distributions[1]	Total
		(unaudited) (in € million)	
Total current debt[2]	**9.9**	**–**	**9.9**
Thereof guaranteed	–	–	–
Thereof secured	–	–	–
Thereof unguaranteed/unsecured	9.9	–	9.9
Total non-current debt[3]	**0.2**	**–**	**0.2**
Thereof guaranteed	–	–	–
Thereof secured	–	–	–
Thereof unguaranteed/unsecured	0.2	–	0.2
Total shareholders' equity	**98.9**	**(94.8)**	**4.1**
Share capital[4]	–	–	–
Legal reserves[4]	–	–	–
Other reserves[4]	–	–	–
Total	**109.1**	**(94.8)**	**14.3**

(1) The adjustment reflects the distribution of dividends by PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH in an aggregate amount of €94.8 million to the Selling Shareholders on June 2, 2020. These dividend distributions were financed from cash reserves in an amount of €93.3 million available as of March 31, 2020, with the remainder of approximately €1.5 million being financed from cash generated after this date.

(2) Referred to as total current liabilities in the unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020.

(3) Referred to as total non-current liabilities in the unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020.

(4) The unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020 do not separately disclose share capital, legal reserves or other reserves.

7.2 Indebtedness

	As of March 31, 2020	Effects of the Dividend Distributions[1]	Total
		(unaudited) (in € million)	
A. Cash[2]	93.3	(94.8)	(1.5)
B. Cash equivalents	–	–	–
C. Trading securities	–	–	–
D. Liquidity (A)+(B)+(C)	**93.3**	**(94.8)**	**(1.5)**
E. Current financial receivables[3]	**11.3**	–	**11.3**
F. Current bank debt	–	–	–
G. Current portion of non-current debt	–	–	–
H. Other current financial debt[4]	0.4	–	0.4
I. Current Financial Debt (F)+(G)+(H)	**0.4**	**–**	**0.4**
J. Net current financial indebtedness (I)-(E)-(D)	**(104.2)**	**94.8**	**(9.4)**
K. Non-current bank loans	–	–	–
L. Bonds issued	–	–	–
M. Other non-current loans	–	–	–
N. Non-current financial liabilities (K)+(L)+(M)	**–**	**–**	**–**
O. Net financial indebtedness (J)+(N)	**(104.2)**	**94.8**	**(9.4)**

(1) The adjustment reflects the distribution of dividends by PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH in an aggregate amount of €94.8 million to the Selling Shareholders on June 2, 2020. These dividend distributions were financed from cash reserves in an amount of €93.3 million available as of March 31, 2020, with the remainder of approximately €1.5 million being financed from cash generated after this date.

(2) Referred to as cash and cash equivalents in the unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020.

(3) Referred to as trade and other receivables in the unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020.

(4) Referred to as current financial liabilities in the unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020.

7.3 Contingent and Indirect Liabilities

As of March 31, 2020, there were no contingent or indirect liabilities of PharmaSGP.

7.4 Statement on Working Capital

The Company is of the opinion that PharmaSGP is in a position to meet the payment obligations that become due within the next twelve months from the date of this Prospectus.

8. DILUTION

As the Offering comprises only existing shares of the Company, it will not lead to any dilution of the existing shareholders of the Company in terms of the value of their shares or their shareholding in the Company.

According to PharmaSGP's unaudited condensed combined interim financial statements as of and for the three-month period ended March 31, 2020, PharmaSGP's net asset value (*i.e.*, total assets, less total non-current liabilities and total current liabilities) amounted to €98.9 million and would amount to €8.24 per share of the Company based on 12,000,000 outstanding shares of the Company immediately prior to the Offering. The net asset value corresponds to the net assets attributable to shareholders as shown in PharmaSGP's unaudited condensed combined interim financial statements as of and for the three-month period ended March 31, 2020.

The Company will not receive any proceeds from the sale of the Offer Shares from the holdings of the Selling Shareholders, nor will it bear any expenses of the Offering. Assuming an Offer Price of €35.00 at the mid-point of the Price Range, such Offer Price would exceed the net asset value of €8.24 per share of the Company by €25.76. Consequently, investors acquiring Offer Shares in the Offering would experience an immediate dilution of 312.5% per share, assuming the net asset value of the Company remains unchanged from March 31, 2020.

9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following management's discussion and analysis of net assets, financial condition and results of operations in conjunction with the Sections "1. Risk Factors" and "12. Business".

The financial information contained in the following tables and discussion is taken or derived from the audited combined financial statements of PharmaSGP as of and for the fiscal years ended December 31, 2019, December 31, 2018 and December 31, 2017, the unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020 as well as the audited unconsolidated financial statements of the Company as of and for the fiscal year ended December 31, 2019. Additional financial information is taken or derived from PharmaSGP's accounting records or internal reporting system. The audited combined financial statements of PharmaSGP have been prepared in accordance with IFRS, while the audited unconsolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles of the HGB. The unaudited condensed combined interim financial statements of PharmaSGP have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

*Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Munich office, Arnulfstraße 59, 80636 Munich, Germany ("**Ernst & Young**") has audited and issued an unqualified independent auditor's report with respect to the combined financial statements of PharmaSGP as of and for the fiscal years ended December 31, 2019, 2018 and 2017. The aforementioned audited combined financial statements of PharmaSGP and the respective independent auditor's report thereon as well as the unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020 are included in this Prospectus.*

Where financial information in the following tables is labeled "audited", this means that it has been taken from the audited financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited financial statements mentioned above, but has been taken either from PharmaSGP's unaudited condensed combined interim financial statements mentioned above or PharmaSGP's accounting records or internal reporting system, or has been calculated based on figures from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the text and tables included in this Prospectus is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables below may not add up to the aggregate amounts in such tables (sum totals or sub totals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

9.1 Overview of PharmaSGP's Business

PharmaSGP is a pure-play consumer health company with a broad portfolio of leading chemical-free OTC and other healthcare products. It markets pharmacy-exclusive products under core brands covering chronic indications, including pain and other age-related ailments. PharmaSGP's OTC products are based on natural APIs with documented efficacy and fewer known side effects than most chemical-based pharmaceuticals. PharmaSGP markets these products directly to its target consumers, especially the elderly, under well-known health and beauty brands. The wide reach of PharmaSGP is evidenced by the fact that some of its products are available in up to 95% of German pharmacies (*source: INSIGHT Health*).

In Germany, PharmaSGP is the market leader for chemical-free pain remedies (based on revenues for orally-administered chemical-free OTC remedies for nerve pain and rheumatic pain in the six-month period ended June 30, 2019 (*source: INSIGHT Health*)). Since introducing the first product from its current product portfolio in Germany in 2012, PharmaSGP has successfully exported its business model to other European countries, including Austria, Italy, Belgium and Spain, and it recently obtained marketing authorizations (*Arzneimittelzulassungen*) for three of its best-selling OTC products in France, bringing the total number of its marketing authorizations to 67. Currently, PharmaSGP's product portfolio comprises 30 chemical-free OTC and other healthcare products. To capitalize on attractive market opportunities, PharmaSGP has recently increased the rate of product introductions, with eight products expected to be launched in the nine-month period ending June 30, 2020. The Company intends to introduce a further six new products by the end of 2020.

Germany is PharmaSGP's largest market, accounting for 73.2% of its total revenues in 2019. Germany is also Europe's leading economy and, with total sales of €10.6 billion in 2018, the largest market for OTC products and other consumer health and care products in Continental Europe. This market benefits from general demographic and lifestyle trends, including aging of the population, the increasing prevalence of chronic diseases and growing health awareness, which together has led to rising rates of self-medication. From 2015 to 2018, it grew at a compound annual growth rate ("**CAGR**") of 3.9%. Chemical-free OTC products combine effectiveness with fewer side effects and reduced drug interaction compared to most chemical-based products. As a result, from 2015 to 2018 growth of revenues from the top-selling brands in the market for chemical-free OTC products and other consumer health and care products in Germany outpaced the top-grossing chemical-based OTC brands (*source: Sempora Market Study*). The markets for OTC and other healthcare products in PharmaSGP's other target countries are characterized by similar positive trends.

PharmaSGP's chemical-free products cover multiple chronic indications and are marketed under well-known brand families. Its pain remedies marketed under the RubaXX® and Restaxil® brands are the leading chemical-free OTC pain remedies for rheumatic pain and nerve pain, respectively, in Germany. PharmaSGP has also introduced leading products against sexual weakness, vertigo and the aging of the skin to the German market (*source: INSIGHT Health*)). The Company plans to expand on the strong market positions for its key products in the German market and to introduce them in other European countries. To this end, in 2020 the Company intends to introduce its top-selling chemical-free OTC remedies against rheumatic pain, sexual weakness and vertigo in France, which is the second largest market for OTC products in Continental Europe.

PharmaSGP constantly analyzes its target markets to identify chronic indications with strong untapped demand for a chemical-free remedy. Once it has identified an attractive market opportunity, PharmaSGP seeks to address such demand by drawing on an existing pipeline of 38 marketing authorizations for chemical-free OTC remedies that are currently not marketed as well as its longstanding experience in finding natural APIs with documented efficacy and successfully developing new OTC products based on such APIs. This proven and structured development process limits PharmaSGP's development costs and allows it to achieve a faster time to market than most other pharmaceuticals companies. As of the date of this Prospectus, PharmaSGP has already filed applications for an additional eight chemical-free OTC products.

To ensure fast and successful market introductions for its products, PharmaSGP can draw on its longstanding experience in direct consumer marketing through magazine advertisements and television commercials as well as established relationships with these key media channels. Such magazine advertisements alone have a reach of approximately 40 million potential consumers within one week. PharmaSGP's marketing campaigns lead to high customer loyalty towards its health and beauty brands. In addition to PharmaSGP's direct marketing prowess, endorsements of pharmacists and physicians are aiding its marketing efforts and account for up to 30% of units sold for certain products marketed under the RubaXX®, Restaxil® and TAUMEA® brands in Germany (*source: GfK*). To further drive such endorsements, PharmaSGP has recently increased its marketing efforts *vis-à-vis* pharmacists, in particular through e-detailing devices and conferences. The Company believes

that its combined expertise in the development and marketing of chemical-free OTC and other healthcare products will fuel PharmaSGP's continued growth and allow for strong revenue build-up from new product introductions.

To focus on its key competencies of development and marketing, where PharmaSGP can derive the maximum value, PharmaSGP has established an asset-light, scalable business model that can easily be transferred to other target geographies. It has outsourced the entire manufacturing process to third-party manufacturers, which in many cases also handle the sourcing of the required raw materials. Finished products are shipped directly from these manufacturers to the logistics center of a single local logistics provider in each country. These providers store PharmaSGP's products in their warehouses and handle the distribution to wholesalers as well as directly to pharmacies. The Company believes that its asset-light business model enables it to leverage its key competencies by minimizing PharmaSGP's capital requirements, allowing PharmaSGP to expand its business within its existing markets and to target other geographies with only limited investments.

9.2 Preparation of Combined Financial Statements

During the periods for which financial information is included in this Prospectus, PharmaSGP's business was not conducted by a separate group of entities under the control of a parent company as defined in IFRS 10 "Consolidated Financial Statements". Furthermore, the entities comprising PharmaSGP have historically not prepared consolidated financial statements for internal or external reporting purposes. The Company's management has prepared the combined financial statements included in this Prospectus for the intended Offering and listing of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The combined financial statements of PharmaSGP were prepared in accordance with IFRS.

As IFRS does not provide any guidance for the preparation of combined financial statements, IAS 8.10 and 8.12 have been used for the preparation of the combined financial statements included in this Prospectus. In the absence of IFRS-specific guidance, IAS 8.10 requires the management to use its judgement in developing and applying accounting policies which produce information that is relevant to users, reliable and free from bias, and complete in all material respects. In addition, IAS 8.12 requires that the latest pronouncements of other standard setters, other accounting literature and accepted industry practice should be considered when developing accounting policies.

PharmaSGP has applied IFRS for the first time for the fiscal year ended December 31, 2019 with January 1, 2017 as the transition date. Such combined financial statements include the legal entities that have been contributed to the Company in the scope of combination (see "*15.1.2 Development of the Share Capital*").

Intragroup balances, income and expenses as well as unrealized gains and losses arising from transactions between legal entities in the scope of the combined financial statements were eliminated when preparing the combined financial statements. Transactions between legal entities comprising PharmaSGP and the Selling Shareholders as well as their respective consolidated subsidiaries (such entities together, but excluding those entities comprising PharmaSGP, the "**FUTRUE Group**"), which are outside the scope of combination, are recognized in accordance with IFRS and classified as related-party transactions. In the combined financial statements, all IFRS standards whose application was mandatory for the fiscal year ended December 31, 2019 have been consistently applied for each reporting period presented.

The financial information for the legal entities comprising PharmaSGP was prepared as of January 1, 2017 and as of and for the fiscal years ended December 31, 2017 and 2018, using the historical book values of PharmaSGP's assets and liabilities (to the extent applicable as used for the preparation of the consolidated financial statements of FUTRUE GmbH prepared in accordance with HGB) and adjusted for differences between HGB and IFRS.

The combined statements of profit or loss and other comprehensive income were prepared in accordance with the nature of expense method. Assets and liabilities are classified by maturity. They are classified as current in the combined statements of financial position if they mature within one year or within the normal business cycle of the legal entities comprising PharmaSGP.

Since PharmaSGP did not constitute a group with a parent entity for the reporting periods presented, no share capital is presented in the statements of changes in equity. Instead, the combined financial statements refer to net assets attributable to shareholders.

The combined statements of cash flow were prepared using the indirect method to report net cash flows from operating activities.

9.3 Key Financial and Operating Data

PharmaSGP, *inter alia*, uses revenues and earnings before interest and taxes ("**EBIT**") as key performance indicators in order to assess the success of its business. The Company believes that these indicators, together with other relevant financial and operating data, will be helpful for investors when assessing the performance of PharmaSGP. Such information does, however, not necessarily indicate whether cash flows will be sufficient for PharmaSGP's cash requirements and may not be indicative of its future results (see "*2.8 Alternative Performance Measures*").

The following table provides an overview of certain key financial data relating to PharmaSGP's performance for the dates and periods indicated:

	As of and for the fiscal year ended December 31,			As of and for the three-month period ended March 31,	
	2017	2018	2019	2019	2020
	(audited, unless indicated otherwise)			(unaudited)	
Revenues (in € million)	53.1	60.6	62.6	15.0	16.7
Revenue growth (in %)[1]	–	*14.1*	*3.3*	–	*11.3*
Gross profit margin (in %)[1]	*91.1*	*89.3*	*90.6*	*89.3*	*92.8*
EBIT (in € million)	15.3	19.5	22.4	3.8	4.3
EBIT margin (in %)[1, 2]	*28.8*	*32.2*	*35.8*	*25.3*	*25.7*
EBITDA (in € million)[1]	15.7	19.9	22.8	3.9	4.4
EBITDA margin (in %)[1, 3]	*29.6*	*32.8*	*36.4*	*26.0*	*26.3*
Cash Conversion Rate (in %)[1]	*119.5*	*77.6*	*87.4*	*72.4*	*184.4*

(1) Unaudited.
(2) Defined as EBIT divided by revenues.
(3) Defined as EBITDA divided by revenues.

9.3.1 Gross Profit Margin

PharmaSGP defines its gross profit margin as the ratio of (i) the difference between PharmaSGP's revenues and its costs of raw material, consumables and finished goods, divided by (ii) PharmaSGP's revenues. This gross profit margin is influenced by the fact that the Company's financial statements are prepared by using the total cost method (*Gesamtkostenverfahren*), which groups costs according to their nature (*i.e.*, the gross profit margin does not reflect any personnel, marketing or other expenses required for the generation of revenues).

The following table provides a calculation of PharmaSGP's gross profit margin for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2017	2018	2019	2019	2020
	(audited and in € million, unless indicated otherwise)			(unaudited) (in € million, unless indicated otherwise)	
Revenues	53.1	60.6	62.6	15.0	16.7
Raw material, consumables and finished goods	(4.6)	(6.5)	(5.9)	(1.6)	(1.2)
Difference between revenues and costs of raw material, consumables and finished goods[1]	**48.4**	**54.1**	**56.7**	**13.4**	**15.5**
Revenues	**53.1**	**60.6**	**62.6**	**15.0**	**16.7**
Gross profit margin (in %)[1]	***91.1***	***89.3***	***90.6***	**89.3**	**92.8**

(1) Unaudited.

9.3.2 EBITDA

PharmaSGP defines EBITDA as the sum of (i) EBIT and (ii) depreciation and amortization.

The following table provides a calculation of PharmaSGP's EBITDA for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2017	2018	2019	2019	2020
	(audited, unless indicated otherwise) (in € million)			(unaudited) (in € million)	
EBIT	**15.3**	**19.5**	**22.4**	**3.8**	**4.3**
Depreciation and amortization	0.4	0.4	0.4	0.1	0.1
EBITDA[(1)]	**15.7**	**19.9**	**22.8**	**3.9**	**4.4**

(1) Unaudited.

9.3.3 Cash Conversion Rate

PharmaSGP defines the Cash Conversion Rate as the ratio of (i) PharmaSGP's free cash flows from equity (*i.e.*, the sum of its profit for the period, depreciation and amortization and decreases in working capital, less increases in working capital and payments for investments in intangible assets and PPE), divided by (ii) PharmaSGP's profit for the period.

The following table provides a calculation of PharmaSGP's Cash Conversion Rate for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2017	2018	2019	2019	2020
	(audited and in € million, unless indicated otherwise)			(unaudited) in € million, unless indicated otherwise)	
Profit for the period	11.8	14.7	16.7	2.9	3.2
Depreciation and amortization	0.4	0.4	0.4	0.1	0.1
Payments for investments in intangible assets and PPE	(0.4)	(0.3)	(0.4)	(0.2)	(0.1)
(Increases)/decreases in working capital[(1), (2)]	2.4	(3.5)	(2.0)	(0.6)	2.7
Free cash flows from equity[(1)]	**14.1**	**11.4**	**14.6**	**2.1**	**5.9**
Profit for the period	**11.8**	**14.7**	**16.7**	**2.9**	**3.2**
Cash Conversion Rate (in %)[(1)]	***119.5***	***77.6***	***87.4***	***72.4***	***184.4***

(1) Unaudited.

(2) Working capital is defined as (i) the sum of inventories, trade and other receivables as well as other assets, less (ii) trade payables and other liabilities.

9.4 Key Factors influencing PharmaSGP's Business

The key factors discussed below have significantly affected PharmaSGP's results of operations, financial condition and cash flows during the periods for which financial information is included in this Prospectus, and the Company believes that these factors will continue to affect PharmaSGP in the future:

9.4.1 Demand for PharmaSGP's Chemical-Free OTC and Other Healthcare Products

As a chemical-free OTC consumer health company, PharmaSGP's success is affected by the overall development of the market for OTC and other healthcare products. This market benefits from general demographic and lifestyle trends, including aging of the population, the increasing prevalence of chronic diseases and growing health awareness, which together has led to rising rates of self-medication. As a result, revenues from OTC products and other consumer health and care products (*i.e.*, pharmacy-exclusive food supplements, cosmetics and skincare products) in Germany grew at a CAGR of 3.9% between 2015 and 2018 (*source: Sempora Market Study*).

Growth has been particularly strong in the market for remedies based on natural APIs such as PharmaSGP's chemical-free OTC and other healthcare products. Public warnings of side effects from chemical-based products, new government regulation requiring higher transparency with respect to such side effects as well as the perception that natural remedies are more tolerable and have fewer or no known interactions with other remedies have fueled demand for such remedies. As a result, the top-selling brands in the German market for chemical-free OTC products and other consumer health and care products grew at a CAGR of 6.0% from 2015 to 2018, compared to a CAGR of just 2.6% for chemical-based brands with the highest revenues during the same period (*source: Sempora Market Study*). PharmaSGP has benefitted from the favorable development of its markets, with its revenues growing at a CAGR of 8.6% between 2017 and 2019. The Company expects this development to continue and believes that its chemical-free OTC and other healthcare products will be supported by the rising demand for natural remedies.

The Company has so far not seen a significant negative effect of the pandemic spread of COVID-19, a novel strain of the coronavirus, on demand for its OTC products in Continental Europe. In April 2020, however, PharmaSGP saw a certain drop in revenues due to a reduction of inventory levels by pharmaceutical wholesalers, although retail demand for PharmaSGP's products remained largely unaffected. In the month of May 2020, orders from wholesalers returned to normal levels.

9.4.2 Management of Different Product Life Cycles for OTC and Other Healthcare Products

PharmaSGP markets its chemical-free OTC and other healthcare products under widely recognized health and beauty brands. For its health brands, in particular its most important brands RubaXX® and Restaxil®, OTC products account for the majority of revenues, while for beauty brands, PharmaSGP's other healthcare products are of higher importance. In the fiscal year ended December 31, 2019, health brands accounted for 78.4% of PharmaSGP's revenues, while beauty brands accounted for 20.7% of its revenues, with the remainder comprising revenues from transactions with entities of the FUTRUE Group.

The life cycles of OTC products and other healthcare products may differ for certain products. In addition, the production and supply costs tend to be higher for certain other healthcare products (*e.g.*, for RubaXX® Gelenknahrung and Restaxil® Komplex 26). PharmaSGP takes these differences into account when composing its product offering. While both types of products typically see a swift ramp up of sales after the initial product introduction, revenues from OTC products tend to remain stable once PharmaSGP has captured a significant share of the potential market. This is especially true in cases where PharmaSGP has been able to capture market-leading positions for chemical-free OTC products marketed under its key health brands, as this tends to deter potential competitors from entering an already saturated market.

By comparison, the markets for other healthcare products tend to be driven by shorter-term trends. Consequently, it is harder to capture a dominant market share for such products as competitors tend to also follow such trends and the relevant market may decline once trends shift to other treatment options. This is particularly relevant for other healthcare products marketed under PharmaSGP's beauty brands, as the skincare sector is defined by particularly short-lived trends. The Company seeks to capitalize on such trends if it believes it can generate attractive returns within a short time after a product launch. For example, PharmaSGP introduced the FULMINAN® collagen drink in Germany in June 2017, in light of the expected strong demand for this type of beauty product. After an initial strong increase of sales of the FULMINAN® collagen drink, such sales declined significantly in the fiscal year ended December 31, 2019 as consumers moved on to other skincare products.

In light of the different product life cycles, PharmaSGP primarily focuses on building leading health brands headlined by chemical-free OTC products for widespread chronic indications. Based on the longer life cycles of such products, PharmaSGP has introduced complementary products under such health brands. For example, all three products introduced in the fiscal year ended December 31, 2019 are marketed under its key health brand RubaXX®, allowing PharmaSGP to leverage this brand's high customer recognition to increase the success of such product introductions. By comparison, PharmaSGP takes an opportunistic approach with respect to products marketed under its beauty brands. Even though it will seek to capitalize on new trends for such products, PharmaSGP also takes into account their shorter life cycles. By composing a product portfolio comprising a growing range of chemical-free OTC and other healthcare products, PharmaSGP can achieve stable long-term growth, while still being able to capitalize on attractive opportunities arising from short-term market trends.

9.4.3 New Product Introductions

PharmaSGP constantly seeks to introduce new chemical-free OTC and other healthcare products and such product introductions are the key drivers of its continued growth. Since introducing the first product from its current product portfolio in Germany in 2012, PharmaSGP has expanded this portfolio to 30 products marketed under well-known brands. If PharmaSGP has correctly assessed the market potential, the untapped need, combined with its marketing efforts, typically lead to a swift ramp up of PharmaSGP's sales of the new product. For example, PharmaSGP's revenues received significant boosts by the introduction of the first products marketed under its two most important brands, RubaXX® and Restaxil®, which it launched in 2013 and 2017, respectively. The latter has been the key driver of growth for PharmaSGP's revenues during the periods for which financial information is included in this Prospectus.

Given that PharmaSGP's development process requires only very limited investments, the vast majority of its past product launches, including those based on marketing authorizations acquired from third parties, have been profitable. After launch, PharmaSGP closely monitors the success of any new products. If it cannot achieve a critical mass of sales or is even unable to reach break-even within three to six months after launch, PharmaSGP typically discontinues the relevant product. As a result of this disciplined focus on the most successful product introductions, the losses on PharmaSGP's few failed launches have been very limited.

To capitalize on the attractive opportunities in the market for chemical-free OTC and other healthcare products, PharmaSGP has recently increased the pace of new product introductions. In the fiscal years ended December 31, 2017, 2018 and 2019, PharmaSGP was already able to constantly introduce new product developments, but it has recently increased the rate of product introductions. In the three-month period ended December 31, 2019, PharmaSGP introduced RubaXX® Cannabis, RubaXX® KD and RubaXX® Duo in the German market. During the same period, it also introduced Deruba® in Belgium and Spain as well as RubaXX® Cannabis in Austria and Italy. These launches were followed by the introduction of RubaXX® Cannabis Gel and MELISTON® in Germany, Restaxil® Gel and RubaXX® Plus in Austria as well as Cambiola® in Italy in the six-month period ending June 30, 2020. For the six-month period ending December 31, 2020, the Company expects to keep this high level of product introductions going and plans to introduce RubaXX® Gicht and a remedy against eye inflammation in Germany as well as Tipurex® Tablets and Tipurex® Drops, Neradin® and TAUMEA® products in the French market. The Company believes that these new products will positively impact its future revenues and allow it to establish new market leading health and beauty brands.

9.4.4 Expansion of PharmaSGP's Geographic Footprint

PharmaSGP initially launched its business in the German market and its entire workforce and all of its operations are located in Germany. Due to the continuously increasing demand for chemical-free OTC and other healthcare products, PharmaSGP has, however, continuously expanded its European footprint, and is currently also active in Austria, Italy, France, Belgium and Spain. With the exception of Austria, where PharmaSGP has already obtained thirteen marketing authorizations, PharmaSGP originally only introduced healthcare products in these countries, given that it is required to obtain a separate marketing authorization for the introduction of a chemical-free OTC product in each additional country.

PharmaSGP has, however, recently obtained marketing authorizations in France for chemical-free OTC products combating rheumatic pain, sexual weakness and vertigo, all of which have become top sellers in Germany. The Company plans to introduce these products during the course of 2020. In the future, it intends to introduce additional existing OTC products and new product developments to the French market and expects that it will expand its chemical-free OTC product offering to additional European markets, in particular Belgium. As a result of this continued expansion of its European footprint, the share of revenues generated from sales outside Germany has more than doubled from 10.5% in the fiscal year ended December 31, 2017 to 26.8% in the fiscal year ended December 31, 2019. Going forward, the Company seeks to further expand its European footprint to meet the untapped demand for chemical-free OTC and other healthcare products in a number of major European markets.

9.4.5 Marketing of PharmaSGP's Product Offering

Marketing expenses represent PharmaSGP's most significant expense item as its direct to consumer marketing efforts are key to enhancing the recognition of its brands and products. The Company believes it has one of the highest marketing budgets among distributors of chemical-free OTC products in Germany. The vast majority of this marketing budget is directed towards magazine advertisements, while PharmaSGP invests a high share of its remaining marketing spending in television commercials. When launching a new product, PharmaSGP sets a marketing budget for the new product that typically already corresponds to the product's expected future marketing needs. By starting with a full marketing effort from day one, PharmaSGP can boost new launches and swiftly drive demand for new products. Once a product has captured a sizeable portion of the relevant market, PharmaSGP constantly analyzes the success of its marketing efforts and adjusts the marketing spending based on where it believes it can derive the maximum value. Overall, PharmaSGP's marketing expenses have constantly increased during the periods for which financial information is included in this Prospectus, albeit slightly slower than PharmaSGP's revenues. This increase in marketing expenses reflects the continued expansion of its product offering and PharmaSGP's approach in directly advertising its chemical-free OTC and other healthcare products to consumers to capture and maintain dominant market positions for such products.

9.5 Results of Operations

The following table shows selected financial information taken from PharmaSGP's combined statements of profit or loss and other comprehensive income for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(audited) (in € million)		(unaudited) (in € million)	
Revenues	**53.1**	**60.6**	**62.6**	**15.0**	**16.7**
Other operating income	0.2	0.2	0.2	0.0	0.6
Raw material, consumables and finished goods	(4.6)	(6.5)	(5.9)	(1.6)	(1.2)
Personnel expenses	(2.1)	(1.7)	(2.0)	(0.6)	(0.6)
Depreciation and amortization	(0.4)	(0.4)	(0.4)	(0.1)	(0.1)
Other operating expenses	(30.8)	(32.7)	(32.0)	(8.9)	(11.1)
EBIT	**15.3**	**19.5**	**22.4**	**3.8**	**4.3**
Finance income	0.0	0.0	0.0	0.0	0.0
Finance expenses	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)
Profit before taxes	**15.3**	**19.5**	**22.3**	**3.8**	**4.3**
Income tax expense	(3.5)	(4.8)	(5.6)	(0.9)	(1.1)
Profit for the period	**11.8**	**14.7**	**16.7**	**2.9**	**3.2**

9.5.1 Revenues

PharmaSGP's revenues comprise revenues from the sale of chemical-free OTC and other healthcare products, which it markets under health brands and beauty brands.

The following table provides a breakdown of PharmaSGP's revenues between health and beauty brands for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(unaudited) (in € million)		(unaudited) (in € million)	
Health brands[2]	**42.1**	**46.1**	**49.0**	**11.0**	**14.2**
thereof Germany and Austria	40.3	40.9	42.6	9.6	12.2
thereof Other European countries[1]	1.8	5.2	6.4	1.4	2.0
Beauty brands[3]	**10.6**	**13.8**	**13.0**	**3.6**	**2.6**
thereof Germany and Austria	9.3	9.2	6.9	1.9	1.2
thereof Other European countries[1]	1.3	4.6	6.1	1.7	1.4
Other revenues[4]	**0.3**	**0.7**	**0.6**	**0.3**	**0.0**
Total	**53.1**	**60.6**	**62.6**	**15.0**	**16.7**

(1) Italy, France, Belgium and Spain.
(2) Comprises DESEO®, Lindaven®, Mavosten®, MELISTON®, Mindalin®, NARUMED®, Neodolor®, Neradin®, Prostacalman®, RubaXX®, Restaxil®, SCLEROCALMAN®, SIGNASOL® (former health brand) and TAUMEA®.
(3) Comprises Cambiola®, Deruba®, FULMINAN®, Lentisol®, Kapsafit®, Remitan®, Revoten®, SIGNASOL® (collagen drink) and ZYARIN®.
(4) Comprises revenues from transactions with entities of the FUTRUE Group.

9.5.1.1 *Comparison of the Three-Month Periods Ended March 31, 2020 and March 31, 2019*

PharmaSGP's revenues increased by €1.7 million, or 11.3%, from €15.0 million in the three-month period ended March 31, 2019 to €16.7 million in the three-month period ended March 31, 2020 as a result of the continued strong growth of revenues from PharmaSGP's health brands.

Revenues from health brands increased by €3.2 million, or 29.1%, in the three-month period ended March 31, 2020, driven by products marketed under PharmaSGP's two most important brands Restaxil® and RubaXX®. Under the latter, PharmaSGP benefitted from the continued growth for sales of RubaXX® and RubaXX® Cannabis as well as the successful introduction of RubaXX® Cannabis Gel. For PharmaSGP's Restaxil® brand, the successful launch of a gel against neuralgic pain in Austria in January 2020 contributed to the increase in sales. As a result of these recent launches, PharmaSGP's revenues from health brands in Germany and Austria increased by €2.6 million in the three-month period ended March 31, 2020. In addition, PharmaSGP also recorded increased revenues in its other European countries during this period, which grew by €0.6 million in the three-month period ended March 31, 2020, driven by the continued increase of sales of a food supplement marketed under the Mavosten® brand.

Revenues from PharmaSGP's beauty brands decreased by €1.0 million, or 27.8%, in the three-month period ended March 31, 2020 due to a decline in revenues in both Germany and Austria as well as PharmaSGP's other European countries. In the former region, the decline amounted to €0.7 million in the three-month period ended March 31, 2020 and was caused by the continued decline of sales of PharmaSGP's FULMINAN® collagen drink. The same product, which is marketed under the SIGNASOL® brand in PharmaSGP's other European countries, was also responsible for the decrease in revenues in these markets by €0.3 million in the three-month period ended March 31, 2020.

9.5.1.2 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

In the fiscal year ended December 31, 2019, overall revenues increased from €60.6 million in the fiscal year ended December 31, 2018 by €2.0 million, or 3.3%, to €62.6 million, driven by an increase in revenues from its key health brands and its continued expansion in Europe.

Revenues from healthcare brands increased by €2.9 million, or 6.3%, in the fiscal year ended December 31, 2019, driven by a number of product introductions during the last quarter of the year. In Germany and Austria, the increase of sales under PharmaSGP's health brands amounted to €1.7 million in the fiscal year ended December 31, 2019. The main driver of this development was the continued increase of revenues generated under the Restaxil® brand. Revenues under PharmaSGP's RubaXX® brand also increased, driven by the newly launched food supplement RubaXX® Cannabis. By comparison, revenues from DESEO® and TAUMEA® slightly decreased, given that these are amongst PharmaSGP's oldest products and therefore have a mature life cycle. In PharmaSGP's other European markets, revenues from health brands increased by €1.2 million in the fiscal year ended December 31, 2019, driven by the ramp up of sales from a food supplement marketed under the Mavosten® brand. This development was only partly offset by a slight decrease of revenues generated under the RubaXX® brand in PharmaSGP's other European countries.

By comparison, PharmaSGP's revenues from beauty brands decreased by €0.8 million, or 5.8%, in the fiscal year ended December 31, 2019. This decline was primarily driven by the reduction of sales in Germany and Austria, where revenues fell by €2.3 million during that period, mainly due to declining sales of PharmaSGP's FULMINAN® collagen drink, given that new competitors entered the collagen market. This development was only partially offset by the continued increase in sales of the same collagen drink under the SIGNASOL® brand in PharmaSGP's other European markets, where revenues increased by €1.5 million in the fiscal year ended December 31, 2019.

9.5.1.3 *Comparison of the Fiscal Years Ended December 31, 2018 and December 31, 2017*

PharmaSGP's overall revenues increased from €53.1 million in the fiscal year ended December 31, 2017 by €7.5 million, or 14.1%, to €60.6 million in the fiscal year ended December 31, 2018 as a result of the increase in revenues from both health brands and beauty brands.

For PharmaSGP's health brands, revenues increased by €4.0 million, or 9.5%, in the fiscal year ended December 31, 2018, with €0.6 million of that increase attributable to developments in the German and Austrian market. While PharmaSGP recorded rising sales of Restaxil® products that it introduced in these markets in the fiscal years ended December 31, 2017 and 2018, this development was partially offset by a short-term decline in revenues from products marketed under the RubaXX® brand. In addition, a number of older brands (DESEO®, Neodolor® and TAUMEA®) experienced declining sales. By comparison, revenues from health brands in PharmaSGP's other European markets more than doubled, increasing by €3.4 million in the fiscal year ended December 31, 2018. This favorable development was primarily the result of the introduction of the Mavosten® brand and continued sales growth for RubaXX® products in these countries, in particular PharmaSGP's food supplement RubaXX® Articolazioni in Italy.

In the fiscal year ended December 31, 2018, PharmaSGP's revenues from beauty brands increased significantly by €3.2 million, or 30.2%, driven by the increase of revenues in its other European markets by €3.3 million. This development was the result of the introduction of the SIGNASOL® collagen drink in Belgium, Italy and Spain during this period. By comparison, PharmaSGP's revenues from beauty brands in Austria and Germany slightly declined by €0.1 million in the fiscal year ended December 31, 2018. While PharmaSGP recorded rapidly rising sales for its recently launched FULMINAN® collagen drink in these markets, this development was more than offset by the decline in revenues from products with smaller volumes marketed under the Revoten®, ZYARIN® and Lentisol® brands.

9.5.2 Other Operating Income

Other operating income includes gain from the sale of property and plant as well as miscellaneous other operating income.

The following table provides a breakdown of PharmaSGP's other operating income for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(audited) (in € million)		(unaudited) (in € million)	
Gain from sale of property, plant and intangibles	0.0	–	0.1	–	–
Miscellaneous	0.2	0.2	0.1	–	0.6
Other operating income	**0.2**	**0.2**	**0.2**	**0.0**	**0.6**

In the three-month period ended March 31, 2020, PharmaSGP's other operating income increased by €0.6 million, driven by a claim for reimbursement of consulting services in the same amount recorded under miscellaneous other operating income. The costs for these services were incurred in connection with the preparation of the Offering and will ultimately be borne by the Selling Shareholders (see "*17.1.1 Cost Sharing and Indemnity Agreement*").

Overall PharmaSGP's other operating income remained unchanged, amounting to €0.2 million in the fiscal years ended December 31, 2017, 2018 and 2019. During these periods, PharmaSGP's other operating income primarily comprised miscellaneous other operating income in the form of benefits in kind and refunds under the German Expenditure Compensation Act (*Aufwendungsausgleichsgesetz*).

9.5.3 Raw Material, Consumables and Finished Goods

Costs of raw material, consumables and finished goods comprise payments to third-party manufacturers for the manufacturing of PharmaSGP's chemical-free OTC and other healthcare products as well as certain logistics costs and ancillary expenses.

9.5.3.1 *Comparison of the Three-Month Periods Ended March 31, 2020 and March 31, 2019*

In the three-month period ended March 31, 2020, PharmaSGP's costs of raw material, consumables and finished goods decreased from €1.6 million in the three-month period ended March 31, 2019 by €0.4 million, or 25.0%, to €1.2 million, primarily due to a reduction of intercompany charges by €0.3 million as well as the continued decline of the share of the overall revenue of sales from PharmaSGP's collagen drink marketed under the FULMINAN® and SIGNASOL® brands, for which material costs are relatively high compared to PharmaSGP's other products.

As a result, PharmaSGP's gross profit margin improved from 89.3% in the three-month period ended March 31, 2019 to 92.8% in the three-month period ended March 31, 2020, the highest level achieved in the periods for which financial information is included in this Prospectus.

9.5.3.2 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

PharmaSGP's costs of raw material, consumables and finished goods decreased in the fiscal year ended December 31, 2019, falling from €6.5 million in the fiscal year ended December 31, 2018 by €0.6 million, or 9.2%, to €5.9 million, primarily reflecting the declining share of revenues generated from the sale of the FULMINAN® collagen drink, a product with comparably high material costs.

As a result, PharmaSGP's gross profit margin improved from 89.3% in the fiscal year ended December 31, 2018 to 90.6% in the fiscal year ended December 31, 2019.

9.5.3.3 *Comparison of the Fiscal Years Ended December 31, 2018 and December 31, 2017*

In the fiscal year ended December 31, 2018, PharmaSGP's costs of raw material, consumables and finished goods increased significantly from €4.6 million in the fiscal year ended December 31, 2017 by €1.9 million, or 41.3%, to €6.5 million, resulting from the increased sourcing required to meet growing demand for PharmaSGP's products as well as a shift in the product mix, in particular the growing sales of the FULMINAN® collagen drink.

As a result, PharmaSGP's gross profit margin decreased from 91.1% in the fiscal year ended December 31, 2017 to 89.3% in the fiscal year ended December 31, 2018.

9.5.4 Personnel Expenses

Personnel expenses includes wages and salaries as well as social security contributions.

The following table provides a breakdown of PharmaSGP's personnel expenses for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(audited) (in € million)		(unaudited) (in € million)	
Wages and salaries	1.7	1.5	1.7	0.5	0.6
Social security contributions	0.3	0.2	0.3	0.1	0.1
Personnel expenses	**2.1**	**1.7**	**2.0**	**0.6**	**0.6**

9.5.4.1 *Comparison of the Three-Month Periods Ended March 31, 2020 and March 31, 2019*

Personnel expenses remained unchanged and amounted to €0.6 million in both the three-month period ended March 31, 2019 and the three-month period ended March 31, 2020. While the average number of employees (full-time equivalent) decreased from 33 in the three-month period ended March 31, 2019 by 9.1% to 30 in the three-month period ended March 31, 2020, PharmaSGP's continued emphasis on hiring more experienced employees led to an increase in the average wages and salaries of its employees.

9.5.4.2 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

PharmaSGP's personnel expenses increased from €1.7 million in the fiscal year ended December 31, 2018 by €0.3 million, or 17.6%, to €2.0 million in the fiscal year ended December 31, 2019, reflecting PharmaSGP's investments in a more experienced workforce. In addition, the average number of employees (full-time equivalent) increased from 28 in the fiscal year ended December 31, 2018 by 7.1% to 30 in the fiscal year ended December 31, 2019.

9.5.4.3 *Comparison of the Fiscal Years Ended December 31, 2018 and December 31, 2017*

In the fiscal year ended December 31, 2018, PharmaSGP's personnel expenses decreased by €0.4 million, or 19.1%, from €2.1 million in the fiscal year ended December 31, 2017 to €1.7 million. This decrease was primarily the result of a reduction of PharmaSGP's workforce due to fluctuations of PharmaSGP's workforce in the ordinary course of business. As a result, the average number of employees (full-time equivalent) of PharmaSGP decreased from 30 in the fiscal year ended December 31, 2017 by 6.7% to 28 in the fiscal year ended December 31, 2018.

9.5.5 Depreciation and Amortization

Depreciation and amortization reflects the use of intangible assets (developed and acquired marketing authorizations and other intangible assets) and tangible assets.

Depreciation and amortization amounted to €0.1 million in both the three-month period ended March 31, 2019 and the three-month period ended March 31, 2020.

PharmaSGP's depreciation and amortization remained unchanged, amounting to €0.4 million in the fiscal years ended December 31, 2017, 2018 and 2019.

9.5.6 Other Operating Expenses

Other operating expenses comprises marketing expenses, expenses for external services (*e.g.*, expenses for holding services and other distribution-related expenses) as well as miscellaneous other operating expenses (*e.g.*, expenses for quality control, expenses for returns and product developments, legal and consulting fees or travel expenses).

The following table provides a breakdown of PharmaSGP's other operating expenses for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(audited) (in € million)		(unaudited) (in € million)	
Marketing	26.4	27.0	27.8	7.6	9.0
External services	0.8	1.7	2.1	0.7	0.7
Miscellaneous	3.6	4.0	2.1	0.6	1.4
Other operating expenses	**30.8**	**32.7**	**32.0**	**8.9**	**11.1**

9.5.6.1 *Comparison of the Three-Month Periods Ended March 31, 2020 and March 31, 2019*

In the three-month period ended March 31, 2020, PharmaSGP's other operating expenses rose from €8.9 million in the three-month period ended March 31, 2019 by €2.2 million, or 24.7%, to €11.1 million, primarily due to the increase of marketing expenses by €1.4 million. PharmaSGP's increased marketing efforts reflect both the overall growth of its revenues as well as new product launches in the three-month period ended March 31, 2020, in particular MELISTON® tablets against anxiety disorders and a gel against neuralgic pain marketed under the Restaxil® brand. Higher miscellaneous other operating expenses, which increased by €0.8 million in the three-month period ended March 31, 2020, also contributed to the increase in PharmaSGP's other operating expenses. These miscellaneous other operating expenses primarily comprise expenses for consulting services in connection with the preparation of the Offering (referred to as expenses for IPO consulting services in the unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020), for which PharmaSGP has a corresponding reimbursement claim against the Selling Shareholders (see "*17.1.1 Cost Sharing and Indemnity Agreement*") recorded under other operating income (see "*9.5.2 Other Operating Income*").

9.5.6.2 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

Other operating expenses decreased by €0.7 million, or 2.1%, from €32.7 million in the fiscal year ended December 31, 2018 to €32.0 million in the fiscal year ended December 31, 2019, primarily due to a reduction of miscellaneous other operating expenses by €1.9 million. This reduction was, *inter alia*, a result of lower travel expenses, recruiting and legal costs, impairment charges and product development expenses. In addition, a reduction of warranty provisions contributed to PharmaSGP's lower miscellaneous other operating expenses. By comparison, marketing expenses increased by €0.8 million in the fiscal year ended December 31, 2019 as PharmaSGP continued its marketing efforts for products introduced in the previous fiscal year as well as for new product launches towards the end of the fiscal year.

9.5.6.3 *Comparison of the Fiscal Years Ended December 31, 2018 and December 31, 2017*

In the fiscal year ended December 31, 2018, PharmaSGP's other operating expenses increased from €30.8 million in the fiscal year ended December 31, 2017 by €1.9 million, or 6.2%, to €32.7 million, mainly due to an increase in expenses for external services by €0.9 million, given that PharmaSGP for the first time commissioned a sales force from FUTRUE Group in the fiscal year ended December 31, 2018. In addition, marketing expenses increased by €0.6 million, in line with PharmaSGP's growing revenues, while miscellaneous other operating expenses increased by €0.4 million in the fiscal year ended December 31, 2018, *inter alia*, due to impairment charges in an amount of €0.3 million on discontinued development efforts.

9.5.7 Earnings before Interest and Taxes (EBIT)

9.5.7.1 *Comparison of the Three-Month Periods Ended March 31, 2020 and March 31, 2019*

In the three-month period ended March 31, 2020, PharmaSGP's EBIT increased from €3.8 million in the three-month period ended March 31, 2019 by €0.5 million, or 13.2%, to €4.3 million, reflecting the continued increase of PharmaSGP's revenues and a further decrease of costs of raw material, consumables and finished goods. These improvements more than offset PharmaSGP's higher marketing expenses, which resulted from the launch of television commercials for Restaxil® products in Austria, Germany and Italy. In addition, the fact that PharmaSGP marketed its recent product introductions with a substantial advertising budget to accelerate the revenue buildup led to increase in the share of marketing costs.

As a result, PharmaSGP achieved an improved EBIT margin of 25.7% in the three-month period ended March 31, 2020 compared to 25.3% in the three-month period ended March 31, 2019.

9.5.7.2 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

In the fiscal year ended December 31, 2019, PharmaSGP's EBIT increased by €2.9 million, or 14.9%, to €22.4 million compared to €19.5 million in the fiscal year ended December 31, 2018, primarily as a result of PharmaSGP's ability to continue to grow its revenues and to improve its margins by reducing other operating expenses. While its marketing expenses increased, this effect was more than offset by lower costs of raw material, consumables and finished goods and reduced miscellaneous other operating expenses.

As a result, PharmaSGP was able to further improve its EBIT margin from 32.2% in the fiscal year ended December 31, 2018 to 35.8% in the fiscal year ended December 31, 2019.

9.5.7.3 *Comparison of the Fiscal Years Ended December 31, 2018 and December 31, 2017*

PharmaSGP's EBIT increased significantly from €15.3 million in the fiscal year ended December 31, 2017 by €4.2 million, or 27.5%, to €19.5 million in the fiscal year ended December 31, 2018. This development was primarily a result of the strong increase in revenues by 14.1%, which outpaced the increases of costs of raw materials, consumables and finished goods as well as other operating expenses. Given that the increase in revenues was a result of PharmaSGP's continued expansion in target geographies outside Germany, these results reflect PharmaSGP's ability to transfer its business model to other target geographies while maintaining a high level of profitability.

As a result of these developments, PharmaSGP's EBIT margin improved from 28.8% in the fiscal year ended December 31, 2017 to 32.2% in the fiscal year ended December 31, 2018.

9.5.8 Finance Result

Finance result is the difference between finance income and finance expenses. Finance expenses primarily comprise interest expense for income tax payables and negative interest on cash balances. Interest income mainly comprises interest income from excess paid income taxes.

PharmaSGP did not record a relevant finance result in both the three-month period ended March 31, 2019 and the three-month period ended March 31, 2020.

In the fiscal years ended December 31, 2017, 2018 and 2019, PharmaSGP's finance result has remained almost unchanged. The increase of finance expenses by €0.2 million in the fiscal year ended December 31, 2019 reflects interest expenses for income taxes and negative interest paid on PharmaSGP's bank balances.

9.5.9 Income Tax Expense

PharmaSGP's income tax expense comprises current income taxes and deferred income taxes.

The following table provides a breakdown of PharmaSGP's income tax expense for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(audited) (in € million)		(unaudited) (in € million)	
Current income taxes	(3.6)	(4.6)	(5.4)	0.9	1.1
Deferred income taxes	0.1	(0.2)	(0.1)	0.0	0.0
Income tax expense	**(3.5)**	**(4.8)**	**(5.6)**	**0.9**	**1.1**

9.5.9.1 *Comparison of the Three-Month Periods Ended March 31, 2020 and March 31, 2019*

PharmaSGP's income tax expense increased from €0.9 million in the three-month period ended March 31, 2019 by €0.2 million, or 22.2%, to €1.1 million in the three-month period ended March 31, 2020.

9.5.9.2 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

In the fiscal year ended December 31, 2019, PharmaSGP's income tax expense increased by €0.8 million, or 16.7%, from €4.8 million in the fiscal year ended December 31, 2018 to €5.6 million, primarily due to an increase of current income taxes by €0.8 million. This increase in taxes reflects the taxes due on PharmaSGP's increased profits.

The statutory group income tax rate of PharmaSGP amounted to 24.58% in both the fiscal year ended December 31, 2018 and the fiscal year ended December 31, 2019.

9.5.9.3 *Comparison of the Fiscal Years Ended December 31, 2018 and December 31, 2017*

In the fiscal year ended December 31, 2018, income tax expense increased from a tax expense of €3.5 million in the fiscal year ended December 31, 2017 by €1.3 million, or 37.1%, to a tax expense of €4.8 million as PharmaSGP was able to further increase its profits compared to the previous fiscal year.

In both the fiscal year ended December 31, 2018 and the fiscal year ended December 31, 2017, the group income tax rate of PharmaSGP amounted to 24.58%.

9.6 Assets, Equity and Liabilities

9.6.1 Assets

The following table provides an overview of PharmaSGP's assets as of the dates indicated:

	As of December 31,			As of March 31,
	2017	2018	2019	2020
		(audited) (in € million)		(unaudited) (in € million)
Intangible assets	1.2	1.1	1.4	1.4
Property, plant and equipment	0.2	0.1	–	–
Right-of-use assets	–	0.5	0.3	0.0
Deferred tax assets	0.1	–	–	–
Total non-current assets	**1.5**	**1.7**	**1.6**	**1.4**
Inventories	2.5	3.3	2.1	2.3
Trade and other receivables	6.6	7.8	10.9	11.3
Other assets	0.3	0.1	0.1	0.2
Income tax assets	0.1	2.2	0.5	0.5
Cash and cash equivalents	73.1	77.0	88.5	93.3
Total current assets	**82.6**	**90.4**	**102.1**	**107.7**
Total assets	**84.0**	**92.0**	**103.7**	**109.1**

9.6.1.1 *March 31, 2020 compared to December 31, 2019*

PharmaSGP's total assets increased by €5.4 million, or 5.2%, in the three-month period ended March 31, 2020, growing from €103.7 million as of December 31, 2019 to €109.1 million as of March 31, 2020, due to the continued increase in PharmaSGP's current assets.

In the three-month period ended March 31, 2020, PharmaSGP's non-current assets decreased by €0.2 million, or 12.5%, to €1.4 million as of March 31, 2020 (compared to €1.6 million as of December 31, 2019). The decrease resulted from a reduction of right-of-use assets by €0.3 million during that period, reflecting the termination of PharmaSGP's lease agreement for its former headquarters, while the lease agreement for its new headquarters only became effective from April 1, 2020 (see "*11.11.3 Lease Agreement for PharmaSGP's Headquarters*").

PharmaSGP's current assets increased by €5.6 million, or 5.5% in the three-month period ended March 31, 2020 to €107.7 million as of March 31, 2020 (compared to €102.1 million as of December 31, 2019). The increase was primarily driven by higher cash and cash equivalents, which increased by €4.8 million in the three-month period ended March 31, 2020, reflecting PharmaSGP's strong profit for the period.

9.6.1.2 *December 31, 2019 compared to December 31, 2018*

In the fiscal year ended December 31, 2019, PharmaSGP's total assets increased further from €92.0 million as of December 31, 2018 by €11.7 million, or 12.7%, to €103.7 million as of December 31, 2018, driven by the increase of current assets.

Non-current assets remained almost unchanged in the fiscal year ended December 31, 2019, amounting to €1.6 million as of December 31, 2019 (a decrease €0.1 million, or 5.9%, compared to non-current assets of €1.7 million as of December 31, 2018). While PharmaSGP's intangible assets increased by €0.3 million in the fiscal year ended December 31, 2019 as a result of the addition of marketing authorizations, its right-of-use assets decreased by €0.2 million during that same period, reflecting scheduled depreciation on PharmaSGP's office lease.

In the fiscal year ended December 31, 2019, PharmaSGP's current assets increased by €11.7 million, or 12.9%, to €102.1 million as of December 31, 2019 (compared to €90.4 million as of December 31, 2018), driven by a strong increase in cash and cash equivalents by €11.5 million, evidencing PharmaSGP's ability to convert its high profitability into actual cash returns. While trade and other receivables increased by €3.1 million in the fiscal year ended December 31, 2019, this development was partially offset by the decrease of PharmaSGP's inventories by €1.2 million during that period, reflecting normal fluctuations in inventory and receivable levels. In addition, income tax assets decreased by €1.7 million as tax prepayments in previous periods were refunded by the competent tax authorities.

9.6.1.3 *December 31, 2018 compared to December 31, 2017*

In the fiscal year ended December 31, 2018, PharmaSGP's total assets increased from €84.0 million as of December 31, 2017 by €8.0 million, or 9.5%, to €92.0 million as of December 31, 2018, as a result of an increase of both current and non-current assets.

In the fiscal year ended December 31, 2018, non-current assets increased from €1.4 million as of December 31, 2017 by €0.3 million, or 21.4%, to €1.7 million as of December 31, 2018 driven by the recognition of right-of-use assets by €0.5 million. These assets of PharmaSGP reflect the lease for its offices and company cars.

PharmaSGP's current assets increased from €82.6 million as of December 31, 2017 by €7.8million, or 9.4%, in the fiscal year ended December 31, 2018 to €90.4 million as of December 31, 2018, mainly as a result of an increase of cash and cash equivalents by €3.9 million during that period. In addition, both inventories as well as trade and other receivables increased in the fiscal year ended December 31, 2018, growing by €0.8 million and €1.2 million, respectively, and reflecting the growing size of PharmaSGP's market presence. The increase of PharmaSGP's current assets was also driven by an increase of income tax assets by €2.1 million in connection with tax prepayments by PharmaSGP.

9.6.2 Shareholders' Equity

9.6.2.1 *March 31, 2020 compared to December 31, 2019*

PharmaSGP's shareholder's equity increased by €3.3 million, or 3.5%, in the three-month period ended March 31, 2020 and amounted to €98.9 million as of March 31, 2020 (compared to €95.6 million as of December 31, 2019), reflecting PharmaSGP's profit for the period in an amount of €3.2 million as well as the recognition of the Company's equity as of March 31, 2020.

9.6.2.2 *December 31, 2019 compared to December 31, 2018*

In the fiscal year ended December 31, 2019, PharmaSGP's shareholders' equity increased by €11.2 million, or 13.3%, to €95.6 million as of December 31, 2019 (compared to €84.4 million as of December 31, 2018), driven by the high profit for the period of €16.7 million achieved by PharmaSGP during that period, while only €5.5 million were distributed as a dividend to MVH Beteiligungs- und Beratungs-GmbH.

As a result, PharmaSGP's equity ratio (*i.e.*, the ratio of PharmaSGP's shareholders' equity divided by its total shareholders' equity and liabilities) improved from 91.7% as of December 31, 2018 to 92.2% as of December 31, 2019.

9.6.2.3 *December 31, 2018 compared to December 31, 2017*

In the fiscal year ended December 31, 2018, PharmaSGP's equity increased from €73.7 million as of December 31, 2017 by €10.7 million, or 14.5%, to €84.4 million as of December 31, 2018 as a result of the strong profit for the year in an amount of €14.7 million. The increase from PharmaSGP's high profits was only partially offset by distributions to the Selling Shareholders in an amount of €4.0 million.

As a result, PharmaSGP's equity ratio increased from 87.7% as of December 31, 2017 to 91.7% as of December 31, 2018.

9.6.3 Liabilities

The following table provides an overview of PharmaSGP's liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2017	2018	2019	2020
	(audited, unless indicated otherwise) (in € million)			(unaudited) (in € million)
Non-current lease liabilities	–	0.2	–	–
Deferred tax liabilities	–	0.1	0.2	0.2
Total non-current liabilities	–	**0.4**	**0.2**	**0.2**
Provisions	1.4	1.3	0.7	0.7
Trade payables	2.9	1.4	0.8	3.8
Other liabilities	1.5	1.3	1.8	2.2
Financial liabilities	1.6	0.9	0.4	0.4
Lease liabilities	–	0.3	0.3	0.0
Income tax liabilities	3.0	2.1	3.9	2.8
Total current liabilities	**10.4**	**7.3**	**7.9**	**9.9**
Total liabilities[(1)]	**10.4**	**7.7**	**8.2**	**10.2**

(1) Unaudited.

9.6.3.1 *March 31, 2020 compared to December 31, 2019*

PharmaSGP's liabilities increased by €2.0 million, or 24.4%, in the three-month period ended March 31, 2020 and amounted to €10.2 million as of March 31, 2020 (compared to €8.2 million as of December 31, 2019), resulting from an increase in current liabilities by €2.0 million during that period. The key driver of this development was the increase in trade payables by €3.0 million in the three-month period ended March 31, 2020, which primarily reflects an increase of liabilities to related parties of the FUTRUE Group by €2.0 million as well as liabilities for unpaid consulting services in an amount of €0.4 million incurred in connection with the preparation of the Offering. In addition, other liabilities increased by €0.4 million, mainly as a result of higher value added tax liabilities. These developments were only partially offset by the decrease of income tax liabilities by €1.1 million in the three-month period ended March 31, 2020, reflecting the subsequent payment of taxes for the fiscal year ended December 31, 2018.

9.6.3.2 *December 31, 2019 compared to December 31, 2018*

In the fiscal year ended December 31, 2019, PharmaSGP's total liabilities increased from €7.7 million as of December 31, 2018 by €0.5 million, or 6.5%, to €8.2 million as of December 31, 2019, driven by an increase in income tax liabilities by €1.8 million due to PharmaSGP's higher profit before taxes and the reduction of tax liabilities for previous fiscal years. This development was only partially offset by the decrease of provisions by €0.6 million, in particular as a result of the release of a warranty provision for potential product deficiency claims against PharmaSGP. Such release became possible when PharmaSGP obtained a court ruling that confirmed that it can market its chemical-free OTC products in a similar manner as chemical-based OTC products. This judgment also contributed to the decrease in financial liabilities, which represent refund liabilities, by €0.5 million in the fiscal year ended December 31, 2019.

9.6.3.3 *December 31, 2018 compared to December 31, 2017*

In the fiscal year ended December 31, 2018, PharmaSGP's total liabilities decreased from €10.4 million as of December 31, 2017 by €2.7 million, or 26.0%, to €7.7 million as of December 31, 2018, primarily due to a decrease of PharmaSGP's trade payables by €1.5 million, primarily reflecting trade payables to entities of FUTRUE Group. In addition, income tax liabilities decreased by €0.9 million in the fiscal year ended December 31, 2018 as a result of tax payments relating to previous fiscal years, while financial liabilities decreased by €0.7 million due the full repayment of a shareholder loan.

9.7 Liquidity and Capital Resources

9.7.1 Cash Flows

The following table provides a breakdown of Pharma SGP's cash flows for the periods indicated:

	As of and for the fiscal year ended December 31,			As of and for the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(audited) (in € million)		(unaudited) (in € million)	
Profit for the period	11.8	14.7	16.7	2.9	3.2
Depreciation, amortization and impairment of intangible assets, PPE and right-of-use assets	0.4	0.4	0.4	0.1	0.1
(Increase)/decrease in trade and other receivables, inventories and other assets	0.4	(1.8)	(1.9)	(1.3)	(0.7)
Increase/(decrease) in trade payables and other (financial) liabilities	2.8	(2.3)	(0.7)	0.7	3.4
Increase/(decrease) in provisions	0.2	(0.1)	(0.6)	(0.0)	(0.0)
(Gain)/loss on disposal of non-current assets	(0.0)	0.3	(0.0)	–	–
Interest expense	0.0	0.0	0.2	0.0	0.0
Interest income	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Income tax expense	3.5	4.8	5.6	0.9	1.0
Income tax payments	(4.9)	(7.6)	(2.0)	(0.9)	(2.2)
Interest received	0.0	0.0	–	0.0	0.0
Net cash flows from operating activities	**14.3**	**8.4**	**17.6**	**2.4**	**4.9**

	As of and for the fiscal year ended December 31,			As of and for the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(audited) (in € million)		(unaudited) (in € million)	
Proceeds from the disposal of intangible assets and PPE	0.5	0.1	0.1	–	–
Payments for investments in intangible assets and PPE	(0.4)	(0.3)	(0.4)	(0.2)	(0.1)
Net cash flows from investing activities	**0.1**	**(0.2)**	**(0.3)**	**(0.2)**	**(0.1)**
Capital contribution	0.0	–	–	–	–
Dividends paid	–	–	(5.5)	–	–
Repayment of lease liabilities	(0.3)	(0.3)	(0.3)	(0.1)	(0.1)
Interest paid	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)
Payments (to)/from shareholders	11.5	(4.0)	–	–	0.1
Net cash flows from financing activities	**11.3**	**(4.3)**	**(5.8)**	**(0.1)**	**0.0**
Net increase in cash and cash equivalents	**25.6**	**3.9**	**11.5**	**2.1**	**4.9**
Cash and cash equivalents at the beginning of the period	47.5	73.1	77.0	77.0	88.5
Cash and cash equivalents at the end of the period	**73.1**	**77.0**	**88.5**	**79.1**	**93.3**

9.7.1.1 *Comparison of the Three-Month Periods Ended March 31, 2020 and March 31, 2019*

9.7.1.1.1 Net Cash Flows from Operating Activities

PharmaSGP's net cash flows from operating activities more than doubled, increasing by €2.5 million to €4.9 million in the three-month period ended March 31, 2020 (compared to €2.4 million in the three-month period ended March 31, 2019), driven by the decrease of PharmaSGP's working capital by €2.7 million during that period. In addition, a higher profit for the period contributed €0.3 million to the increase in PharmaSGP's net cash flows from operating activities in the three-month period ended March 31, 2020. These developments were only partially offset by an increase in cash outflows for income tax payments during that period, reflecting the subsequent payment of taxes for the fiscal year ended December 31, 2018.

9.7.1.1.2 Net Cash Flows from Investing Activities

In the three-month period ended March 31, 2020, PharmaSGP's net cash flows from investing activities improved by €0.1 million to a cash outflow in an amount of €0.1 million, primarily reflecting investments in intangible assets in connection with additional marketing authorizations.

9.7.1.1.3 Net Cash Flows from Financing Activities

In the three-month period ended March 31, 2020, PharmaSGP's net cash flows from financing activities amounted to €0.0 million, compared to a cash outflow of €0.1 million in the three-month period ended March 31, 2019. The improvement was the result of cash inflows from payments from shareholders in an amount of €0.1 million in the three-month period ended March 31, 2020, reflecting the initial consolidation of the Company during that period.

9.7.1.2 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

9.7.1.2.1 Net Cash Flows from Operating Activities

PharmaSGP's net cash flows from operating activities more than doubled from €8.4 million in the fiscal year ended December 31, 2018, increasing by €9.2 million to €17.6 million in the fiscal year ended December 31, 2019. This development was driven by the increase of PharmaSGP's profit for the year by €2.0 million. In addition, tax effects, in particular a decrease of cash outflows for income tax payments by €5.6 million due to a normalization of PharmaSGP's tax payments contributed to the increase of PharmaSGP's net cash flows from operating activities in the fiscal year ended December 31, 2019. Furthermore, cash outflows resulting from an increase in PharmaSGP's working capital, which amounted to €3.5 million in the fiscal year ended December 31, 2018, amounted to just €2.0 million in the fiscal year ended December 31, 2019.

9.7.1.2.2 Net Cash Flows from Investing Activities

Net cash flows from investing activities remained almost unchanged in the fiscal year ended December 31, 2019, decreasing by €0.1 million to a cash outflow of €0.3 million. This cash outflow mainly comprises payments for investments in intangible assets in connection with the acquisition of an additional marketing authorization.

9.7.1.2.3 Net Cash Flows from Financing Activities

PharmaSGP's net cash flows from financing activities decreased from cash outflows of €4.3 million in the fiscal year ended December 31, 2018 by €1.5 million, or 34.9%, to cash outflows of €5.8 million in the fiscal year ended December 31, 2019, primarily due to the dividend payment to MVH Beteiligungs- und Beratungs-GmbH in an amount of €5.5 million.

9.7.1.3 *Comparison of the Fiscal Years Ended December 31, 2018 and December 31, 2017*

9.7.1.3.1 Net Cash Flows from Operating Activities

Net cash flows from operating activities amounted to €8.4 million in the fiscal year ended December 31, 2018, a decrease by €5.9 million, or 41.3%, compared to net cash flows of €14.3 million in the fiscal year ended December 2017. This development was driven by an increase in PharmaSGP's working capital, which resulted in cash outflows of €3.5 million. In addition, an increase in cash outflows for income tax payments by €2.7 million as a result of deferrals between tax periods contributed to the reduction of PharmaSGP's net cash flows from operating activities in the fiscal year ended December 31, 2018. These developments were only partially offset by the increase in PharmaSGP's profit for the year by €2.9 million resulting from the continued expansion of its product offering, in particular outside Germany.

9.7.1.3.2 Net Cash Flows from Investing Activities

In the fiscal year ended December 31, 2018, net cash flows from investing activities declined to cash outflows of €0.2 million, a decrease by €0.3 million compared to cash inflows of €0.1 million in the fiscal year ended December 31, 2017. The cash inflows in the fiscal year ended December 31, 2017 mainly comprised a one-time effect in an amount of €0.5 million in connection with the sale of certain operational equipment to the FUTRUE Group. The cash outflows during both the fiscal year ended December 31, 2017 and the fiscal year ended December 31, 2018 primarily reflect investments in intangible assets in connection with the acquisition of additional marketing authorizations.

9.7.1.3.3 Net Cash Flows from Financing Activities

PharmaSGP's net cash flows from financing activities decreased from cash inflows in an amount of €11.3 million in the fiscal year ended December 31, 2017 to cash outflows of €4.3 million in the fiscal year ended December 31, 2018. The high cash inflows recorded under payments from shareholders in an amount of €11.5 million in the fiscal year ended December 31, 2017 primarily reflect net payments from FUTRUE Group in connection with the acquisition and transfer of a business that was transferred from PharmaSGP to the FUTRUE Group. In the fiscal year ended December 31, 2018, the main driver of cash outflows was the repayment of a shareholder loan recorded under payments to shareholders as well as tax payments relating to the aforementioned transfers of a business to the FUTRUE Group.

9.7.2 Working Capital

PharmaSGP defines working capital as (i) the sum of inventories, trade and other receivables as well as other assets, less (ii) trade payables and other liabilities.

The following table provides an overview of PharmaSGP's working capital as of the dates indicated:

	As of January 1	As of December 31,			As of March 31,	
	2017	2017	2018	2019	2019	2020
	(audited, unless indicated otherwise) (in € million)				(unaudited) (in € million)	
Inventories	1.6	2.5	3.3	2.1	3.1	2.3
Trade and other receivables	7.3	6.6	7.8	10.9	9.2	11.3
Other assets	0.8	0.3	0.1	0.1	0.2	0.2
Trade payables	(2.0)	(2.9)	(1.4)	(0.8)	(3.0)	(3.8)
Other liabilities	(0.5)	(1.5)	(1.3)	(1.8)	(0.4)	(2.2)
Working capital[(1)]	**7.4**	**5.0**	**8.5**	**10.5**	**9.1**	**7.8**

(1) Unaudited.

9.7.2.1 *Comparison of the Three-Month Periods Ended March 31, 2020 and March 31, 2019*

In the three-month period ended March 31, 2020, PharmaSGP's working capital decreased from €10.5 million as of December 31, 2019 by €2.7 million, or 25.7%, to €7.8 million as of March 31, 2020, primarily due to the increase in trade payables by €3.0 million. This increase was the result of an increase of liabilities to related parties of the FUTRUE Group as well as liabilities for unpaid consulting services incurred for the preparation of the Offering.

9.7.2.2 *Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018*

In the fiscal year ended December 31, 2019, PharmaSGP's working capital increased from €8.5 million as of December 31, 2018 by €2.0 million, or 23.5%, to €10.5 million as of December 31, 2019, driven by the increase in trade and other receivables by €3.1 million during that period, primarily as a result of PharmaSGP's continued growth, in particular its expansion into other European countries, where payment targets tend to be longer. This effect was only partially offset by the decrease of PharmaSGP's inventories by €1.2 million in the fiscal year ended December 31, 2019 due to ordinary fluctuations in inventory levels.

9.7.2.3 *Comparison of the Fiscal Years Ended December 31, 2018 and December 31, 2017*

PharmaSGP's working capital increased by €3.5 million, or 70.0%, the fiscal year ended December 31, 2018, from €5.0 million as of December 31, 2017 to €8.5 million as of December 31, 2018, primarily due to the increase in trade and other receivables by €1.2 million during that period due to the higher share of revenues generated in PharmaSGP's other European target markets. Inventories also increased and were up by €0.8 million as of December 31, 2018 compared to December 31, 2017. In addition, trade payables decreased by €1.5 million in the fiscal year ended December 31, 2018, primarily as a result of a reduction of payables to a member of the FUTRUE Group.

9.8 Investments

9.8.1 Past Investments

Between January 1, 2017 and December 31, 2019, PharmaSGP's significant investments were related to investments in intangible assets in connection with the development and acquisition of new chemical-free OTC and other healthcare products. All of these investments were and are financed from PharmaSGP's ongoing cash inflows.

In the fiscal years ended December 31, 2017, 2018 and 2019, respectively, PharmaSGP's investments in intangible assets amounted to €0.4 million, €0.3 million and €0.4 million, respectively, primarily reflecting development costs for new marketing authorizations.

In the three-month period ended March 31, 2020, PharmaSGP's investments in intangible assets for the development costs for new marketing authorizations amounted to €0.1 million.

Between March 31, 2020 and the date of this Prospectus, PharmaSGP's investments in intangible assets amounted to €0.1 million and also reflected development costs for new marketing authorizations.

9.8.2 Current Investments

As of the date of this Prospectus, PharmaSGP has already resolved to make investments in an aggregate amount of €0.3 million in connection with purchasing office equipment and information technology. The Company plans to finance these investments from its ongoing cash flows. Apart from these investments, PharmaSGP has not completed, or entered into a firm commitment or resolved to enter into such commitment with respect to, any significant investment.

9.9 Qualitative and Quantitative Disclosure about Risks

The risk management systems of PharmaSGP are an integral component of its business practices and cover individual organizational workflows at various levels and with respect to different kinds of risk. Business forecasting and controlling processes are a major component of these systems. All organizational units identify and evaluate risks. Similar types of risks (*e.g.*, regulatory risks, financial risks, technical risks, or project risks) are grouped together. The corresponding assessments are regularly communicated to the responsible decision makers tasked with controlling such risks.

9.9.1 Market Risk

Changes in market prices, such as foreign exchange rates or interest rates, can affect PharmaSGP's income or the value of its holdings of financial instruments, if any, and are summarized as market risk. These risks are managed by PharmaSGP on a centralized basis in order to control exposure to market risks to acceptable parameters, while optimizing returns. Since PharmaSGP's exposure to market risks is very limited, no hedging is applied. Due to the immateriality of such market risks, no sensitivity analysis is required.

9.9.2 Foreign Currency Risk

Due to potentially unfavorable currency exchange rates, currency risk is one major market risk factor when transactions are or will not be denominated in the functional currency. Given that PharmaSGP mainly operates in countries with the euro as their functioning currency, and all of its entities have the same functional currency, PharmaSGP is not significantly exposed to exchange rates fluctuations with respect to its transactions.

9.9.3 Interest Rate Risk

Interest rate risk is the risk associated with interest bearing financial instruments, including the effects of positive or negative interest rate changes on profit, cash flows or equity. Typically, interest rate risk arises increased interest expense on financial liabilities resulting from fluctuations in interest rates. Given that PharmaSGP does not hold any financial liabilities with variable interest rates, there is no interest rate risk related to financial liabilities. On the other hand, PharmaSGP's cash held in at bank accounts is subject to variable interest rates. Due to negative interest rates on such accounts, PharmaSGP recognized interest expenses in an amount of €0.2 million on its combined statements of profit or loss and other comprehensive income in the fiscal year ended December 31, 2019.

Given that the maturity of cash held in bank accounts is, however, short-term in nature, there is no interest rate risk associated therewith.

9.9.4 Liquidity Risk

Liquidity risk is the risk that PharmaSGP will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Financial liabilities mainly include trade payables as well as lease liabilities. Until the fiscal year ended December 31, 2018, financial liabilities also included a loan from the Selling Shareholders. Given that PharmaSGP only held current financial liabilities during the fiscal year ended December 31, 2019, liquidity risk was minimal as of December 31, 2019.

The following table shows undiscounted contractually agreed future cash outflows from financial liabilities (maturity analysis) as of the dates indicated:

	As of January 1,	As of December 31,		
	2017	2017	2018	2019
	(audited) (in € million)		(audited) (in € million)	
Lease liabilities				
Remaining term one year or less	0.3	–	0.3	0.3
Remaining term one to five years	–	–	0.2	–
Total	**0.3**	**–**	**0.5**	**0.3**
Carrying amount	**0.3**	**–**	**0.5**	**0.3**
Financial liabilities				
Remaining term one year or less	0.7	1.6	0.9	0.4
Remaining term one to five years	–	–	–	–
Total	**0.7**	**1.6**	**0.9**	**0.4**
Carrying amount	**0.7**	**1.6**	**0.9**	**0.4**

Trade payables as well as other financial liabilities were all short-term at of the dates indicated above.

9.9.5 Credit Risk

Credit risk is the risk of PharmaSGP incurring financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such credit risk comprises both the immediate default risk and the risk of a decline in the customer's creditworthiness. PharmaSGP's exposure to credit risk corresponds to trade receivables, other receivables and cash and cash equivalents.

Unlike all other financial assets, trade receivables mainly carry the risk of default, which historically was nearly zero. To maintain the low credit default risk based on historical evidence, PharmaSGP assesses the default risk for new customers with a significant order volume. For all customers, a regular monitoring process has been established to track and manage open balances. Because of their short-term nature, the carrying amounts of trade payables are considered equal to their fair values.

Credit risks arising from cash and cash-equivalents are monitored directly on the group level. Counterparties for cash and cash-equivalent transactions are limited to financial institutions with strong credit ratings. The creditworthiness of these financial institutions is monitored on a regular basis. PharmaSGP believes that its cash and cash equivalents have low credit risks based on the external credit ratings of the counterparties.

Default risks from other financial instruments are also immaterial. Therefore, no loss allowance was recognized for other financial instruments.

		Overdue		
	Not overdue	Less than 30 days overdue	Between 30 and 90 days overdue	More than 90 days overdue
		(audited) (in € million)		
January 1, 2017				
Trade receivables	5.4	0.5	0.1	0.7
December 31, 2017				
Trade receivables	4.8	0.2	0.0	–
December 31, 2018				
Trade receivables	6.5	0.5	0.1	0.0
December 31, 2019				
Trade receivables	8.7	0.4	0.0	0.0

The amounts that were more than 90 days overdue as of January 1, 2017 was mainly related to one entity of the FUTRUE Group.

9.10 Significant Accounting Policies

For a description of PharmaSGP's significant accounting policies, see pages F-21 *et seq.* of this Prospectus.

9.11 Additional Financial Information from the Audited, Unconsolidated Financial Statements of the Company

The Company was formed as a as a European company (*Societas Europaea* (*SE*)) under European law by articles of association dated November 21, 2019. The Company has prepared audited unconsolidated financial statements as of December 31, 2019 and for the period from November 21, 2019 to December 31, 2019 in accordance with generally accepted accounting principles of the HGB. Accounting principles set forth in the HGB differ from IFRS in material respects.

According to the Company's audited income statement for the period from November 21, 2019 to December 31, 2019, the Company did not record any revenues, expenses or other line items on its income statement for the period from November 21, 2019 to December 31, 2019.

According to the Company's audited balance sheet as of December 31, 2019, the Company's subscribed capital amounted to €120,000.00, while outstanding, uncalled capital in an amount of €90,000.00 had not been paid in as of that date. As of December 31, 2019, the Company recorded cash on hand and bank balances in an amount of €30,000.00.

For further information on the Company's audited unconsolidated financial statements, see pages F-45 *et seq.* of this Prospectus.

10. MARKETS AND COMPETITION

10.1 Markets

PharmaSGP develops and markets chemical-free OTC and other healthcare products for widespread chronic indications, primarily in Germany.

10.1.1 Continental European OTC Market

The market for pharmaceuticals and other healthcare products is one of the largest consumer markets in Continental Europe (*i.e.*, Germany, Austria, France, Italy, Spain, the Netherlands and Belgium), with revenues amounting to €142 billion in the fiscal year ended December 31, 2018. While this market already grew at a CAGR of 1.8% between 2015 and 2018, such growth is expected to accelerate, with CAGRs of 2.2% and 2.3% forecast for the periods from 2018 to 2021 and 2021 to 2024, respectively (*source: Sempora Market Study*).

The market for OTC products and other consumer health and care products (*i.e.*, pharmacy-exclusive food supplements, cosmetics and skincare products) in Continental Europe represents a comparably small share of the overall pharmaceuticals market, with revenues amounting to €32.5 billion in the fiscal year ended December 31, 2019. This market has, however, constantly outgrown the overall pharmaceuticals market, with revenues growing at a CAGR of 2.7% between 2015 and 2018. The fast growth of the market for OTC products and other consumer health and care products is expected to continue, with CAGRs forecast to amount to 3.1% and 3.2% for the periods from 2018 to 2021 and 2021 and 2024, respectively (*source: Sempora Market Study*).

10.1.2 Key Trends

The market for chemical-free OTC and other healthcare products in Continental Europe is currently affected by a number of key trends, which together influence the performance of individual consumer health companies, in particular:

10.1.2.1 *Demographic Developments and Chronification of Diseases*

While the global population is growing rapidly, there is a significant disparity between developing countries and highly developed countries such as Germany, where birth rates are at best stable. At the same time, the average life span is increasing, leading to a growing share of the elderly. In PharmaSGP's target geographies, people aged 60 years or older are expected to account for more than 32% of the overall population in 2030. By 2040, the share of the elderly is expected to increase even further to 35% (*source: Eurostat*).

The aging of the population also increases the prevalence of various age-related diseases and conditions. Elderly people tend to suffer from a number of ailments, with 92% of people aged more than 65 years suffering from more than one chronic disease, and 77% suffering from more than two (*source: RKI*). Consequently, they are more likely to administer several remedies at the same time and to spend more on healthcare, with the likelihood increasing at a growing age. In Germany, 52% of pharmacy customers are aged 50 years or older and 34% are even older than 60 years of age (*source: Sempora Market Study*). Elderly people not only make up the majority of pharmacy customers, but they generally spend more on OTC and other healthcare products in pharmacies compared to younger customers (*source: Sempora Market Study*). The Company believes that the aging of the population and the corresponding trend towards polypharmacy will positively affect demand for its OTC and other healthcare products.

10.1.2.2 *Increased Health Awareness and Self-Medication*

Increased availability of, and access to, medical information lead to increasing health awareness. The number of people actively utilizing the Internet to gather information on diseases and medical conditions is constantly growing, with leading online search engine Google registering approximately one billion of healthcare-related searches per day (*source: Telegraph*). Through online research, patients can easily access various data on diseases, treatment options, relevant pharmaceuticals, pharmaceuticals manufacturers as well as patient reviews. Increased health awareness drives a general trend towards self-medication (*i.e.*, individuals administering OTC and other healthcare products for actual or perceived ailments, for preventive treatment as well as to increase their general well-being). This trend is reflected in the growing willingness of consumers to increase their spending on healthcare and well-being, with approximately 75% of German consumers expressing a willingness to do so (*source: Sempora Market Study*). The Company believes that increased health awareness and a trend towards self-medication will positively affect demand for its OTC and other healthcare products.

10.1.2.3 *Growing Demand for Natural Remedies*

Increased health awareness has also heightened expectations and consciousness of consumers with respect to potential dangers and side effects of chemical-based remedies. This is also reflected in the marketing trends, with the use of labels such as "free from", "organic" and "naturally healthy" increasing at a CAGR of 8.2%, 8.0% and 5.5%, respectively, between 2012 and 2017. As a result, approximately 65% of pharmacists in Germany expressed a belief that the relevance of chemical-free remedies will continue to increase (*source: Sempora Market Study*).

In addition, competent regulatory authorities have increased their scrutiny with respect to potential side effects of chemical-based remedies. These developments have further increased consumer awareness of such side effects and boosted demand for chemical-free remedies. In particular, people suffering from chronic diseases require well-tolerable remedies, given that they are typically especially susceptible to adverse interactions between multiple pharmaceuticals. In addition, such customers increasingly seek to avoid long-term treatment with chemical-based remedies due to the often numerous side effects associated with such OTC products. The Company believes that these developments fuel the trend towards natural remedies, which will further boost demand for its for chemical-free OTC and other healthcare products.

10.1.2.4 *Effects of COVID-19*

The pandemic spread of COVID-19, a novel strain of the coronavirus, in recent months has affected all key economies worldwide, including all markets in Continental Europe, disrupted public life and the operations of multiple businesses. As a result of the effects of the COVID-19 pandemic, the European Commission recently warned that there is a very real risk of a severe and deep recession in the European markets (*source: EEF*). In the three-month period ended March 31, 2020 the Company did not see a significant negative effect of this pandemic on demand in the market for OTC products in Continental Europe and even observed increased demand for certain indications. In April 2020, however, the Company saw a decline of overall demand in this market during the most severe Covid-19 situation. As of the date of this Prospectus, the Company is not yet in a position to assess the near-term and long-term effects of the COVID-19 pandemic on the market for OTC products in Continental Europe.

10.1.3 German OTC Market

Germany, PharmaSGP's primary market, is Europe's leading economy with a population of approximately 83.2 million as of December 31, 2019 and a gross domestic product of €3.4 trillion in the fiscal year ended December 31, 2019 (*source: Destatis*). Germany has a highly developed healthcare market, as evidenced by 19,423 licensed pharmacies as of December 31, 2018 (*source: ABDA*), the highest healthcare spending per capita in the European Union (*source: OECD*) and an overall pharmaceuticals market with a size of €55.7 billion in the fiscal year ended December 31, 2018 (*source: Sempora Market Study*).

In recent years, the German market for OTC products and other consumer health and care products increased at a CAGR of 3.9%, from €9.5 billion in the fiscal year ended December 31, 2015 to €10.6 billion in the fiscal year ended December 31, 2018. For the fiscal year ending December 31, 2021, this market is projected to increase even further and to amount to €12.0 billion, such growth corresponding to a CAGR of 4.4% between 2018 and 2021. Thereafter, growth is forecast to remain strong and amount to a CAGR of 3.9% between 2021 and 2024 (*source: Sempora Market Study*).

Within the overall German healthcare market, chemical-free OTC and other healthcare products have continuously outperformed the overall market. Between 2015 and 2018, sales of brands with the highest revenues in the market for chemical-free OTC products and other consumer health and care products in Germany grew by a CAGR of 6.0%, compared to a CAGR of 2.6% for the top-grossing chemical-based OTC brands during the same time period. Based on this favorable trend and given the continued demand for natural, tolerable and efficient remedies, this trend is expected to continue, with revenues from the top-grossing brands for chemical-free OTC products and other consumer health and care products forecast to grow by a CAGR of 5.2% between 2015 to 2024, compared to a CAGR of 2.8% for the top chemical-based brands during the same period (*source: Sempora Market Study*).

A key part of the OTC market is the market for OTC pain remedies, given that a fifth of all Europeans suffer from chronic pain, with a third of these persons even suffering from severe pain (*source: PAE*). Revenues for such remedies amounted to €1.4 billion in Germany in the fiscal year ended December 31, 2018, having grown at a CAGR of 2.7% between 2015 and 2018 (*source: Sempora Market Study*).

10.1.4 Other European OTC Markets

10.1.4.1 *Austrian OTC Market*

With a market size of €1.2 billion in the fiscal year ended December 31, 2018, Austria accounts for approximately 4% of the European market for OTC products and other consumer health and care products. Between 2015 and 2024, the Austrian market is expected to grow at a CAGR of 4.3%, thus showing the fastest growth amongst PharmaSGP's target geographies (*source: Sempora Market Study*).

10.1.4.2 *French OTC Market*

The French market for OTC products and other consumer health and care products is the second largest in Continental Europe, with revenues amounting to €6.9 billion in the fiscal year ended December 31, 2018, which corresponds to a share of approximately 21% of the overall European market. Going forward, the French market is forecast to grow at a CAGR of 2.3% between 2015 and 2024 (*source: Sempora Market Study*).

10.1.4.3 *Italian OTC Market*

With a share of approximately 21%, the Italian market for OTC products and other consumer health and care products is the third largest in Continental Europe. In the fiscal year ended December 31, 2018, revenues in this market amounted to €6.7 billion, and these revenues are expected to grow at a CAGR of 2.0% between 2015 and 2024 (*source: Sempora Market Study*).

10.1.4.4 *Belgian OTC Market*

In the fiscal year ended December 31, 2018, revenues in the Belgian market for OTC products and other consumer health and care products amounted to €1.8 billion, which corresponds to a share of approximately 6% of the overall European market. Between 2015 and 2024, the Belgian market is expected to grow at a CAGR of just 1.3%, making Belgium the market with the lowest growth rate amongst PharmaSGP's target geographies (*source: Sempora Market Study*).

10.1.4.5 *Spanish OTC Market*

Revenues in the Spanish market for OTC products and other consumer health and care products amounted to €5.2 billion in the fiscal year ended December 31, 2018, which corresponds to a share of approximately 16% of the European market. Such revenues are forecast to grow at a CAGR of 3.3% between 2015 and 2024 (*source: Sempora Market Study*).

10.2 Competition

The market for chemical-free OTC and other healthcare products is fragmented. Consequently, PharmaSGP faces competition from a diversified group of competitors. Given PharmaSGP's exclusive focus on chemical-free remedies for chronic indications, most of its direct competitors are smaller in size and privately-held. In the fiscal year ended December 31, 2018, PharmaSGP was the ninth largest pure-play distributor of OTC and other healthcare products in Germany (*source: Sempora Market Study*).

Amongst PharmaSGP's pure-play competitors in Germany, approximately 75% did not launch a single product between 2015 and 2018. As a result of its higher launch activity, PharmaSGP was the distributor of chemical-free OTC and other healthcare products with the third highest revenue growth in the German market between 2015 and 2018 (*source: Sempora Market Study*). Moreover, the Company believes that it is also the most profitable competitor amongst the top ten pure-play distributors of OTC and other healthcare products in Germany.

While multinational distributors of pharmaceuticals and consumer products such as Bayer AG and GlaxoSmithKline Group would have the required resources to successfully compete in the market for chemical-free OTC and other healthcare products, these potential competitors tend to have different business models, significantly more complex decision making structure and do not develop products for specific chronic indications due to the costs associated with their more complex development efforts. In addition, chemical-free OTC and other healthcare products tend to only account for a very small share of revenues of such multinational distributors and their corresponding product offering typically does not grow dynamically. As a result of these factors, such multinational corporations generally do not compete in PharmaSGP's markets.

11. BUSINESS

PharmaSGP is a pure-play consumer health company with a broad portfolio of leading chemical-free OTC and other healthcare products. It markets pharmacy-exclusive products under core brands covering chronic indications, including pain and other age-related ailments. PharmaSGP's OTC products are based on natural APIs with documented efficacy and fewer known side effects than most chemical-based pharmaceuticals. PharmaSGP markets these products directly to its target consumers, especially the elderly, under well-known health and beauty brands. The wide reach of PharmaSGP is evidenced by the fact that some of its products are available in up to 95% of German pharmacies (*source: INSIGHT Health*).

In Germany, PharmaSGP is the market leader for chemical-free pain remedies (based on revenues for orally-administered chemical-free OTC remedies for nerve pain and rheumatic pain in the six-month period ended June 30, 2019 (*source: INSIGHT Health*)). Since introducing the first product from its current product portfolio in Germany in 2012, PharmaSGP has successfully exported its business model to other European countries, including Austria, Italy, Belgium and Spain, and it recently obtained marketing authorizations (*Arzneimittelzulassungen*) for three of its best-selling OTC products in France, bringing the total number of its marketing authorizations to 67. Currently, PharmaSGP's product portfolio comprises 30 chemical-free OTC and other healthcare products. To capitalize on attractive market opportunities, PharmaSGP has recently increased the rate of product introductions, with eight products expected to be launched in the nine-month period ending June 30, 2020. The Company intends to introduce a further six new products by the end of 2020.

Germany is PharmaSGP's largest market, accounting for 73.2% of its total revenues in 2019. Germany is also Europe's leading economy and, with total sales of €10.6 billion in 2018, the largest market for OTC products and other consumer health and care products in Continental Europe. This market benefits from general demographic and lifestyle trends, including aging of the population, the increasing prevalence of chronic diseases and growing health awareness, which together has led to rising rates of self-medication. From 2015 to 2018, it grew at a CAGR of 3.9%. Chemical-free OTC products combine effectiveness with fewer side effects and reduced drug interaction compared to most chemical-based products. As a result, from 2015 to 2018 growth of revenues from the top-selling brands in the market for chemical-free OTC products and other consumer health and care products in Germany outpaced the top-grossing chemical-based OTC brands (*source: Sempora Market Study*). The markets for OTC and other healthcare products in PharmaSGP's other target countries are characterized by similar positive trends.

PharmaSGP's chemical-free products cover multiple chronic indications and are marketed under well-known brand families. Its pain remedies marketed under the RubaXX® and Restaxil® brands are the leading chemical-free OTC pain remedies for rheumatic pain and nerve pain, respectively, in Germany (*source: INSIGHT Health*)). PharmaSGP has also introduced leading products against sexual weakness, vertigo and the aging of the skin to the German market. The Company plans to expand on the strong market positions for its key products in the German market and to introduce them in other European countries. To this end, in 2020 the Company intends to introduce its top-selling chemical-free OTC remedies against rheumatic pain, sexual weakness and vertigo in France, which is the second largest market for OTC products in Continental Europe.

PharmaSGP constantly analyzes its target markets to identify chronic indications with strong untapped demand for a chemical-free remedy. Once it has identified an attractive market opportunity, PharmaSGP seeks to address such demand by drawing on an existing pipeline of 38 marketing authorizations for chemical-free OTC remedies that are currently not marketed as well as its longstanding experience in finding natural APIs with documented efficacy and successfully developing new OTC products based on such APIs. This proven and structured development process limits PharmaSGP's development costs and allows it to achieve a faster time to market than most other pharmaceuticals companies. As of the date of this Prospectus, PharmaSGP has already filed applications for an additional eight chemical-free OTC products.

To ensure fast and successful market introductions for its products, PharmaSGP can draw on its longstanding experience in direct consumer marketing through magazine advertisements and television commercials as well as established relationships with these key media channels. Such magazine advertisements alone have a reach of approximately 40 million potential consumers within one week. PharmaSGP's marketing campaigns lead to high customer loyalty towards its health and beauty brands. In addition to PharmaSGP's direct marketing prowess, endorsements of pharmacists and physicians are aiding its marketing efforts and account for up to 30% of units sold for certain products marketed under the RubaXX®, Restaxil® and TAUMEA® brands in Germany (*source: GfK*). To further drive such endorsements, PharmaSGP has recently increased its marketing efforts *vis-à-vis* pharmacists, in particular through e-detailing devices and conferences. The Company believes that its combined expertise in the development and marketing of chemical-free OTC and other healthcare products will fuel PharmaSGP's continued growth and allow for strong revenue build-up from new product introductions.

To focus on its key competencies of development and marketing, where PharmaSGP can derive the maximum value, PharmaSGP has established an asset-light, scalable business model that can easily be transferred to other target geographies. It has outsourced the entire manufacturing process to third-party manufacturers, which in many cases also handle the sourcing of the required raw materials. Finished products are shipped directly from these manufacturers to the logistics center of a single local logistics provider in each country. These providers store PharmaSGP's products in their warehouses and handle the distribution to wholesalers as well as directly to pharmacies. The Company believes that its asset-light business model enables it to leverage its key competencies by minimizing PharmaSGP's capital requirements, allowing PharmaSGP to expand its business within its existing markets and to target other geographies with only limited investments.

In the fiscal year ended December 31, 2019, PharmaSGP generated revenues of €62.6 million and EBIT of €22.4 million. In the three-month period ended March 31, 2020, PharmaSGP's revenues amounted to €16.7 million, an increase by 11.3% compared to the same period during the previous fiscal year. In addition to strong profitability, PharmaSGP also boasts excellent liquidity, which is reflected in its Cash Conversion Rate of 87.4% in the fiscal year ended December 31, 2019.

11.1 Strengths

PharmaSGP believes that the development of its business is supported by the following strengths:

11.1.1 Growing market for chemical-free OTC and other healthcare products driven by favorable underlying trends

As a chemical-free OTC consumer health company, PharmaSGP strongly benefits from a number of trends that affect the market for OTC products in general and demand for remedies based on natural APIs in particular. In PharmaSGP's target geographies, birth rates are at best stable, while the average life span is increasing. As a result, the number of the elderly is increasing, with people aged 60 years or older expected to account for more than 32% of the overall European population in 2030 (*source: Eurostat*). This aging of the population also increases the prevalence of age-related chronic diseases and conditions. Given that elderly people tend to suffer from a variety of such ailments, they are also more likely to administer several remedies at the same time, with the likelihood increasing as they continue to age. As a result, average spending of elderly people on OTC and other healthcare products in pharmacies is also higher (*source: Sempora Market Study*).

In addition, health awareness in the overall population is constantly growing, with 75% of German consumers expressing a willingness to increase spending on their healthcare and overall well-being (*source: Sempora Market Study*). This willingness is reflected in the general trend towards self-medication (*i.e.*, individuals administering OTC and other healthcare products for actual or perceived ailments, for preventive treatment as well as to increase their general well-being). Such consumers seek remedies that are both tolerable and effective. The aforementioned trends have driven demand for OTC products and other consumer health and care products in Germany, with revenues of such products increasing from €9.5 billion in 2015 to €10.6 billion in 2018, corresponding to a CAGR of 3.9% for this period. This trend is expected to continue, with revenues forecast to increase to €12.0 billion in 2021, corresponding to a CAGR of 4.4% between 2018 and 2021 (*source: Sempora Market Study*). The Company believes that the aging of the population and the increase in general health awareness will continue to drive demand for PharmaSGP's products.

Growth has been particularly strong in the market for remedies based on natural APIs such as PharmaSGP's chemical-free OTC and other healthcare products. In recent years, public warnings of side effects from chemical-based products and new government regulation requiring higher transparency with respect to such side effects have led to an increase in awareness of the general dangers of chemical-based products. By comparison, remedies based on natural APIs are considered more tolerable and believed to have fewer or no known interactions with other remedies. As a result, the top-selling chemical-free brands in the German market for chemical-free OTC products and other consumer health and care products grew at a CAGR of 6.0% from 2015 to 2018, compared to a CAGR of just 2.6% for chemical-based brands with the highest revenues during the same period (*source: Sempora Market Study*). The Company expects this development to continue and believes that its chemical-free OTC and other healthcare products will benefit from rising demand for natural remedies.

11.1.2 Market-leading positions through trusted health and beauty brands covering highly relevant chronic ailments and marketed directly to consumers

PharmaSGP's key products are OTC products based on natural APIs with documented efficacy. These products are subject to similar legal requirements regarding pharmaceutical quality and effectiveness as chemical-based remedies, ensuring that consumers can fully trust in the benefits of PharmaSGP's chemical-free OTC products. Since introducing the first product from its current product portfolio in Germany in 2012, PharmaSGP has constantly expanded its product portfolio, focusing on highly relevant chronic indications, in particular rheumatism, nerve pain and sexual weakness. Due to this focused approach, PharmaSGP has been able to draw on high untapped demand for chemical-free remedies against such ailments, achieve fast growth and establish market-leading health and beauty brands.

In particular, pain remedies marketed under its RubaXX® brand are the number one selling anti-rheumatic OTC products in Germany (based on revenues for orally-administered chemical-free OTC remedies for rheumatic pain sold in the six-month period ended June 30, 2019 (*source: INSIGHT Health*)). Likewise, its pain remedies marketed under the Restaxil® brand hold the highest market share in the German market for chemical-free OTC remedies for nerve pain (based on revenues for orally-administered chemical-free OTC remedies for nerve pain sold in the six-month period ended June 30, 2019 (*source: INSIGHT Health; Company information*)). In addition, to PharmaSGP's pain remedies, its natural remedies against sexual weakness marketed under the DESEO® and Neradin® brands are the leading chemical-free remedies for sexual weakness in the German market (based on revenues for orally-administered chemical-free OTC remedies for sexual weakness sold in the six-month period ended June 30, 2019 (*source: INSIGHT Health*)). Along with its leading treatments for vertigo and the aging of the skin, this product portfolio provides PharmaSGP with six dominant brand families in Germany (*i.e.*, RubaXX®, Restaxil®, DESEO®, Neradin®, TAUMEA® and FULMINAN®).

Due to the high recognition of PharmaSGP's brands which it markets directly to consumers, PharmaSGP has been able to build a loyal customer base for its leading chemical-free OTC products. The Company believes that many of these customers are repeat buyers for its products. Their trust in PharmaSGP's established health and beauty brands leads them to directly order its products in pharmacies. The Company believes that this affords it significant protection against competition, given the marketing efforts that would be required to compete with PharmaSGP's widely recognized brands. Due to its direct marketing approach, PharmaSGP can rely on demand from its customer base and unlike other distributors of OTC products typically does not offer any special rebates to pharmacies or pharmaceutical wholesalers. Given that PharmaSGP's products are not subject to various pricing restrictions applicable to prescription pharmaceuticals, PharmaSGP can leverage its branding power and strong market positions to achieve particularly attractive prices and margins. As a result, PharmaSGP has been able to increase the average price of products marketed under its RubaXX®, DESEO® and TAUMEA® brands from €16.08 to €21.64, €34.73 to €39.39 and from €17.87 to €22.05, respectively (based on pharmacy selling prices between 2013 and 2019). This premium pricing policy also increases the absolute returns that pharmacists can generate on PharmaSGP's products, making these products an attractive addition to their inventory. By offering effective, well-tolerable remedies against widespread chronic ailments, PharmaSGP has been able to capture dominant market positions for its leading health and beauty brands and can derive highly attractive returns on its key chemical-free OTC products.

11.1.3 Cost-efficient development capabilities and proven development track record

PharmaSGP has a strong track record in developing and introducing new chemical-free OTC and other healthcare products. Between 2012 and the date of this Prospectus, it has obtained 43 new marketing authorizations for OTC products developed by its highly educated and experienced development personnel, including marketing authorizations for markets outside Germany. For example, PharmaSGP recently introduced a pain gel against neuralgic pain under its Restaxil® brand in Austria. The Company believes that this innovative remedy is the first chemical-free OTC product in gel form combating this widespread chronic indication to be introduced in the Austrian market. In addition, PharmaSGP has obtained marketing authorizations from the competent governmental authorities in France for three OTC products that are already top sellers in Germany, evidencing its growing development expertise and track record in other target geographies. By being able to launch new products ahead of its competitors, PharmaSGP has successfully introduced market leading chemical-free OTC and other healthcare products.

To fuel its continued growth, PharmaSGP utilizes its proven market screening capabilities to analyze the overall market situation in its target geographies and find chronic indications for which no chemical-free OTC remedy holds a strong market position. In addition, it monitors trends in demand for other healthcare products, where market movements are typically faster. Once it has identified an attractive market opportunity, PharmaSGP can meet such demand by utilizing a pipeline of 38 marketing authorizations that are currently not marketed, acquiring an underutilized marketing authorization from a competitor or by identifying underutilized natural APIs with documented efficacy that are suitable to prepare an application for a new marketing authorization. Of its current product portfolio, PharmaSGP has developed 43 marketing authorizations in-house, while acquiring the remaining 24 marketing authorizations from third-parties. As of the date of this Prospectus, PharmaSGP has already filed applications for eight additional marketing authorizations. Its ability to match untapped market demand with underutilized natural APIs has repeatedly allowed PharmaSGP to introduce highly relevant OTC products ahead of any potential competitors.

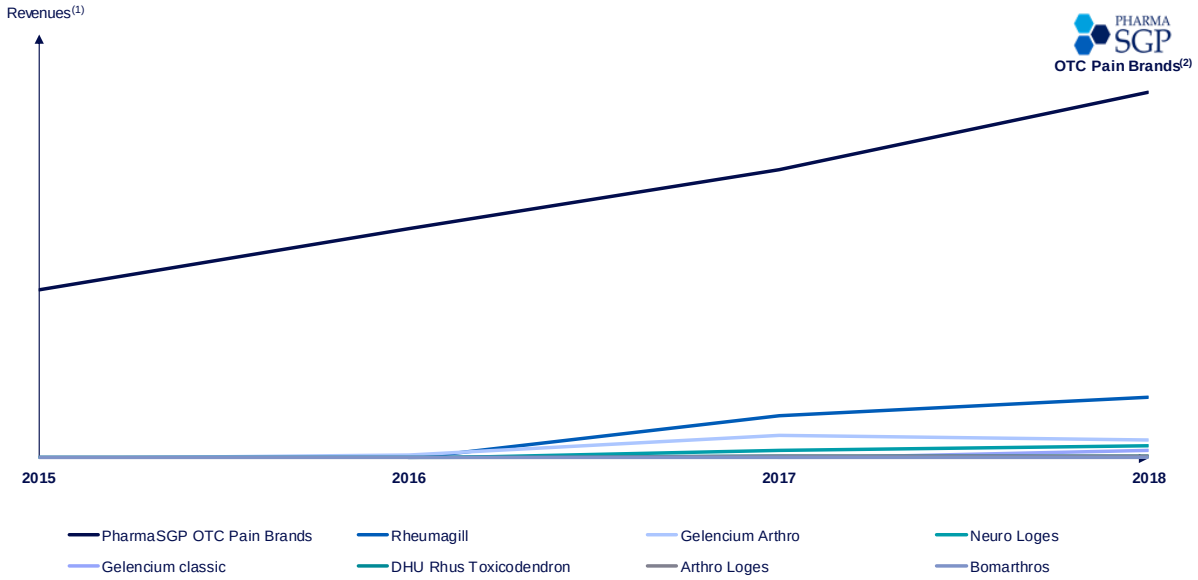
When applying for new marketing authorizations, PharmaSGP can draw on its longstanding expertise in preparing new formulations and handling the required approval process. In doing so, it benefits from the fact that marketing authorizations for OTC products based on natural APIs with documented efficacy typically do not require any clinical studies. PharmaSGP's ability to avoid expensive research and clinical studies makes its development efforts particularly low-risk and cost-efficient while also reducing the time required for new product developments. As a result, the vast majority of PharmaSGP's past product launches, including those based on marketing authorizations acquired from third parties, have been profitable. If PharmaSGP determines that it cannot achieve a critical mass of sales or is even unable to reach break-even for a product within three to six months after launch, it typically discontinues the product. Due to this consequent focus on profitable products, the losses on PharmaSGP's few failed launches have been very limited. The Company believes that its ability to develop chemical-free OTC and other healthcare products with only limited investments will allow it to continue to generate particularly attractive returns.

11.1.4 Powerful launch machine for new products and ability to promote endorsements from pharmacists through innovative marketing efforts

Once PharmaSGP launches a new product, it can rely on its proven end-consumer marketing capabilities to directly market them to consumers. PharmaSGP's unique marketing power lies in the combination of marketing expertise and funding for far-reaching marketing campaigns. It has longstanding expertise in designing direct to consumer marketing campaigns to establish and enhance leading brands for chemical-free OTC and other healthcare products. When designing and tracking its marketing campaigns, PharmaSGP relies on a proven data analysis process, tracking both recent sales in pharmacies as well as the success of its past and current launches. To ensure that these campaigns reach a large number of potential customers, the Company utilizes what it considers to be the highest marketing budget among distributors of chemical-free OTC products in Germany. The Company plans to continue to make significant investments in its marketing activities in order to drive recognition of PharmaSGP's brand, and boost demand for its new products.

PharmaSGP commissions both magazine advertisements and targeted television commercials, thereby focusing on channels that are particularly relevant to its key target demography, the elderly. Such magazine advertisements alone have a reach of approximately 40 million potential consumers within one week. The wide reach of PharmaSGP's direct consumer marketing has driven demand for its chemical-free OTC and other healthcare products, evidenced by the fact that certain products of PharmaSGP are available in up to 95% of German pharmacies (*source: INSIGHT Health*). The Company believes that the broad reach of its powerful launch machine helps PharmaSGP successfully introduce new products and brand families and enables it to establish and maintain a direct connection with its loyal customer base.

The following table shows how PharmaSGP's powerful launch machine has helped it achieve significantly higher growth rates for its German OTC pain remedies between 2015 and 2018:



(*Source: Sempora Market Study*).

(1) Products with revenues of more than €0.1 million in the fiscal year ended December 31, 2018 (based on pharmacy selling prices).

(2) Pain remedies marketed under the RubaXX® Tropfen, Restaxil® and RubaXX® Arthro brands.

To further drive demand for its products in a cost-efficient manner, PharmaSGP has opened a direct channel to pharmacists for select products. To present such products, PharmaSGP uses innovative marketing tools in the form of e-detailing devices (*i.e.*, tablet computers), which stream information commercials on these products, given to pharmacists by a third-party provider. Such devices are distributed by the relevant third-party provider to more than 20,000 German pharmacists. In addition, PharmaSGP organizes educational events for pharmacists where it can educate them on chronic indications covered by its product portfolio and the application and benefits of its chemical-free OTC products. Finally, PharmaSGP has also commissioned a sales force from members of the FUTRUE Group, and its sales agents visit pharmacists and physicians to further boost recognition of PharmaSGP's leading remedies for nerve pain marketed under the Restaxil® brand. The Company believes that by directly providing pharmacists with informative, engaging marketing on its products, PharmaSGP will be able to expand its strong market positions for its chemical-free OTC and other healthcare products.

11.1.5 Asset-light business model with high scalability and proven transferability

As part of its mission to rethink the healthcare business, PharmaSGP has established an asset-light business model. This approach includes the outsourcing of all manufacturing activities to 36 qualified third-party manufacturers and suppliers, all of whom are located in Germany and often also take full responsibility for the sourcing of raw materials. In addition, certain intermediate products are sourced from five suppliers located in other European countries. Following manufacturing, PharmaSGP's finished products are shipped to a single logistics provider for each of its target geographies (*e.g.*, SK Pharma Logistics GmbH ("**SK Pharma**") in Germany). The providers store PharmaSGP's products and handle the full order intake, logistics and claims management process. PharmaSGP's asset-light business model reduces its funding requirements, provides added scalability and allows it to focus on its core competency of developing and introducing new chemical-free OTC and other healthcare products with the potential to claim market leading positions.

Since introducing the first product from its current product portfolio in Germany in 2012, PharmaSGP has proven that it can easily transfer this innovative setup to other target geographies, having introduced chemical-free OTC and other healthcare products in Austria while also expanding its offering of other healthcare products to Italy, France, Belgium and Spain. Its asset-light business model allows PharmaSGP to introduce products in new target geographies without having to establish local operations as it can still have all of its finished products manufactured in Germany and distributed through local logistics providers. As a result, PharmaSGP's European expansion has been achieved with only limited investments. The Company believes that its innovative business model limits the risks associated with its continued expansion and puts PharmaSGP in a prime position to build the leading European distributor of chemical-free OTC and other healthcare products.

11.1.6 Strong revenue growth combined with outstanding profitability leads to high cash generation

In recent years, PharmaSGP has experienced significant growth, with its revenues increasing from €53.1 million in the fiscal year ended December 31, 2017 by 17.9% to €62.6 million in the fiscal year ended December 31, 2019. At the same time, PharmaSGP has been able to generate particularly attractive returns, evidenced by the improvement of its EBIT margin from 28.8% in the fiscal year ended December 31, 2017 to 35.8% in the fiscal year ended December 31, 2019. This high profitability has also contributed to strong net cash flows from operating activities of €17.6 million in the fiscal year ended December 31, 2019. PharmaSGP's excellent liquidity is also reflected in its Cash Conversion Rate of 87.4% during the same period.

In addition, PharmaSGP currently has no liabilities to banks or other debt funding. Therefore, its high cash flows are fully available to fund its continued expansion and provide shareholder returns. The Company believes that its superior profitability and free cash flows provide significant dividend capacity and starting with the dividend for the fiscal year ending December 31, 2021, it intends to pay a dividend in the ordinary course of business of 30% to 50% of PharmaSGP's profit for the year as shown in the consolidated financial statements of the Company prepared in accordance with IFRS.

11.1.7 Entrepreneurial and committed management team

PharmaSGP's management team has a proven entrepreneurial track record and a deep connection with PharmaSGP. Ms. Natalie Weigand has previous experience at Johnson & Johnson and been with PharmaSGP since 2013, managing the expansion of PharmaSGP's successful product portfolio and establishing all of its leading brand families. Mr. Michael Rudolf has longstanding experience with McKinsey & Company and held leading corporate functions, in particular with respect to mergers & acquisitions as well as transaction management, for approximately ten years. For more information, see "*16.1.1 Members of the Management Board*".

In addition to the members of the Management Board, PharmaSGP's continued success is driven by a dedicated team of young and entrepreneurial employees, who on average are less than 30 years of age as of the date of this Prospectus. The high quality of this workforce is reflected in the education level of PharmaSGP's employees, more than three quarters of whom hold a university degree. The Company believes that this young, highly qualified team will allow PharmaSGP to sustain its continued growth and leverage its proven business model.

11.2 Strategy

The Company believes that its strong position in the German market for chemical-free OTC and other healthcare products will allow it to further expand its business and capture leading positions for other chronic indications in Germany, while also expanding its business outside Germany. To achieve these aims, the Company has identified the following key elements of its strategy:

11.2.1 Increase the number of indications covered by PharmaSGP's product offering

The Company plans to fuel PharmaSGP's continued growth and further expand its product portfolio through extensive development and marketing activities. In the current fiscal year, it intends to introduce a total of eleven new chemical-free OTC and other healthcare products compared to an average of four new products *per annum* between 2017 and 2019. In the six-month period ending June 30, 2020, PharmaSGP introduced RubaXX® Cannabis Gel and MELISTON® in Germany, Restaxil® Gel and RubaXX® Plus in Austria as well as Cambiola® in Italy. For the six-month period ending December 31, 2020, the Company expects to keep this high level of product introductions going and plans to introduce RubaXX® Gicht and a remedy against eye inflammation in Germany as well as Tipurex® Tablets and Tipurex® Drops, Neradin® and TAUMEA® products in the French market. Going forward, the Company plans to maintain a high number of launches to fuel its continued growth.

To identify new market opportunities in the form of chronic indications currently not covered by PharmaSGP's product offering, it can harness its unique know-how in identifying untapped demand for natural remedies and completing the required approval processes. As of the date of this Prospectus, PharmaSGP's product pipeline comprises 38 marketing authorizations for various indications that are currently not marketed. In addition, PharmaSGP has already filed for eight new marketing authorizations, including seven filings submitted outside Germany. In particular, PharmaSGP has recently introduced chemical-free tablets against anxiety disorders, restlessness and vertigo that it markets under the MELISTON® brand. The Company believes that there is large untapped demand for natural remedies against this widespread ailment and that this new chemical-free OTC product will enable to establish another dominant brand family. In addition, it expects to launch a remedy against eye inflammation in the second half of 2020. The Company plans to leverage its strong development and marketing capabilities to introduce new chemical-free OTC and other healthcare products as a natural alternative for chronic indications PharmaSGP does not currently address in order to capture significant market shares for these products.

11.2.2 Leverage PharmaSGP's established brand families to introduce new chemical-free OTC and other healthcare products

To leverage its leading brands (*i.e.*, RubaXX®, Restaxil®, DESEO®, Neradin®, TAUMEA® and FULMINAN®), PharmaSGP seeks to expand the number of products marketed under these brands by introducing value-added variations of existing products (*e.g.*, new dosage forms) or complementing products for the relevant indications. For example, PharmaSGP originally only marketed drops to combat rheumatic pain under its RubaXX® brand. To capitalize on the success of this product, PharmaSGP subsequently introduced seven additional chemical-free OTC and other healthcare products under this brand, ranging from different formulations to food supplements for the health of ligaments and joints, and most recently a general dietary supplement based on cannabis seed oil and a cosmetic gel with cannabidiol derived from a natural cannabis extract.

With respect to its Restaxil® brand, PharmaSGP has followed up its market leading remedy against nerve pain in liquid form by introducing a gel against neuralgic pain under this brand in Austria, the first chemical-free OTC product for that indication to be introduced in the country. In addition, PharmaSGP has introduced a food supplement aimed at supporting the overall health of the nervous system. The Company believes that its proven path of first expanding the number of dosage forms, then introducing a food supplement and potentially also expanding the indications covered by PharmaSGP's key brands allows it to derive the maximum value from the power of these brands. The Company plans to further expand the product offerings under its existing and new brand families in order to leverage the power of its brands and thereby maintain and expand its dominant market positions for chemical-free OTC and other healthcare products.

11.2.3 Increase PharmaSGP's European footprint

Due to the continuously increasing demand for chemical-free OTC and other healthcare products, the Company believes that there is significant growth potential for PharmaSGP in other European countries. While it has already expanded sales of its products to Austria, Italy, France, Belgium and Spain, which accounted for 26.8% of PharmaSGP's total revenues in 2019, sales outside Austria and Germany are only derived from other healthcare products, given that the introduction of chemical-free OTC products in other European countries typically require PharmaSGP to obtain separate marketing authorizations.

PharmaSGP has, however, recently obtained marketing authorizations in France for chemical-free OTC products combating rheumatic pain, sexual weakness and vertigo, all of which have become top sellers in Germany. The Company plans to introduce these products during the course of 2020. In the future, it intends to introduce additional existing OTC products and new product developments to the French market and expects that it will expand its chemical-free OTC product offering to additional European markets, in particular Belgium. The Company believes that there is high untapped demand for chemical-free OTC products in other European markets and that its business model that can easily be transferred will allow it to capture strong market positions in these countries.

11.2.4 Expand PharmaSGP's market position through selected acquisitions of other businesses, marketing authorizations, products, assets or other arrangements in PharmaSGP's target geographies

PharmaSGP constantly reviews potential acquisition targets as an opportunity to expand its market position and the indications covered by its product portfolio. In the past, it has focused on selected acquisitions of individual marketing authorizations, but has not engaged in major acquisitions of product portfolios or other companies. Going forward, however, the Company plans to increase its growth in the highly fragmented market for chemical-free OTC and other healthcare products by engaging in acquisition activities to capitalize on attractive external growth opportunities. When considering such acquisitions, PharmaSGP will only consider opportunities that allow it to accelerate its regional expansion, including into new target geographies, or the expansion of its portfolio of marketing authorizations of new indications, help increase PharmaSGP's customer base and/or offer the potential for cost synergies. In this context, the Company is even considering very sizeable transactions. It expects that selected, accretive acquisitions could enable PharmaSGP to expand the range of indications covered by its product offering, complement its existing product portfolio and help fuel its continued growth to build the leading European specialist for chemical-free OTC and other healthcare products.

11.3 Business Operations

PharmaSGP is a leading developer and distributor of chemical-free OTC and other healthcare products for relevant chronic indications. It distributes OTC products based on natural APIs in a variety of dosage forms, including tablets, drops, liquids and gels. Such OTC products may only be distributed after obtaining a marketing authorization. In addition, PharmaSGP markets certain chemical-free other healthcare products, in particular food supplements and skincare products.

PharmaSGP's operations are centered in Germany, which is also its most important market, with revenues from sales of chemical-free OTC and other healthcare products in Germany accounting for 73.2% of PharmaSGP's total revenues in the fiscal year ended December 31, 2019. In addition, PharmaSGP generates revenues from sales to Austria, Italy, France, Belgium and Spain, which accounted for the remaining 26.8% of its total revenues during the same period.

While the gender of PharmaSGP's target customers varies between the different indications covered by its product portfolio, there are certain criteria that apply to all of its target customers. The vast majority of its customers are over 60 years of age, suffer from multiple chronic diseases and are willing to invest in natural remedies to significantly improve the quality of their life. By focusing on consumers with a strong need for PharmaSGP's chemical-free OTC and other healthcare products, PharmaSGP has been able to build a loyal customer base with significant spending power.

11.3.1 PharmaSGP's Key Brands

PharmaSGP's portfolio of chemical-free OTC products focuses on pain remedies for neuralgic pain (*e.g.*, pain caused by damage to nerve fibers) and nociceptive pain (*i.e.*, pain caused by tissue damage), but also comprises a range of products covering other similarly relevant indications, in particular sexual weakness and vertigo. In addition, PharmaSGP markets other healthcare products (*i.e.*, products that are not pharmaceuticals and do not require a marketing authorization, but are also exclusively sold in pharmacies) such as food supplements and skincare products. For each of these products, PharmaSGP selects a suitable brand from its portfolio of health brands (*i.e.*, brands for remedies against chronic ailments and products to promote the overall wellbeing) or beauty brands (*i.e.*, brands for products that help against skin conditions and help improve the overall quality of the skin).

The following table provides a breakdown of PharmaSGP's revenues between health and beauty brands for the periods indicated:

	For the fiscal year ended December 31,			For the three-month period ended March 31,	
	2017	2018	2019	2019	2020
		(unaudited) (in € million)		(unaudited) (in € million)	
Health brands[2]	**42.1**	**46.1**	**49.0**	**11.0**	**14.2**
thereof Germany and Austria	40.3	40.9	42.6	9.6	12.2
thereof Other European countries[1]	1.8	5.2	6.4	1.4	2.0
Beauty brands[3]	**10.6**	**13.8**	**13.0**	**3.6**	**2.6**
thereof Germany and Austria	9.3	9.2	6.9	1.9	1.2
thereof Other European countries[1]	1.3	4.6	6.1	1.7	1.4
Other revenues[4]	**0.3**	**0.7**	**0.6**	**0.3**	**0.0**
Total	**53.1**	**60.6**	**62.6**	**15.0**	**16.7**

(1) Italy, France, Belgium and Spain.
(2) Comprises DESEO®, Lindaven®, Mavosten®, MELISTON®, Mindalin®, NARUMED®, Neodolor®, Neradin®, Prostacalman®, RubaXX®, Restaxil®, SCLEROCALMAN®, SIGNASOL® (former health brand) and TAUMEA®.
(3) Comprises Cambiola®, Deruba®, FULMINAN®, Lentisol®, Kapsafit®, Remitan®, Revoten®, SIGNASOL® (collagen drink) and ZYARIN®.
(4) Comprises revenues from intercompany transactions.

11.3.1.1 *Health Brands*

PharmaSGP's health brands are its most important brands and primarily comprise brands for OTC products that provide pain relief, help combat sexual weakness and treat vertigo. In addition, PharmaSGP utilizes health brands to market complementary nutritional supplements that can help improve the overall wellbeing of its customers. The following are PharmaSGP's most important health brands:

11.3.1.1.1 RubaXX®

RubaXX® is PharmaSGP's most important brand, and products marketed under the RubaXX® brand accounted for 30% of its revenues in the fiscal year ended December 31, 2019. PharmaSGP primarily markets pain remedies for nociceptive pain under the RubaXX® brand. Its RubaXX® OTC products contain various plant-based APIs with documented efficacy. PharmaSGP originally introduced RubaXX® in liquid form in 2013 and these drops have since become the number one selling drops to combat rheumatic pain in Germany (based on revenues for orally-administered chemical-free OTC remedies for rheumatic pain sold in the six-month period ended June 30, 2019 (*source: INSIGHT Health*)). Given that the relevant plant-based APIs are well-tolerable, RubaXX® drops are suitable for the treatment of chronic diseases.

Capitalizing on the success of its RubaXX® drops, PharmaSGP has introduced other nociceptive pain remedies for more specific indications under this brand family. For example, RubaXX® Arthro combats nociceptive pain from arthritis. PharmaSGP's latest chemical-free OTC product marketed under the RubaXX® product family is RubaXX® Duo, which contains the same API as RubaXX® liquid, but has been improved by adding a second natural API which can help with pain caused by rheumatic joints. Before the end of 2020, PharmaSGP plans to launch RubaXX® liquid under the new Tipurex® brand in France and the Company hopes to further expand this brand family going forward.

To capitalize on the high brand recognition of its RubaXX® brand, in 2019 PharmaSGP introduced RubaXX® Cannabis drops, a general dietary supplement based on cannabis seed oil. PharmaSGP is thus also an early mover in the growing market for cannabis seed-based products. In addition, it launched the RubaXX® Cannabis CBD Gel, a specially formulated cosmetics gel with cannabidiol, mint oil and menthol that helps soothe sore muscles, in March 2020.

11.3.1.1.2 Restaxil®

Restaxil® is PharmaSGP's second most important brand, and products marketed under the Restaxil® brand accounted for 21% of its revenues in the fiscal year ended December 31, 2019. PharmaSGP's offering under this brand primarily comprises chemical-free OTC pain remedies against nerve pain. Restaxil® in liquid form is produced from five different plants with documented efficacy against such pain. In the six-month period ended June 30, 2019, Restaxil® was the leading orally-administered chemical-free OTC product to treat nerve pain in Germany (based on revenues for orally-administered chemical-free OTC remedies for nerve pain sold during that period (*source: INSIGHT Health*)).

Capitalizing on the success of its remedies for nerve pain, PharmaSGP has constantly expanded the product offering marketed under its Restaxil® brand. In 2017, PharmaSGP launched Restaxil® Komplex 26, a food supplement that contains choline and aims at supporting the overall health of the nervous system. In January 2020, PharmaSGP further expanded its offering marketed under the Restaxil® brand by introducing a gel against neuralgic pain in Austria. The Company believes that this is the first OTC product for that indication to be introduced in the country.

11.3.1.1.3 DESEO®/Neradin®

Under the DESEO® and Neradin® brands, PharmaSGP's offers market-leading remedies for sexual weakness, in particular for elderly men. In this area, PharmaSGP markets DESEO® drops and Neradin® tablets, which hold the number one and two market positions, respectively, for chemical-free OTC products combating sexual weakness in Germany (based on revenues for orally-administered chemical-free OTC remedies for sexual weakness sold in the six-month period ended June 30, 2019 (*source: INSIGHT Health*)). By the end of 2020, the Company plans to launch Neradin® tablets under the new Lonvect® brand in France and the Company believes that these tablets will be the only chemical-free OTC product currently in the market to combat sexual weakness in the French market.

11.3.1.1.4 TAUMEA®

To combat vertigo, PharmaSGP offers OTC products marketed under the TAUMEA® brand both in liquid and tablet form. In the six-month period ended June 30, 2019, these TAUMEA® products held the second highest market share amongst OTC remedies for vertigo in the German market (based on revenues for orally-administered chemical-free OTC remedies for vertigo sold during that period (*source: INSIGHT Health*)). In 2020, the Company plans to launch its TAUMEA® products in France to also capture a dominant market positions for these products in the second largest market for OTC products and other consumer health and care products in Continental Europe.

11.3.1.2 *Beauty Brands*

PharmaSGP's most important beauty brand is FULMINAN®, which is used to market an innovative collagen drink that helps increase the collagen content of the skin, thereby reducing wrinkles and cellulitis. PharmaSGP's FULMINAN® drink is a healthcare product that held the second highest market share in the German market for collagen drinks in the six-month period ended June 30, 2019 (based on revenues for pharmacy-exclusive collagen drinks sold during that period (*source: INSIGHT Health*)).

Deruba®, which is used to market a cream that helps hide and reduce reddening of the skin, is PharmaSGP's second most important beauty brand. Deruba® cream contains a number of chemical-free ingredients and PharmaSGP has gradually expanded the marketing of this skincare product from Germany to Austria, France, Belgium and Spain.

PharmaSGP also markets OTC products under its beauty brands, in particular Revoten® tablets, which can help reduce weakness in the connective tissue and have no known side effects or interactions.

11.3.2 Development

Identifying attractive market opportunities and successfully developing chemical-free OTC and other healthcare products to meet them are key competencies of PharmaSGP and the main driver of its continued growth. Since 2012, PharmaSGP was able to expand its portfolio to 67 marketing authorizations as of the date of this Prospectus, including 23 authorizations for markets outside Germany.

PharmaSGP commences the development by identifying new market opportunities. To this end, PharmaSGP constantly analyzes the overall market situation in its target geographies, including utilizing databases such as IQVIA and INSIGHT Health on successful category launches of other pharmaceuticals, to find chronic indications for which no chemical-free OTC remedy holds a strong market position. PharmaSGP also monitors trends in demand for other healthcare products, where market movements are typically faster. The Company believes that its in-house knowledge with respect to identifying, assessing and addressing unique market opportunities has been a key factor in establishing strong market positions for PharmaSGP's chemical-free OTC and other healthcare products and will enable it to further expand its product portfolio.

In addition, PharmaSGP constantly seeks to acquire marketing authorizations for chemical-free OTC products that are held by third parties and currently not or not sufficiently utilized. Given the lack of return these third parties receive from such marketing authorizations, PharmaSGP is typically able to acquire them at a significant discount compared to the value it can derive from properly introducing the corresponding OTC product, while avoiding having to undergo the process of obtaining a marketing authorization itself. As a result of its in-depth market knowledge, PharmaSGP has been able to compile and maintain a portfolio of relevant marketing authorizations.

From among the wide range of development opportunities its analytics process produces, PharmaSGP primarily pursues those that meet the following four criteria:

- the product addresses a widespread chronic indication that will allow it to achieve sufficient sales to make the new product a relevant addition to its existing product portfolio;
- the Company believes there is a high market potential due to a strong need from patients for a new chemical-free product that can replace or supplement existing treatment options;
- no competitor has already captured a strong market share for a product meeting that need, giving PharmaSGP the opportunity to achieve fast growth for its new product introduction; and
- the Company believes that due to the high market need and the chance to establish the leading brand for its new product, PharmaSGP will be able to set an attractive price that will allow it to generate a high margin.

Once PharmaSGP has identified a suitable opportunity, it compares the market need to its existing pipeline of 38 marketing authorizations that are currently not marketed to see whether it can already introduce a corresponding chemical-free OTC remedy. This portfolio includes remedies for ailments of the digestive, cardiovascular, nerve and musculoskeletal systems as well as anti-invectives and dermatology products. In such cases, PharmaSGP is typically able to quickly and flexibly introduce new products from this portfolio. Consequently, it may only take PharmaSGP six months or less to select a suitable brand for the marketing of a new product from this portfolio, prepare the required marketing materials, plan the manufacture and initiate the launch.

In most cases, PharmaSGP, however, needs to identify a natural API for the relevant indication. To this end, PharmaSGP reviews medical compendia and similar documentation to identify those APIs that it considers suitable for new formulations meeting the market need. Given that the efficacy of the APIs PharmaSGP choses is already documented, it does not conduct any basic medical research (*Grundlagenforschung*). Instead, PharmaSGP leverages its ability to identify matches of underutilized natural APIs and market opportunities arising from the application of such APIs to new OTC products. In doing so, PharmaSGP benefits from its comprehensive in-house knowledge of the process required to translate natural APIs into actual OTC products that are suitable for mass distribution and match consumer demand.

While PharmaSGP utilizes natural APIs with documented efficacy, the process for obtaining the marketing authorization required to introduce an actual OTC product based on these APIs is complex, requires in-depth knowledge and typically takes between two and three years, depending, in particular, on the process of the competent governmental authority granting the authorization. This process comprises four distinct stages:

- PharmaSGP initial develops the formulation for its new OTC product based on the relevant natural APIs;
- it then prepares the documentation required to apply for a corresponding marketing authorization;
- afterwards, PharmaSGP conducts the process for obtaining the marketing authorization, which may require intense engagement with the competent governmental authorities; and
- finally, PharmaSGP prepares the launch of the new chemical-free OTC product (*e.g.*, selecting a suitable brand and preparing marketing materials).

PharmaSGP handles all key stages of the development and approval process, in particular the formulation of the relevant natural APIs and the conduct of the application process for new marketing authorizations, either in-house or with the help of experienced third-party service providers. The Company believes that its in-depth know-how on the development of chemical-free OTC and other healthcare products represents a key competitive advantage.

In case of PharmaSGP's chemical-free OTC products, marketing authorizations can typically only be obtained on a national level (see "*12.1.2 Market Introduction of OTC Products*"). Consequently, PharmaSGP is required to obtain separate authorizations to introduce such products in its other target geographies. While it has completed fewer authorization processes for its foreign markets, PharmaSGP has continuously expanded its know-how on the individual differences in approval processes. For example, it has recently obtained marketing authorizations from the competent French governmental authority for remedies against rheumatic pain, sexual weakness and vertigo which are already top sellers in the German market. As a result of its superior development capabilities, the Company believes that it will continue to be able to successfully introduce additional chemical-free OTC products in additional target geographies in the future.

With respect to healthcare products such as food supplements, PharmaSGP does not require a marketing authorization. As a result, these products can be introduced quickly and flexibly, making it easier for PharmaSGP to capitalize on attractive market opportunities in a market that is characterized by relatively short-lived trends.

11.3.3 Manufacturing

To keep its operations asset-light and focus on its key competencies of developing and marketing leading chemical-free OTC and other healthcare products, PharmaSGP has chosen to outsource the manufacturing of these products. To this end, it sources its products and supplies from 36 qualified third-party manufacturers and suppliers, all of whom are based in Germany and typically comply with the GMP standard. In addition, certain intermediate products are manufactured by five third-party providers located in other European countries. By outsourcing the manufacturing process, PharmaSGP does not have to invest significant funds in the installation and maintenance of any manufacturing capacities of its own.

When introducing a new product, PharmaSGP either selects a suitable third-party manufacturer from amongst its existing partners or seeks a new potential partner. In most cases, several suitable third-party manufacturers are under consideration and PharmaSGP will request competitive offers from these manufacturers to choose the right manufacturer for its new product. Once PharmaSGP made its selection, it can leverage its in-house knowledge and the manufacturing expertise of the third-party manufacturer to help ensure a smooth and swift ramp up of production to the anticipated production levels.

While for certain products PharmaSGP handles the sourcing of raw materials required for the production of its chemical-free OTC and other healthcare products in-house, for the majority of its products the entire production process, commencing with the sourcing of raw materials, is handled by the relevant third-party manufacturer. The Company expects that for most of its products, PharmaSGP will continue to outsource the complete production process to third-party manufacturers, but will still handle the sourcing for certain products in order to retain control over the sourcing process and flexibly choose what quantities of such raw materials to source.

While PharmaSGP has outsourced the actual manufacturing of its products, it retains control over the key steps of the manufacturing process. To this end, PharmaSGP provides its third-party manufacturers and suppliers with product specifications and manufacturing directions. PharmaSGP typically orders its chemical-free OTC and other healthcare products several months in advance to ensure that its third-party manufacturers and suppliers can provide sufficient supplies. Given its longstanding relationships with many of these manufacturers, it can, however, often obtain such supplies even at short notice where that is required. To ensure high quality standards, PharmaSGP relies on both the internal quality controls of its third-party manufacturers as well as its own quality controls, which it conducts for every product. To maintain consumer trust, PharmaSGP would even recall products that are not harmful, but simply do not meet its high quality standards.

With respect to chemical-free OTC and other healthcare products marketed outside Germany, PharmaSGP does not engage local manufacturers, but simply distributes the products that have been manufactured by its German manufacturing partners. Given that its products comply with manufacturing standards applicable in the European Union, in particular the GMP standard for OTC products, PharmaSGP can expand the distribution of these products to other target geographies in Europe without requiring any local manufacturing capacities.

In addition to complying with the high quality standards applicable in the European Union, PharmaSGP's manufacturing processes are geared towards sustainability and environmental friendliness. Its products are not only chemical-free, but also composed of materials where the vast majority of such materials that can be fully recycled. Furthermore, none of PharmaSGP's products are tested on animals. The Company believes that this sustainable, environmentally friendly setup helps to further enhance the perception of its brands with conscious consumers.

The resilience and sustainability of PharmaSGP's asset-light setup is evidenced by its ability to maintain its operations during the recent pandemic spread of COVID-19, a novel strain of the coronavirus. PharmaSGP's diversified network of third-party suppliers and manufacturers has allowed it to avoid any manufacturing interruptions. The Company believes that it will continue to be able to maintain its operations without significant interruptions despite the ongoing pandemic spread of COVID-19.

11.3.4 Marketing

PharmaSGP handles the key aspects of its marketing efforts, in particular drawing up marketing concepts and deciding on marketing strategy, in-house. The Company believes that its proven marketing power for end-consumer marketing campaigns provides it with a key competitive advantage compared to other distributors of chemical-free OTC and other healthcare products. PharmaSGP's particular marketing strength lies in the combination of longstanding expertise in designing direct to consumer marketing campaigns and the ability to fund such campaigns across far-reaching media channels. When designing and tracking its marketing campaigns, PharmaSGP relies on a proven data analysis process, tracking both recent sales in pharmacies as well as the success of its past and current launches. In addition, the Company believes that it has one of the highest marketing budgets among distributors of chemical-free OTC products in Germany and plans to continue to make significant investments in its marketing activities in order to drive demand for new product launches and increase the recognition of its key brands.

For each new product, direct marketing to potential consumers commences shortly before or upon launch. To directly reach such consumers, PharmaSGP commissions advertisements in magazines that offer a wide circulation amongst PharmaSGP's target group (*i.e.*, the elderly). Such advertisements account for the vast majority of PharmaSGP's marketing expenses and inform potential customers about the indications covered by its chemical-free OTC products and their multiple advantages compared to chemical-based pharmaceuticals. In addition, PharmaSGP commissions television commercials during relevant program hours (*e.g.*, "Tagesschau") to generate initial interest from consumers. Such commercials account for the majority of the remainder of PharmaSGP's marketing expenses. After launch, PharmaSGP closely monitors the success of any new products and adjusts the marketing budget based on where PharmaSGP believes it can derive the maximum value from its marketing efforts. If it cannot achieve a critical mass of sales or is even unable to reach break-even within three to six months after launch, PharmaSGP typically discontinues the relevant product. The Company believes that this disciplined approach to managing new launches ensures that it allocates its marketing spending efficiently and only towards those products from which PharmaSGP can derive attractive returns.

PharmaSGP's marketing team accounts for approximately 50% of its overall full-time employees. These employees are young and entrepreneurial, with most of them being between 30 and 35 years of age. While PharmaSGP designs all advertisements in-house, it uses external media agencies to film television commercials and has teamed up with EMCM Agentur für Media und Kommunikation GmbH ("**EMCM**"), a member of the FUTRUE Group, to book the required advertisement space and negotiate prices (see "*17.1.3.1 Media Services Agreement with EMCM*").

As a result of PharmaSGP's ability to understand its target consumers and design attractive and informative marketing campaigns, such consumers typically place orders for its chemical-free OTC and other healthcare products with their local pharmacy, after seeing PharmaSGP's advertisements and commercials. Thus, PharmaSGP's direct marketing efforts create initial demand for new product introductions and increased recognition of such products by pharmacists, allowing PharmaSGP to achieve fast revenue growth for new product introductions. Such magazine advertisements alone have a reach of approximately 40 million potential consumers within one week. The wide reach of PharmaSGP's direct consumer marketing has driven demand for its chemical-free OTC and other healthcare products, evidenced by the fact that certain products of PharmaSGP are available in up to 95% of German pharmacies (*source: INSIGHT Health*).

To complement the marketing activities directly targeting consumers, PharmaSGP increasingly uses innovative marketing tools to reach pharmacists and educate them about selected chemical-free OTC and other healthcare products. By commissioning the streaming of information commercials on e-detailing devices (*e.g.*, iPads) distributed by a third-party provider, PharmaSGP is able to educate such pharmacists about key benefits of such products and increase the recognition of its product portfolio. Such e-detailing devices are distributed by the relevant third-party provider to more than 20,000 German pharmacists. At the same time, these devices provide PharmaSGP with a reliable way to track the consumption of its commercials and whether they are engaging enough for pharmacists to watch for the entire duration of the stream. PharmaSGP also engages Experten Schulungsakademie GmbH, a member of the FUTRUE Group, to organize conferences for pharmacists where they receive teaching with respect to chronic indications covered by PharmaSGP's product offering, in particular relevant scientific knowledge, and the benefits of corresponding chemical-free OTC products from PharmaSGP's product offering as a suitable remedy for these indications. By directly engaging with pharmacists, PharmaSGP can extend the product life cycles of its key chemical-free OTC products through marketing efforts that require significantly lower investments compared to its broader direct marketing campaigns.

Furthermore, PharmaSGP has commissioned a sales force from certain members of the FUTRUE Group (see "*17.1.3.2 Contract Sales Force Agreements*), whose sales agents operate throughout Germany. Such sales agents directly contact local pharmacists and physicians to educate them about PharmaSGP's products marketed under the Restaxil® brand, thereby further driving orders and the recognition of this particular brand.

The recent pandemic spread of COVID-19 did not have any material adverse effects on PharmaSGP's marketing activities. Given that it directly markets its chemical-free OTC and other healthcare products through magazine advertisements and television commercials, PharmaSGP can still reach its target consumers even when they stay at home due to quarantine measures. In addition, unlike many of its competitors, conferences and direct sales force activities are only complementary to PharmaSGP's marketing efforts. Consequently, its marketing strategy does not depend on the continued availability of these marketing tools. The Company believes that it will continue to be able to successfully market its chemical-free OTC and other healthcare products despite the ongoing pandemic spread of COVID-19.

11.3.5 Warehousing, Logistics and Distribution

With respect to warehousing, logistics and distribution in its main market Germany, PharmaSGP has commissioned the services of logistics providers SK Pharma, who provide specialized logistics services in the healthcare industry. SK Pharma collects the orders for PharmaSGP's chemical-free OTC and other healthcare products from pharmaceutical wholesalers such as PHOENIX Pharma SE, Sanacorp Pharmahandel GmbH and NOWEDA Apothekergenossenschaft eG, who in turn base their orders on the demand of the pharmacies they supply. Where PharmaSGP receives direct orders from pharmacies, it passes such orders on for fulfillment by SK Pharma. In the fiscal year ended December 31, 2019, sales to pharmaceutical wholesalers accounted for approximately 94% of PharmaSGP's revenues, while direct sales to pharmacies accounted for the remaining approximately 6%.

To meet expected demand, PharmaSGP builds up a stock of its products in SK Pharma's warehouse near Bielefeld. SK Pharma is then authorized to sell such products on to wholesalers and can directly access PharmaSGP's chemical-free OTC and other healthcare products stored in its warehouse. PharmaSGP recognizes revenues from such sales once its products have been called up for sale to wholesalers by SK Pharma, who enters into purchase agreements with such wholesalers in its own name and at its own risk, while PharmaSGP directly enters into purchase agreements for direct orders from pharmacies.

SK Pharma not only handles warehousing and order collection for PharmaSGP, but also the transportation of its chemical-free OTC and other healthcare products, which are shipped by third-party carriers (*e.g.*, DHL). In addition, SK Pharma also handles the claims management on behalf of PharmaSGP. The multitude of services provided by SK Pharma along the value chain limit the risk of cost overruns for PharmaSGP keep its business asset light, allowing PharmaSGP to focus on its key competencies of developing and marketing its chemical-free OTC and other healthcare products.

For markets outside Germany, PharmaSGP takes a similar approach and has hired one local logistics expert for each of Austria, Italy, France, Belgium and Spain. These third-party providers store PharmaSGP's chemical-free OTC products until selling them to local wholesalers and pharmacies. As a result, PharmaSGP did not have to invest in any local operations when entering these markets and the Company plans to maintain this strategy for its further expansion into other target geographies in Europe. Its asset-light approach makes PharmaSGP's business model easy to transfer and significantly limits the risks associated with its expansion into additional markets.

The recent pandemic spread of COVID-19 did not have any material adverse effects on PharmaSGP's logistics operations. Given that pharmacies have generally remained open and most of PharmaSGP's chemical-free OTC and other healthcare products are also available via online pharmacies, this pandemic has not affected the availability and delivery of such products. The Company expects that it will continue to maintain the widespread availability of its products despite the ongoing pandemic spread of COVID-19. In April 2020, PharmaSGP, however, saw a certain drop in revenues due to a reduction of inventory levels by pharmaceutical wholesalers, although retail demand for PharmaSGP's products remained largely unaffected. In the month of May 2020, orders from wholesalers returned to normal levels.

11.4 Information Technology

PharmaSGP uses a number of standard software for its business operations, in particular monitoring and accounting software provided by SAP SE and LucaNet AG. To ensure data safety and protection from outages, PharmaSGP has implemented a number of protective measures, including duplicate systems, firewalls, antivirus software, patches, data encryption, log monitors, routine backups, system audits, data partitioning, routine password modifications and disaster recovery procedures.

11.5 Intellectual Property

As of the date of this Prospectus, PharmaSGP's portfolio of trademarks comprises approximately 50 different registered word marks, figurative marks and word-figurative marks and applications. Most of these trademarks are European or German registrations. PharmaSGP's most important protected trademarks are those related to its brand families, in particular RubaXX®, Restaxil®, DESEO®, Neradin®, TAUMEA® and FULMINAN®, and it has registered corresponding European trademarks to protect these brands.

PharmaSGP has various registered domain names, including with respect to each of its different product families, in particular restaxil.de, rubaxx.de, deseo.net and fulminan.de.

PharmaSGP constantly monitors its intellectual property to ensure that all material rights remain in full force and effect. In addition, it has engaged a third-party service provider with alerting PharmaSGP to any potential violations of its key brands. Where such violations are identified, PharmaSGP hires specialized counsel in order to effectively assert PharmaSGP's rights with respect to any infringements.

11.6 Real Property

PharmaSGP does not own any real estate. The sole real estate leased by PharmaSGP are its headquarters located at Lochhamer Schlag 21, 82166 Gräfelfing, Germany.

For further information with respect to the lease agreement for PharmaSGP's headquarters, see "*"11.11.3 Lease Agreement for PharmaSGP's Headquarters*".

11.7 Employees

As of the date of this Prospectus, PharmaSGP employs a total of 53 employees (full-time equivalent), all of whom are located in Germany.

In the fiscal year ended December 31, 2019, PharmaSGP employed 30 employees (full-time equivalent) on average (fiscal year ended December 31, 2018: 28 employees (full-time equivalent) on average; fiscal year ended December 31, 2017: 30 employees (full-time equivalent) on average).

11.8 Compliance Management

PharmaSGP's compliance team, which comprises member of the Management Board Mr. Michael Rudolf as well as one compliance expert, has established a compliance management system aimed at ensuring lawful conduct by its employees. It is designed to identify potential violations in advance and systematically prevent their occurrence and supervised by PharmaSGP's compliance officer. This compliance system comprises, *inter alia*, compliance audits, a compliance manual setting forth PharmaSGP's mandatory compliance policies, regular training courses on relevant compliance risks and measures as well as adequate measures to allow employees to report potential compliance violations.

11.9 Insurance

PharmaSGP has taken out insurance policies it considers customary and necessary in the OTC consumer health industry, in particular pharmaceuticals product liability insurance as required by Section 94 para. 1 of the German Pharmaceuticals Act (*Arzneimittelgesetz* ("**AMG**")) and general product liability insurance. These insurance policies are usually entered into by the Company, but also cover all other entities of PharmaSGP.

PharmaSGP's insurance policies contain market-standard exclusions and deductibles. PharmaSGP regularly reviews the adequacy of its insurance coverage and believes that its insurance coverage is in line with market standards in the industry. Nevertheless, it may suffer losses for which no insurance coverage is available or its losses may exceed the amount of insurance coverage under PharmaSGP's existing insurance policies.

PharmaSGP has also taken out a directors and officers ("**D&O**") insurance policy that covers the current and future members of the Management Board and Supervisory Board as well as equivalent bodies of other entities of PharmaSGP, with a total coverage of up to €15.0 million in total per year and various sublimits depending on the specific nature of claims. The D&O insurance provides for a deductible for all members of the Management Board in line with the AktG.

11.10 Litigation

In the course of its business activities, PharmaSGP is regularly exposed to numerous legal risks, particularly in the areas of product liability, competition, intellectual property disputes and tax matters (see "*1.3 Risks related to Regulatory, Legal and Tax Matters*").

PharmaSGP is, however, not aware of any governmental, legal or arbitration proceedings (whether pending or threatened) with a value exceeding €0.5 million or which may otherwise have, or have had, a significant effect on PharmaSGP's financial position or profitability during the past twelve months.

11.11 Material Agreements

11.11.1 Technical Agreements

PharmaSGP has entered into several technical agreements with its third-party manufacturers, all of whom are based in Germany. These technical agreements typically comprise a general framework agreement and an annex detailing the chemical-free OTC and other healthcare products to be manufactured by the relevant third-party manufacturer. Other annexes to the technical agreements allocate various statutory responsibilities to either PharmaSGP or the third-party manufacturer or set forth standards for other aspects of the manufacturing process (*e.g.*, the required quality of raw materials and packaging). The technical agreements are typically entered into for an indefinite term, but updated regularly to reflect recent changes in applicable regulations and can be terminated with a notice period of six months.

Pursuant to the general terms of the framework agreements, PharmaSGP's third-party manufacturers for OTC products are required to hold a manufacturing authorization and to manufacture the relevant products in accordance with applicable legal provisions (*e.g.*, the AMG or the GMP standard), as provided for by both German and European law. The agreements require PharmaSGP's third-party manufacturers to conduct internal quality controls of the chemical-free OTC and other healthcare products by following control instructions provided by PharmaSGP. Each batch of OTC products is subject to review and release for sale by an employee of the relevant third-party manufacturer who meets the requirements of a qualified person under the AMG (see "*12.1.3 Manufacturing*").

11.11.2 Logistics Agreement with SK Pharma

On February 12, 2020, PharmaSGP GmbH renewed its logistics agreement with SK Pharma with respect to the warehousing, logistics and distribution of PharmaSGP's chemical-free OTC and other healthcare products in Germany. Pursuant to the terms of the logistics agreement, SK Pharma collects orders for PharmaSGP's products from pharmaceutical wholesalers for sales to these customers in its own name and for its own account at a price set in advance by PharmaSGP. The logistics agreement provides an option for PharmaSGP to amend the terms of the agreement by way of a supplementary agreement in order for sales to wholesalers to be conducted in its own name. Orders from pharmacies, mail-order pharmacies and other customers are collected by PharmaSGP and handed over for fulfillment by SK Pharma in the name and for the account of PharmaSGP.

The logistics agreement sets forth the services to be provided by SK Pharma, with such services covering the entire sales and distribution process. PharmaSGP's chemical-free OTC and other healthcare products are delivered to SK Pharma for initial product inspection (*Wareneingangskontrolle*) and storage in SK Pharma's warehouse based near Bielefeld. SK Pharma conducts inventory checks and informs PharmaSGP of the remaining stock on a daily basis. Orders from customers are collected by SK Pharma, who then delivers PharmaSGP's chemical-free OTC and other healthcare products to such customers through third-party carriers. In addition, SK Pharma provides services with respect to returns as well as claims management.

11.11.3 Lease Agreement for PharmaSGP's Headquarters

On November 29, 2018, FUTRUE GmbH entered into a lease agreement for office space located at Lochhamer Schlag 21, 82166 Gräfelfing, Germany. The lease agreement has a fixed term until July 31, 2022. The leased office space amounts to approximately 1,000 square meters, plus storage space and a number of parking lots.

On October 31, 2019, PharmaSGP entered into an agreement with FUTRUE GmbH to sublet the aforementioned property, allowing PharmaSGP to use this property as office space. With effect from April 1, 2020, PharmaSGP assumed the main lease agreement and replaced FUTRUE GmbH as a party thereto.

11.11.4 Agreements with Members of the FUTRUE Group

For a description of agreements with members of the FUTRUE Group, see "*17.1 Transactions with Related Parties*".

12. REGULATORY AND LEGAL ENVIRONMENT

PharmaSGP's business is subject to numerous laws and regulations including provisions on the development, approval, labelling, manufacturing, distribution, promotion and marketing of PharmaSGP's chemical-free OTC and other healthcare products.

While the relevant laws and regulations are typically of a national scope, within the European Union a considerable degree of regulatory harmonization exists in a number of areas relevant to PharmaSGP's business. The European Union has created a common regulatory framework that applies not only to PharmaSGP's most important market Germany, but in all member states of the European Union, and which comprises directives and regulations. Directives only become effective once they are enacted in a member state of the European Union and the implementation of directives may vary between member states. Regulations, however, do not require implementation into national law and apply directly and uniformly in all member states of the European Union.

12.1 OTC Products

PharmaSGP's activities as a developer and distributer of chemical-free OTC products (*i.e.*, prescription-free pharmaceuticals) in major European markets, in particular Germany, are subject to laws and regulations on the European level as well as on a national level. These laws and regulations generally apply to all pharmaceuticals, including OTC products, and contain, *inter alia*, provisions on the testing, safety, efficacy, approval, labeling, including warnings, promotion, marketing and post-marketing surveillance of OTC products. Given that its OTC products qualify as authorized homeopathic remedies, PharmaSGP can utilize certain special provisions that apply to such homeopathic remedies, in particular with respect to proofing efficacy and safety of such remedies, provided that its homeopathic OTC products otherwise remain subject to the same legal requirements as chemical-based OTC products.

12.1.1 Definition of Pharmaceuticals

According to the harmonized European definition set forth in Article 1 of Directive 2001/83/EC of the European Parliament and of the Council of November 6, 2001 on the community code relating to medicinal products for human use (the "**Medicinal Products Directive**"), which is also reflected in Section 2 para. 1 AMG, pharmaceuticals for human use are substances or preparations made from substances that (i) are intended for use in or on the human body, and as remedies with properties for the curing, alleviating or preventing of human diseases or disease symptoms, or (ii) can be used in or on the human body or can be administered to a human being either to restore, correct or influence the physiological functions through a pharmacological, immunological or metabolic effect, or to make a medical diagnosis. Products categorized as foodstuffs, food supplements or cosmetics are not classified as pharmaceuticals and instead subject to specific laws (see "*12.2 Other Healthcare Products*"). The oftentimes difficult distinction is based on an extensive body of case law.

12.1.2 Market Introduction of OTC Products

Pursuant to applicable laws and regulations in PharmaSGP's target geographies, OTC products may generally only be marketed after receipt of a marketing authorization from the competent governmental authority. In the European Union, the approval, manufacturing, distribution and marketing of OTC products is comprehensively regulated at both the European level and the national level in each member state. The European legal framework has been developed and amended on numerous occasions in recent decades, with an increasing tendency to shift decision-making and proceedings from the national to the European level. While this European legal framework, in particular Regulation (EC) No. 726/2004 of the European Parliament and of the Council of March 31, 2004 laying down community procedures for the authorization and supervision of pharmaceuticals for human and veterinary use and establishing a European Medicines Agency, generally provides for a mutual recognition procedure, this process typically does not apply to homeopathic remedies such as PharmaSGP's chemical-free OTC products.

Consequently, PharmaSGP is required to obtain individual marketing authorizations for each of its target geographies, with process depending on the national laws and regulations of the relevant member state. If PharmaSGP is able to meet the documentation requirements for the approval process, the competent governmental authority will grant the desired marketing authorization. The authorization process usually takes more than a year and may last longer, depending on the nature and proposed use of the product under review, the quality of the submitted data, and the efficiency of the relevant competent governmental authority.

In Germany, national laws and regulations mostly reflect the requirements of the Medicinal Products Directive. The Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte* ("**BfArM**")) is the competent governmental authority to grant such marketing authorization. The required documentation is set forth in Sections 22 and 24 AMG. With respect to natural APIs with documented efficacy such as those used for PharmaSGP's OTC products, clinical trials are typically not necessary to obtain the required marketing authorization. Section 22 para. 3 AMG allows for the presentation of other scientific documents *in lieu* of clinical trials, if the relevant APIs have been in use in the European Union for general medical purposes for at least ten years and their effects as well as any adverse reactions are known and evident from scientific data. The same applies to new combinations of such APIs with documented efficacy.

Pursuant to Section 25 AMG, an application may be rejected for various reasons (*e.g.*, incompleteness of the submitted documentation, insufficient testing, lack of therapeutic efficacy or safety, or an unfavorable benefit/risk profile). Pursuant to Section 25 para. 2 no. 4 AGM, the applicant bears the burden of substantiating the therapeutic efficacy attributed to the OTC product, allowing the BfArM to reject an application on the grounds that the therapeutic efficacy has not been sufficiently proven.

A marketing authorization only applies to the specific indication stated in the application. Pursuant to Section 29 para. 3 no. 3 AMG, extensions of the indication require a separate marketing authorization. Even after approval, comprehensive documentation and reporting obligations remain (see "*12.1.7 Monitoring and Supervision*"). Any marketing authorization is limited to a period of five years, unless an application for an extension is submitted at least nine months before expiration. Such extension is valid for an unlimited period of time, unless otherwise ordered by the BfArM (*e.g.*, the extension is limited to another five years). A marketing authorization expires if the relevant OTC product has not been placed on the market within three years after the authorization was granted, or is removed from the market for at least three successive years.

12.1.3 Manufacturing

While PharmaSGP has fully outsourced the actual manufacturing of its OTC and other healthcare products, as the holder of the required marketing authorizations, it is required to ensure that (i) its third-party manufacturers comply with various laws and regulations applicable to the manufacturing of such products and that (ii) all manufacturing is carried out in accordance with the process described when obtaining such marketing authorizations. Pursuant to Section 13 AMG, commercial manufacturers of OTC products based in Germany generally require a manufacturing authorization granted by the competent governmental authority of the relevant federal state. The AMG defines manufacturing as producing, preparing, formulating, treating or processing, filling as well as decanting, packaging, labelling and releasing OTC products. To obtain the relevant authorization, a manufacturer must have at least one qualified person fulfilling certain requirements under the AMG (*i.e.*, a person with expert knowledge and the ability to ensure that each batch of an OTC product is manufactured and tested in accordance with the applicable regulations). The expert knowledge of the qualified person is proven either through a license to practice as a pharmacist or a diploma in pharmacy, chemistry, biology, human medicine, pharmaceutical chemistry or pharmaceutical technology attained upon completion of university studies. In addition, a period of at least two years of practical experience in the field of the qualitative and quantitative analysis and other quality testing of pharmaceuticals is required.

Further requirements regarding qualification, training and organization of personnel are set out in Section 4 of the Ordinance on the Application of Good Manufacturing Practice in the Manufacture of Pharmaceuticals and Active Pharmaceutical Ingredients and on the Good Professional Practice in the Manufacture of Products of Human Origin (*Verordnung über die Anwendung der guten Herstellungspraxis bei der Herstellung von Arzneimitteln und Wirkstoffen und über die Anwendung der guten fachlichen Praxis bei der Herstellung von Produkten menschlicher Herkunft* ("**AMWHV**")). In addition to the requirement of having a qualified person, the AMWHV provides specific requirements as to the overall quality management systems personnel, premises and facilities, hygiene, documentation, labelling, and storage in relation to the manufacturing of OTC products. This ordinance largely reflects and refers to the requirements of GMP standards as set forth in the European Guidelines on Good Manufacturing Practice for Medicinal Products for Human and Veterinary Use, which are published pursuant to Article 47 para. 2 of the Medicinal Products Directive and specify GMP as prescribed by Commission Directive 2003/94/EC of October 8, 2003 laying down the principles and guidelines of good manufacturing practices in respect of OTC products.

12.1.4 Labelling

In Germany, the labelling of OTC products is governed by Sections 10 and 11 AMG, largely reflecting the requirements set forth in Title V of the Medicinal Products Directive. These provisions determine the information that must be displayed on the container and, if used, on the outer packaging of OTC products as well as the information to be contained in the leaflet.

The information on the container and, if used, on the outer packaging of finished OTC products must be displayed in the German language and easily comprehensible and, *inter alia*, include the name and address of the relevant entrepreneur, the name of the OTC product, information stating whether the product is intended for administration to babies, children or adults, the marketing authorization number, the batch number, the strength, dosage form and method of administration, the APIs, the content by weight, volume or number of items, the expiry date and, if applicable, a note that the relevant OTC product can only be obtained through a pharmacy.

OTC products may only be marketed with a leaflet bearing including instructions for use (*Gebrauchsinformation*) and containing, in the prescribed order, information such as the name of the OTC product, the substance or indication group or mode of action, the therapeutic indications, information to be read before using the product (*e.g.*, contra-indications), precautions and interactions with other pharmaceuticals, instructions for normal use, information on potential side effects and directions on where to inspect the expiry date. Such information must be easily legible and comprehensible and is to be provided in the German language.

12.1.5 Promotion and Marketing

The promotion and marketing of OTC products in Germany is regulated by the German Drug Advertisement Act (*Heilmittelwerbegesetz*), which differentiates between marketing to healthcare professionals and marketing to consumers. For any marketing, a mandatory amount of information is stipulated (*e.g.*, the name of the company, the name of the product, the composition of the product and side effects). Advertisements may not be deceptive or misleading, must disclose specific information and may not refer to certain sources (*e.g.*, recommendations of scientists, patient histories and thank-you letters, letters of appreciation and letters of recommendation by third parties). In addition, advertisements may not refer to indications which are not covered by the relevant marketing authorization. Violations of these rules can be sanctioned with fines of up to €50,000.00 or, in severe cases of deception, with imprisonment for up to one year (see "*1.3.3 Advertisements for OTC products are subject to extensive regulation and PharmaSGP's advertisements may be challenged by governmental authorities, competitors or competition associations.*").

In France, any advertisements for OTC products require prior approval from the French Agency for the Safety of Health Products (*Agence nationale de sécurité du médicament et des produits de santé* ("**ANSM**")).

In addition, there are various laws and regulations aimed at preventing improper marketing efforts in the healthcare industry. In particular, Section 299b of the German Criminal Code (*Strafgesetzbuch*) prohibits any person from offering, promising or providing benefits to a healthcare professional (*e.g.*, a pharmacist), in order to entice such recipient to favor the offeror when ordering OTC products. Violations of this provision may be punished with a prison term of up to three years or a fine.

12.1.6 Distribution

12.1.6.1 *Distribution to Consumers*

In Germany, the AMG provides that OTC products may generally only be sold to end consumers in pharmacies to ensure consumer safety. There are exemptions for, *inter alia*, natural curative waters as well as salts, therapeutic clays, moor muds for baths and other peloids, soaps for external use, plants and parts of plants, distillates made from plants, juices pressed from fresh plants if they are prepared without the use of solvents other than water, plasters and disinfectants intended exclusively or mainly for external use as well as disinfectants for the mouth and throat area. In addition, the German Ordinance on Pharmacy-Only and Free Market Medicinal Products (*Verordnung über apothekenpflichtige und freiverkäufliche Arzneimittel*) provides a similar exemption for certain OTC products containing specific substances. Yet the ordinance also requires that certain OTC products exempt under the AMG may nevertheless only be sold in pharmacies.

German law further distinguishes between prescription pharmaceuticals (*i.e.*, medicinal products which may only be provided to patients based on a prescription issued by a doctor) and non-prescription pharmaceuticals that may be sold to patients at pharmacies without a prescription (*i.e.*, OTC products). The Ordinance on the Mandatory Prescription of Medicinal Products (*Verordnung über die Verschreibungspflicht von Arzneimitteln* (the "**Prescription Ordinance**")) lists specific substances and any product containing these substances are classified as prescription pharmaceuticals, while all other products are classified as OTC products.

OTC products may also be distributed to patients via mail order, provided that any distributor residing in Germany requires specific licenses as set forth in the German Pharmacy Act (*Apothekengesetz* ("**ApoG**")). In addition, distributors require a specific authorization for the distribution of OTC products via mail order pursuant to Sections 43 para. 1 AMG and Section 11a ApoG. Yet according to the Ordinance on the German Operation of Pharmacies (*Apothekenbetriebsordnung*), distribution via mail order is not permitted if the safe application of an OTC product requires a personal consultation, or if the product contains certain substances.

In France, any person marketing OTC products requires a license as either a distributor (*exploitant*) or a manufacturer from the ANSM. The requirements for such license vary depending on the type of license. The ANSM grants a license after verifying that the applicant has adequate premises, the necessary personnel and put in place satisfactory procedures for carrying out the proposed activities, in particular regarding supply and pharmacovigilance.

12.1.6.2 *Distribution to Wholesalers and Pharmacies*

The distribution of OTC products to wholesalers and pharmacies is unrestricted, although these parties require a specific license to operate their businesses. PharmaSGP itself is required to hold a corresponding license, but must also ensure that its logistics providers comply with such requirements. Pursuant to Section 52a para. 1 AMG, any wholesaler of OTC products requires a license. The distribution of OTC products is also subject to the standards of good distribution practice ("**GDP**") set forth in the European Commission guidelines of November 5, 2013 on good distribution practice of medicinal products for human use (the "**GDP Guidelines**"), which are based on the Medicinal Products Directive. In Germany, the GDP Guidelines have been incorporated by the German Ordinance on the Wholesale and Distribution of Medicinal Products (*Verordnung über den Großhandel und die Arzneimittelvermittlung*). The GDP Guidelines provide guidelines for OTC wholesalers in conducting their activities and to preventing counterfeit products from entering the supply chain. In this context, distribution not only means the transportation of OTC products, but also any other activities associated with the distribution of such products (*e.g.*, qualifying customers and suppliers, receiving, storing and selecting as well as supplying, exporting or destroying OTC products).

12.1.6.3 *Pharmacy License*

Pursuant to Section 1 para. 2 ApoG, the operation of pharmacies also requires a specific license. Section 1 para. 1 ApoG provides that pharmacies must ensure a proper supply to the population as required by public interest. In addition, pharmacies serve the safety of the individual patient by providing advisory services. Forms of distribution that are physically separate from pharmacies (*e.g.*, pick-up points or pharmacy terminals) are permissible if state control remains at a sufficient level.

12.1.7 Monitoring and Supervision

Even after obtaining a marketing authorization, an OTC product and its manufacturer remain subject to monitoring. The competent governmental authority may have granted the relevant marketing authorization under the condition that additional analytical and pharmaceutical-toxicological tests are carried out. Such additional tests may also be conducted on a voluntary basis. Pursuant to Commission Regulation (EC) No. 1234/2008 of November 24, 2008 concerning the examination of variations to the terms of marketing authorizations for pharmaceuticals for human use and veterinary pharmaceuticals, as amended, the competent governmental authority must be notified of certain changes after the marketing authorization has been granted (*e.g.*, changes to batch sizes, the manufacturing or the labelling). Changes to the marketing authorization may even require approval by the competent governmental authority or obtaining a new marketing authorization.

In addition, the holder of a marketing authorization has to comply with the comprehensive framework on pharmacovigilance laid down in the Medicinal Products Directive, Directive 2010/84/EU of the European Parliament and of the Council of December 15, 2010 and Regulation (EU) No. 1235/2010 of the European Parliament and of the Council of December 15, 2010 (the "**Pharmacovigilance Regulation**"), as well as national legislation implementing the Pharmacovigilance Regulation (*e.g.*, Sections 62 through 63k AMG in Germany). The Pharmacovigilance Regulation, *inter* alia, requires the holder of a marketing authorization to have a qualified person responsible for pharmacovigilance, maintain and make available a pharmacovigilance system master file, operate a risk management system for each OTC product, record all suspected adverse reactions which are brought to his attention and make these reports accessible. In addition, such holder must submit periodic safety updates to the European Medicines Agency ("**EMA**"). Holders of marketing authorizations are, however, generally exempt from the requirement to provide such safety updates, unless the relevant OTC product contains APIs for which the EMA requires them or the relevant marketing authorization includes a provision to conduct such safety updates. The Pharmacovigilance Regulation provides for specific labelling requirements with respect to certain OTC products which are on a list of products subject to additional monitoring. Such products must bear on their packaging and the leaflet the disclaimer "This pharmaceutical is subject to additional monitoring", together with a black triangle.

Facilities where OTC products are manufactured, tested, stored, packaged or placed on the market, or in which any other form of trade with such products takes place, are subject to supervision by the competent governmental authority, which will, *inter alia*, monitor compliance with the rules on manufacturing of, and trading in, OTC products, on APIs and other substances intended for use in the manufacture of OTC products, and on advertising of such products. The competent governmental authorities may conduct unannounced inspections where necessary and stipulate effective follow-up measures (*e.g.*, testing of product samples, marketing restrictions and recalls).

12.1.8 Pricing and Reimbursement

Unlike with respect to many prescription pharmaceuticals, the pricing of OTC products is generally not subject to legal restrictions. At the same time, adult consumers generally do not receive any reimbursements when purchasing such products from their statutory health insurance provider. While the German Ordinance on the Price of Medicinal Products (*Arzneimittelpreisverordnung*) generally limits the margins that can be generated from the distribution of OTC products by wholesalers to pharmacies and by pharmacies to consumers, these limitations likewise do not apply to OTC products distributed to adult consumers. Consequently, PharmaSGP's OTC products, which are all intended for such adult consumers, are not subject to any pricing restrictions.

12.1.9 Product Liability

Sections 84 through 94a AMG provide specific product liability rules for persons who market OTC products in Germany. Such persons are subject to liability irrespective of fault (*Gefährdungshaftung*), if, as a result of distributing such products to consumers a person is killed or a person's health is substantially impaired, provided that (i) the relevant OTC product is harmful when administered and such harm exceed the limits considered tolerable in the light of current scientific knowledge, or (ii) the damage has occurred as a result of labelling, expert information or instructions for use which do not comply with current scientific knowledge. Yet the AMG also provides for the following liability limits:

- maximum damages of €600,000.00 or a maximum annual pension of €36,000.00 for each individual case; and

- maximum damages of €120 million or a maximum annual pension of €7.2 million in case several persons are killed or substantially injured.

In addition to these specific provisions on product liability, the general rules of German tort law may apply in case of a distribution of defective OTC products.

12.2 Other Healthcare Products

PharmaSGP also offers a wide range of other healthcare products, which are sold as foodstuffs, food supplements or cosmetics. These products are subject to the comprehensive food and cosmetics regulations set forth in European and German laws. Non-compliance with such regulations generally constitutes either a criminal or an administrative offense (*Straftat oder Ordnungswidrigkeit*) and may result in civil lawsuits.

12.2.1 Foodstuffs

On a national level, the German Code on Foodstuffs, Consumer Goods and Fodder (*Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch* ("**LFGB**")), which is supplemented by various ordinances, establishes the regulatory framework for foodstuffs (*Lebensmittel*). Such foodstuffs are, however, also highly regulated on a European level. The European legislation places a strong focus on the safety of foodstuffs and consumer information as evidenced by various regulations that apply directly in all member states of the European Union.

12.2.1.1 *Definition of Foodstuffs*

Regulation (EC) No. 178/2002 of the European Parliament and of the Council of January 28, 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety (the "**Food Regulation**") defines foodstuffs as any substance or product, whether processed, partially processed or unprocessed, intended or reasonably expected to be ingested by humans. The LFGB has adopted the same definition.

12.2.1.2 *Labelling*

Regulation (EU) No. 1169/2011 of the European Parliament and of the Council of October 25, 2011 on the provision of food information to consumers sets forth in detail the information to be displayed on the packaging of foodstuffs for consumers (*e.g.*, the relevant foodstuff, the list of ingredients, the minimum durability and a nutrition declaration). This regulation is supplemented by Regulation (EC) No. 1924/2006 of the European Parliament and of the Council of December 20, 2006 on nutrition and health claims made on foods (the "**Health Claims Regulation**"), which governs claims made on the labelling of foodstuffs with respect to certain beneficiary effects of such foodstuffs. In addition, the European Food Safety Authority maintains a European register on nutrition and health claims, which lists all authorized and non-authorized claims related to foodstuffs.

On a national level, the German Lot Identification Ordinance (*Los-Kennzeichnungs-Verordnung*) generally requires packages for foodstuffs to be labelled with a certain combination of letters or numbers to enable identification of the relevant foodstuffs.

12.2.1.3 *Marketing of Foodstuffs*

The marketing of foodstuffs does not require an authorization from, or a notification to, any governmental authority. The production and marketing of unsafe foodstuffs (*i.e.*, foodstuffs harmful to humans or unfit for human consumption) is, however, prohibited under the Food Regulation and the LFGB. These general rules are supplemented by multiple regulations on the European and German level. In particular, the Health Claims Regulation provides that any use of nutrition and health claims may not be false, ambiguous or misleading, may not give rise to doubt about the safety or the nutritional adequacy of other foodstuffs, encourage or condone excess consumption of the relevant foodstuff or in any way imply that a balanced and varied diet cannot provide appropriate quantities of nutrients in general. In addition, the use of nutrition and health claims is only permitted if, *inter alia*, the beneficial effects are established by generally accepted scientific data and sufficient quantities of the relevant nutrients are contained in the foodstuff.

12.2.2 Food Supplements

Directive 2002/46/EC of the European Parliament and of the Council of June 10, 2002 on the approximation of the laws of the member states relating to food supplements (the "**Supplements Directive**") and the German Ordinance on Food Supplements (*Verordnung über Nahrungsergänzungsmittel* ("**NemV**")), which is based on the LFGB and implements the Supplements Directive, provide the specific regulatory framework applicable to food supplements. These regulations define food supplements as concentrated foodstuffs with the specific purpose of supplementing the normal diet and are marketed in a certain dosage form or other similar forms. Only nutrients listed in Annex I of the Supplements Directive may be used for the production of food supplements. Food supplements may only be marketed as prepackaged products labelled as food supplements (*Nahrungsergänzungsmittel*). Furthermore, Section 5 NemV, requires manufacturers of food supplements to notify the German Federal Office of Consumer Protection and Food Safety (*Bundesamt für Verbraucherschutz und Lebensmittelsicherheit*) before placing a food supplement on the market.

In addition, the regulatory framework on foodstuffs also applies to food supplements (see "*12.2.1 Foodstuffs*").

12.2.3 Cosmetics

Regulation (EC) No. 1223/2009 of the European Parliament and of the Council of November 30, 2009 on cosmetic products (the "**Cosmetics Regulation**") establishes the regulatory framework for cosmetics on the European level, which is supplemented by the LFGB and the German Ordinance on Cosmetics (*Verordnung über kosmetische Mittel*) on the German level. The Cosmetics Regulation and the LFGB define cosmetics as any substance or mixture intended for external use, or for use on the teeth and the mucous membranes of the oral cavity, for the primary or exclusive purpose of cleaning, perfuming, changing appearance, protecting, preserving, or deodorizing. Before placing cosmetic products on the European market, business operators (*e.g.*, manufacturers and retailers) have to register such cosmetics online with the European Commission via the cosmetic products notification portal.

Pursuant to the Cosmetics Regulation, cosmetics may only be placed on the market if they are not harmful to humans when used under normal or reasonably foreseeable conditions. A legal or natural person residing within the European Union must be designated as a responsible person for such cosmetics, taking responsibility for monitoring and ensuring the manufacturer's compliance with the Cosmetics Regulation, while the manufacturer is responsible for complying with GMP standards adopted by the Cosmetics Regulation. The distributor placing a cosmetic product on the market under its name or trademark is the responsible person. Prior to marketing cosmetics, the responsible person must ensure that such cosmetics have undergone a safety assessment in accordance with Annex I of the Cosmetics Regulation. The Cosmetics Regulation contains a list of prohibited substances which are banned for cosmetics as well as a list of restricted substances which may only be used in the manufacturing process if certain conditions are met. Additional provisions of the Cosmetics Regulation and applicable German laws deal with the use of nanomaterials, animal testing, and labelling requirements as well as obligations for distributors.

To monitor compliance with the Cosmetics Regulation, competent governmental authorities may perform appropriate checks of cosmetics and the relevant business operators (*e.g.*, manufacturers and retailers). In addition, such governmental authorities may take appropriate measures to ensure compliance with the Cosmetics Regulation (*e.g.*, prohibiting the marketing of cosmetics or ordering recalls and ordering the responsible person to take corrective measures).

12.2.4 Import and export

Article 12 of the Food Regulation and Sections 53 through 57 LFGB govern the import and export of foodstuffs and cosmetics into and out of Germany. Any foodstuffs and cosmetics from Germany may be exported to another member state of the European Union if the respective product complies with the German rules on such products or the European regulations that apply directly in all member states.

12.3 Trademarks

The registration and protection of trademarks is regulated by international, European and national legislation:

- On an international level, trademark registration and protection are, *inter alia*, governed by the Madrid Agreement Concerning the International Registration of Marks of April 14, 1891, as last amended on September 28, 1979 (the "**MMA**"), the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as last amended on October 3, 2007 (the "**PMMA**"), and the Paris Convention for the Protection of Industrial Property of March 20, 1883, as last amended on September 28, 1979.

- On the European level, trademarks are governed by Directive (EU) 2015/2436 of the European Parliament and of the Council of December 16, 2015 on the approximation of the laws of the member states relating to trademarks and, with respect to the creation of a union-wide trademark registration and protection regime, by Regulation (EU) 2017/1001 of the European Parliament and of the Council of June 14, 2017 on the European Union trade mark.

- In Germany, trademarks are governed by the German Federal Trademark Act (*Markengesetz*).

Trademarks may be registered with the respective national trademark authority (*e.g.*, the German Patent and Trade Mark Office (*Deutsches Patent- und Markenamt*)) as well as with the European Union Intellectual Property Office (the "**EUIPO**") for union-wide registration, and, following either national or union-wide registration, via the World Intellectual Property Organization in countries which are parties to the MMA or PMMA for 10-year periods. Such registrations may be renewed repeatedly. Upon receiving an application, the EUIPO will examine whether there are grounds for refusal of granting the trademark registration (*e.g.*, due to earlier, identical or similar trademarks registered in a member state of the European Union or a lack of distinctive character of the relevant trademark). Furthermore, proprietors of earlier trademarks may oppose the application for registration within three months of the publication of the application (*e.g.*, if the new trademark and the products or services sold thereunder are identical or similar to their trademark and the products or services sold thereunder). Upon registration of a European trademark, the proprietor is entitled to prohibit any third party from using such trademark commercially without his prior consent. In addition, national trademark laws of the member states of the European Union stipulate that the proprietor of a European trademark is entitled to, *inter alia*, receive compensation for damages arising from the illegal use his trademark.

13. SHAREHOLDER INFORMATION

The Selling Shareholders are FUTRUE GmbH, with its registered office at Am Haag 14, 82166 Gräfelfing, Germany, LEI 391200OOHIICRVNSDC06, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 173092, and MVH Beteiligungs- und Beratungs-GmbH, with its registered office at Am Haag 14, 82166 Gräfelfing, Germany, LEI 391200KIHT28KAWIYP61, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 176504.

The following table sets forth the shareholding of the Selling Shareholders immediately prior to the Offering, and their expected shareholding, together with the expected shareholding of the public float, upon completion of the Offering:

			Assuming no exercise of the upsize option		Assuming full exercise of the upsize option	
Indirect Shareholders	**Direct Shareholders**	**Immediately prior to the Offering**	**(assuming no exercise of the Greenshoe Option)**	**(assuming full exercise of the Greenshoe Option)**	**(assuming no exercise of the Greenshoe Option)**	**(assuming full exercise of the Greenshoe Option)**
			(Actual (direct) ownership in %)			
Dr. Clemens Fischer	FUTRUE GmbH	*90.00*	*40.50*	*33.08*	*27.00*	*17.55*
Madlena Hohlefelder	MVH Beteiligungs– und Beratungs-GmbH	*10.00*	*4.50*	*3.68*	*3.00*	*1.95*
–	Public float	*0.00*	*55.00*	*63.25*	*70.00*	*80.50*
	Total	***100.00***	***100.00***	***100.00***	***100.00***	***100.00***

* Percentages have been rounded according to established commercial standards. As a result, such percentages may not add up to the sum totals, which are calculated based on unrounded figures.

As of the date of this Prospectus, FUTRUE GmbH holds more than 30% of the voting rights in the Company and is therefore considered to hold a controlling interest in the Company within the meaning of the German Securities and Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* ("**WpÜG**")).

On May 13, 2020, the Selling Shareholders entered into a voting agreement (the "**Voting Agreement**"), pursuant to which they agreed to uniformly exercise their voting rights in the Company's shareholders' meeting. If the Selling Shareholders cannot agree on the exercise of such voting rights, they resolve the matter via majority vote, with each share in the Company granting one vote. The Voting Agreement has an indefinite term and can be terminated with one month notice. In addition, the Voting Agreement is terminated if a Selling Shareholder no longer holds any shares in the Company.

As a result of the coordination of the exercise of voting rights under the Voting Agreement, the Selling Shareholders are considered persons acting in concert and their respective shareholdings are mutually attributed pursuant to Sections 29 para. 2 and 30 para. 2 WpÜG. For the duration of the Voting Agreement, both Selling Shareholders will therefore be considered to hold a controlling interest in the Company within the meaning of the WpÜG, assuming their aggregate shareholding in the Company amounts to 30% or more of the Company's voting rights.

FUTRUE GmbH, in turn, is directly controlled by Dr. Clemens Fischer due to his ownership of all voting rights in FUTRUE GmbH and, as a result, his power to govern the financial and operating policies of FUTRUE GmbH. Conversely, MVH Beteiligungs- und Beratungs-GmbH is directly controlled by Ms. Madlena Hohlefelder due to her ownership of all voting rights in MVH Beteiligungs- und Beratungs-GmbH and, as a result, her power to govern the financial and operating policies of MVH Beteiligungs- und Beratungs-GmbH.

All of the Company's shares, including the shares held by FUTRUE GmbH, confer the same voting rights.

14. GENERAL INFORMATION ON THE COMPANY AND PHARMASGP

14.1 Incorporation

The Company was incorporated as a European company (*Societas Europaea* (*SE*)) under European and German law by articles of association dated November 21, 2019. Its legal name was "Atrium 184. Europäische VV SE". The Company had its registered office in Dusseldorf, Germany, and was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dusseldorf, Germany, under docket number HRB 88334. The Company's founders were FORIS Gründungs GmbH and FORIS Administration Limited. The Company commenced its business on February 18, 2020 the day the remaining share capital at the time was fully paid in.

On March 6, 2020, the Selling Shareholders acquired all shares in the Company through a share purchase and assignment agreement. On March 9, the Company's shareholders' meeting resolved to change the Company's legal name to PharmaSGP Holding SE and to transfer its registered office to Gräfelfing, Germany. The change in legal name and the transfer of the registered office were registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, on March 30, 2020 under the new under docket number HRB 255684.

14.2 Governing Law

The Company is organized under European law as a European company (*Societas Europaea* (*SE*)) and therefore subject to European legislations on such companies, in particular to the SE Regulation. As a company registered in Germany, the Company is also subject to German law. If any matter is not covered or only partially covered by the SE Regulation, the provisions of German law that apply to a German stock corporation (*Aktiengesellschaft*) also apply to the Company. Therefore, the Company is generally governed by German law, subject to the provisions of the SE Regulation. Thus, the AktG as well as other laws applicable to a German stock corporation, in particular the German Transformation Act (*Umwandlungsgesetz* ("**UmwG**")), the HGB, the WpHG and the WpÜG, apply to the Company.

14.3 Legal and Commercial Name

The Company's legal name is PharmaSGP Holding SE. The Company is the holding company of PharmaSGP and primarily operates under the commercial name "PharmaSGP". PharmaSGP also operates under additional commercial names, in particular "Remitan" and "Restaxil", as well as individual brands for its specific OTC and other healthcare products.

14.4 Registration and Duration

The Company has its registered office at Lochhamer Schlag 21, 82166 Gräfelfing, Germany (telephone: +49 (0) 89 78 79 790 – 78), LEI 3912005CZ12PVVCIPT91, and is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 255684.

The Company has been established for an unlimited duration.

14.5 History of PharmaSGP

The Company was founded by a third-party provider as a holding company on November 21, 2019 and acquired by the Selling Shareholders in March 2020. PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH, the operating subsidiaries of the Company, were founded by FUTRUE GmbH, the Company's main shareholder, between March 2009 and July 2016.

In 2012, PharmaSGP GmbH introduced a remedy for sexual weakness under the DESEO® brand as its first OTC product. Since then, PharmaSGP has introduced new products or expand on the usage forms of its existing products every year and captured leading market positions in the majority of the markets for its OTC products. Capitalizing on this success, PharmaSGP expanded its business outside Germany, starting with an expansion into Austria in 2016. In May 2020, FUTRUE Group decided to combine PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH as subsidiaries of the Company in order to form an innovative healthcare offering under the "PharmaSGP" brand.

14.6 Corporate Purpose

Section 2 of the Articles of Association defines the Company's corporate purpose as follows:

1. The corporate purpose of the Company is the development, manufacturing, marketing, distribution and/or licensing of products in the pharmaceuticals and healthcare sector as well as of related products, and advising other companies in the aforementioned and related areas. Furthermore, the corporate purpose of the Company is the holding and managing of investments as well as the provision of paid services (*e.g.*, administrative, financial, commercial or technical) to affiliated companies.

2. The Company is authorized to carry out all transactions and measures that are connected to the aforementioned activities or are otherwise suitable to directly or indirectly serve the corporate purpose of the Company.

3. The Company may establish branch offices and permanent establishments in Germany and abroad, found, acquire or invest in other companies in Germany and abroad, and direct such companies. The corporate purpose of subsidiaries and affiliated companies may also include purposes outside the limits set forth under no. 1 above.

4. The Company may limit its activities to one or more of the purposes set forth under no. 1 above. Furthermore, the Company is authorized to fully or partially carry out its activities through subsidiaries, affiliated companies and joint ventures. In particular, the Company may fully or partially transfer its operations to dependent companies and/or fully or partially outsource these to dependent companies. The Company may also limit itself to acting as a management holding company and/or to other forms of management of its own assets.

14.7 Group Structure

The Company is the holding company of PharmaSGP. PharmaSGP's business is conducted by the Company's various subsidiaries. The group of consolidated companies comprising PharmaSGP includes all companies whose financial and business policy can be controlled by the Company, either directly or indirectly, and the equity interests of PharmaSGP whose financial and business policy can be influenced by the Company to a significant extent. As of the date of this Prospectus, PharmaSGP comprises four companies, all of which are based in Germany.

14.8 Significant Subsidiaries

The following table presents an overview of the Company's significant subsidiaries:

	As of the date of this Prospectus		As of and for the fiscal year ended December 31, 2019			
Name and country of residence	**Company's share of capital**	**Issued capital**	**Capital reserves[1]**	**Result for the year[1]**	**Payables to the Company[1]**	**Receivables from the Company[1]**
	(unaudited) (in %)			**(unaudited) (in € million)**		
PharmaSGP GmbH	100.0	26,471.00	–	9.6	–	–
Remitan GmbH	100.0	25,000.00[2]	–	2.1	–	–
Restaxil GmbH.....	100.0	25,000.00[3]	–	4.9	–	–

(1) Prepared in accordance with generally accepted accounting principles of the HGB.
(2) As of the date of this Prospectus, €12,000.00 of the total issued capital of Remitan GmbH has not been called in yet and is consequently still outstanding.
(3) As of the date of this Prospectus, €12,487.50 of the total issued capital of Restaxil GmbH has not been called in yet and is consequently still outstanding.

14.9 Auditor

Ernst & Young has audited and issued German language unqualified independent auditor's reports (*uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers*) on the German language unconsolidated financial statements of the Company as of December 31, 2019 and for the period from November 21, 2019 to December 31, 2019 prepared in accordance with generally accepted accounting principles of the HGB and the English language combined financial statements of PharmaSGP as of and for the fiscal years ended December 31, 2019, December 31, 2018 and December 31, 2017 prepared in accordance with IFRS.

Ernst & Young is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

15. SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

15.1 Share Capital of the Company and Applicable Regulations

15.1.1 Current Share Capital; Shares

As of the date of this Prospectus, the share capital of the Company amounts to €12,000,000.00 and is divided into 12,000,000 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00. The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany.

All existing shares of the Company are held by the Selling Shareholders.

15.1.2 Development of the Share Capital

The Company was incorporated as a European company (*Societas Europaea* (*SE*)) on November 21, 2019. As of that date, its share capital amounted to €120,000.00 and was divided into 120,000 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00.

On April 30, 2020, the Company's shareholders' meeting resolved to increase the Company's share capital by way of a capital increase against contributions in kind from €120,000.00 by €11,880,000.00 to €12,000,000.00 by issuing 11,880,000 new bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00. All new shares were subscribed for by the Selling Shareholders, with FUTRUE GmbH subscribing for 90% of the newly issued shares and MVH Beteiligungs- und Beratungs-GmbH subscribing for the remaining 10% of the newly issued shares. In turn, the Selling Shareholders contributed their entire shareholdings in each of PharmaSGP GmbH (one share with a notional value of €22,500.00 and one share with a notional value of €3,971.00), Remitan GmbH (one share with a notional value of €21,225.00 and one share with a notional value of €3,775.00) and Restaxil GmbH (25,000 shares with a notional value of €1.00 each) as contribution in kind. The shares in these subsidiaries were contributed to the Company with all corresponding rights and obligations, including the right to receive profits. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, on May 8, 2020.

15.1.3 Authorized Capital

Pursuant to Section 4 para. 3 of the Articles of Association, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company prior to or on May 27, 2025 by up to €6.0 million, by issuing, through a single offering or several offerings, new bearer shares with no par value (*Stückaktien*) against contributions in cash and/or in kind (Authorized Capital 2020).

The Management Board is authorized, with the consent of the Supervisory Board, to determine the further content of share rights and the conditions of the share issuance. The dividend entitlement of the new shares may deviate from Section 60 para. 2 AktG. In particular, the new shares may carry dividend rights from the beginning of the fiscal year preceding their issuance if, at the time of the issuance of the new shares, a resolution on the appropriation of profits for that fiscal year has not been adopted by the shareholders' meeting.

The shareholders are generally to be granted statutory subscription rights to the new shares. Subscription rights can also fully or partially be structured as an indirect subscription rights within the meaning of Section 186 para. 5 sentence 1 AktG.

The Management Board is, however, authorized, with the consent of the Supervisory Board, to exclude subscription rights of the shareholders in accordance with the following provisions:

- to exclude fractional amounts from subscription rights of shareholders;
- to the extent necessary to grant subscription rights to the holders or creditors of conversion or option rights from convertible and/or option bonds or convertible profit-sharing rights issued or to be issued by the Company or a national or foreign company in which the Company directly or indirectly holds a majority of the voting rights and capital, or, in case of a conversion right of the Company, to holders or creditors with an obligation thereunder preemptive rights to the extent they would be entitled to after exercising the conversion or option rights or after fulfilling a conversion or option obligation;

- in accordance with Section 186 para. 3 sentence 4 AktG in case of capital increases against cash contributions, provided that the issue price of the new shares is not significantly lower than the stock exchange price of the existing shares and the shares issued under this authorization to exclude subscription rights do not exceed a total of 10% of the share capital, both at the time when the authorization takes effect and at the time when the authorized share capital is utilized. New and existing shares of the Company which are issued or sold during the term of this authorization on the basis of another authorization pursuant to, or in analogous application of, Section 186 para. 3 sentence 4 AktG under exclusion of subscription rights count towards this 10%-limit. Furthermore, shares of the Company issued or issuable to satisfy convertible or option rights or convertible or option obligations under convertible or option bonds or convertible profit sharing rights, to the extent that these bonds were issued during the term of the authorized capital on the basis of another authorization under exclusion of subscription rights in analogous application of Section 186 para. 3 sentence 4 AktG count towards this 10%-limit;

- for capital increases against contributions in kind, in particular for the purpose of acquiring enterprises, parts of enterprises, or participations in enterprises, as part of mergers and/or for the acquisition of other assets, including rights and receivables; and

- if shares are issued as part of a participation program and/or as stock based compensation to persons who are employed by the Company or dependent companies or companies in which the Company directly or indirectly holds a majority interest, to the members of the Management Board and/or to members of the management of dependent companies or companies in which the Company, directly or indirectly, holds a majority interest (or a third party who transfers the economic ownership of its shares or the benefits therefrom to such persons). In particular, the new shares may be issued on preferential terms, including issuances at the lowest issue price within the meaning of Section 9 para. 1 AktG, and/or against the contribution of compensation claims. The new shares may also be issued to a credit institution or a company acting in the areas described in Sections 53 para. 1 sentence 1 or 53b paras. 1 or 7 of the German Banking Act (*Kreditwesengesetz*), if they assume the shares under an obligation of offering them to the aforementioned persons. The shares issued under this authorization to exclude subscription rights may not exceed 3% of the share capital, both at the time when the authorization takes effect and at the time when this authorization is utilized. Insofar as shares are to be granted to members of the Management Board under this authorization, the Supervisory Board will decide on the allocation.

15.1.4 Conditional Capital

The Management Board is authorized, with the consent of the Supervisory Board, to issue bearer and/or registered convertible bonds and/or option bonds (together, "**Bonds**") with a total nominal amount of up to €250.0 million on one or more occasions on or prior to May 27, 2025 with a limited or unlimited term, and to grant the holders or creditors of such Bonds conversion or option rights for a total of up to 6,000,000 new bearer shares with no par value corresponding to a *pro rata* amount of the share capital of up to €6.0 million in total in accordance with the terms and conditions of the Bonds and/or to provide for corresponding conversion rights for the Company.

The Bonds may be issued against cash and/or non-cash contributions. The authorization of the Company's shareholders' meeting of May 28, 2025 includes additional provisions on the issuance and terms of the Bonds. When such Bonds are issued, the shareholders are generally entitled to statutory subscription rights. The Management Board is, however, authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in whole or in part if certain conditions are met (*e.g.*, to exclude fractional amounts, for limited issuances against cash payments or for issuances against contributions in kind).

To serve conversion rights or obligations or option rights, the Company's shareholders' meeting of May 28, 2025 created a conditional capital. Pursuant to Section 4 para. 4 of the Articles of Association, the share capital of the Company is conditionally increased by up to €6.0 million through the issuance of up to 6,000,000 new bearer shares with no par value (*Stückaktien*) (conditional capital 2020).

The conditional capital increase serves to grant shares to holders or creditors of convertible bonds as well as to holders of option rights from option bonds issued on or prior to May 27, 2025 by the Company or a national or foreign company in which the Company directly or indirectly holds a majority of the voting rights and capital on the basis of the authorization in accordance with the resolution of the Company's shareholders' meeting of May 28, 2020. It will only be carried out to the extent that the conversion or option rights from the aforementioned bonds are actually exercised or conversion obligations from such bonds are fulfilled and to the extent that no other forms of fulfillment are used. The new shares are issued at the option or conversion price to be determined in each case in accordance with the aforementioned authorization resolution of the Company's shareholders' meeting of May 28, 2020.

The new shares participate in the company's profits from the beginning of the fiscal year in which they are created through the exercise of conversion or option rights or through the fulfilment of conversion obligations. They already participate in the profits of the Company from the beginning of the fiscal year preceding their issuance instead if, at the time of the issuance, a resolution on the appropriation of the profits for the relevant fiscal year has not been passed yet. The Management Board is authorized, with the consent of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

15.1.5 Authorization to Purchase and Sell Treasury Shares

As of the date of this Prospectus, the Company does not hold any of its own shares, nor does a third party hold any shares of the Company on behalf or for the account of the Company.

The Management Board is authorized, with the consent of the Supervisory Board, to acquire treasury shares of the Company on or prior to May 27, 2025 in an amount of up to 10% of the Company's share capital existing at the time of the granting the authorization or – if this value is lower – at the time of its exercise. The shares acquired on the basis of this authorization, together with any other treasury shares held by the Company or attributable to it in accordance with Sections 71a *et seq.* AktG, may at no time account for more than 10% of the existing share capital of the Company.

Treasury shares may be acquired via a stock exchange, by means of a public purchase offer addressed to all shareholders and/or by means of a public invitation to submit tenders, in each case in accordance with the additional provisions of the authorizing resolution.

The Management Board, with the consent of the Supervisory Board, may utilize acquired treasury shares in a number of ways, including:

- for sale (provided that the selling price per share is not significantly lower than the stock exchange price of the Company's shares (Section 71 para. 1 no. 8 AktG in conjunction with Section 186 para. 3 sentence 4 AktG));
- in return for non-cash contributions, in particular for the acquisition of companies, parts of companies or equity interests in companies or in mergers, as well for the acquisition of other assets, including rights and receivables; and
- within the framework of employee participation programs and/or as share-based remuneration;

in each case in compliance with the provisions of the authorizing resolution.

Subject to the provisions of the authorizing resolution, the Company may also utilize derivatives in connection with the acquisition of treasury shares.

15.2 General Provisions Governing a Liquidation of the Company

Apart from a liquidation as a result of insolvency proceedings, the Company may only be liquidated with a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Company, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Company for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Company. In the event of the Company's liquidation, Article 63 of the SE Regulation in conjunction with the AktG provide that any assets remaining once all of the Company's liabilities have been settled shall be distributed amongst the Company's shareholders in proportion to their shareholdings. The AktG provides certain protections for creditors in the event of a liquidation of the Company.

15.3 General Provisions Governing a Change in the Share Capital

Pursuant to Articles 5, 57 and 59 of the SE Regulation in conjunction with the AktG, a European company (*Societas Europaea* (*SE*)) requires a resolution of the shareholders' meeting passed by a majority of at least 75% of the share capital represented at the vote to increase the share capital and change the articles of association accordingly. Yet pursuant to the Articles of Association, capital increases may be resolved by the Company's shareholders' meeting with a simple majority of the share capital represented at the vote, if at least 50% of the Company's share capital is represented at the vote.

The shareholders' meeting may also create authorized capital. This requires a resolution passed by a majority of at least 75% of the share capital represented at the vote, authorizing the Management Board to issue a specific number of shares within a period of no more than five years. The aggregate nominal amount of the new shares may not exceed 50% of the share capital existing at the time the authorization is granted (*i.e.*, at the time the authorized capital is registered in the commercial register (*Handelsregister*)).

In addition, the shareholders' meeting can create conditional capital through a resolution passed with a majority of at least 75% of the share capital represented at the vote, for the purposes of (i) granting exchange or subscription rights to holders of convertible bonds or other securities granting a right to subscribe for shares; (ii) preparing for a merger with other companies; or (iii) granting subscription rights to managers and employees of the Company or an affiliated company by way of an approval resolution or authorization resolution. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to grant subscription rights to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce the Company's share capital require a majority of at least 75% of the share capital represented at the vote.

15.4 General Provisions Governing Subscription Rights

Pursuant to Article 5 of the SE Regulation in conjunction with Section 186 AktG, all shareholders generally have the right to subscribe for new shares of the Company issued in case of a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. Yet shareholders do not have the right to demand admission to trading for subscription rights. The Company's shareholders' meeting may resolve to exclude shareholders' subscription rights with a vote of 75% or more of the share capital represented at the vote. The exclusion of shareholders' subscription rights, in full or in part, also requires a report from the Management Board to the shareholders' meeting that justifies the exclusion and demonstrates that the Company's interest in excluding subscription rights outweighs the interests of the shareholders to be granted subscription rights. An exclusion of shareholders' subscription rights is, in particular, permissible if:

- the Company increases its share capital against cash contributions;
- the amount of the capital increase of the issued shares under exclusion of subscription rights does not exceed 10% of the outstanding share capital, both at the time when the authorization takes effect and at the time when it is exercised; and
- the price at which the new shares are issued is not materially lower than the stock exchange price of the Company's shares.

15.5 Exclusion of Minority Shareholders

15.5.1 Squeeze-Out under Stock Corporation Law

Pursuant to Articles 5, 57 and 59 of the SE Regulation in conjunction with Sections 327a *et seq.* AktG, which govern the so-called "squeeze-out under stock corporation law", upon request of a shareholder holding 95% or more of the Company's share capital, the Company's shareholders' meeting may resolve to transfer the shares of minority shareholders to such majority shareholder against payment of an adequate compensation in cash. The amount of the cash payment offered to minority shareholders must to reflect "the circumstances of the Company" at the time the shareholders' meeting passes the resolution. The amount of the cash payment is based on the full value of the Company, which is generally determined using the capitalized earnings method. Minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), wherein the court will review the fairness (*Angemessenheit*) of the cash payment.

15.5.2 Squeeze-Out and Tender Rights under Takeover Law

Under Sections 39a and 39b WpÜG, in case of a so-called "squeeze-out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) following a takeover bid or mandatory offer, may, within three months of the expiration of the deadline for acceptance of the offer, petition the regional court (*Landgericht*) of Frankfurt am Main, Germany, to order the transfer of the remaining voting shares to such offeror against payment of an adequate compensation. Such transfer does not require a resolution of the shareholders' meeting. The consideration paid in connection with the takeover or mandatory offer is considered adequate if the offeror has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover offer or mandatory offer, while at all times compensation in cash must also be offered.

In addition, following a takeover offer or mandatory offer, the shareholders in a target company who have not accepted the offer may do so up to three months after the acceptance period has expired (Section 39c WpÜG), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with Section 39a WpÜG.

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been definitively completed.

15.5.3 Squeeze-Out under Reorganization Law

Pursuant to Section 62 para. 5 sentence 1 UmwG, a majority shareholder holding at least 90% of the Company's share capital may require the Company's shareholders' meeting to resolve to transfer the shares of the minority shareholders to such majority shareholder against payment of an adequate compensation in cash, provided that (i) the majority shareholder is a stock corporation (*Aktiengesellschaft*), a partnership limited by shares (*Kommanditgesellschaft auf Aktien*), or a European company (*Societas Europaea* (*SE*)) having its seat in Germany; and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the Company. The shareholders' meeting held to approve the squeeze-out must take place within three months of the conclusion of the merger agreement.

The procedure for a squeeze-out under the UmwG is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to judicial review of the appropriateness of the cash compensation.

15.5.4 Integration

Pursuant to Article 9 para. 1 lit. c) (ii) of the SE Regulation in conjunction with Section 319 *et seq.* AktG, the Company's shareholders' meeting may vote for an integration (*Eingliederung*) into another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the Company. The former shareholders of the Company are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company. In such case, Section 305 para. 3 sentence 1 AktG stipulates that shares must be issued based on the appropriate valuation in case a merger had taken place between the two companies. Fractional amounts may be paid out in cash.

15.6 Shareholder Notification Requirements; Mandatory Takeover Bids; Directors' Dealings

Once the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company will be subject to WpHG provisions governing, *inter alia*, disclosure requirements for significant shareholdings, the WpÜG provisions governing takeover bids and mandatory offers, as well as the MAR provisions governing, *inter alia*, directors' obligations to disclose transactions in the Company's shares, debt instruments, related derivatives or other related financial instruments.

15.6.1 Notification Requirements of Shareholders

15.6.1.1 *Notification Thresholds and Attribution Rules*

Pursuant to Section 33 para. 1 WpHG, anyone who acquires or whose shareholding in any other way reaches or exceeds 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company, is required to concurrently notify both the Company and BaFin of such occurrence. Subsequent notifications are required if such person (i) acquires additional shares or in any other way reaches or exceeds a higher threshold, or (ii) sells or in any other way falls below the aforementioned thresholds.

All such notifications must be submitted without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or entity subject to the notification requirement has knowledge of or, in consideration of the circumstances should have had knowledge of, his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or entity subject to the notification requirement has knowledge at the latest two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares. If a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 WpHG contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Furthermore, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting-in-concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company (*e.g.*, fundamental changes to PharmaSGP's business model or a sale of a substantial part of PharmaSGP's assets). Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting-in-concert. Coordination in individual cases, however, is not considered as acting in concert.

Except for the 3%-threshold, similar notification requirements towards the Company and BaFin exist, if the aforementioned thresholds are reached, exceeded or undercut, because the shareholder holds financial instruments that (i) confer to him (a) the unconditional right to acquire already issued shares of the Company to which voting rights are attached when due or (b) discretion to exercise his right to acquire such shares, or (ii) relate to such shares and have a similar economic effect as the aforementioned instruments, whether or not conferring a right to a physical settlement. Thus, the latter mentioned notification requirements also apply, for example, to share swaps against cash consideration and contracts for difference. In addition, a person or entity is subject to a notification requirement towards the Company and BaFin if the sum of the voting rights from shares and (financial) instruments held or attributed to such person or entity reaches, exceeds or falls below the aforementioned thresholds, again except for the 3% threshold.

15.6.1.2 *Exceptions to Notification Requirements*

There are certain exceptions to the notification requirements. For example, a company is exempt from notification obligations if its parent company has filed a group notification pursuant to Section 37 para. 1 WpHG. If the Company's parent company is itself a subsidiary, then the relevant company is exempt from notification obligations if its parent's parent company has filed such group notification. Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the European Union or in a member state of the EEA are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) the shares or instruments are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the Company's voting rights, do not grant the right to acquire more than 5% of the voting rights, or do not have a similar economic effect and (iii) it is ensured that the voting rights pertaining to such shares or instruments are not exercised or otherwise utilized.

15.6.1.3 *Fulfilment of Notification Requirements*

If any notification obligation is triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading and Insider List Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung*). The notice may be submitted either in the German or the English language, in writing, via fax or via electronic communications. Irrespective of the event triggering the notification, the notice must include (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by, or attributed to, the notifying person or entity. In addition, the notice must include certain attribution details (*e.g.*, the first name, surname and date of birth of the notifying individual or the legal name, seat and state of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and whether voting rights or instruments are attributed).

As a domestic issuer in Germany, the Company is required to publish such notices without undue delay, but no later than three trading days after receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire European Union and in all member states of the EEA. Such publications may only be made in the German and/or the English language. The Company is also required to transmit these publications to BaFin, specifying the time of publication and the media used and to the German Company Register (*Unternehmensregister*) for storage.

15.6.1.4 *Consequences of Violations of Notification Requirements*

Rights of shares held by shareholders, or from which voting rights are attributed to shareholders, do not exist for as long as the notification requirements are not fulfilled or not fulfilled appropriately. This temporary nullification of rights applies, in particular, to dividend, voting and subscription rights. Yet it does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been submitted. If the shareholder willfully or grossly negligently fails to disclose the correct proportion of voting rights held, the rights attached to shares held by or attributed to such shareholder cease to exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, was omitted. In addition, a fine may be imposed for failure to comply with notification obligations.

15.6.1.5 *Special Notification Requirements for more than 10% of the Voting Rights*

Pursuant to Section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the voting rights of the Company, or a higher threshold, is required to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10%-threshold has been reached, the aforementioned attribution rules apply. The Company is required to publish any notification pursuant to Section 43 WpHG without undue delay following the receipt of such notification, and in any event no later than within three trading days therefrom. Furthermore, the Company is required to publish any acts of non-compliance with notification obligations by a shareholder in the same manner.

15.6.2 Mandatory Offers

Pursuant to the WpÜG, every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company is required to publish this fact, including the percentage of its voting rights, within seven calendar days of crossing this threshold. Such publication must be furnished on the Internet and by means of an electronic system for disseminating financial information. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to such shares.

Once the share of voting rights reaches or exceeds 30% of the voting rights of the Company, such shareholder is required to make a mandatory tender offer to all shareholders of the Company. Under certain conditions, BaFin may grant an exemption from this rule. If the relevant shareholder fails to give notice of reaching or exceeding the 30%-threshold or fails to submit the mandatory tender offer, such shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of willful failure to send the notice and failure to subsequently send the notice in a timely manner, the right to dividends) for the duration of the delinquency. A fine may also be imposed in such cases.

15.6.3 Managers' Transactions

A person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 25 MAR (*i.e.*, the members of the Management Board and the Supervisory Board), must notify the Company and BaFin of transactions undertaken for their own account relating to the Company's shares or to financial instruments based on the Company's shares (subject to a €20,000.00 *de-minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 26 MAR. Such notifications shall be made promptly and no later than three business days after the date of the relevant transaction. The Company shall ensure that such notifications are made public promptly and no later than three business days after the relevant transaction.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is required to make public according to (i) the rules of the trading venue where the Company's shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities.

15.7 Short Selling Regulation (Ban on Naked Short-Selling)

Pursuant to Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (the "**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Company's shares is only permitted under certain conditions. In addition, under the provisions of the Short Selling Regulation, significant net-short selling positions in the Company's shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Company's shares with its long positions in such shares. The details are regulated in the Short Selling Regulation and the other regulations the European Commission enacted on short-selling. In certain situations described in the Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

16. GOVERNING BODIES OF THE COMPANY

16.1 Overview on the Governing Bodies of the Company

As a European stock corporation (*Societas Europaea* (*SE*)) with a two-tier management and control system, the Company's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting. The responsibilities and powers of these governing bodies are determined by the SE Regulation, the German Act on the SE-Implementation (*SE-Ausführungsgesetz* ("**SEAG**")), the AktG, the Articles of Association and the rules of procedure of both the Supervisory Board and the Management Board.

The shareholders' meeting elects the members of the Supervisory Board, which in turn appoints the members of the Management Board. The Supervisory Board represents the Company in and out of court *vis-à-vis* the members of the Management Board. The Supervisory Board is responsible for the appointment of members of the Management Board, the conclusion of their service contracts and the revocation of appointments as well as for the change and termination of their service contracts.

Simultaneous membership in the Supervisory Board and the Management Board is not permitted under the AktG, as the Supervisory Board is tasked with supervising the management of the Company by the Management Board. In exceptional cases and for an interim period, a member of the Supervisory Board may, however, assume a vacant seat on the Management Board. During this period, such individual may not perform any duties pertaining to his position on the Supervisory Board. In addition, the duration of such stand-in arrangements may not exceed one year.

The Management Board is responsible for managing the Company in accordance with applicable laws, the Articles of Association and its rules of procedure, including the schedule of responsibilities. The Management Board represents the Company in dealings with third parties. As set out in Article 40 of the SE Regulation in conjunction with the AktG, the Supervisory Board advises and oversees the Management Board's administration of the Company, but is itself generally not authorized to manage or represent the Company.

The Articles of Association may designate types of transactions that may only be conducted with the prior consent of the Supervisory Board. In addition, the Supervisory Board may itself determine that certain types of transactions are subject to its prior approval. Matters subject to the prior consent of the Supervisory Board or of a committee of the Supervisory Board pursuant to the Articles of Association or the rules of procedure of the Management Board currently, *inter alia*, comprise any:

- acquisition or divestiture of any company, parts of companies or investments in companies, excluding any transactions within PharmaSGP;
- investments which in individual cases exceed an amount of €0.1 million, provided that several individual investments that are related are to be considered a single investment;
- signing, material amendment or termination of agreements with an individual annual volume exceeding €0.2 million or, in case of agreements with a fixed term of more than one year, an individual volume exceeding €0.4 million;
- acquisition, disposal or encumbrance of real estate, rights equivalent to real estate and rights relating to real estate, excluding any transactions within PharmaSGP;
- appointments of members of governing bodies of subsidiaries; and
- granting of general commercial power of attorney (*Prokuren*) and general powers of attorney (*Generalvollmachten*).

The Management Board is also required to obtain the prior consent of the Supervisory Board to certain transactions concluded by subsidiaries of the Company, if such transactions require consent of the Supervisory Board had they been undertaken by the Company. In addition, the Supervisory Board may make other types of transactions and measures subject to its prior consent by amending the rules of procedure of the Management Board or the Supervisory Board or through a resolution of the Supervisory Board.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each member of these bodies must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Company for any damages the Company has incurred.

Under German law, shareholders generally have no right to directly assert claims against members of the Management Board or Supervisory Board if they believe that such members have violated their duties to the Company (*i.e.*, only the Company has the right to enforce such claims against the members of the Management Board or Supervisory Board). With respect to claims against members of the Management Board, the Company is represented by the Supervisory Board, and with respect to claims against members of the Supervisory Board, the Company is represented by the Management Board. The German Federal Supreme Court (*Bundesgerichtshof*) has ruled that the Supervisory Board is generally required to assert claims against members of the Management Board if it is likely that such claims can be pursued and enforced successfully, unless significant interests of the Company conflict with the pursuit of such claims and outweigh the interests of the Company asserting such claims against members of the Management Board.

If either the Supervisory Board or the Management Board decides not to pursue claims of the Company against members of the respective other governing body for violations of their duties, such claims must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect with a simple majority of the votes validly cast. The shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate shareholdings amount to 10% of the Company's share capital or a *pro rata* share of €1 million in the Company's share capital may also motion for the competent court to appoint such a special representative. If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of laws or the Articles of Association, shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital may under certain conditions assert claims of the Company against members of the Management Board or Supervisory Board in their own names. Yet such claims become inadmissible once the Company itself files a suit to assert such claims.

In addition, the Company's shareholders' meeting may appoint special auditors (*Sonderprüfer*) to audit transactions, particularly management transactions, with a simple majority of the votes validly cast. If the shareholders' meeting rejects a motion to appoint special auditors, the competent court shall appoint such special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if there are facts that justify the suspicion that the relevant occurrence involved acts of dishonesty or gross violations of the law or the Articles of Association. If the shareholders' meeting has resolved to appoint special auditors, the competent court shall appoint different special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if such appointment appears necessary due to reasons concerning the original special auditors.

Via the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*), shareholders and shareholder associations may solicit other shareholders to file a motion, jointly or by proxy, for the appointment of special auditors, for the appointment of a special representative, the convention of a shareholders' meeting, or the exercise of voting rights in a shareholders' meeting.

The Company may only waive or settle claims for damages against members of the Management Board or Supervisory Board if at least three years have elapsed since such claims arose and if the shareholders' meeting has consented to such waiver or settlement by a simple majority vote, provided that a minority of the shareholders whose aggregate shareholdings amount to at least 10% of the Company's share capital does not object to such resolution in the minutes of the shareholders' meeting.

Under German law, neither individual shareholders nor other persons may use their influence on the Company to cause a member of the Management Board or the Supervisory Board to act in a manner that would be detrimental to the Company. Any person who uses his influence on the Company to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders may be liable to compensate the Company and the affected shareholders for the resulting losses. Moreover, in this context, the members of the Management Board and Supervisory Board are jointly and severally liable in addition to the person using his influence if such members acted in breach of their duty of care towards the Company.

16.2 Management Board

Under the Articles of Association, the Management Board comprises one or more members. The Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board may appoint members of the Management Board for a maximum term of up to six years. Reappointments or extensions, each for a maximum term of up to six years, are permissible.

The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the relevant member's term for good cause (*wichtiger Grund*) (*e.g.*, a gross breach of fiduciary duties, inability to properly manage the Company or if the Company's shareholders' meeting has passed a vote of no-confidence with respect to such member, unless the vote of no-confidence was clearly passed for arbitrary reasons).

The Management Board has a quorum if at least half its members vote. If the Management Board comprises three or more members, the chairperson of the Management Board has a casting vote in case of a tie. Members of the Management Board who abstain from voting are also counted for purposes of calculating the quorum.

The Company is represented *vis-à-vis* third parties and in court proceedings by two members of the Management Board or a member of the Management Board jointly with any authorized representative (*Prokurist*), if the Management Board comprises several members. If only a single member of the Management Board is appointed or if the Supervisory Board has authorized a single member of the Management Board to represent the Company alone, such member may solely represent the Company *vis-à-vis* third parties.

Additional provisions regarding, *inter alia*, the composition of the Management Board, the duties of its members, the overall responsibility of the Management Board, the allocation of responsibilities for particular functions and the Management Board's internal organization are set forth in the rules of procedure of the Management Board, which were adopted by the Supervisory Board on May 28, 2020.

16.2.1 Members of the Management Board

The following table sets forth the current members of the Management Board, their respective age and position, and the duration of their remaining term:

Name	Age	First Appointed	Appointed until	Responsibilities[1]
Ms. Natalie Weigand.....	38	2020[2]	2022	Marketing, distribution, sales, procurement, quality and regulatory affairs
Mr. Michael Rudolf.....	46	2020[3]	2022	Finance, controlling, compliance, business development, operations, legal, human resources and information technology

(1) The members of the Management Board are equal and neither member has been appointed as head of the Management Board (*Vorstandsvorsitzender*).
(2) Ms. Weigand was first appointed as Chief Executive Officer of PharmaSGP in 2017.
(3) Mr. Rudolf was first appointed as Chief Financial Officer of PharmaSGP in 2017.

Natalie Weigand was born in Duisburg, Germany, on June 29, 1981.

Ms. Weigand holds a Bachelor of Arts in European Business Administration from Cologne Business School, Germany. She began her career in 2005 as a junior brand manager in national product marketing at Johnson & Johnson. In 2007, Ms. Weigand was promoted to associate marketing manager in women's health care for Europe, Africa and the Middle East, until finally taking the post of marketing manager in women's and topical healthcare in 2009. In 2011, Ms. Weigand left Johnson & Johnson to complete a post-graduate degree in television production and to work as a producer for commercial advertising. In January 2013, Ms. Weigand joined the FUTRUE Group as the leader of strategic marketing, rising to the position of head of marketing and sales in 2015. Since 2017, Ms. Weigand has served as Chief Executive Officer of PharmaSGP.

Within the last five years, alongside her office as a member of the Management Board, Ms. Weigand was a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside PharmaSGP:

- Experten Schulungsakademie GmbH (member of the board of managing directors);
- FUTRUE ÄID GmbH (member of the board of managing directors);
- FUTRUE Vertrieb GmbH (member of the board of managing directors);
- Narumed GmbH (member of the board of managing directors);
- PharmaSGP Vertrieb GmbH (member of the board of managing directors);
- Reathro GmbH (member of the board of managing directors);
- Rezea GmbH (member of the board of managing directors);
- Synformulas GmbH (member of the board of managing directors); and
- Vertanical GmbH (member of the board of managing directors).

As of the date of this Prospectus, Ms. Weigand does not hold any such positions outside PharmaSGP.

Michael Rudolf was born in Schorndorf, Germany, on May 6, 1974.

Mr. Rudolf holds a Master's Degree in Business Administration from the University of Mannheim, Germany. He started his career at McKinsey & Company in 2000, advising domestic and international clients from industries such as automotive, manufacturing, consumer goods and retail. From 2010 to 2015, Mr. Rudolf served as head of mergers & acquisitions, portfolio management and corporate projects at Verlagsgruppe Weltbild GmbH, also serving as a member of the extended board from 2014 to 2015. In 2015, he joined the Media-Saturn Group, where he was responsible for investment and portfolio management for their digital investments. Mr. Rudolf then joined FUTRUE Group and has served as Chief Financial Officer as well as head of business development & licensing since 2017.

Within the last five years, alongside his office as a member of the Management Board, Mr. Rudolf was a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside PharmaSGP:

- 100% Valemia GmbH (member of the board of managing directors);
- 7 Aviation GmbH (member of the board of managing directors);
- EMCM Agentur für Media und Kommunikation GmbH (member of the board of managing directors);
- Experten Schulungsakademie GmbH (member of the board of managing directors);
- FUTRUE ÄID GmbH (member of the board of managing directors);
- FUTRUE GmbH (member of the board of managing directors);

- FUTRUE Vertrieb GmbH (member of the board of managing directors);
- FGP Forschung & Entwicklung GmbH (member of the board of managing directors);
- GLEX07 GmbH (member of the board of managing directors);
- Kijimea International NA GmbH (member of the board of managing directors);
- Narumed GmbH (member of the board of managing directors);
- PharmaSGP Vertrieb GmbH (member of the board of managing directors);
- Reathro GmbH (member of the board of managing directors);
- Rezea GmbH (member of the board of managing directors);
- Synformulas GmbH (member of the board of managing directors);
- Synformulas Distribution SARL (member of the board of managing directors);
- Synformulas Servizio Srl (member of the board of managing directors);
- Vertanical Austria Holding GmbH (member of the board of managing directors); and
- Vertanical GmbH (member of the board of managing directors).

As of the date of this Prospectus, Mr. Rudolf does not hold any such positions outside PharmaSGP

The members of the Management Board can be reached at the Company's office at Lochhamer Schlag 21, 82166 Gräfelfing, Germany (telephone: +49 (0) 89 78 79 790 – 78).

16.2.2 Management Service Agreements

Each member of the Management Board has entered into a service agreement with the Company governed by German law and based on substantially similar terms. The service agreements of the members of the Management Board are set to expire on December 31, 2022.

16.2.2.1 *Remuneration of the Members of the Management Board*

The remuneration system for the members of the Management Board reflects the long-term strategic objectives of PharmaSGP and the responsibilities of the members of the Management Board as well as the scope of their roles, taking into account each member's level of experience.

The remuneration of the members of the Management Board comprises fixed, short-term variable and long-term variable components, with all payouts made in gross amounts.

16.2.2.1.1 Fixed Compensation

The members of the Management Board receive a fixed base compensation in cash which is paid in twelve equal installments as a monthly salary. The annual fixed compensation amounts to €250,000.00 for Ms. Weigand and €200,000.00 for Mr. Rudolf.

16.2.2.1.2 Short-Term Variable Compensation

The short-term variable compensation (bonus) is based on PharmaSGP's performance in the respective fiscal year, taking into account both financial and non-financial performance targets. The financial performance targets for the fiscal year ending December 31, 2020 relate to PharmaSGP's revenues and EBITDA. The non-financial performance targets are aimed at improving the sustainability of PharmaSGP's business. The relevant performance targets are determined individually for each member of the Management Board by the Supervisory Board at the beginning of the respective fiscal year.

The target short-term variable compensation amounts to €50,000.00 for the fiscal year ending December 31, 2020 for each member of the Management Board. The members of the Management Board will only receive a short-term variable compensation if both financial performance targets are met. Depending on the degree to which the non-financial performance targets are met, the target short-term variable compensation is multiplied by a factor of between 0.9 and 1.1 to determine the actual short-term variable compensation to be paid to the members of the Management Board.

The short-term variable compensation is paid in cash. In the future, adjustment criteria, final adjustments and their rationales in relation to the achievement of performance targets and modifications will be disclosed in the annual report of the following fiscal year.

16.2.2.1.3 Long-Term Variable Compensation

To align the interests of the members of the Management Board with those of other stakeholders of the Company, the long-term variable compensation is granted in the form of virtual performance shares ("**PSUs**"), which are awarded to each member of the Management Board.

16.2.2.1.3.1 *Long-Term Variable Compensation for the Fiscal Year ending December 31, 2021 and thereafter*

The long-term variable compensation is granted in annual tranches for a performance period of four years. The number of PSUs to be granted to each member of the Management Board *per annum* corresponds to the quotient of (i) the target value of €260,000.00, divided by (ii) the volume-weighted average share price of the Company in Xetra-trading during the last 30 trading days before the commencement of the respective performance period.

25% of each tranche of PSUs vests for each year over the four-year performance period. Such PSUs are subject to customary good-leaver and bad-leaver provisions, which may result in PSUs being forfeit. The final number of vested PSUs depends on the achievement of the following three performance targets:

- For 80% of PSUs, the final number of PSUs depends on the development of PharmaSGP's EBITDA. The Supervisory Board determines an annual target EBITDA at the beginning of each fiscal year of the respective performance period. The annual target achievement is measured by comparing PharmaSGP's actual EBITDA for the respective fiscal year with the respective target EBITDA. For each percentage point by which the average target achievement during the relevant performance period exceeds 100% of the target EBITDA, the number of such PSUs is increased by 2%, provided that the maximum increase is capped at 20%. For each percentage point by which the average target achievement during the relevant performance period falls short of 100% of the target EBITDA, the number of PSUs is reduced by 2%, provided that all PSUs are forfeit if the average target achievement does not reach 70% of the target EBITDA.

- For 20% of PSUs, the final number of PSUs depends on the development of the share price of the Company in Xetra-trading during the respective performance period, plus any dividends paid during such period, compared to the performance of a relevant stock index. For each percentage point by which the development of the Company's adjusted share price exceeds the development of this stock index, the number of such PSUs is increased by 5%, provided that the maximum increase is capped at 50%. For each percentage point by which the development of the Company's adjusted share price falls short of the development of the stock index, the number of PSUs is reduced by 5%, provided that all PSUs are forfeit if the development of the Company's share price falls short of the development of such stock index by more than ten percentage points.

- The total number of PSUs determined in accordance with the two aforementioned performance targets is increased by 20%, if PharmaSGP signs at least four purchase agreements during the respective performance period, in each case for the acquisition of a target business meeting certain acquisition criteria, including with respect to the size of the acquired business. If PharmaSGP does not sign four of such purchase agreements during the respective performance period, the total number of PSUs determined in accordance with the two aforementioned performance targets is reduced by 20%.

To determine the final long-term variable compensation claims of the members of the Management Board at the end of each performance period, the number of vested PSUs after such period is multiplied by the volume-weighted average share price of the Company in Xetra-trading during the last 30 trading days before the end of the relevant performance period, plus any dividends paid during such period. For purposes of calculating the compensation claims, this share price adjusted for dividends is capped at 200% of the share price used to calculate the number of PSUs at the beginning of the respective performance period. Once these compensation claims have been determined, the Company can elect whether it will settle these claims in cash or by providing treasury shares, with such shares being valued at the volume-weighted average share price of the Company in Xetra-trading during the last 30 trading days before the end of the relevant performance period.

16.2.2.1.3.2 *Long-Term Variable Compensation for the Fiscal Year ending December 31, 2020*

For the long-term variable compensation granted with respect to the fiscal year ending December 31, 2020, the Supervisory Board has resolved on certain modifications. It has increased the target value to €275,000.00 per member of the Management Board and set the performance and vesting period to three years, with two thirds of the tranche vesting after two years and the last third vesting after three years. The relevant share price for the calculation of the number of PSUs at the commencement of this vesting period will correspond to the Offer Price. The target for acquisition has been set to the signing of one purchase agreement in each fiscal year of the three-year performance period, with all other parameters of this performance target remaining unchanged.

16.2.2.2 *Other Benefits of the Members of the Management Board*

In addition to monetary compensation, the members of the Management Board receive certain non-monetary benefits (*e.g.*, one member receives a company car that may also be used for private purposes). Furthermore, the members of the Management Board are covered by PharmaSGP's D&O insurance. The Company believes that the terms of this insurance policy are in line with market practice (see "*11.9 Insurance*").

16.2.3 Special Bonus

In recognition of their longtime contribution to the successful development of PharmaSGP, the Selling Shareholders have granted the members of the Management Board a one-time bonus with a value of €400,000.00 for Ms. Natalie Weigand and €250.000,00 for Mr. Michael Rudolf, respectively (the "**Special Bonus**"). The Special Bonus was granted by the Selling Shareholders *pro rata* to their respective shareholding in the Company as of the date of this Prospectus, and will be paid in shares of the Company at the settlement of the Offering. The number of such shares is calculated by dividing the respective Special Bonus, less personal taxes of the relevant member of the Management Board, by the Offer Price. Such shares will be provided from the holdings of the Selling Shareholders outside the Offering (*i.e.*, they will not be deducted from the number of Offer Shares). The payment of the Special Bonus depends on successful completion of the Offering.

16.3 Supervisory Board

In accordance with Article 9 para. 1 lit. c) (i) and 40 para. 3 of the SE Regulation in conjunction with Sections 95 and 96 AktG as well as Section 10 para. 1 of the Articles of Association, the Supervisory Board comprises three members. All of the members are appointed by the Company's shareholders' meeting and represent the shareholders. Pursuant to Article 9 para 1 lit. c) (ii) of the SE Regulation in conjunction with Section 100 para. 5 AktG, the members of the Supervisory Board as a whole must be familiar with the industry in which the Company conducts its business.

According to the Articles of Association, members of the Supervisory Board may be elected for a maximum term lasting until the end of the shareholders' meeting which resolves on the discharge (*Entlastung*) of the relevant members of the Supervisory Board for the fourth fiscal year after the commencement of the term of office. The fiscal year in which the term of office commenced is not counted towards the aforementioned number of four years. For members of the Supervisory Board who leave office before the end of their term, a successor must be elected for the remaining term of the leaving member, unless the Company's shareholders' meeting specifies a different term for such successor. Reelections of members of the Supervisory Board are permissible.

When electing members of the Supervisory Board, the shareholders' meeting may also appoint substitute members who replace any members of the Supervisory Board leaving their office before the end of their term. Unless stipulated otherwise in the election, the substitute members, in the order of their election, replace members of the Supervisory Board ending their term prematurely which were elected by the same shareholders' meeting. In such case, the office of the substitute member ends, once a successor for the former member of the Supervisory Board is elected through a by-election. Otherwise, the term of office corresponds to the remaining term of office of the former member. If the term of office of the substitute member ends due to a by-election, the substitute member regains its previous position as a substitute member for other members of the Supervisory Board.

The Supervisory Board elects a chairman and a deputy chairman from amongst its members to serve for the duration of those members' terms, unless a shorter period is determined at the time of their respective election. If the chairman or his deputy leaves office before the end of his term, the Supervisory Board must hold a new election without undue delay.

Each member of the Supervisory Board and each substitute member may resign from office with or without cause by giving written notice one month in advance to the Management Board. In turn, the Management Board informs the head of the Supervisory Board of any such resignation. In case of a resignation for cause, the one-month notice period does not apply.

The Supervisory Board must hold at least two meetings in each calendar half-year. Meetings of the Supervisory Board are generally called at least ten calendar days in advance by the chairman of the Supervisory Board, not taking into account the day on which the invitation is sent and the day of the meeting itself. Notice of meetings may be given in writing, by telefax, or via electronic communication. In urgent cases, the chairman may shorten this period and may call the meeting orally or by telephone.

The Articles of Association and the rules of procedure of the Supervisory Board provide that resolutions of the Supervisory Board are generally passed in meetings. At the order of the chairman, resolutions of the Supervisory Board may also be passed in writing, by telefax, by telephone or by electronic communication (or a combination of these forms of voting). Absent members of the Supervisory Board may also participate in the voting by submitting their votes in writing through another member of the Supervisory Board.

The Articles of Association provide that the Supervisory Board has a quorum if at least half of the total number of members provided for in the Articles of Association participates in the vote. Any members who abstain from voting are considered present for purposes of calculating the quorum. Unless otherwise provided for by mandatory law, resolutions of the Supervisory Board are passed with a simple majority of the votes cast. If a vote by the Supervisory Board results in a tie, the chairman has a deciding vote. Such resolutions are documented by the chairman and circulated to all members of the Supervisory Board.

The Supervisory Board may adopt rules of procedure and form committees in accordance with applicable laws and the Articles of Association. The Supervisory Board determines the composition, competences and procedures of such committees, if any. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to the chairman, to any of the Supervisory Board member(s) or to any committee(s) established from amongst its members. The rules of procedure of the Supervisory Board were adopted on May 28, 2020.

16.3.1 Members of the Supervisory Board

The following table sets forth the current members of the Supervisory Board, their respective age and position, and the duration of their remaining term:

Name	Age	First Appointed	Appointed until	Responsibilities
Dr. Clemens Fischer.....	44	2020	2025	Head of the Supervisory Board
Ms. Madlena Hohlefelder.....	39	2020	2025	Deputy head of the Supervisory Board
Dr. Axel Rebien	48	2020	2025	Member of the Supervisory Board

Dr. Clemens Fischer was born in Weilheim in Oberbayern, Germany, on May 28, 1975.

Dr. Fischer holds a doctor of medicine from the Technical University of Munich, as well as a Master of business administration from Harvard Business School. Upon graduation in 2001, Dr. Fischer joined Novartis as a senior project manager, where he eventually became a member of the German executive board for strategy and cardiovascular affairs. In 2007, Dr. Fischer founded the FUTRUE Group. In 2020, he was appointed as head of the Supervisory Board.

Alongside his office as head of the Supervisory Board, Dr. Fischer is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside PharmaSGP:

Currently:

- 100 % Valemia GmbH (member of the board of managing directors);
- 7 Aviation GmbH (member of the board of managing directors);
- Experten Schulungsakademie GmbH (member of the board of managing directors);
- FUTRUE GmbH (member of the board of managing directors);
- FUTRUE ÄID GmbH (member of the board of managing directors);
- FUTRUE RS01 GmbH (member of the board of managing directors);
- FUTRUE Vertrieb GmbH (member of the board of managing directors);
- GLEX07 GmbH (member of the board of managing directors);
- Kijimea Inc. CA (member of the board of managing directors);
- Kijimea Inc. USA (member of the board of managing directors);
- Kijimea International NA GmbH (member of the board of managing directors);
- Narumed GmbH (member of the board of managing directors);
- Rezea GmbH (member of the board of managing directors);
- Synformulas Servizio (member of the board of managing directors);
- SYNFORMULAS DISTRIBUTION (member of the board of managing directors);
- Vertanical Austria GmbH (member of the board of managing directors);
- Vertanical Austria Holding GmbH (member of the board of managing directors); and
- Vertanical Austria Immo GmbH (member of the board of managing directors).

Previously:

- EMCM Agentur für Media und Kommunikation GmbH (member of the board of managing directors);
- FGP Forschung & Entwicklung GmbH (member of the board of managing directors);
- FUTRUE Group Services GmbH (member of the board of managing directors);
- Synformulas GmbH (member of the board of managing directors);
- Vertanical Denmark ApS (member of the board of managing directors); and

- Vertanical GmbH (member of the board of managing directors).

Madlena Hohlefelder was born in Bonn, Germany, on January 29, 1981.

Until 2003, Ms. Hohlefelder studied economics at the University of St. Gallen, Switzerland. She subsequently earned a Master's degree in legal studies from Ludwig-Maximilian-University of Munich in 2005. Upon graduation, Ms. Hohlefelder joined Boston Consulting Group as a consultant in the energy and consumer goods sectors. Afterwards, she joined the FUTRUE Group and co-founded most of the entities that today comprise PharmaSGP and the FUTRUE Group. In addition, Ms. Hohlefelder co-founded pharmaceuticals company Naturwohl Pharma GmbH in 2010, where she served as Chief Operations Officer until 2015. Today, Ms. Hohlefelder serves as chief strategy officer of the FUTRUE Group. In 2020, she was appointed as deputy head of the Supervisory Board.

Alongside her office as deputy head of the Supervisory Board, Ms. Hohlefelder is a member of the board of managing directors of MVH Beteiligungs- und Beratungs-GmbH. Other than that, she is not, and within the last five years was not, a member of the administrative, management or supervisory bodies of and/or a partner in any companies or partnerships outside PharmaSGP.

Dr. Axel Rebien was born in Bremerhaven, Germany, on July 17, 1971.

In 1999, Dr. Rebien graduated from Gottfried Wilhelm Leibniz University in Hanover and obtained a degree in economics. Upon graduation, he joined Arthur Andersen GmbH (later merged with Ernst & Young GmbH) as a project manager, eventually becoming manager of transaction advisory services, a post he held until 2005. He then joined Tom Tailor GmbH, where he served as chief financial officer. In 2006, Dr. Rebien earned a Doctorate in political sciences from the Technical University Chemnitz. In 2008, he became chief financial officer of TOM TAILOR Holding AG, the parent company of the group. In 2016, he joined 7 Investment GmbH (now FUTRUE GmbH) as chief financial officer. In 2017, Dr. Rebien took the office of chief financial officer for heidelpay Group GmbH which he has held ever since. In 2020, he was appointed as member of the Supervisory Board.

Alongside his office as a member of the Supervisory Board, Dr. Rebien is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside PharmaSGP:

Currently:

- heidelpay Group GmbH (member of the board of managing directors).

Previously:

- BONITA (Schweiz) Retail AG (member of the administrative board);
- DRAPA Holdings Germany GmbH (member of the board of managing directors);
- GEWIB GmbH (member of the board of managing directors);
- FCM Beteiligungs GmbH (member of the board of managing directors);
- Heidelplay merchant GmbH (member of the board of managing directors);
- mpay24 GmbH (member of the board of managing directors);
- TOM TAILOR Asia ltd. (member of the board of managing directors);
- TOM TAILOR Holding AG (member of the management board;
- TOM TAILOR Gesellschaft m.b.H. (member of the board of managing directors);
- TOM TAILOR Lizenzmanagement GmbH (member of the board of managing directors);
- TOM TAILOR (Schweiz) AG (member of the administrative board);

- TOM TAILOR (Schweiz) Retail AG (member of the administrative board);
- TOM TAILOR Showroom AG (member of the administrative board);
- TOM TAILOR Trading (Shanghai) Company Limited (member of the board of managing directors);
- TOM TAILOR Veleprodaja d.o.o. (member of the board of managing directors);
- TT Off Sales (NI) ltd. (member of the board of managing directors); and
- TT Textiles GmbH (member of the board of managing directors).

The members of the Supervisory Board can be reached at the Company's office at Lochhamer Schlag 21, 82166 Gräfelfing, Germany (telephone: +49 (0) 89 78 79 790 – 78).

16.3.2 Remuneration and Other Benefits of the Members of the Supervisory Board

Pursuant to Section 14 para. 1 of the Articles of Association, the remuneration of the members of the Supervisory Board is determined by the Company's shareholders' meeting. On June 5, 2020, the shareholders' meeting resolved that each member of the Supervisory Board receives a fixed remuneration of €50,000.00 for every full fiscal year where such person is a member of the Supervisory Board. For the head of the Supervisory Board, such fixed remuneration amounts to €90,000.00, while for the deputy head of the Supervisory Board, such fixed remuneration amounts to €70,000.00. Persons who are members of the Supervisory Board for part of a fiscal year receive a *pro rata* share of the respective fixed remuneration. The fixed remuneration is payable in four annual installments following the end of each quarter, and will be paid for the first time with respect to the fiscal year ending December 31, 2020.

In addition to their fixed remuneration, members of the Supervisory Board are entitled to reimbursements for their out-of-pocket expenses incurred in connection with the performance of their duties. The Company also reimburses the members of the Supervisory Board for any value added taxes due on their remuneration and reimbursements for out-of-pocket expenses.

The head of the Supervisory Board, Dr. Clemens Fischer, and the deputy head of the Supervisory Board, Ms. Madlena Hohlefelder, have waived their remuneration claims until further notice.

Furthermore, the members of the Supervisory Board are covered by PharmaSGP's D&O insurance. The Company believes that the terms of this insurance policy are in line with market practice (see "*11.9 Insurance*").

16.4 Shareholdings of the Members of the Management Board and the Supervisory Board

As of the date of this Prospectus, Dr. Clemens Fischer indirectly holds 90.0% of the shares of the Company, while Ms. Madlena Hohlefelder indirectly holds the remaining 10.0% of the shares in the Company (see "*13. Shareholder Information*"). Consequently, Dr. Axel Rebien and the members of the Management Board do not hold any shares in the Company. The members of the Management Board will, however, be provided with shares of the Company upon payment of the Special Bonus (see "*16.2.3 Special Bonus*").

16.5 Certain Information Regarding the Members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or the Supervisory Board has been:

- convicted of fraudulent offenses; or
- associated with any bankruptcy, receivership, liquidation or companies put into administration, acting in its capacity as a member of any administrative, management or supervisory body; or
- the subject of any official public incriminations and/or sanctions have been pending or imposed by statutory or legal authorities, including designated professional bodies; or
- disqualified from acting as a member of the administrative, management, or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer.

Dr. Clemens Fischer and Ms. Madlena Hohlefelder are the sole ultimate shareholders of the FUTRUE Group, the former parent group of PharmaSGP. The FUTRUE Group is, *inter alia*, comprises various business interests in the pharmaceuticals industry, including interests in companies marketing chemical-free OTC and other healthcare products. In addition, FUTRUE GmbH and MVH Beteiligungs- und Beratungs-GmbH, which are controlled by Dr. Fischer and Ms. Hohlefelder, respectively, have entered into the Voting Agreement, pursuant to which they agreed to uniformly exercise their voting rights in the Company's shareholders' meeting. As a result of the coordination of the exercise of voting rights under the Voting Agreement, the Selling Shareholders are considered persons acting in concert and their respective shareholdings are mutually attributed pursuant to Sections 29 para. 2 and 30 para. 2 WpÜG. For the duration of the Voting Agreement, both Selling Shareholders will therefore be considered to hold a controlling interest in the Company within the meaning of the WpÜG, assuming their aggregate shareholding in the Company amounts to 30% or more of the Company's voting rights.

To avoid competition between the FUTRUE Group and PharmaSGP with respect to their current product offerings following the Offering, the Company and the Selling Shareholders have entered into the Non-Competition Agreement (see "*17.1.2 Non-Competition Agreement*"). Nevertheless, the FUTRUE Group and PharmaSGP may in the future become competitors if both expand their product portfolio into similar markets. In addition, PharmaSGP and the FUTRUE Group have entered into a number of business agreements pursuant to which entities of the FUTRUE Group provide services to PharmaSGP (see "*17.1.3 Business Agreements*"). To the extent the interests of the FUTRUE Group diverge from those of PharmaSGP in the context of such agreements or their various businesses, this would result in a conflict of interests for Dr. Fischer and Ms. Hohlefelder.

Except as disclosed above, there are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board with respect to their duties to the Company on the one hand and their private interests, membership in governing bodies of companies, or other obligations on the other.

None of the members of the Management Board or the Supervisory Board has entered into a service agreement with a company of PharmaSGP that provides for benefits upon termination of employment or office.

There are no family relationships between the members of the Management Board and the Supervisory Board, either amongst themselves or in relation to the members of the respective other body.

16.6 Shareholders' Meetings

16.6.1 Convening of Shareholders' Meetings

Pursuant to Article 54 para. 1 of the SE Regulation, the annual shareholders' meeting of the Company must be held within the first six months of each fiscal year. At the option of the body convening the shareholders' meeting, the meeting is held either at the registered seat of the Company or in a German city with a stock exchange or at a place in Germany located within a radius of 50 kilometers around the registered seat of the Company. The Company's shareholders' meeting is generally convened by the Management Board. Notice must be issued in the German Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the shareholders' meeting. The day of the meeting and the day of the publication of the convocation in the German Federal Gazette (*Bundesanzeiger*) are not taken into account when calculating this 30-day period. This period is extended for the period for registration by the shareholders (see "*16.6.2 Shareholders' Rights to Participate in Shareholders' Meetings*").

A shareholders' meeting may also be convened by the Supervisory Board. In addition, shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital or a *pro rata* share of €500,000.00 in the Company's share capital may request that a shareholders' meeting be held. Shareholders or shareholder associations may solicit other shareholders to submit such request, jointly or by proxy, in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If, following a request submitted by shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital or a *pro rata* share of €100,000.00 in the Company's share capital, a shareholders' meeting of the Company is not held in a timely manner, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested such meeting or their representatives to convene a shareholders' meeting of the Company.

16.6.2 Shareholders' Rights to Participate in Shareholders' Meetings

Pursuant to the Articles of Association, all shareholders of the Company who have duly submitted notification of attendance and evidence of their shareholdings are entitled to attend the shareholders' meeting and to exercise their voting rights. The registration for the shareholders' meeting must be received by the Company at the address specified in the convening notice at least six days prior to the day of the shareholders' meeting. The convening notice may provide for a shorter period to be measured in days. When calculating this period, the day of the meeting and the day of the receipt of the notice are not taken into account.

The shareholder's registration must be submitted in the German language or English language in writing (*Textform*), or by way of other electronic means as specified by the Company in greater detail. The evidence of shareholdings must be submitted in the form of proof set forth in Section 67c para. 3 AktG. Such evidence must refer to the beginning of the 21st day prior to the shareholders' meeting (record date) and must be received by the Company at the address specified in the convening notice at least six days prior to the meeting, unless a shorter period of time was set forth in the convening notice. When calculating such period, the day of the meeting and the day of the receipt of the notice are not taken into account.

Voting rights may be exercised by proxy. The granting of the proxy, its revocation and the evidence of authorization to be provided to the Company must be submitted in text form (*Textform*), unless the convening notice provides for a less strict form. Details on the granting of proxy, its revocation and the evidence to be provided to the Company are provided together with the convening notice for the shareholders' meeting. The Management Board may allow shareholders to cast their votes in writing or by electronic communication without attending the shareholders' meeting (absentee vote) and may determine the scope and the procedure of the exercising of rights in such way. The Management Board may also provide that shareholders may participate in the shareholders' meeting without being present in person at the place of the shareholders' meeting or being represented, and may exercise all or specific shareholders' rights, in full or in part, by electronic communication (online participation).

16.6.3 Conduct of Shareholders' Meetings

The shareholders' meeting is chaired by the chairman of the Supervisory Board or by another member of the Supervisory Board or any other person appointed by the chairman. In the event that neither the chairman of the Supervisory Board nor any other member of the Supervisory Board or other person appointed by the chairman takes over the position of chairman of the shareholders' meeting, the chairman of the shareholders' meeting is elected by the Supervisory Board members present at the shareholders' meeting. In the event that the Supervisory Board does not elect the chairman of the shareholders' meeting, the chairman of the shareholders' meeting is elected by the shareholders' meeting under the chairmanship of the shareholder with the highest shareholding present in the shareholders' meeting.

The chairman of the shareholders' meeting chairs the proceedings of the meeting and directs the course of the proceedings. In particular, the chairman may exercise rules of order and make use of assistants. The chairman determines the sequence of speakers and the consideration of the items on the agenda as well as the form, procedure and further details of voting. The chairman may also, to the extent permitted by law, decide on the bundling of factually related items for resolution into a single vote. The chairman is further authorized to impose a reasonable time limit on the right to ask questions and to speak. At the beginning of, or at any time during, the shareholders' meeting, the chairman may set a limit on the time allowed to speak or to ask questions, or on the combined time to speak and ask questions. The chairman may also determine an appropriate time frame for the course of the entire shareholders' meeting, for individual agenda items or individual speakers. If necessary, the chairman may close the list of requests to speak and order the end of the debate in the shareholders' meeting.

16.6.4 Resolutions of the Shareholders' Meeting

Pursuant to Section 19 para. 2 of the Articles of Association, resolutions of the shareholders' meeting are generally passed with a simple majority of the votes validly cast. If a majority of the share capital is required by law, a simple majority of the registered share capital represented at the vote is sufficient, unless a higher majority is required by mandatory law or the Articles of Association.

According to Articles 5, 57 and 59 of the SE Regulation, and Section 51 of the SEAG in conjunction with the AktG, resolutions of fundamental importance (*grundlegende Bedeutung*) require a majority of at least 75% of the share capital represented at the vote. Resolutions of fundamental importance include:

- the approval to conclude or amend corporate agreements (*Unternehmensverträge*);
- amendments to the corporate purpose of the Company;
- the creation of conditional or authorized capital;
- an exclusion of subscription rights as part of a capital increase by the shareholders' meeting or in the context of an issuance of, or authorization to issue, convertible and profit sharing certificates and other profit sharing rights;
- an authorization on the use of treasury shares;
- capital reductions;
- a liquidation of the Company or a subsequent continuation of the liquidated Company;
- the approval of contracts within the meaning of Section 179a AktG (transfer of the entire assets of the Company) and management actions of special significance that require the approval of the shareholders' meeting in compliance with legal precedents;
- an integration of the Company into another corporation; and
- any actions within the meaning of the UmwG.

Neither European law nor German law or the Articles of Association limits the rights of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise voting rights associated therewith.

16.7 Corporate Governance

The German Corporate Governance Code, as amended on December 16, 2019 (the "**Code**"), contains recommendations and suggestions for the management and supervision of German companies listed on a stock exchange. The Code incorporates nationally and internationally recognized standards of good and responsible corporate governance. The purpose of the Code is to increase the transparency of the German system of corporate governance and supervision for investors. The Code includes recommendations and suggestions for management and supervision with regards to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and auditing.

There is no obligation to comply with the recommendations or suggestions of the Code. Pursuant to Section 161 para. 1 AktG, the Management Board and the Supervisory Board are, however, required to declare that the Company has either complied or will comply with the recommendations of the Code, or which recommendations have not or will not be complied with, and explain why the Management Board and the Supervisory Board do not or will not comply with certain recommendations. This declaration must be submitted annually and must be made permanently accessible to the shareholders. There is no requirement to disclose any deviations from the suggestions of the Code.

As of the date of this Prospectus, the Company complies with all recommendations of the Code, apart from the following:

- ***Sections D.2 through D.5, D.8 and D.11 of the Code – Supervisory Board Committees***: Section D.2 of the Code provides that depending on the specific circumstances of the enterprise and the number of members of the supervisory board, a supervisory board should form committees of members with relevant specialist expertise. In particular, Sections D.3 and D.5 of the Code provide for the formation of an audit committee and a nomination committee. Section D.11 of the Code tasks the audit committee with conducting an evaluation of the quality of the audit of the Company's audited financial statements on a regular basis.

  Given that the Supervisory Board only comprises three members, the Supervisory Board has decided not to form any committees. Any committee could only pass resolutions in place of the Supervisory Board if the committee itself were to comprise at least two committee members, which corresponds to the quorum for the Supervisory Board as a whole. Consequently, the Company believes that establishing Supervisory Board committees would not in any way improve the effectiveness of the Supervisory Board.

- ***Section G.10 sentence 2 of the Code – Management Board Remuneration***: Section G.10 of the Code provides that the members of the Management Board should only be able to access long-term variable remuneration components after a four-year period has passed.

  With respect to the first annual tranche of the long-term variable compensation granted to the members of the Management Board for the fiscal year ending December 31, 2020, the Supervisory Board has decided that the performance and vesting periods will correspond to a period of only three years (see Section "*16.2.2.1.3 Long-Term Variable Compensation*"). The first annual tranche of the long-term variable remuneration component will therefore already be accessible to the members of the Management Board prior to the lapse of a four-year period. With respect to the following annual tranches of the long-term variable compensation, the performance and vesting periods will, however, correspond in each case to a period of four years and, therefore, payment will be made in each case only after the lapse of a four-year period. As the initial appointment of the members of the Management Board expires on December 31, 2022, the Supervisory Board believes that it is a meaningful and expedient incentive for the current members of the Management Board if the first tranche of their long-term remuneration component is, in relation to vesting and performance periods, linked to their initial term of appointment so that such first tranche can be fully earned within the initial term of appointment.

- ***Section F.2 of the Code – Reporting***: Section F.2 of the Code provides that the consolidated financial statements and the group management report should be made publicly accessible within 90 days following the end of the respective fiscal year, while mandatory interim financial information should be made publicly accessible within 45 days after the end of the respective reporting period.

  The Company has decided to publish the consolidated financial statements and the group management report for the fiscal year ending December 31, 2020 as well as any mandatory interim financial information required under statutory law or applicable stock exchange rules in the fiscal year ending December 31, 2020 within the respective publication periods stipulated by mandatory law or the applicable stock exchange rules for such financial information. The Company believes that a publication within such periods will sufficiently satisfy the need for information of the shareholders, creditors and the other stakeholders as well as the public. Starting with the financial information for the fiscal year ending December 31, 2021, the Company intends to comply with the publication timelines provided for in Section F.2 of the Code.

17. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are, inter alia, members of the same group as the Company or that are in control of or controlled by the Company must be disclosed unless they are already included as consolidated companies in the Company's consolidated financial statements. Control exists if a shareholder owns more than half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies, including joint ventures, as well as transactions with persons who have significant influence over the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and the Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and the Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below in is a detailed description of such transactions with related parties for the fiscal years ended December 31, 2017, 2018 and 2019 and up to and including the date of this Prospectus. Business relationships between companies of PharmaSGP are not included. Further information with respect to related party transactions, including quantitative amounts, are contained in the notes to the Company's audited combined financial statements as of and for the fiscal years ended December 31, 2019, 2018 and 2018 as well as the unaudited condensed combined interim financial statements of PharmaSGP as of and for the three-month period ended March 31, 2020, which are all included in this Prospectus in the Section "20. Financial Information" on pages F-1 et seq.

17.1 Transactions with Related Parties

17.1.1 Cost Sharing and Indemnity Agreement

On June 8, 2020, the Selling Shareholders and the Company entered into an agreement regarding their cooperation relating to the preparation of the Offering. As required by law, the Selling Shareholders have agreed that they will reimburse the Company for all external costs incurred in connection with the preparation and the execution of the Offering (except for costs relating to certain corporate measures such as capital increase and contributions in connection with the creation of PharmaSGP's group structure). The costs for which the Selling Shareholders will reimburse the Company include legal, auditor and other advisors' fees as well as expenses, for which the Company has agreed to reimburse the Sole Bookrunner. For further information on commissions to be paid to the Sole Bookrunner in connection with the Offering, see "*18.2 Commissions*".

The obligation of the Selling Shareholders to reimburse the Company remain unaffected if the Offering is postponed or terminated. As required by law, the Selling Shareholders have also agreed to indemnify the Company from any potential liability in connection with the Offering, including for any reasonable legal costs and expenses. Furthermore, the Company has agreed that upon indemnification by the Selling Shareholders and to the extent legally permissible, it will assign certain claims the Company may have against members of the Management Board or the Supervisory Board or third parties to the Selling Shareholders. In addition, the Selling Shareholders agreed to indemnify, or to procure that a member of the FUTRUE Group indemnifies, PharmaSGP for a claim that could result from the Offering in connection with a marketing agreement conducted in the past. The Company believes that any such claims would not exceed €3.0 million.

17.1.2 Non-Competition Agreement

On June 8, 2020, the Company and the Selling Shareholders entered into a non-competition agreement to avoid competition between these persons with respect to their current product offerings following the Offering (the "**Non-Competition Agreement**"). In the Non-Competition Agreement, the Selling Shareholders agreed that in Germany, Austria, France, Italy, Belgium, the Netherlands, Luxembourg and Spain they will not, and will cause their respective subsidiaries not to:

- market or distribute any chemical-free non-prescription pharmaceuticals sold over the counter for indications where PharmaSGP is actively marketing products at the time of the Offering; or

- directly or indirectly hold or acquire any equity interest in any entity marketing or distributing any of the aforementioned products, provided that this does not apply to any (i) equity interests in entities who generate less than 25% of their annual turnover with such products; (ii) equity interests amounting to less than 25% of the voting rights and share capital of the relevant entity; or (iii) equity interests for financial investment purposes, without granting the Selling Shareholders, directly or indirectly, management functions or any material influence in the competing entity.

The Company in turn agreed that in Germany, Austria, France, Italy, Belgium, the Netherlands, Luxembourg, Spain, United Kingdom, the United States, and Canada it will not, and will cause its subsidiaries not to:

- market or distribute any products as a remedy for, or relating to the treatment of, gastrointestinal diseases or probiotic or enzymatic products for any indication; or

- directly or indirectly hold or acquire any equity interest in any entity marketing or distributing any of the aforementioned products, provided that this does not apply to any (i) equity interests in entities who generate less than 25% of their annual turnover with such products; (ii) equity interests amounting to less than 25% of the voting rights and share capital of the relevant entity; or (iii) equity interests for financial investment purposes, without granting PharmaSGP, directly or indirectly, management functions or any material influence in the competing entity.

The respective undertakings are valid for a term of three years and any breach of the Non-Competition Agreement can result in the assessment of damages.

17.1.3 Business Agreements

17.1.3.1 *Media Services Agreement with EMCM*

On November 30, 2018, PharmaSGP GmbH entered into a media services agreement with EMCM, a member of the FUTRUE Group. EMCM is a media agency that provides advertising and communications services, in particular graphic and public relations services as well as media strategies and bookings of advertisement space both online and offline. The media service agreement has been entered into for an indefinite term.

The media services agreement requires EMCM to provide PharmaSGP with media services in its own name and for its own account. EMCM passes the costs that it incurs for such services on to PharmaSGP with a surcharge as set forth in the media services agreement. All intellectual property and other rights obtained by EMCM in the context of the media services agreement are to be transferred or made available to PharmaSGP to the extent provided for by law. The media services agreement with EMCM has an indefinite term, but can be terminated by either party with a notice period of one month towards the end of the following month if no individual order is ongoing.

17.1.3.2 *Contract Sales Force Agreements*

In October 2019, PharmaSGP GmbH entered into the current contract sales force agreements with FUTRUE ÄID GmbH and FUTRUE Vertrieb GmbH, both members of the FUTRUE Group, pursuant to which FUTRUE Vertrieb GmbH's sales agents promote Restaxil® products to pharmacists, whereas FUTRUE ÄID GmbH's sales agents promote such products to physicians. To this end, the sales agents visit pharmacists and physicians to discuss the benefits of Restaxil® products and, in the case of pharmacists, negotiate the placement of such products on display shelves. The respective agreements have been entered into for an indefinite term.

The contract sales force agreements are full-service agreements pursuant to which FUTRUE ÄID and FUTRUE Vertrieb GmbH provide all necessary equipment and accessories for carrying out their promotion activities, while passing on the costs incurred to PharmaSGP plus a surcharge. Marketing materials (*e.g.*, information brochures) and order forms are provided by PharmaSGP. All orders are negotiated and accepted exclusively in the name and for the account of PharmaSGP. In addition, PharmaSGP trains FUTRUE ÄID GmbH's and FUTRUE Vertrieb GmbH's sales agents with respect to the applications and benefits of PharmaSGP's Restaxil® products.

17.1.3.3 *Other Shared Services Agreements*

PharmaSGP has entered into additional shared services agreements with members of the FUTRUE Group (*e.g.*, with respect to selling- and research-related services). These shared services agreements are typically concluded as framework agreements with the specific services and service fees to be agreed for specific orders.

17.1.4 Other Relations with the Selling Shareholder

The following table shows the transactions with related parties for the periods indicated:

	For the fiscal year ended December 31,		
	2017	2018	2019
		(audited) (in € million)	
Sales of goods and services to	**0.6**	**0.7**	**0.7**
FUTRUE GmbH	0.3	0.0	0.1
FUTRUE Group companies	0.3	0.7	0.6
Other related parties	0.0	0.0	–
Purchases of goods and services from	**(24.4)**	**(28.8)**	**(29.7)**
FUTRUE GmbH	(0.7)	(0.6)	(0.7)
FUTRUE Group companies	(23.5)	(28.0)	(28.8)
Other related parties	(0.2)	(0.2)	(0.1)

The following table shows the balances with related parties as of the dates indicated:

	As of December 31,		
	2017	2018	2019
		(audited) (in € million)	
Amounts owed by	**1.2**	**0.8**	**1.8**
FUTRUE GmbH	0.0	0.2	0.2
FUTRUE Group companies	1.0	0.6	1.5
Key management personnel	0.2	0.0	–
Other related parties	0.0	0.0	0.0
Amounts owed to	**2.5**	**1.2**	**1.8**
FUTRUE GmbH	0.8	0.9	1.8
FUTRUE Group companies	1.6	0.2	0.0
Other related parties	0.1	0.1	0.0

The significant transactions between PharmaSGP and FUTRUE GmbH primarily reflect management fees including for rental, personnel recruiting expenses, as well as expenses for equipment relating to, and maintenance of, information technology systems. The significant transactions between PharmaSGP and other entities of the FUTRUE Group mainly comprise media services and to a minor extent selling- and research-related expenses invoiced to PharmaSGP in the exchange for services provided.

In the three-month period ended March 31, 2020, costs for consulting services (€0.6 million) incurred in connection with the preparation of the Offering were passed on to the Selling Shareholders and are included in both other operating income as well as other operating expenses, and in parts in trade and other receivables as of March 31, 2020. Due to transactions related to media services between PharmaSGP and a member of the FUTRUE Group, trade payables in an amount of €2.0 million were accounted for as of March 31, 2020. In addition, the existing lease agreement between the FUTRUE Group and PharmaSGP was terminated with effect from March 31 2020 (see "*11.6 Real Property*").

17.2 Relationships with Members of the Management Board and the Supervisory Board

17.2.1 Remuneration of the Members of the Management Board

Given that the Management Board was only established during the fiscal year ending December 31, 2020, the members of the Management Board have not yet received any annual remuneration. PharmaSGP did, however, pay remuneration to managing directors of the entities comprising PharmaSGP (Ms. Natalie Weigand and Mr. Michael Rudolf) or the Selling Shareholders (Dr. Clemens Fischer and Ms. Madlena Hohlefelder). Such remuneration, including short-term compensation, amounted to €0.3 million in aggregate in the fiscal year ended December 31, 2019 (fiscal year ended December 31, 2018: €0.2 million in aggregate; fiscal year ended December 31, 2017: €0.3 million in aggregate). In addition, these persons received compensation and short-term employee benefits from FUTRUE GmbH in an amount of €0.1 million in the fiscal year ended December 31, 2019 (fiscal year ended December 31, 2018: €0.3 million; fiscal year ended December 31, 2017: €0.2 million), which was paid for services provided by the aforementioned persons for the entire FUTRUE Group

For a description of the current remuneration of the members of the Management Board, see "*16.2.2 Management Service Agreements*".

For a description of the Special Bonus granted to the members of the Management Board by the Selling Shareholders, see "*16.2.3 Special Bonus*".

17.2.2 Remuneration of the Members of the Supervisory Board

Given that the Supervisory Board was only established during the fiscal year ending December 31, 2020, the members of the Supervisory Board have not yet received any annual remuneration.

For a description of the current remuneration of the members of the Supervisory Board, see "*16.3.2 Remuneration and Other Benefits of the Members of the Supervisory Board*".

17.2.3 Pensions

As of March 31, 2020, PharmaSGP had not made any pension commitments to members of the Management Board or the Supervisory Board.

18. UNDERWRITING

On June 8, 2020, the Company, the Selling Shareholders and the Sole Bookrunner entered into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering.

Under the terms of the Underwriting Agreement and subject to certain conditions, including the execution of the pricing agreement, the Sole Bookrunner will be required to acquire such number of Offer Shares as will be specified and agreed in the pricing agreement, but in any event only up to the maximum number of Offer Shares set forth opposite the Sole Bookrunner's name below:

Sole Bookrunner	Maximum Number of Offer Shares to be underwritten[(1)]	Percentage of Maximum Number Offer Shares underwritten (in %)
Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany	9,660,000	100.00
Total	**9,660,000**	**100.00**

(1) Assuming placement of the maximum number of Offer Shares and full exercise of the Greenshoe Option.

In connection with the Offering, the Sole Bookrunner and any of its affiliates, acting as an investor for its own account, may acquire Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Offer Shares or related investments and may offer or sell such Offer Shares or other investments outside the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be construed as including any offering or placement of Offer Shares to the Sole Bookrunner or any of its affiliates acting in such capacity. The Sole Bookrunner does not intend to disclose the extent of any such investments or transactions, other than in accordance with any legal or regulatory obligation to do so. In addition, the Sole Bookrunner or its affiliates may enter into financing arrangements, including swaps with investors, due to which the Sole Bookrunner or its affiliates may, from time to time, acquire, hold or dispose of Offer Shares.

18.1 Underwriting Agreement

In the Underwriting Agreement, the Sole Bookrunner agreed to underwrite and purchase the Offer Shares with a view to offering them to investors in this Offering, subject to certain conditions, including the execution of a pricing agreement to determine the Offer Price. The Sole Bookrunner agreed to remit the purchase price from the sale of the Base Shares and the Upsize Shares (less agreed upon commissions and expenses), to the Selling Shareholders at the time the Company's shares are delivered to investors, which is expected to occur on June 23, 2020. For the purpose of a potential Over-Allotment, the Sole Bookrunner will be provided with up to 1,260,00 Over-Allotment Shares from the holdings of the Selling Shareholders in the form of a securities loan. The Selling Shareholders have granted the Sole Bookrunner an option to acquire a number of the Company's shares equal to the number of Over-Allotment Shares at the Offer Price, less agreed commissions.

The obligations of the Sole Bookrunner under the Underwriting Agreement are subject to various conditions, including:

- the agreement of the Sole Bookrunner and the Selling Shareholders on the Offer Price and the final number of Base Shares and Upsize Shares to be purchased by the Sole Bookrunner;
- the absence of a material event (*e.g.*, a reasonably likely material adverse change in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity, or results of operations of PharmaSGP, or a suspension or material limitation in trading in securities in general on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*));
- receipt of certain customary deliverables (*e.g.*, legal opinions); and
- the admission of the Company's shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The Sole Bookrunner has provided, and may in the future provide, services to PharmaSGP in the ordinary course of business and may extend credit to, and has regular business dealings with PharmaSGP in its capacity as a financial institution. For a more detailed description of the interests of the Sole Bookrunner in the Offering, see "*3.12 Interests of Parties Participating in the Offering*".

18.2 Commissions

The Sole Bookrunner will offer the Offer Shares at the Offer Price. In return, the Sole Bookrunner will receive a fixed underwriting commission calculated as a percentage of the gross proceeds from the Offering. In addition, the Selling Shareholders may in their sole discretion decide to pay the Sole Bookrunner a discretionary fee, which is also calculated as a percentage of the gross proceeds from the Offering.

The Selling Shareholders will bear any fees in connection with the sale of the Offer Shares. Assuming placement of the maximum number of Offer Shares, full exercise of the Greenshoe Option and payment of the discretionary fee in full, the Company estimates that at the mid-point of the Price Range, the Sole Bookrunner would receive commissions in an amount of approximately €9.9 million in connection with the Offering.

The Sole Bookrunner will withhold the base fee from the proceeds from the sale of the Offer Shares. The Selling Shareholders will decide whether to grant the discretionary fee, if any, within five banking days after the expiration of the Stabilization Period. The Selling Shareholders have also agreed to reimburse the Sole Bookrunner for certain expenses incurred in connection with the Offering.

18.3 Greenshoe Option and Securities Loan

To cover potential Over-Allotments, the Selling Shareholders will provide the Sole Bookrunner with up to 1,260,000 Over-Allotment Shares free of charge in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the final number of Base Shares and Upsize Shares if any, placed in the Offering.

The Sole Bookrunner is entitled to exercise the Greenshoe Option to the extent Over-Allotments were initially made. The number of shares of the Company that can be acquired under the Greenshoe Option is reduced by the number of shares held by the Sole Bookrunner on the date when the Greenshoe Option is exercised and that were acquired by the Sole Bookrunner in the context of stabilization measures, if any. The Greenshoe Option will terminate 30 calendar days after commencement of stock exchange trading of the Company's shares.

18.4 Termination and Indemnification

The Sole Bookrunner may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allocated and admitted to trading, up to closing of the Offering, in particular, if:

- PharmaSGP has sustained a loss or interference with respect to its business from fire, explosion, flood or other calamity (whether or not covered by insurance), or from any labor dispute or court or governmental; or
- any material change or development reasonably likely to result in a material change to the share capital of the Company has occurred; or
- any material change or development reasonably likely to result in a material change in the long-term debt of the Company or PharmaSGP has occurred; or
- any material adverse change, or any development involving a reasonably likely prospective material adverse change, in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity or results of operations of the Company or PharmaSGP has occurred; or
- any material adverse change that would prevent the Company from performing any of its obligations under the Underwriting Agreement has occurred; or
- the Company or PharmaSGP has incurred any liability or obligation, direct or contingent, or entered into any material transaction not in the ordinary course of business; or

- a suspension in trading on the stock exchanges in Frankfurt am Main, Germany, London, United Kingdom, or New York, United States has been imposed; or

- a general moratorium on banking activities is imposed in Frankfurt am Main, Germany, London, United Kingdom, or New York, United States, by the relevant authorities; or

- a material adverse change in national or international financial, political, or economic conditions or currency exchange rates or currency controls has occurred which could have a material adverse impact on the financial markets in the Federal Republic of Germany, the United Kingdom or the United States; or

- an outbreak or escalation of hostilities or the declaration of a national emergency or war which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States has occurred; or

- any acts of terrorism or any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or currency controls have occurred which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allocations already made to investors will be invalidated and investors will have no claim for delivery of Offer Shares. Claims with respect to purchase fees already paid and costs incurred by an investor in connection with the purchase will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

In the Underwriting Agreement, the Company and the Selling Shareholders have agreed to indemnify the Sole Bookrunner against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

18.5 Selling Restrictions

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, the Selling Shareholders or the Sole Bookrunner to permit a public offering of the Offer Shares anywhere other than in Germany or the transmission or distribution of this Prospectus into any other jurisdiction, where additional actions for that purpose may be required.

Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than in Germany, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Company does not intend to register either the Offering or any portion of the Offering in the United States, or to conduct a public offering of shares in the United States. The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with securities regulators of individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal requirements. The Offer Shares may only be sold in or into the United States to persons who are QIBs as defined in, and in reliance on, Rule 144A, or pursuant to another available exemption from, or transactions not subject to, the registration requirements of the Securities Act, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other United States legal requirements, and no (i) "direct selling efforts" as defined in Regulation S or (ii) "general advertising" or "general solicitation", each as defined in Regulation D under the Securities Act in relation to the Offer Shares may take place. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the Securities Act. Terms used above shall have the meanings ascribed to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act, if such offer or sale is does not comply with Rule 144A or another exemption from registration under the Securities Act.

In the United Kingdom, this Prospectus is only addressed and directed to investors (i) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and/or (ii) who are high net worth entities falling within Article 49 para. 2 lit. a) through d) of the Order, and (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). In the United Kingdom, the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire Offer Shares in the United Kingdom will only be engaged in with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

In the member states of the EEA and the United Kingdom (the "**Relevant States**"), no offer of Offer Shares to the public has been or will be made, except for the offer to the public in Germany (once this Prospectus has been approved by BaFin and published in accordance with the Prospectus Regulation) and any offers of Offer Shares in any Relevant State in accordance with the following exceptions under the Prospectus Regulation:

- to qualified investors as defined in Article 1 para. 4 lit. (a) of the Prospectus Regulation; or
- to fewer than 150 natural or legal persons per Relevant State (other than qualified investors as defined in Article 1 para. 4 lit. (a) of the Prospectus Regulation), subject to obtaining the prior consent of the Sole Bookrunner for any such offer; or
- in any other circumstances falling within Article 1 para. 4 of the Prospectus Regulation.

For the purposes of this Prospectus, the expression "offer to the public" in relation to any Relevant State means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe to Offer Shares, including any placing of Offer Shares through financial intermediaries.

19. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

Income received from shares of the Company is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the Company's shareholders and the tax laws of the Company's state of incorporation, statutory seat and place of effective management (i.e., Germany) may affect the income received from shares of the Company.

The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding or transfer of shares in the Company. It is important to note that the legal situation may change, possibly with retroactive effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be relevant to shareholders of the Company. In particular, this summary does not cover tax considerations that may be relevant to a shareholder that is a tax resident of a jurisdiction other than Germany. This presentation is based upon domestic German tax laws in effect as of the date of this Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries.

This section does not replace the need for individual shareholders of the Company to seek personal tax advice. It is therefore recommended that shareholders consult their own tax advisors regarding the tax implications of acquiring, holding or transferring shares of the Company and what procedures are necessary to secure the repayment of German withholding tax (Kapitalertragsteuer), if possible. Only qualified tax advisors are in a position to adequately consider the particular tax situation of individual shareholders.

19.1 Taxation of Shareholders

Shareholders are taxed in particular in connection with the holding of shares (taxation of dividend income), upon the sale or disposal of shares (taxation of capital gains) and the gratuitous transfer of shares (inheritance and gift tax).

19.1.1 Taxation of Dividend Income

To the extent that the Company is able to pay dividends from a tax-recognized contribution account (*steuerliches Einlagekonto*) in the future, such dividends are not subject to withholding tax, personal income tax (including the solidarity surcharge and church tax, if any) or corporate income tax, as the case may be. Yet dividends paid out of a tax-recognized contribution account lower the acquisition costs of the shares, which may result in a higher amount of taxable capital gains upon the shareholder's sale of the shares. Special rules apply to the extent that dividends from the tax-recognized contribution account exceed the then lowered acquisition costs of the shares (the details are outlined below).

19.1.2 Withholding Tax

Dividends distributed by the Company that are not paid out of the tax-recognized contribution account (*steuerliches Einlagekonto*) are subject to a deduction at source (withholding tax) at a 25% rate plus a solidarity surcharge of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%) and church tax (*Kirchensteuer*), if applicable. The basis for determining the dividend withholding tax is the dividend approved for distribution by the Company's shareholders' meeting.

Pursuant to a newly enacted bill, the solidarity surcharge will be abolished for 90% of all tax payers and reduced for additional 6.5% of all taxpayers starting in the fiscal year ending December 31, 2021, depending on certain income thresholds. In addition, the coalition agreement between the German Christian Democratic, German Christian Social Union and the German Social Democratic Party for the formation of the German Federal Government provides that the flat tax regime will be partially abolished for interest income as soon as the automatic information exchange on tax matters (*automatischer Informationsaustausch in Steuerfragen*) has been established. In such case, interest income will instead be taxed by an assessment on the basis of the individual taxpayer's progressive income tax rates of up to 45% (plus a 5.5% solidarity surcharge thereon, unless abolished or reduced in the future, and church tax, if applicable).

In general, dividend withholding tax is withheld regardless of whether and, if so, to what extent the shareholder must report the dividend for tax purposes and regardless of whether the shareholder is a resident of Germany or of a foreign country.

As the Company's shares are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, the Company is generally not responsible for withholding the withholding tax. Instead one of the following entities in Germany is responsible and authorized to collect withholding tax and to remit it to the relevant tax authority for the account of the relevant shareholder: (i) a domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks or financial service institutes) that holds the shares in custody or that manages such shares and that pays out or credits the shareholder's investment income or that pays the investment income to a foreign entity, or (ii) the central securities depository (*Wertpapiersammelbank*) holding the collective deposit shares in custody if it pays the investment income to a foreign entity, or (iii) the Company itself if and to the extent shares held in collective safe custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as stock being held separately (*abgesetzte Bestände*), (each person within the meaning of (i) through (iii) a "**Dividend Paying Agent**")

The Company assumes responsibility for the withholding of taxes on distributions at source, in accordance with statutory provisions. This means that the Company is released from liability for the violation of its legal obligation to withhold and transfer the taxes at source if it provides evidence that it has not breached its duties intentionally or grossly negligently.

Where dividends are distributed to a company resident in another member state of the European Union within the meaning of Article 2 of Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended (the "**Parent-Subsidiary Directive**"), withholding of the dividend withholding tax may not be required (withholding tax exemption) or may be refunded, provided that the required application is submitted and additional requirements are met. This also applies to dividends distributed to a permanent establishment located in another member state of the European Union of such parent company or of a parent company that is tax resident in Germany, if the interest in the dividend-paying subsidiary is part of the respective permanent establishment's business assets. An important prerequisite for the exemption from withholding at the source or a refund of withholding tax under the Parent-Subsidiary Directive is that the shareholder has directly held at least 10% of the Company's registered share capital continuously for one year and that the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), with its registered offices in An der Küppe 1, 53225 Bonn, Germany, has certified to the creditor of the dividends, based upon an application filed by such creditor on the officially prescribed form, that the prerequisites for exemption have been met.

The dividend withholding tax rate for dividends paid to shareholders without a tax residence in Germany will be reduced in accordance with any applicable double taxation treaty between Germany and the relevant shareholder's country of residence, provided that the shares are neither held as part of the business assets of a permanent establishment or a fixed base in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the dividend withholding tax is generally obtained by applying to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), with its registered offices in An der Küppe 1, 53225 Bonn, Germany, for a refund of the difference between the dividend withholding tax withheld, including the solidarity surcharge, and the amount of withholding tax actually owed under the applicable double taxation treaty, which usually amounts to between 5% and 15%. Depending on the applicable double taxation treaty, a reduced withholding tax rate may be applicable, if the shareholder has applied for an exemption from the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*). The applicable double taxation treaty may also provide for a full exemption from the German dividend withholding tax, if the relevant shareholder has directly held at least 10% of the Company's registered share capital and if further prerequisites are met. Forms for the refund and exemption procedure may be obtained from the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*).

Corporations that are not tax residents in Germany will upon application receive a refund of two fifths of the dividend withholding tax that was withheld and remitted to the tax authorities subject to certain requirements. This applies regardless of any further reduction or exemption provided for under the Parent-Subsidiary Directive or a double taxation treaty.

Foreign corporations will generally have to meet certain stringent substance criteria defined by statute in order to receive an exemption from, or (partial) refund of, German dividend withholding tax.

Pursuant to a special rule on the restriction of withholding tax credit, the aforementioned relief in accordance with applicable double taxation treaties as well as the credit of withholding tax described for shares held as private and as business assets (see "*19.2 Taxation of Dividends of Shareholders with a Tax Residence in Germany*") is subject to the following three cumulative prerequisites: (i) the relevant shareholder must qualify as beneficial owner of the shares in the Company for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder is not required to fully or largely, directly or indirectly, transfer the dividends to third parties (the tests under (i) through (iii) together the "**Minimum Risk Test**").

Should any of the three prerequisites not be met, the following applies:

- As regards the taxation of dividends of shareholders with a tax residence in Germany, three fifths of the withholding tax imposed on the dividends may not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit has to notify the competent local tax office accordingly and has to make a payment in the amount of the withholding tax deduction which was omitted. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed €20,000.00 or who has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends.

- As regards the taxation of dividends of shareholders without a tax residence in Germany who have applied for a full or partial refund of the withholding tax pursuant to a double taxation treaty, no refund is available. This restriction does not apply to a shareholder (i) that directly holds at least 10% of the shares in the Company and that is subject to (corporate) income tax in the country of its tax residence without any exemptions, or (ii) that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends, or (iii) if the applicable tax rate pursuant to the applicable double taxation treaty is at least 15%.

- In addition to the aforementioned statutory provisions, the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) has published a decree outlining the treatment of transactions where the credit of withholding tax will be denied even when the statutory minimum tests described above are met, in order to prevent abuse. Shareholders of the Company should seek their own professional tax advice on the possibility of obtaining a tax credit or refund of withholding tax on dividends.

Prospective shareholders should seek their own professional advice as to whether they can obtain a tax credit or tax refund with respect to withholding taxes on dividends.

The Dividend Paying Agent which keeps or administrates the shares and pays or credits the capital income is required to create so-called pots for offsetting losses (*Verlustverrechnungstöpfe*) to allow for negative capital income to be set off against current and future positive capital income. A set off of negative capital income at one Dividend Paying Agent against positive capital income at another Dividend Paying Agent is only possible in the course of the income tax assessment at the level of the respective shareholder. In such case, the relevant shareholder has to apply for a certificate confirming the amount of losses not offset with the Dividend Paying Agent where the pot for offsetting losses exists. The application is irrevocable and must reach the Dividend Paying Agent until December 15 of the respective year, as otherwise the losses will be carried forward by the respective Dividend Paying Agent to the following year.

Withholding tax will not be withheld by a Dividend Paying Agent if the shareholder provides such Dividend Paying Agent with an application for exemption (*Freistellungsauftrag*) to the extent such shareholder's capital income does not exceed the annual lump sum allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) as outlined on the application for exemption. Furthermore, no withholding tax will be levied if the shareholder provides the Dividend Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office.

19.2 Taxation of Dividends of Shareholders with a Tax Residence in Germany

19.2.1 Individuals who hold the Shares as Private Assets

For individuals who are tax resident in Germany (generally, individuals whose domicile or usual residence is located in Germany) and who hold their shares in the Company as private assets, the withholding tax of 25% plus solidarity surcharge of currently 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if any) will generally serve as a final tax (*i.e.*, once such tax has been deducted, the shareholder's income tax liability on the dividends will be settled, and he or she will no longer have to declare them on his annual tax return (the "**Flat Tax**")).

The purpose of the Flat Tax is to provide for separate and final taxation of capital investment income earned (*i.e.*, taxation that is irrespective of the individual's personal income tax rate). Shareholders may apply to have their capital investment income assessed in accordance with the general rules and with an individual's personal income tax rate if this results in a lower tax burden. In this case, the base for taxation is the gross dividend income less the savers' allowance of €801.00 (€1,602.00 for jointly filing individuals). Subject to the Minimum Risk Test, any tax and solidarity surcharge already withheld is credited against the income tax and solidarity surcharge so determined, and any overpayment refunded. Income-related expenses cannot be deducted from capital gains in either case. The only possible deduction is the savers' allowance of €801.00 (€1,602.00 for jointly filing individuals) on all private capital income. Furthermore, dividend income can only be offset by losses from capital income, except for losses generated by the disposal of shares.

If the individual owns (i) at least 1% of the shares in the Company and is able to exercise a significant entrepreneurial influence on the business activity of the Company by virtue of his professional activity (*berufliche Tätigkeit*) for the Company, or (ii) at least 25% of the shares in the Company, the tax authorities may upon application allow for the dividends to be taxed under the partial-income method (see "*19.2.2.2 Sole Proprietors (Individuals)*").

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on payments to shareholders who are subject to church tax, unless the shareholder objects in writing to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his private information regarding his affiliation with a religious denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense. 26.375% of the church tax withheld on the dividends is, however, deducted from the withholding tax (including the solidarity surcharge) withheld. If no church taxes are withheld along with the withholding of the withholding tax, the shareholder who owes church tax is required to report his dividends in his income tax return. The church tax on the dividends will then be imposed during the assessment.

Contrary to the above, dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and are paid to shareholders who are tax resident in Germany whose shares are held as private assets, do not form part of the shareholder's taxable income. If the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the shareholder's acquisition costs, the German tax authorities take the view that negative acquisition costs will arise which may result in a higher capital gain in case of a disposal of the shares. This will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the disposal directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Participation**") and (ii) the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In case of a Qualified Participation, a dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) is considered a sale of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In this case the taxation corresponds to the taxation of capital gains of shareholders maintaining a Qualified Participation (see "*19.4 Taxation of Capital Gains*").

19.2.2 Shares Held as Business Assets

The Flat Tax does not apply to dividends from shares of the Company held as business assets of shareholders who are tax resident in Germany. In this case, the taxation is based on whether the shareholder is a corporation, an individual or a partnership. Subject to the Minimum Risk Test, the withholding tax withheld and paid to the tax authorities, including the solidarity surcharge, is credited against the income or corporate income tax and the solidarity surcharge of the shareholder, and any overpayment will be refunded.

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and paid to shareholders who are tax resident in Germany and whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholders. At the same time such dividend payments lead to a corresponding reduction of the acquisition costs/book value for the relevant shares. To the extent the dividend payments funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceed the acquisition costs/book value of the shares, a taxable capital gain should occur. The taxation of such gain corresponds to the taxation of shareholders whose shares are held as business assets (see "*19.4 Taxation of Capital Gains*"). As regards the application of the 95% exemption in case of a corporation, this is, however, not undisputed.

19.2.2.1 *Corporations*

Dividends received by corporations that are tax resident in Germany are generally exempt from corporate income tax and solidarity surcharge. 5% of the dividends are, however, treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge) with a total tax rate of 15.825%.

Portfolio dividends (*i.e.*, dividends earned on direct shareholdings in a distributing corporation equal to less than 10% of its share capital at the start of the respective calendar year) are fully taxed at the corporate income tax rate (plus solidarity surcharge thereon). The acquisition of a shareholding of at least 10% during a calendar year is deemed to have occurred at the beginning of the respective calendar year. Participations which a shareholder holds through a commercial partnership are only attributable to such shareholder on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Business expenses actually incurred and with a direct business relationship to the dividends may be fully deducted.

Any dividends (after deducting business expenses related to the dividends) are fully subject to trade tax, unless the corporation held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, entitling it to an intercorporate privilege for trade tax purposes. In such case, the aforementioned exemption of 95% of the dividend income applies analogously for trade tax purposes.

19.2.2.2 *Sole Proprietors (Individuals)*

If the shares in the Company are held as part of the business assets of a sole proprietor (individual) with his tax residence in Germany, 40% of any dividend is tax exempt (so-called partial income method). Only 60% of the expenses economically related to the dividends are tax deductible. The partial income method also applies when individuals hold the shares indirectly through a partnership (with the exception of individual investors who hold their shares through partnerships that are neither commercial partnerships nor deemed to be commercial partnerships). The partial income method does, however, not apply with respect to church tax (if applicable). If the shares are held as business assets of a domestic commercial permanent establishment, the full amount of the dividend income (after deducting business expenses that are economically related to the dividends) is also subject to trade tax, unless the respective shareholder held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the net dividends (after deducting directly related expenses) are exempt from trade tax. Trade tax is, however, generally credited, in full or in part, as a lump sum against the relevant shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

19.2.2.3 *Partnerships*

If a shareholder is a partnership, the personal income tax or corporate income tax, as the case may be, and the solidarity surcharge are levied at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, dividends are generally 95% tax exempt. Dividends from an indirect shareholding representing less than 10% of the share capital for the relevant partner are, however, fully subject to taxation (see "*19.2.2.1 Corporations*"). If the partner is an individual and the shares are held as business assets of the partnership, only 60% of the dividend income is subject to income tax. In this case, the partial income method does not apply with respect to church tax, if applicable (see "*19.2.2.2 Sole Proprietors (Individuals)*").

In addition, if the shares are held as business assets of a domestic permanent establishment of an actual or presumed commercial partnership, the full amount of dividend income is generally also subject to trade tax at the level of the partnership. In the case of partners who are individuals, the trade tax that the partnership pays on the relevant partner's portion of the partnership's income is generally credited as a lump sum, in full or in part, against the individual's personal income tax liability depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder. If the partnership held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, the dividends (after deduction of business expenses economically related thereto) should generally not be subject to trade tax. In this case, trade tax should, however, be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since this portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to partners other than such specific corporate partners (which includes individual partners and should, according to a literal reading of the law, also include corporate partners to whom, on a look-through basis, only portfolio participations are attributable) should not be subject to trade tax.

19.2.2.4 *Financial and Insurance Sector*

Special rules apply to companies operating in the financial and insurance sector, as well as pension funds (see "*19.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

19.3 Taxation of Dividends of Shareholders without a Tax Residence in Germany

Dividends paid to shareholders of the Company (individuals and corporations) without a tax residence in Germany are taxed in Germany, provided that the shares are held as part of the business assets of a permanent establishment or a fixed base in Germany or as part of the business assets for which a permanent representative in Germany has been appointed. Subject to the Minimum Risk Test, the withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability, and any overpayment will be refunded. The same applies to the solidarity surcharge. These shareholders are essentially subject to the same rules applicable to tax resident shareholders, as discussed above.

In all other cases, the withholding of the dividend withholding tax discharges any tax liability of the shareholder in Germany. A refund or exemption is granted only as discussed with respect to dividend withholding tax (see "*19.1.2 Withholding Tax*").

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) are generally not taxable in Germany.

19.4 Taxation of Capital Gains

19.4.1 Taxation of Capital Gains of Shareholders with a Tax Residence in Germany

19.4.1.1 *Shares Held as Private Assets*

Gains on the sale or disposal of shares of the Company that are held as private assets by shareholders with a tax residence in Germany and which were acquired after December 31, 2008, are generally taxable regardless of the length of time held. The tax rate is generally a uniform 25% plus the currently 5.5% solidarity surcharge thereon (resulting in an aggregate tax rate of 26.375%) as well as any church tax, if applicable.

The taxable capital gains are the difference between (i) the proceeds from the disposal of the shares after deducting the direct sales costs and (ii) the acquisition costs of the shares. Under certain conditions, prior payments from the tax-recognized contribution account (*steuerliches Einlagekonto*) may lead to reduced acquisition costs of the shares held as private assets and, as a consequence, increase the taxable sales gain. Losses on the sale or disposal of shares can only be used to offset gains made on the sale or disposal of shares during the same year or in subsequent years. In case of a derecognition or transfer of worthless shares (or other capital assets), the utilization of such losses is further restricted and can only be offset for up to €10,000.00 per calendar year.

If the shares are held in custody or administered by a domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank including the domestic branches of foreign banks and financial service institutes, or if such entity or branch sells the shares and pays out or credits the capital gains (each a "**Domestic Paying Agent**"), such Domestic Paying Agent withholds a withholding tax of 25% plus currently 5.5% solidarity surcharge thereon and any church tax, if applicable, and remits such taxes to the tax authority. In such a case, the tax on the capital gain will generally be discharged. If the shares were only held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of taxes withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire such shares. The withholding tax rate of 25% plus the currently 5.5% solidarity surcharge thereon and any church tax, if applicable, will, however, be applied to 30% of the gross sales proceeds, if the shares were not administered by the same custodian bank since acquisition and the original cost of the shares cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds required to, verify the original costs of the shares in his annual tax return.

Entities required to collect withholding taxes on capital investment income are also required to withhold the church tax for shareholders who are subject to church tax, unless the shareholder objects in writing to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his private information regarding his affiliation with a denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the capital gain is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense. Yet 26.375% of the church tax withheld on the capital gain is deducted from the withholding tax (including the solidarity surcharge) withheld.

If withholding tax or, if applicable, church tax on capital gains is not withheld by a Domestic Paying Agent, the respective shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

A shareholder may request that all of his items of capital investment income, along with his other taxable income, are subject to the progressive income tax rate instead of the uniform tax rate for private capital investment income if this lowers his tax burden. In such case, the base for taxation would be the gross income less the savers' allowance of €801.00 (€1,602.00 for jointly filing individuals). The prohibition on deducting income-related costs and the restrictions on offsetting losses also apply to tax assessments based on the progressive income tax rate. Any tax already withheld would be credited against the income tax so determined, and any overpayment refunded.

One exception to this rule is that a shareholder's capital gains are subject to the partial income method and not the Flat Tax. Consequently, 60% of the proceeds from the sale or disposal of shares are subject to the individual income tax rate, if the shareholder, or his legal predecessor in case of acquisition without consideration, has directly or indirectly held shares equal to at least 1% of the Company's share capital at any time during the previous five years. 60% of the expenses economically related to the proceeds from the sale or disposal of shares are tax-deductible.

In the case of a Qualified Participation, withholding tax (including the solidarity surcharge) is also withheld by the Domestic Paying Agent. The tax withheld, however, is not treated as a final tax. Hence, the shareholder is required to declare the gains from the sale in his income tax return. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax liability, and any overpayment will be refunded.

19.4.1.2 *Shares Held as Business Assets*

The Flat Tax does not apply to proceeds from the sale or disposal of shares held as business assets by shareholders tax resident in Germany. If the shares form part of a shareholder's business assets, taxation of the capital gains realized will then depend upon whether the shareholder is a corporation, sole proprietor or partnership. Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) reduce the original acquisition costs/book value. This may give rise to a higher taxable capital gain in case of a sale or disposal of shares. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain may arise.

1. **Corporations**: In general, capital gains earned from the sale or disposal of shares by corporations domiciled in Germany are exempt from corporate income tax (including the solidarity surcharge) and trade tax, irrespective of the stake represented by the shares and the length of time the shares are held. 5% of the capital gains are, however, treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge thereon) and to trade tax.

2. **Sole proprietors (Individuals)**: If the shares of the Company were acquired after December 31, 2008 and form part of the business assets of a sole proprietor (individual) who is tax resident in Germany, 60% of the capital gains on their sale are subject to the individual's personal tax rate plus the solidarity surcharge thereon (partial income method). Correspondingly, only 60% of losses from such sales and 60% of expenses economically related to such sales are deductible. For church tax, if applicable, the partial income method does not apply. If the shares are held as business assets of a commercial permanent establishment located in Germany, 60% of the capital gains are also subject to trade tax. The trade tax is fully or partially credited as a lump sum against the shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

3. **Commercial Partnerships**: If the shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the respective partner is a corporation or an individual. If the partner is a corporation, the tax principles applying to capital gains which are outlined in subsection 1 apply. If the partner is an individual, the tax principles applying to capital gains that are outlined in subsection 2 apply. Upon application and provided that additional prerequisites are met, an individual who is a partner may obtain a reduction of his personal income tax rate for profits not withdrawn from the partnership. In addition, capital gains from the sale or disposal of shares attributable to a permanent establishment maintained in Germany by an actual or presumed commercial partnership are subject to trade tax at the level of the partnership. In such case, generally only 60% of the gains are subject to trade tax to the extent the partners in the partnership are individuals, while 5% are subject to trade tax to the extent the partners are corporations and shares are sold. Under the principles discussed above, losses on sales and other reductions in profit related to the shares sold are generally not deductible or only partially deductible, if the partner is a corporation. If the partner is an individual, the trade tax the partnership pays on his share of the partnership's income is generally credited as a lump sum, in full or in part, against his personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of the respective shareholder.

Special rules apply to capital gains realized by companies operating in the financial and insurance sectors, as well as pension funds (see "*19.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

If a Domestic Paying Agent is involved, the proceeds from the sale or disposal of shares of the Company held as business assets are generally subject to the same withholding tax rate as those of shareholders whose shares are held as private assets (see "*19.4.1.1 Shares Held as Private Assets*"). The Domestic Paying Agent may, however, refrain from withholding the withholding tax if (i) the shareholder is a corporation, association or estate with its tax residence in Germany, or (ii) the shares form part of the shareholder's domestic business assets, and the shareholder informs the Domestic Paying Agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent nevertheless withholds taxes, the withholding tax withheld and remitted (including the solidarity surcharge and church tax, if applicable) will be credited against the relevant shareholder's income tax or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) and any excess amount will be refunded.

19.4.2 Taxation of Capital Gains of Shareholders without a Tax Residence in Germany

Capital gains realized by a shareholder without a tax residence in Germany are only subject to German income tax if the selling shareholder holds a Qualified Participation or if the shares form part of the business assets of a permanent establishment in Germany or of business assets for which a permanent representative is appointed.

Most double taxation treaties provide for an exemption from German taxes, assigning the right of taxation to the shareholder's country of tax residence in the former case.

19.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

As an exception to the aforementioned rules, dividends paid to, and capital gains realized by, certain companies in the financial and insurance sector are fully taxable. This applies to dividends received on, as well as gains from the disposal of, shares in a trading portfolio within the meaning of Section 340e para. 3 HGB of credit institutions and financial services institutions, and shares that are, upon acquisition of the shares, allocable to the current assets of a financial enterprise within the meaning of the German Banking Act (*Kreditwesengesetz*) that is directly or indirectly held by a credit institution or financial services institution to more than 50%. The same applies to shares of the Company held as investments by life insurance providers, health insurance providers and pension funds. If the shareholding at the beginning of the relevant assessment period is 15% or higher, the dividends may, subject to certain conditions, be fully exempted from trade tax. Yet an exemption to the foregoing (*i.e.*, and thus a 95% effective tax exemption) applies to dividends obtained by the aforementioned companies to which the Parent-Subsidiary Directive applies.

19.6 Inheritance and Gift Tax

The transfer of shares to another person by inheritance or gift is generally only subject to German inheritance or gift tax if:

4. the decedent, donor, heir, beneficiary or other transferee maintained his domicile or habitual abode in Germany, or had its place of management or registered offices in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years (this term is extended to ten years for German expatriates with residence in the United States) prior to the transfer outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their habitual abode in Germany); or

5. the shares were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or

6. the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The few German double taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in the cases of (No. 1.) above, and also with certain restrictions in case of No. 2. above. Special provisions apply to certain German nationals living outside Germany and former German nationals.

The fair value of the shares represents the tax assessment base, which generally corresponds to the stock exchange price of the Company's shares. Depending on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

19.7 The Proposed Financial Transactions Tax

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transaction tax in certain participating member states of the European Union, including Germany. Such directive could under, depending on the actual circumstances, apply to certain transactions in the Company's shares, including with respect to secondary market transactions. The issuance and subscription of shares should, however, be exempt. The Commission's Proposal remains subject to negotiations between the participating member states of the European Union and it is currently unclear in what form and when the Commission's Proposal will be implemented, if at all. In addition, the German Federal Minister of Finance has recently submitted a proposal to introduce a financial transaction tax, which has also not been adopted or implemented in Germany yet.

19.8 Other Taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of shares of the Company. Provided that certain requirements are met, an entrepreneur may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. Net wealth tax is currently not imposed in Germany.

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20. FINANCIAL INFORMATION

Condensed Combined Interim Financial Statements as of and for the three months ended 31 March 2020

in accordance with
International Financial Reporting Standards
(IFRS, as adopted by the EU)

for

PharmaSGP

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COMBINED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2020

in EUR thousand	Notes	Jan-March 2020	Jan-March 2019
Revenues	5.1	16,738	14,955
Other operating income	5.2	632	25
Raw material, consumables and finished goods	5.3	(1,212)	(1,604)
Personnel expenses		(644)	(613)
Depreciation and amortization		(106)	(97)
Other operating expenses	5.4	(11,095)	(8,906)
EBIT		**4,313**	**3,760**
Finance income	5.5	1	1
Finance expenses	5.5	(22)	(1)
Profit before taxes		**4,292**	**3,760**
Income tax expense	4.6	(1,055)	(901)
Profit for the period		**3,237**	**2,859**
Other comprehensive income		**—**	**—**
Total comprehensive income		**3,237**	**2,859**

COMBINED INTERIM STATEMENTS OF FINANCIAL POSITION AS OF 31 MARCH 2020

in EUR thousand	Notes	31 March 2020	31 December 2019
Assets			
Non-current assets			
Intangible assets		1,436	1,394
Right-of-use assets	4.1	3	254
Total non-current assets		**1,439**	**1,648**
Current assets			
Inventories		2,307	2,096
Trade and other receivables	4.2	11,285	10,885
Other assets		188	102
Income tax assets		534	534
Cash and cash equivalents		93,337	88,476
Total current assets		**107,651**	**102,093**
Total assets		**109,090**	**103,741**
Shareholders' equity and liabilities			
Shareholders' equity			
Net assets attributable to shareholders	4.3	98,938	95,580
Total shareholders' equity		**98,938**	**95,580**
Non-current liabilities			
Deferred tax liabilities	4.6	241	219
Total non-current liabilities		**241**	**219**
Current liabilities			
Provisions		722	738
Trade payables	4.5	3,793	811
Other liabilities		2,164	1,780
Financial liabilities		446	441
Lease liabilities	4.4	3	254
Income tax liabilities		2,783	3,918
Total current liabilities		**9,911**	**7,942**
Total shareholders' equity and liabilities		**109,090**	**103,741**

COMBINED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2020

in EUR thousand	Notes	Net assets attributable to shareholders
Balance as of 01 January 2019		**84,374**
Profit for the period		2,859
Balance as of 31 March 2019		**87,233**
Balance as of 01 January 2020		**95,580**
Profit for the period		3,237
Shareholders contributions and distributions	4.3	120
Balance as of 31 March 2020		**98,937**

COMBINED INTERIM STATEMENTS OF CASH FLOW FOR THE THREE MONTHS ENDED 31 MARCH 2020

in EUR thousand	Notes	Jan-March 2020	Jan-March 2019
Profit for the period		3,237	2,859
Depreciation, amortization and impairment of intangible assets and right-of-use assets		106	97
(Increase)/decrease in trade and other receivables, inventories and other assets		(692)	(1,330)
Increase/(decrease) in trade payables and other (financial) liabilities		3,366	715
Increase/(decrease) in provisions		(15)	(12)
Interest expense		22	1
Interest income		(1)	(1)
Income tax expense		1,055	901
Income tax payments		(2,168)	(858)
Interest received		1	1
Net cash flows from operating activities		**4,911**	**2,374**
Payments for investments in intangible assets and PPE		(82)	(228)
Net cash flows from investing activities		**(82)**	**(228)**
Repayment of lease liabilities	4.4	(66)	(64)
Interest paid		(22)	(1)
Payments (to)/from shareholders	4.3	120	—
Net cash flows from financing activities		**32**	**(65)**
Net increase in cash and cash equivalents		**4,861**	**2,081**
Cash and cash equivalents as at 01 January		88,476	77,008
Cash and cash equivalents as at 31 March		**93,337**	**79,089**

NOTES TO THE CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED 31 MARCH 2020

1. Basis of preparation

Background and general information

FUTRUE GmbH ("FUTRUE"), Gräfelfing, Germany, and MVH Beteiligungs- und Beratungs-GmbH ("MVH"), Gräfelfing, Germany intend to list the business of their following subsidiaries via PharmaSGP Holding SE ("SGP SE") on a stock exchange: SGP SE, PharmaSGP GmbH ("PharmaSGP GmbH"), Remitan GmbH ("Remitan") and Restaxil GmbH ("Restaxil") (hereafter all together the "Group" or "PharmaSGP"). PharmaSGP GmbH, Remitan and Restaxil are domiciled in Germany with headquarters located in Am Haag 14, 82166 Gräfelfing. In contemplation of this listing, PharmaSGP Holding SE, a shell company, has been acquired on 06 March 2020. SGP SE located in Germany, Lochhamer Schlag 21, 82166 Gräfelfing, will be the holding company of the Group and the issuer of the shares for the intended listing on a stock exchange.

Shares of SGP SE are to be admitted to trading on the regulated market segment (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), Germany. In accordance with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, companies are required to present audited historical financial information covering the latest three financial years in the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market. PharmaSGP also presents condensed combined interim financial statements as of and for the three months 31 March 2020.

Given that PharmaSGP did not exist as a consolidated group as of 31 March 2020, PharmaSGP GmbH management has prepared condensed combined interim financial statements for PharmaSGP in accordance with IFRS as of 31 March 2020.

These condensed combined interim financial statements comprise combined statements of profit or loss and other comprehensive income, combined statements of financial position, combined statements of changes in equity, combined statements of cash flows and notes to the combined financial statements as of and for the three months ended 31 March 2020.

The combined financial statements are presented in Euros. Amounts are stated in thousands of euros (EUR thousand) except where otherwise indicated. Rounding differences may arise when individual amounts or percentages are added together.

The condensed combined interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group´s annual combined financial statements as of and for fiscal years ended 31 December 2019, 31 December 2018 and 31 December 2017.

The condensed combined interim financial statements are unaudited and were authorized on 28 April 2020 by management of PharmaSGP GmbH which was the preparer of the condensed combined interim financial statements.

Combined financial statements and compliance with IFRS

The condensed combined interim financial statements for the three months ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in particular for interim financial information according to IAS 34 *Interim Financial Reporting*.

Since IFRS does not provide any guidance for the preparation of condensed combined interim financial statements, IAS 8.10 and 8.12 have been used for the preparation of the condensed combined interim financial statements. In the absence of IFRS specific guidance, IAS 8.10 requires management to use judgement in developing and applying accounting policies which produce information that is relevant to users, reliable and free from bias, and complete in all material respects. In addition, IAS 8.12 requires that the latest pronouncements of other standard setters, other accounting literature and accepted industry practice should be considered when developing accounting policies. The condensed combined interim financial statements were prepared on the basis of the same combination rules in the Group's annual combined financial statements. For further explanations, reference is made to the Combined Financial Statements for fiscal 2019, fiscal 2018 and fiscal 2017.

The scope of the interim financial statements changed compared to the Group's annual combined financial statements as SGP SE is now part of the Group beginning 6 March 2020. SGP SE has been founded as a shell company in November 2019. The balance sheet as of 6 March 2020 includes mainly cash (EUR 120 thousand) and fully paid in equity (EUR 120 thousand). The effect of SGP SE on the Group's combined profit and loss statement for the three months ended 31 March 2020 is immaterial.

The condensed combined interim financial statements may not be indicative of PharmaSGP's future performance and do not necessarily reflect what its combined results of operations, financial position and cash flows would have been had PharmaSGP operated as an independent group during the reporting periods presented.

2. Summary of significant accounting policies

The accounting policies adopted in the preparation of the condensed combined interim financial statements are consistent with those followed in the preparation of the Group's annual combined financial statements, except for the estimation of income tax. Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group does not expect any material effect from the application of these standards, amendments to standards and interpretations.

3. Segment report 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 earnings before interest and taxes ("**EBIT**") as key performance indicators in order to assess the success of the Group's business. Segment Assets and Segment Profit is reported in the combined statements of financial position and the combined statements of profit or loss and other comprehensive income.

Geographical information

Revenues in EUR thousand	Jan-March 2020	Jan-March 2019
Germany	12,122	10,935
Italy	2,202	1,750
Other European countries (1)	2,414	2,270
Total	**16,738**	**14,955**

(1) Comprises: Austria, France, Belgium and Spain.

PharmaSGP has maintained business relationships with its logistic partners per country. The general structure of its customers is unchanged compared to fiscal year 2019.

4. Notes to the condensed combined interim statement of financial position

4.1 Right-of-use asset

The breakdown of the leased assets is as follows:

in EUR thousand	Cars	Office space	Total
01 January 2019	**17**	**489**	**506**
Additions	—	—	**—**
Depreciation expense	(3)	(61)	**(64)**
31 March 2019	**14**	**428**	**442**
01 January 2020	**10**	**244**	**254**
Additions	—	—	**—**
Depreciation expense	(7)	(61)	**(68)**
Lease termination	—	(183)	**(183)**
31 March 2020	**3**	**—**	**3**

Effective 31 March 2020 the existing real estate lease contract between FUTRUE and the Group companies has been terminated and as a consequence the corresponding right-of-use asset and lease liability have been derecognized. Starting as of 01 April 2020, the Group has entered into a new lease agreement for the next two years and four months with a third party lessor.

4.2 Trade and other receivables

Trade and other receivables increased compared to 31 December 2019 by EUR 400 thousand mainly due to a sales driven increase in trade receivables (related to German market sales as well as international sales).

4.3 Net assets attributable to shareholders

The equity consists of net assets attributable to shareholders. Net assets attributable to shareholders represent historical investments in the Group companies, the net effect of transactions with and allocations from the entities and the entities' accumulated earnings.

The combined financial statements as of 31 March 2020 include assets and liabilities of SGP SE. The effect of the net assets increase is presented in the condensed combined interim statements of changes in equity as shareholders contribution.

4.4 Lease liabilities

The lease liabilities for real estate leases are zero as of 31 March 2020. For further explanations please refer to note 4.1.

4.5 Trade payables

Trade payables increased compared to 31 December 2019 by EUR 2,982 thousand. This increase is mainly driven by increased inventory, increased liabilities against other FUTRUE group companies and liabilities for IPO consulting services.

4.6 Income taxes and deferred taxes

The estimated average annual tax rate for the year to 31 March 2020 is 24,6 % compared to 24,0% for the three months ended 31 March 2019.

5. Notes to the condensed combined interim statements of profit or loss and other comprehensive income

5.1 Revenue

Compared to the three months ended 31 March 2019, revenue excluding charges to other FUTURE group companies increased by 14.4%, driven by intensified marketing activities, resulting in increased sales volumes from existing brands and launches of new products.

To a minor extent (Q1 2020: EUR 13 thousand; Q1 2019: EUR 337 thousand) revenue also includes purchased materials and services charged to other FUTRUE group companies.

5.2 Other operating income

In Q1 2020, other operating income is mainly related to IPO consulting services charged to FUTRUE. A corresponding amount has been accounted for in other operating expenses.

5.3 Raw material, consumables and finished goods

Raw material, consumables and finished goods has decreased in Q1 2020 compared to Q1 2019 from EUR 1,604 thousand to EUR 1,212 thousand driven by a shift in product mix and the lower amount of purchased materials and services ultimately charged to other FUTRUE group companies.

5.4 Other operating expenses

Marketing expenses increased in Q1 2020 compared to Q1 2019 from EUR 7,591 thousand to EUR 9,041 thousand in line with revenue development and new product launch activities. Additionally, expenses for IPO consulting services amounting to EUR 606 thousand are included (Q1 2019: EUR 0 thousand).

5.5 Finance income and expense

Finance expense consist mainly of negative interest on cash balances.

5.6 Financial instruments and financial risk management

Additional disclosure on financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. Due to their short-term nature the carrying amounts of all financial assets and liabilities in the table below approximate their fair value.

Financial instruments as of 31 March 2020 and 31 December 2019 were as follows:

in EUR thousand	Carrying amount	Category in accordance with IFRS 9	Fair Value
31 December 2019			
Financial assets			
Current financial assets			
Trade and other receivables	10,885	Amortized costs	10,885
Cash and cash equivalents	88,476	Amortized costs	88,476
Financial liabilities			
Current financial liabilities			
Financial liabilities	441	Amortized costs	441
Trade payables	811	Amortized costs	811

	Carrying amount	Category in accordance with IFRS 9	Fair Value
31 March 2020			
Financial assets			
Current financial assets			
Trade and other receivables	11,285	Amortized costs	11,285
Cash and cash equivalents	93,337	Amortized costs	93,337
Financial liabilities			
Current financial liabilities			
Financial liabilities	446	Amortized costs	446
Trade payables	3,793	Amortized costs	3,793

The carrying amounts of each of the measurement categories listed above and defined by IFRS 9 as of 31 March 2020 and 2019 as follows:

in EUR thousand	31 March 2020	31 December 2019
Financial assets measured at amortized cost (AC)	104,622	99,361
Financial liabilities measured at amortized cost (AC)	4,239	1,252

As the Group does not meet the criteria for offsetting, no financial instruments are netted.

6. Related party disclosures

The significant transactions between the Group and FUTRUE mostly consist of management fees including among others personnel recruiting expenses, as well as expenses for IT equipment and maintenance. The transactions between the Group and the subsidiaries controlled by FUTRUE mainly consist of media services and to a minor extent selling and research related expenses invoiced to the Group in the exchange of services provided.

In Q1 2020, costs for IPO consulting services (EUR 606 thousand) have been passed on to FUTRUE and MVH with the same amount and are included in both other operating income and other operating expenses, and in parts in trade and other receivables. Based on transactions related to media services between the Group and a subsidiary controlled by FUTRUE, trade payables in the amount of EUR 1,992 thousand have been accounted for. Effective 31 March 2020 the existing real estate lease contract between FUTRUE and the Group companies has been terminated. Starting as of 01 April 2020, the Group has entered into a new lease agreement for the next two years and four months with a third party lessor.

7. Events after the reporting period

After the reporting date of 31 March 2020, the COVID-19 pandemic continued and led to a decline in general economic performance in countries that are relevant for the sales of the Group.

Until 28 April 2020, the pandemic had no significant negative effects on the supply chain, distribution channels, or on the availability of the Group's products in pharmacies in its sales markets.

Gräfelfing, 28 April 2020

M. Rudolf N. Weigand

Combined Financial Statements as of and for fiscal years ended

31 December 2019, 2018 and 2017

in accordance with

International Financial Reporting Standards

(IFRS, as adopted by the EU)

for

PharmaSGP

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COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR FISCAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

in EUR thousand	Notes	2019	2018	2017
Revenues	7.1	62,574	60,595	53,062
Other operating income	7.2	182	203	175
Raw material, consumables and finished goods		(5,868)	(6,499)	(4,633)
Personnel expenses	7.3	(2,043)	(1,697)	(2,070)
Depreciation and amortization		(397)	(387)	(411)
Other operating expenses	7.4	(32,029)	(32,668)	(30,794)
EBIT		**22,419**	**19,546**	**15,329**
Finance income	7.5	20	4	3
Finance expenses	7.5	(176)	(12)	(23)
Profit before taxes		**22,263**	**19,538**	**15,309**
Income tax expense	6.14	(5,557)	(4,805)	(3,526)
Profit for the period		**16,706**	**14,733**	**11,783**
Other comprehensive income		—	—	—
Total comprehensive income		**16,706**	**14,733**	**11,783**

COMBINED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2019, 2018, 2017 AND 01 JANUARY 2017

in EUR thousand	Notes	31 December 2019	31 December 2018	31 December 2017	01 January 2017
Assets					
Non-current assets					
Intangible assets	6.1	1,394	1,081	1,205	991
Property, plant and equipment	6.2	—	87	190	620
Right-of-use assets	6.3	254	506	—	257
Deferred tax assets	6.14	—	—	71	—
Total non-current assets		**1,648**	**1,674**	**1,466**	**1,868**
Current assets					
Inventories	6.4	2,096	3,268	2,508	1,618
Trade and other receivables	6.5	10,885	7,774	6,610	7,339
Other assets	6.6	102	136	271	836
Income tax assets		534	2,178	92	—
Cash and cash equivalents	6.7	88,476	77,008	73,103	47,498
Total current assets		**102,093**	**90,364**	**82,584**	**57,291**
Total assets		**103,741**	**92,038**	**84,050**	**59,159**
Shareholders' equity and liabilities					
Shareholders' equity					
Net assets attributable to shareholders	6.8	95,580	84,374	73,690	50,366
Total shareholders' equity		**95,580**	**84,374**	**73,690**	**50,366**
Non-current liabilities					
Non-current lease liabilities	6.9	—	249	—	—
Deferred tax liabilities	6.14	219	110	—	—
Total non-current liabilities		**219**	**359**	**—**	**—**
Current liabilities					
Provisions	6.10	738	1,290	1,431	1,255
Trade payables	6.11	811	1,428	2,857	1,973
Other liabilities	6.12	1,780	1,289	1,484	468
Financial liabilities	6.13	441	908	1,572	650
Lease liabilities	6.9	254	257	—	257
Income tax liabilities		3,918	2,133	3,016	4,190
Total current liabilities		**7,942**	**7,305**	**10,360**	**8,793**
Total shareholders' equity and liabilities		**103,741**	**92,038**	**84,050**	**59,159**

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR FISCAL YEARS ENDED 31 DECEMBER 2019, 2018, 2017 AND 01 JANUARY 2017

in EUR thousand	Notes	Net assets attributable to shareholders
Balance as of 01 January 2017		50,366
Profit for the period		11,783
Capital contribution	6.8	11
Shareholders contributions and distributions	6.8	11,530
Balance as of 31 December 2017		**73,690**
Balance as of 01 January 2018		**73,690**
Profit for the period		14,733
Shareholders contributions and distributions	6.8	(4,049)
Balance as of 31 December 2018		**84,374**
Balance as of 01 January 2019		**84,374**
Profit for the period		16,706
Dividend	6.8	(5,500)
Balance as of 31 December 2019		**95,580**

COMBINED STATEMENTS OF CASH FLOW FOR FISCAL YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

in EUR thousand	Notes	2019	2018	2017
Profit for the period		16,706	14,733	11,783
Depreciation, amortization and impairment of intangible assets, PPE and right-of-use assets	6.1, 6.2, 6.3	397	387	411
(Increase)/decrease in trade and other receivables, inventories and other assets	6.4, 6.5, 6.6	(1,907)	(1,789)	404
Increase/(decrease) in trade payables and other (financial) liabilities	6.11, 6.12, 6.13	(673)	(2,294)	2,797
Increase/(decrease) in provisions	6.10	(552)	(141)	176
(Gain)/loss on disposal of non-current assets		(36)	308	(11)
Interest expense	7.5	176	12	23
Interest income	7.5	(20)	(4)	(3)
Income tax expense	6.14	5,557	4,805	3,526
Income tax payments		(2,018)	(7,593)	(4,858)
Interest received		—	4	3
Net cash flows from operating activities		**17,631**	**8,428**	**14,251**
Proceeds from the disposal of intangible assets and PPE		109	59	482
Payments for investments in intangible assets and PPE		(433)	(274)	(397)
Net cash flows from investing activities		**(324)**	**(215)**	**85**
Capital contribution	6.8	—	—	11
Dividends paid	6.8	(5,500)	—	—
Repayment of lease liabilities	6.9	(264)	(253)	(258)
Interest paid		(75)	(6)	(14)
Payments (to)/from shareholders		—	(4,049)	11,530
Net cash flows from financing activities		**(5,839)**	**(4,308)**	**11,269**
Net increase in cash and cash equivalents		**11,468**	**3,905**	**25,605**
Cash and cash equivalents as of 01 January		77,008	73,103	47,498
Cash and cash equivalents as of 31 December		**88,476**	**77,008**	**73,103**

Basis of preparation

Background and general information

FUTRUE GmbH ("FUTRUE"), Gräfelfing, Germany, and MVH Beteiligungs- und Beratungs-GmbH ("MVH"), Gräfelfing, Germany intend to list the business of their following subsidiaries via PharmaSGP Holding SE on a stock exchange: PharmaSGP GmbH ("PharmaSGP GmbH"), Remitan GmbH ("Remitan") and Restaxil GmbH ("Restaxil") (hereafter all together the "Group" or "PharmaSGP"). The three companies are domiciled in Germany with headquarters located in Am Haag 14, 82166 Gräfelfing. In contemplation of this listing, PharmaSGP Holding SE, a shell company, has been acquired in 2020. PharmaSGP Holding SE will be the holding company of the Group and the issuer of the shares for the intended listing on a stock exchange.

Shares of PharmaSGP Holding SE are to be admitted to trading on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), Germany. In accordance with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, companies are required to present audited historical financial information covering the latest three financial years in the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market. Accordingly, given that PharmaSGP Holding SE including the subsidiaries did not exist as consolidated group as of 31 December 2019, PharmaSGP GmbH management has prepared combined financial statements for PharmaSGP in accordance with IFRS as of and for fiscal years ended 31 December 2019, 31 December 2018, 31 December 2017 and a combined opening balance in accordance with IFRS 1, as of 01 January 2017.

These combined financial statements comprise combined statements of profit or loss and other comprehensive income, combined statements of cash flow and combined statements of changes in equity for fiscal years ended 31 December 2019, 31 December 2018 and 31 December 2017 and combined statements of financial position and notes to the combined financial statements as of and for fiscal years ended 31 December 2019, 31 December 2018, 31 December 2017 and as of 01 January 2017, collectively referred to hereafter as "combined financial statements".

The combined financial statements are presented in euros. Amounts are stated in thousands of euros (EUR thousand) except where otherwise indicated. Rounding differences may arise when individual amounts or percentages are added together.

The combined financial statements were authorized on 28 April 2020 by management of PharmaSGP GmbH which was the preparer of the combined financials statements.

Description of the Group's Business

PharmaSGP provides chemical-free over the counter ("OTC") products and other consumer healthcare products. Its core brands cover relevant and chronic indications, including pain and other age related ailments.

The ultimate parent of the Group is FUTRUE. FUTRUE holds an 85% interest in PharmaSGP GmbH and Restaxil and an 84,9% interest in Remitan. The remaining shares in the three companies 15%, 15% and 15,1% respectively, are held by MVH. FUTRUE Group includes as of 31 December 2019 besides PharmaSGP GmbH, Remitan and Restaxil another 21 subsidiaries. All 24 subsidiaries together with FUTRUE GmbH represent the FUTRUE Group. As of 31 December 2018, FUTRUE Group and all its subsidiaries were included in the FUTRUE Group German Commercial Code ("HGB") consolidated financial statements as of 31 December 2018.

Dr. Clemens Fischer controls 100% of the FUTRUE and as such, he is the ultimate controlling party for the companies.

Combined financial statements and compliance with IFRS

During the reporting periods presented, PharmaSGP is not a separate group of entities under the control of a parent as defined by IFRS 10 "Consolidated Financial Statements" and has historically not prepared consolidated financial statements for internal or external reporting purposes. PharmaSGP GmbH management has prepared these combined financial statements for the planned listing. The combined financial statements of PharmaSGP were prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS").

Since IFRS does not provide any guidance for the preparation of combined financial statements, IAS 8.10 and 8.12 have been used for the preparation of the combined financial statements. In the absence of IFRS specific guidance, IAS 8.10 requires management to use judgement in developing and applying accounting policies which produce information that is relevant to users, reliable and free from bias, and complete in all material respects. In addition, IAS 8.12 requires that the latest pronouncements of other standard setters, other accounting literature and accepted industry practice should be considered when developing accounting policies.

PharmaSGP has applied IFRS for the first time for fiscal year ended 31 December 2019 with 01 January 2017 as transition date. The combined financial statements of PharmaSGP include in the scope of combination the legal entities that will be transferred to PharmaSGP Holding SE. As the FUTRUE companies had never prepared financial statements in accordance with IFRS in the past but PharmaSGP was included in local GAAP ("HGB") consolidated financial statements, accounting policies and measurement principles in preparing the combined financial statements have been applied as described in the respective sections below. Intra-group balances, income and expenses and unrealized gains and losses arising from transactions between legal entities in scope of the combined financial statements were eliminated when preparing the combined financial statements. Transactions between legal entities comprising PharmaSGP and the remaining FUTRUE Group companies outside the scope of combination are recognized in accordance with IFRS and classified as related party transactions. In the combined financial statements, all IFRS standards whose application was mandatory for the fiscal year 2019, have been consistently applied for each reporting period presented. IFRS 1 requires that an entity explains how the transition from HGB to IFRS affected its reported financial position, financial performance and cash flows. As PharmaSGP neither prepared nor reported a complete set of HGB financial statements in the past, these reconciliations from HGB to IFRS were not required.

The combined statements of profit or loss and other comprehensive income were prepared in accordance with the nature of expense method. Assets and liabilities are classified by maturity. They are classified as current in the combined statements of financial position if they mature within one year or within the normal business cycle of the legal entities included in PharmaSGP.

Since PharmaSGP has not constituted a group with a parent entity for the reporting periods presented, no share capital is presented in the statements of changes in equity. Instead the combined financial statements refer to net assets attributable to shareholders. The combined statements of cash flow were prepared using the indirect method to report cash flows from operating activities. The financial information for the legal entities comprising PharmaSGP was prepared as of 01 January 2017 and as of and for the fiscal years ended 31 December 2017 and 2018, using the historical book values of PharmaSGP's assets and liabilities (to the extent applicable as used for the preparation of the consolidated financial statements of FUTRUE prepared in accordance with generally accepted accounting principles of the HGB) and adjusted for differences between generally accepted accounting principles of the HGB and IFRS.

Scope of combination

The scope of combination for the combined financial statements of PharmaSGP for the reporting periods presented was based on the legal reorganization concept. Hence, the combined financial statements include those legal entities that will be transferred to PharmaSGP Holding SE under common control of FUTRUE, by way of a contribution in kind or acquisition via cash. Hereby, the legal reorganization will take place prior to the proposed Initial Public Offering ("IPO"). All of these legal entities are ultimately controlled by FUTRUE itself.

The combined financial statements include the businesses of the three legal entities (PharmaSGP GmbH, Remitan and Restaxil) with the exception of the businesses related to Kijimea and Matrema brands. Due to the fact that Kijimea and Matrema businesses represent non-core business activities and were not continued after 2017 within the Group, these businesses have been classified as out of scope activities for the purpose of the preparation of the combined financial statements.

Effective as of 01 January 2017, PharmaSGP GmbH sold all assets and liabilities related to the Kijimea business to an affiliated company, Kijimea GmbH (since January 2017: Synformulas GmbH). Furthermore, the Matrema business, a part of Restaxil, was discontinued during 2017.

All assets and liabilities of these non-core businesses have been excluded from the opening balance sheet as of 01 January 2017. Additionally, for the years presented in the combined financial statements all effects on income and expense have been eliminated. The effects on equity as well as incoming and outgoing cash payments related to Kijimea and Matrema are presented in the combined statements of changes in equity as shareholders contributions and distributions and as a separate line item in the net cash flows from financing activities as payments to/from shareholders.

The combined financial statements may not be indicative of PharmaSGP's future performance and do not necessarily reflect what its combined results of operations, financial position and cash flows would have been had PharmaSGP operated as an independent group during the reporting periods presented.

1. Changes in accounting policies and disclosures

New standards and amendments whose application was not yet mandatory in the reporting period

The Group did not early adopt standards and interpretations as well as amendments to existing standards and interpretations issued by the International Accounting Standards Board (IASB) and endorsed by the EU which are effective for financial years beginning on or after 01 January 2020 and whose application was not yet mandatory.

The Group does not expect any material effect from the application of any standards, amendments to standards and interpretations issued but not yet mandatory in the reporting period.

2. First time adoption of IFRS

The Group prepared its combined financial statements in accordance with IFRS for the first time applicable as of 31 December 2019 together with comparative period data for fiscal years ended 31 December 2018 and 31 December 2017. The Group's date of transition to IFRS is 01 January 2017. Since the Group has never prepared combined financial statements under local GAAP, no reconciliation of profit and loss and equity to IFRS has been included in these financial statements.

The application of IFRS 1 requires that the Group adopts accounting policies based on the standards and related interpretations effective at the reporting date of its first annual IFRS financial statements. IFRS 1 allows first-time adopters certain exemptions from the full retrospective application of the requirements under IFRS.

The Group has applied the following exemptions:

Leases: The assessment whether a contract existing at the date of transition to IFRS contains a lease will be made on the basis of facts and circumstances existing at that date (according to IFRS 1.D9). The lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRSs and the right-of-use asset for all leases will be measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the combined statements of financial position immediately before the date of transition to IFRSs according to IFRS 1.D9B(b)(ii).

The Group will use a single discount rate for all real estate leases and a single rate for vehicle leases. Moreover, no right-of-use asset and lease liability will be recognized for leases with a remaining lease term of less than 12 months as of the date of transition to IFRSs and instead they are accounted for as if they were short-term leases (IFRS 1.D9D(b)), except for real estate leases. Moreover, hindsight will be used to determine the lease term (IFRS 1.D9D(e)).

Revenue recognition: The Group has applied all the exemptions described in IFRS 15.C5-C6, therefore contracts that begin and end within the same annual reporting period or are completed contracts at the beginning of the earliest period presented will not be restated. Contracts that were modified before the beginning of the earliest period presented, will not be retrospectively restated and instead the aggregate effect of all modifications that occur before the beginning of the earliest period presented will be reflected.

No other exemptions from full retrospective application of the IFRS requirements are exercised by the Group.

3. Summary of significant accounting policies

3.1. Current versus non-current classification

Assets and liabilities are presented in the combined statements of financial position based on a current/non-current classification.

Assets are classified as current in the combined statements of financial position when they are expected to be sold, consumed or realized during the normal business cycle of the legal entities included in the Group or if they mature within one year after the reporting period. All other assets are classified as non-current.

Liabilities are current if they are expected to be settled in the normal business cycle or within one year after the reporting period. All other liabilities are classified as non-current.

Inventories are consistently presented as current. Deferred tax assets and liabilities are classified as non-current in accordance with IAS 1.

3.2. Revenue from contracts with customers

The Group´s primary business is the sale of chemical-free OTC products and other consumer healthcare products. Goods are sourced from contract manufacturers. In many cases, those manufacturers also handle the sourcing of the required raw materials. Finished products are shipped directly from these manufacturers to the logistics center of a third-party logistics provider in each country. These providers store PharmaSGP's products in their warehouses and distribute to wholesalers as well as larger pharmacies on account of PharmaSGP or on their own account. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

All revenues of the Group qualify as contracts with customers and fall in the scope of IFRS 15. Revenue is recognized at a point in time when the control of the good is transferred to the customer, which is normally upon delivery.

The Group considers whether there are other commitments in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Group assesses all promised goods and services and identifies performance obligations at contract inception. Contracts with customers include a single performance obligation, i.e. the sale of pharmaceutical products. In determining the transaction price for the sale of pharmaceutical products, the Group considers the effects of variable consideration and the existence of consideration payable to the customer (if any).

No element of financing is deemed present since time between recognition of revenue and cash receipt does not exceed one year, which is consistent with market practice.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers for specific products with a right to return the goods within a specified period, generally up to six months. The rights of return give rise to variable consideration.

Assets and liabilities arising from rights of return

Right of return assets

An asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset in case of e.g. revisions to the expected level of returns or any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

3.3. Foreign currency

The combined financial statements are presented in euros, which is the functional currency. Transactions that are denominated or required to be settled in a currency other than the functional currency are initially recorded at the functional currency applying the spot exchange rate between the functional currency and the foreign currency at

the date of the transaction. At the end of each reporting period all monetary items denominated in a foreign currency will be translated to euros using the closing rate. Foreign currency differences are recognized in profit or loss.

3.4. Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

In line with the business model of the Group, one focus of the Group is the development of products using active pharmaceutical ingredients which, as a rule, are not patent-protected. When a new pharmaceutical product seems technically and economically feasible, marketing authorizations (Arzneimittelzulassungen) have to be obtained, either by internal development or external acquisition. Development costs for pharmaceutical products are capitalized if they are part of the development phase and fulfill the criteria in IAS 38.65. Group's intangible assets primarily comprise external costs incurred for the drug approval process.

The Group's intangible assets do not comprise intangible assets with indefinite useful lives. Development and authorization proceedings which comprise capitalized development costs that are mainly related to pharmaceutical products subject to regulatory approval are tested for impairment on an annual basis.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization starts when the development and authorization proceedings are finalized. The amortization period is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in profit or loss.

Amortization of intangible assets is primarily based on their useful lives of ten years. Amortization amounts are calculated on a straight-line basis.

Impairment testing is carried out by comparing the carrying amount of an asset to its recoverable amount which is the higher of an asset's fair value less costs to disposal and the value in use. An impairment is recognized through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. If the reasons for the impairment do no longer exist, the impairment is reversed. The increased carrying amount of an asset shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) if no impairment loss had been recognized for the asset in prior years. In cases where it is no longer probable that a marketing authorization can be obtained for a certain product, the recoverable amount of the asset is deemed to be zero and it is impaired in full.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the combined statements of profit or loss and other comprehensive income when the asset is derecognized.

3.5. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes any expenditures that are directly attributable to the acquisition of the asset, including costs incurred to prepare the asset for its intended use.

Property, plant and equipment are depreciated on a straight-line basis over each asset's expected useful life. Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively, if appropriate. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets which is typically between three and ten years.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the combined statements of profit or loss and other comprehensive income when the asset is derecognized.

The Group assesses property, plant and equipment, net for impairment whenever there is an indication of potential impairment.

3.6. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is the case, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group adopted IFRS 16 effective 01 January 2017, using the modified retrospective method.

The Group recognizes lease liabilities and right-of-use assets representing the right to use the underlying assets for all leases except for leases with an original lease term of 12 months or less (short-term leases)and leases of assets of low value. The lease payments associated with those short-term leases are recognized as an expense on a systematic basis over the lease term.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized.

After the commencement date, the Group measures right-of-use assets at cost less accumulated depreciation, any accumulated impairment losses and adjusted for any remeasurement of lease liabilities. Scheduled depreciation of right-of-use assets is made on a straight-line basis over the anticipated useful life or the shorter contract term.

The right-of-use assets are also subject to impairment. To date, no impairment losses have been identified on the Group's right-of-use assets.

Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. To determine the present value, the Group discounts the remaining lease payments with the incremental borrowing rate of the lessee. The lease payments include fixed payments.

The lease term comprises the non-cancellable period of the lease together with periods covered by an extension option if the lessee is reasonably certain to exercise the option and periods covered by a termination option if the lessee is reasonably certain not to exercise that option. If the lessee and the lessor each has the right to terminate the lease with no more than an insignificant penalty, the date of the mutual termination option shall be deemed the end of the lease term.

The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset as the underlying lease agreement in a similar economic environment. The Group applied incremental borrowing rates between 0.00% and 1.98% for the periods presented.

Lease payments are allocated between principal and finance expenses. The finance expense is recognized within profit or loss.

3.7. Inventories

Inventories include raw materials, consumables and supplies and finished goods.

Inventories are measured at the lower of cost or net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories. Costs for raw materials and consumables are valued using the moving average method. Net realizable value for finished goods is mainly based on the expiration date.

3.8. Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank deposits held with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They are measured at their amortized cost. Negative interest for the existing bank balances is included in interest expense.

3.9. Provisions

Provisions are recognized pursuant to IAS 37, provided the following conditions have been cumulatively met: the Group has a present legal or constructive obligation, this obligation is the result of a past event, it is more likely than not that the settling of this obligation will lead to an outflow of resources and the amount can be reliably measured.

The amount recognized as a provision represents management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The Group is exposed to product liability claims, regulatory action and litigation which could result in a legally required recall of affected products or individual returns of e.g. damaged products. To reflect this risk, warranty provisions are recognized taking into account past experience, current sales level and other current information available (such as developments in the regulatory environment). Provisions related tothose risks are assurance-type warranties and recognized when the product is sold. It is expected that the costs will be incurred in the next financial year. The estimate of the related costs is revised on a regular basis.

Significant judgement is involved in the determination of warranty provisions (Note 4).

3.10. Employee benefits

Wages, salaries and social security charges are recognized in the profit and loss account according to the terms of employment, to the extent they are due to either employees or the tax authorities. Unused vacation liabilities accrued in the combined financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days as of the balance sheet date. Bonus liabilities are calculated in general based on the Group's performance for the fiscal year and each individual's personal bonus agreements from the beginning of the year and accrued in the combined financial statements for the respective year.

3.11. Current and deferred income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate. In case of uncertainties related to income taxes, they are accounted for in accordance with IFRIC 23 and IAS 12.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, and any carry forward of unused tax losses to the extent it is probable that sufficient taxable profit will be available in future years.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group establishes tax liabilities on the basis of expected tax payments. Liabilities for trade taxes, corporate taxes and similar taxes on income are determined based on the taxable income of the combined entities less any prepayments made. Calculation of tax liabilities is based on the recent tax rates applicable in the tax jurisdiction of the Group.

3.12 Financial instruments – Initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. During the periods presented the Group held only non-derivative financial instruments.

Non-derivative financial instruments are recognized when the Group becomes party to the contractual provisions of the financial instrument. Purchases or sales of financial assets that require delivery of financial assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the settlement date, i.e. the date that a financial asset is delivered to or by an entity.

Classification and subsequent measurement

Subsequent measurement depends on the category to which each financial instrument has to be assigned on initial recognition.

Financial assets

Financial assets have to be classified into the following categories according to IFRS 9:

- Financial assets at amortized cost (AC)
- Financial assets at fair value through profit or loss (FVPL)
- Financial assets at fair value through other comprehensive income (FVOCI)

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Financial assets are classified as measured at amortized cost only when they are held exclusively to collect the contractual cash flows and when their contractual terms comprise cash flows that are solely payments of principal and interest on the principal amount outstanding. All financial assets of the Group fulfil these requirements and are therefore classified at amortized cost.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the financial asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, and loans to shareholders included under other non-current financial assets.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for its financial assets measured at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

For trade receivables, the simplified approach has to be applied in calculating ECLs. Under this approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Group in general considers a financial asset in default when contractual payments are significantly past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group or vice versa (no impairment even if the financial asset is significantly overdue in case of contrary indications). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Impairment losses, including reversals of impairment losses or impairment gains, are presented as other expense in the combined statements of profit or loss and other comprehensive income.

Financial Liabilities

Financial liabilities are classified as measured at amortized cost (FLAC) or fair value through profit or loss (FVPL). A financial liability is classified as at FVPL if it is classified as held-for-trading, a derivative or designated as such on initial recognition (fair value option); the Group does not use the fair value option for financial liabilities.

The Group's financial liabilities include trade payables and other financial liabilities, which are all classified as measured at amortized cost. These financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are only offset and presented net in the combined statements of financial position when the Group has a legally enforceable right to offset the recognized amounts andintends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Group might also enter into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from these assets expired or the Group has transferred substantially all the risks and rewards or has neither transferred nor retained substantially all the risks and rewards but transferred the control of the assets. When the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize transferred assets to the extent of its continuing involvement. An associated liability is also recognized in that case. The measurement of the transferred assets and the associated has to reflect the rights and obligations that the Group has retained.

A financial liability is derecognized when the contractual obligations under the liability are discharged, cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Upon derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.13. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Based on the input parameters used for valuation the fair values have to be assigned to one of the following levels of the fair value hierarchy:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets and liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

4. Significant accounting judgments, estimates and assumptions

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. The estimates and assumptions that could result in outcomes requiring a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provisions for warranties

The Group offers assurance-type warranties, that need to be accounted for in accordance with IAS 37. Assurance-type related return rights exist basically in case of deficiencies of the product (wrong product has been delivered, delivered product has been damaged during transportation, product is not allowed to be sold anymore due to regulatory issues etc.). Therefore, the Group is exclusively liable for claims of third parties arising from product liability (warranty claims). Accordingly, a provision is recognized in the amount of the best estimate of the obligation resulting from the return. To estimate the amount on the warranty provision the quantity of outstanding products in the market is estimated based on external available data. To reflect the risk of return the Group defines percentages per return category which are applied on the value of outstanding products in the market. The percentages are reviewed regularly to reflect current developments.

In a case of unexpected changes in market conditions, warranty provision estimations are subject to change as they are calculated based on the estimation and assumptions of the Group.

In 2019, the positive outcome of a favorable court ruling as well as optimizations to the portfolio of third-party manufacturers are the main drivers for the reduction of the provisions for warranties amounting to EUR 467 thousand, which was recorded in other operating expense.

Provisions for warranties are estimated based on management's current knowledge and expectations.

Refund liability

The Group offers its customers rights to return products which are accounted for as a sale with a right to return under IFRS 15. Some of these rights arise from newly launched products which may be returned within a contractually agreed period. Refund may also arise from regulatory, competitive or market related developments which could result in customers returning affected products. In those cases, a refund liability is recognized for the obligation to refund some or all of the consideration received from a customer at the amount the Group ultimately expects it will have to return to the customer. To estimate the amount of the refund liability the number of outstanding products in the market is estimated based on external available data. To reflect the risk of return the Group defines percentages per return category which are applied on the quantity of outstanding products in the market. The percentages are reviewed regularly to reflect current developments, e.g. resulting from ongoing regulatory changes or changes in the competitive environment.

In a case of unexpected changes in market conditions, refund liability estimations are subject to change as they are calculated based on the estimation and assumptions of the Group.

In 2019, the decrease in the refund liability amounting to EUR 467 thousand resulted mainly from a favorable court ruling, which was recorded as a corresponding increase in revenues amounting to EUR 467 thousand.

The refund liabilities are estimated based on management's current knowledge and expectations.

Intangible assets

The Group recognizes intangible assets for pharmaceutical products subject to regulatory approval. To assess if the criteria in IAS 38 for recognition is met judgment is needed with regard to the probability if the regulatory approval will be achieved. The estimations are reviewed regularly to reflect changes also having an impact on already recognized development and authorization proceedings. Once the authorization of already capitalized development and authorization proceedings is no longer probable, they are impaired in full.

5. Segment report 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 earnings before interest and taxes ("**EBIT**") as key performance indicators in order to assess the success of the Group's business. Segment Assets and Segment Profit is reported in the combined statements of financial position and the combined statements of profit or loss and other comprehensive income.

Geographical information

Revenues in EUR thousand	2019	2018	2017
Germany	45,820	47,057	47,465
Italy	7,375	5,784	1,601
Other European countries (1)	9,379	7,754	3,996
Total	**62,574**	**60,595**	**53,062**

(1) Comprises: Austria, 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.

PharmaSGP maintains business relationships with major logistics partners per country. The following table includes all revenues from transactions with a single external logistics partner with a share of 10 per cent or more of the Group's revenues.

Major customers (logistics partners and other customers)

Revenues in EUR thousand	2019	2018	2017
Logistics Partner A	42,615	43,769	45,061
Logistics Partner B	7,375	5,784	1,601
Other logistics partners and customers	12,584	11,042	6,400
Total	**62,574**	**60,595**	**53,062**

Commercial and other risks like risk of impairment of trade receivables is not necessarily depending on logistics partners, as the logistics partners act partly on account of PharmaSGP and partly on their own account. The concentration on a small number of logistics partners is customary to the industry and corresponding wholesalers and pharmacies mitigate potential cluster risks for PharmaSGP.

6. Notes to the combined statements of financial position

6.1. Intangible assets

The Group has intangible assets with a finite useful life, consisting of development and authorization proceedings, developed as well as acquired marketing authorizations. Amortization expense of the intangible assets is entirely classified within depreciation and amortization in the combined statements of profit or loss and other comprehensive income.

The following table presents the changes in the Group's intangible assets during fiscal years ended 31 December 2019, 2018 and 2017:

in EUR thousand	Developed authorizations	Acquired authorizations and other acquired intangible assets	Development and authorization proceedings	Total
Acquisition and production costs				
01 January 2017	**10**	**756**	**414**	**1,180**
Additions	—	164	223	387
Disposals	(9)	(115)	—	(124)
Reclassifications	—	—	—	—
31 December 2017	**1**	**805**	**637**	**1,443**
Additions	32	8	233	273
Disposals	—	(29)	(3)	(32)
Reclassifications	193	(71)	(123)	(1)
31 December 2018	**226**	**713**	**744**	**1,683**
Additions	116	176	141	433
Disposals	—	(1)	—	(1)
Reclassifications	233	22	(256)	(1)
31 December 2019	**575**	**910**	**629**	**2,114**
Accumulated amortization and impairment				
01 January 2017	**1**	**188**	**—**	**189**
Additions	—	92	—	92
Disposals	(1)	(42)	—	(43)
31 December 2017	**—**	**238**	**—**	**238**
Additions	27	67	273	367
Disposals	—	(3)	—	(3)
31 December 2018	**27**	**302**	**273**	**602**
Additions	26	92	—	118
Disposals	—	—	—	—
31 December 2019	**53**	**394**	**273**	**720**
Net book value as of 01 January 2017	**9**	**568**	**414**	**991**
Net book value as of 31 December 2017	**1**	**567**	**637**	**1,205**
Net book value as of 31 December 2018	**199**	**411**	**471**	**1,081**
Net book value as of 31 December 2019	**522**	**516**	**356**	**1,394**

In 2018 development and authorization proceedings amounting to EUR 273 thousand have been fully impaired to zero due to changes in the assessment of future benefits arising from the assets. As a result of the change in the assessment of future benefits the development for these products was not further pursued and the recoverable amount determined based on the value in use was deemed to be zero.

6.2 Property, plant and equipment

Changes in property, plant and equipment during the presented fiscal years are as follows:

in EUR thousand	Total
Acquisition and production costs	
01 January 2017	**787**
Additions	10
Disposals	(540)
31 December 2017	**257**
Additions	—
Disposals	(95)
31 December 2018	**162**
Additions	—
Disposals	(124)
31 December 2019	**38**
Accumulated depreciation and impairment	
01 January 2017	**167**
Additions	62
Disposals	(162)
31 December 2017	**67**
Additions	38
Disposals	(30)
31 December 2018	**75**
Additions	15
Disposals	(52)
31 December 2019	**38**
Net book value as of 01 January 2017	**620**
Net book value as of 31 December 2017	**190**
Net book value as of 31 December 2018	**87**
Net book value as of 31 December 2019	**—**

Property, plant and equipment includes mainly other office equipment and company cars.

Disposals in 2017 mainly relate to office equipment and company cars.

6.3. Right-of-use asset

Changes in the right-of-use assets for the presented fiscal years are as follows:

in EUR thousand	Cars	Office space	Total
01 January 2017	**—**	**257**	**257**
Additions	**—**	**1**	**1**
Depreciation expense	—	(258)	(258)
31 December 2017	**—**	**—**	**—**
Additions	25	734	759
Depreciation expense	(8)	(245)	(253)
31 December 2018	**17**	**489**	**506**
Additions	12	—	12
Depreciation expense	(19)	(245)	(264)
31 December 2019	**10**	**244**	**254**

The total cash outflow for leases amounted to EUR 264 thousand in fiscal year 2019 (2018: EUR 253 thousand; 2017: EUR 258 thousand).

6.4. Inventories

Inventory consists of raw materials and supplies, consumables and finished goods.

in EUR thousand	31 December 2019	31 December 2018	31 December 2017	01 January 2017
Raw material, consumables and supplies	562	696	231	174
Finished goods	1,534	2,572	2,277	1,444
Inventories	**2,096**	**3,268**	**2,508**	**1,618**

Write-down on inventories included in profit and loss amount to EUR 274 thousand in 2019 (2018: EUR 318 thousand, 2017: EUR 92 thousand).

Finished goods include right of return assets relating to existing return rights of the customers amounting to EUR 22 thousand as of 31 December 2019 (31 December 2018: EUR 45 thousand; 31 December 2017: EUR 46 thousand; 01 January 2017: EUR 33 thousand).

6.5. Trade and other receivables

Details of Trade and other receivables as of 31 December 2019, 2018, 2017 and as of 01 January 2017 were as follow:

in EUR thousand	31 December 2019	31 December 2018	31 December 2017	01 January 2017
Trade receivables, gross	9,188	7,142	5,021	6,800
Less provision for impairment of trade receivables		—	(1)	(8)
Other receivables	1,697	632	1,590	548
Trade and other receivables	**10,885**	**7,774**	**6,610**	**7,339**

Trade receivables are in general due within a payment period between 8 and 75 days and bear no interest. There are no limitations of any kind on rights of disposal. All trade receivables are expected to be fully recovered. As of 31 December 2019, 2018 and 2017 other receivables mainly include receivables for marketing reimbursements.

Disclosures on credit risk of Trade and other receivables can be found in Note 8.

6.6. Other assets

Other assets mainly consist of VAT receivables and deferred expenses.

6.7. Cash and cash equivalents

Cash and cash equivalents represent cash balances at different banks. As of 31 December 2019, 2018 and 2017 there were no term deposits, bank overdrafts and no restricted cash.

The combined statements of cash flow show how cash and cash equivalents held by the Group changed in the respective year. Cash flows are classified for this purpose in accordance with IAS 7 as cash flow from operating activities, investing activities and financing activities. Cash for the purpose of the cash flow statement equals the amount in the combined statements of financial position line item.

6.8. Net assets attributable to shareholders

The equity consists of net assets attributable to shareholders. Net assets attributable to shareholders represent historical investments in the Group companies, the net effect of transactions with and allocations from the entities and the entities' accumulated earnings.

Not paid in equity amounts to EUR 25 thousand as of 31 December 2019 (31 December 2018: EUR 25 thousand; 31 December 2017: EUR 25 thousand; 01 January 2017: EUR 36 thousand).

In 2017 and 2018, the combined statements of changes in equity includes shareholders contributions and distributions resulting from the elimination of the Kijimea and Matrema businesses in the combined financial statements. For further information please refer to the Basis of preparation. In 2019, shareholders received a dividend amounting to EUR 5,500 thousand. For further information on the change in equity, please refer to the combined statements of changes in equity.

Capital management for the Group was performed by FUTRUE and includes the consideration of legal requirements relating to the equity and liquidity requirements during the periods presented. Thereby the target is to continuously increase its enterprise value and safeguard a strong capital base to maintain market confidence and provide returns for shareholders and benefits for other stakeholders. The Group is not subject to any externally imposed capital requirements. Group's total capital defined for capital management purposes is the sum of equity and cash and cash equivalents. The Group manages its operating capital structure and makes adjustments to it based on economic conditions and risks associated with its business.

6.9. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the presented fiscal years:

in EUR thousand	2019	2018	2017
As of 01 January	506	—	257
Additions	12	759	1
Accretion of interest	—	—	—
Payments	(264)	(253)	(258)
As of 31 December	**254**	**506**	**—**
Current	**254**	**257**	**—**
Non-current	**—**	**249**	**—**

As of 31 December 2017, the existing real estate lease contract expired and a new contract was concluded in 2018.

The following amounts are recognized in profit or loss during the respective period:

in EUR thousand	2019	2018	2017
Depreciation	(264)	(253)	(258)
Interest expense	—	—	—
Expense relating to short-term leases	—	(2)	(2)
Total	**(264)**	**(255)**	**(260)**

In 2019, 2018 and 2017 there were no expenses for leases of low value assets.

For future minimum lease payments reference is made to note 8 Financial instruments and financial risk management.

6.10. Provisions

Provisions and movement of provision comprise of the following during the presented fiscal years:

in EUR thousand	Warranty	Others	Total
01 January 2017	**650**	**605**	**1,255**
Additions	735	397	1,132
Utilized	(473)	(396)	(869)
Unused amounts reversed	—	(87)	(87)
31 December 2017	**912**	**519**	**1,431**
Additions	195	273	468
Utilized	(199)	(324)	(523)
Unused amounts reversed	—	(86)	(86)
31 December 2018	**908**	**382**	**1,290**
Additions	—	199	199
Utilized	(223)	(277)	(500)
Unused amounts reversed	(244)	(7)	(251)
31 December 2019	**441**	**297**	**738**

The Group is exposed to product liability claims, regulatory action and litigation which could result in a legally required recall of affected products or individual returns of defect products. To reflect this risk, provisions of warranties are recognized. In 2019, the provisions for warranties decreased significantly mainly due to a favorable court ruling, as well as optimizations to the portfolio of third party manufacturers. Other provisions mainly include outstanding charges for development and authorization proceedings, employee related and legal costs.

6.11. Trade payables

Trade payables are recognized for liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid.

Trade payables to parties outside the Group are unsecured, do not bear interest and generally are settled between 0 and 60 days of recognition.

6.12. Other liabilities

Other liabilities comprise of the following as of 31 December 2019, 2018, 2017 and as of 1 January 2017:

in EUR thousand	31 December 2019	31 December 2018	31 December 2017	01 January 2017
Taxes and duties	1,412	755	1,032	421
Outstanding Invoices	262	363	79	—
Others	106	171	373	47
Other liabilities	**1,780**	**1,289**	**1,484**	**468**

6.13. Financial liabilities

in EUR thousand	31 December 2019	31 December 2018	31 December 2017	01 January 2017
Refund liabilities	441	908	912	650
Shareholder loan	—	—	660	—
Financial liabilities	**441**	**908**	**1,572**	**650**

Financial liabilities consist of loans from shareholders and a refund liability. The shareholder loan was classified as current as both parties had the right to terminate the contract within a short period of time. The loan was interest-bearing with a fixed interest rate and has been repaid in 2018. For expected product returns in the future the Group recognizes a refund liability vis-à-vis the customer.

6.14. Income taxes and deferred taxes

The Company's taxable income, whether distributed or retained, is generally subject to German corporate income tax at a uniform rate of 15% for corporate tax and 8.75% for trade tax plus the solidarity surcharge of 0.83% thereon, resulting in a total tax rate of 24.58%.

in EUR thousand	2019	2018	2017
Current income taxes	(5,447)	(4,624)	(3,598)
Deferred income taxes	(110)	(181)	72
Income tax expense	**(5,557)**	**(4,805)**	**(3,526)**

Tax liabilities result from current income taxes. The Group recognizes liabilities for potential tax risks on the basis of the best estimate of the liability. For the years 2012 until 2015 PharmaSGP is subject to an income tax audit. As the results of the income tax audit can be estimated reliably, the income tax liability as of 31 December 2019 reflects the results of the tax audit for the years 2012 until 2015 including a rollforward for the years 2016 until 2019 for the Group.

Reconciliation of tax expense and the accounting profit multiplied by the Group's domestic tax rate for the fiscal years ended 31 December 2019, 2018 and 2017:

in EUR thousand	2019	2018	2017
Profit before taxes	**22,262**	**19,538**	**15,310**
Groups's statutory income tax rate	24.6%	24.6%	24.6%
Expected tax expense	**5,471**	**4,802**	**3,762**
Effects due to local tax based additions	2	1	1
Non deductable expenses	18	0	0
Utilization of previously unrecognized tax losses	—	—	(181)
Current taxes related to other periods	214	—	—
Deferred taxes related to other periods	(85)	—	—
Others	(63)	3	(57)
Income tax expense	**5,557**	**4,805**	**3,526**
Effective income tax rate	25.0%	24.6%	23.0%

The utilization of previously unrecognized tax losses refers to the non-core Matrema business excluded from the combined financial statements.

The Group's deferred tax balance for each of the fiscal years presented consisted of the following:

in EUR thousand	31 December 2019	31 December 2018	31 December 2017	01 January 2017
Deferred tax asset				
Lease liabilities	62	125	—	63
Tax adjustment related to previous years	—	91	39	—
Other provisions	—	50	32	—
Trade payables				
Total	**62**	**265**	**71**	**63**
Deferred tax liability				
Intangible assets	(219)	(165)		
Right of use assets	(62)	(125)	—	(63)
Trade payables	—	(85)	—	—
Total	**(281)**	**(375)**	**71**	**(63)**
Netting	62	265		63
Total after netting	**(219)**	**(110)**	**71**	**—**

The changes in deferred tax assets ("DTA") and deferred tax liabilities ("DTL") were recognized entirely as income during 2019, 2018 and 2017.

7. Notes to the combined statements of profit or loss and other comprehensive income

7.1. Revenue

Germany is the home market of the companies and accounts for the largest share of sales 73.2% in 2019 (2018: 77.7%, 2017: 89.5%). The remaining 26.8% in 2019 (2018: 22.3%, 2017: 10.5%) of total sales is divided across France, Austria, Italy, Belgium and Spain, whereas Austria and Italy account for the major share of sales of these countries. Sales in other countries are, like in Germany, carried out by logistics partners.

Revenue by major customers is detailed in Note 5.

7.2. Other operating income

Other operating income for each of the fiscal years presented consisted of the following:

in EUR thousand	2019	2018	2017
Gain from sale of property, plant and intangibles	55	—	11
Miscellaneous	127	203	164
Other operating income	**182**	**203**	**175**

Miscellaneous other operating income mainly includes benefits in kind and refunds from the expenditure compensation act.

7.3. Personnel expenses

The average number of employees (full-time equivalent) for 2019 was 30 (2018: 28, 2017: 30).

Personnel expenses for each of the fiscal years presented consisted of the following:

in EUR thousand	2019	2018	2017
Wages and salaries	(1,724)	(1,457)	(1,743)
Social security contributions	(319)	(240)	(327)
Personnel expenses	(2,043)	(1,697)	(2,070)

7.4. Other operating expenses

in EUR thousand	2019	2018	2017
Marketing	(27,824)	(26,960)	(26,364)
External services	(2,119)	(1,719)	(794)
Miscellaneous	(2,086)	(3,989)	(3,636)
Other operating expenses	**(32,029)**	**(32,668)**	**(30,794)**

External services include holding services and other selling related expenses. Miscellaneous other operating expenses relates to expenses incurred for quality control, intercompany services, legal and consulting fees, expenses for returns, travel expenses, product development and diverse other expenses.

7.5. Finance income and expenses

Finance income and expense are recognized in profit or loss using the effective interest method. Finance expense consist of mainly interest expense for income tax payables and negative interest on cash balances. Interest income mainly consist of interest income from excess paid income taxes.

8. Financial instruments and financial risk management

Additional disclosure on financial instruments

The following table shows the carrying amounts of financial assets and financial liabilities by category.

Financial instruments as of 31 December 2019, 2018 and 2017 and 01 January 2017 were as follows:

in EUR thousand	Carrying amount	Category in accordance with IFRS 9	IFRS 16	Fair Value
01 January 2017				
Financial assets				
Current financial assets				
Trade and other receivables	7,339	Amortized costs		7,339
thereof trade receivables	6,791	Amortized costs		6,791
thereof other receivables	548	Amortized costs		548
Cash and cash equivalents	47,498	Amortized costs		47,498
Financial liabilities				
Non-current financial liabilities				
Lease liabilities			257	
Current financial liabilities				
Financial liabilities	650	Amortized costs		650
Lease liabilities			257	
Trade payables	1,973	Amortized costs		1,973

in EUR thousand	Carrying amount	Category in accordance with IFRS 9	IFRS 16	Fair Value
31 December 2017				
Financial assets				
Current financial assets				
Trade and other receivables	6,610	Amortized costs		6,610
thereof trade receivables	5,020	Amortized costs		5,020
thereof other receivables	1,590	Amortized costs		1,590
Cash and cash equivalents	73,103	Amortized costs		73,103
Financial liabilities				
Non-current financial liabilities				
Lease liabilities			—	
Current financial liabilities				
Financial liabilities	1,572	Amortized costs		1,572
Lease liabilities			—	
Trade payables	2,857	Amortized costs		2,857

in EUR thousand	Carrying amount	Category in accordance with IFRS 9	IFRS 16	Fair Value
31 December 2018				
Financial assets				
Current financial assets				
Trade and other receivables	7,774	Amortized costs		7,774
thereof trade receivables	7,142	Amortized costs		7,142
thereof other receivables	632	Amortized costs		632
Cash and cash equivalents	77,008	Amortized costs		77,008
Financial liabilities				
Non-current financial liabilities				
Lease liabilities			249	
Current financial liabilities				
Financial liabilities	908	Amortized costs		908
Lease liabilities			257	
Trade payables	1,428	Amortized costs		1,428

in EUR thousand	Carrying amount	Category in accordance with IFRS 9	IFRS 16	Fair Value
31 December 2019				
Financial assets				
Current financial assets				
Trade and other receivables	10,885	Amortized costs		10,885
thereof trade receivables	9,188	Amortized costs		9,188
thereof other receivables	1,697	Amortized costs		1,697
Cash and cash equivalents	88,476	Amortized costs		88,476
Financial liabilities				
Non-current financial liabilities				
Lease liabilities			—	
Current financial liabilities				
Financial liabilities	441	Amortized costs		441
Lease liabilities			254	
Trade payables	811	Amortized costs		811

The carrying amounts of each of the measurement categories listed above and defined by IFRS 9 as of 31 December 2019, 2018 and 2017 and 01 January 2017 were as follows:

in EUR thousand	31 December 2019	31 December 2018	31 December 2017	01 January 2017
Financial assets measured at amortized cost (AC)	99,361	84,782	79,713	54,837
Financial liabilities measured at amortized cost (FLAC)	1,252	2,336	4,429	2,623

Due to their short nature the carrying amounts of cash and cash equivalents, trade and other receivables and trade payables approximate their fair value.

For the shareholder loan the carrying amount also approximates its fair value due to its short-term nature and a remaining term less than one year. As the Group does not meet the criteria for offsetting, no financial instruments are netted.

Net gains or losses

The table below shows the net gains or losses of financial instruments per measurement categories defined by IFRS 9:

in EUR thousand	2019	2018	2017
Financial assets measured at amortized cost (AC)	(78)	(6)	(6)
Financial liabilities measured at amortized cost (FLAC)	(0)	(6)	(14)
Total	**(78)**	**(12)**	**(20)**

Net gains/losses on financial assets at amortized cost mainly include (negative) interest on cash balances, impairments on trade receivables and currency translation differences. Net gains/losses on financial liabilities at amortized cost include interest expenses.

Interest income and expenses

Total interest income and total interest expense are calculated by applying the effective interest rate to the gross carrying amount of financial assets and liabilities measured at amortized cost. Interest expense on financial assets in FY 2019 results from negative interest rates on bank balances. Total interest income and expenses were as follows:

in EUR thousand	2019	2018	2017
Financial assets measured at amortized cost (AC)			
Interest income	—	4	3
Interest expense	(75)	—	—
Financial liabilities measured at amortized cost (FLAC)			
Interest expense	—	(6)	(14)
Total	**(75)**	**(2)**	**(11)**

Financial risk management

Establishment and oversight over the Group's financial risk management is the responsibility of the management. Appropriate policies to identify and analyze the risks the Group faces and controls to monitor those risks are established. The risk management policies are reviewed regularly to incorporate changes on the Group's activities and in market conditions aiming at maintaining a working control environment where everyone understands their role and responsibilities.

The Group might be exposed to the following risks relating to financial instruments:

Market risk

Changes in market prices, such as foreign exchange rates or interest rates can affect the Group's income or the value of its holdings of financial instruments, if any, and are summarized as market risk. These risks are managed by the Group on a centralized basis in order to control exposure to market risks within acceptable parameters and while optimizing returns.

Since the exposure to market risks is very limited for the Group no hedging is applied.

Because the Group is not impacted to market risks due to immateriality no sensitivity analysis is required.

Foreign currency risk

Currency risk is one major market risk factor when transactions are or will not be denominated in the functional currency, because of potentially unfavorable currency exchange rates. Since the Group mainly operates in Euro countries, and all entities have the same functional currency, the Group is not significantly exposed to exchange rates fluctuations with respect to its transactions.

Interest rate risk

Interest rate risk is a risk factor associated with interest bearing financial instruments and includes the effect of positive or negative interest rate changes on profit, cash flows or equity. Typically, those risks arise from financial liabilities and increase interest expense resulting from fluctuations in interest rates. As the Group does not hold any financial liability with variable interest rates, there is no interest rate risk related to financial liabilities. On the other hand, the Group's cash at banks subject to variable interest rates. Due to negative interest rates, the Group recognized interest expenses amounting to EUR 75 thousand in the combined statements of profit or loss and other comprehensive income in 2019 (2018: EUR 0 thousand; 2017: EUR 0 thousand).

However, since the maturity of the cash at bank is short-term, there is no interest rate risk associated with cash.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Financial liabilities include mainly trade payables as well as lease liabilities. Until 2018 financial liabilities also included a loan from shareholders. Considering that in 2019 the Group does not have long-term financial liabilities liquidity risk is minimized as of the date of the combined statements of financial position.

The following table shows undiscounted contractually agreed future cash outflows from financial liabilities (maturity analysis) as of 31 December 2019, 2018, 2017 and as of 01 January 2017:

in EUR thousand	31 December 2019	31 December 2018	31 December 2017	01 January 2017
Lease liabilities				
Remaining term 1 year or less	254	257	—	257
Remaining term 1 to 5 years	—	249	—	—
Total	**254**	**506**	**—**	**257**
Carrying amount	**254**	**506**	**—**	**257**
Financial liabilities				
Remaining term 1 year or less	**441**	**908**	**1,572**	**650**
Remaining term 1 to 5 years	—	—	—	—
Total	**441**	**908**	**1,572**	**650**
Carrying amount	**441**	**908**	**1,572**	**650**

Trade payables as well as other liabilities are all short-term at each reporting date.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk comprises both the immediate default risk and the danger of a decline in the customer's creditworthiness. The Group's exposure to credit risk corresponds to trade receivables, other receivables and cash and cash equivalents.

Trade receivables, comparing to all other financial assets, mainly carries the risk of default which historically turned out to be nearly zero. To maintain the low credit default risk based on historical evidence, the Group assesses the default risk for new customers with a significant order volume. For all customers a regular monitoring process has been established to track and manage open balances. Because of their short-term nature the carrying amounts of trade and other payables are considered the same as their fair values.

Credit risks arising from cash and cash-equivalents are monitored directly on the Group Level. Counterparties for cash and cash-equivalent transactions are limited to financial institutions with strong credit ratings. The creditworthiness of these financial institutions is monitored on a regular basis. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Default risks from other financial instruments are also immaterial. Therefore, no loss allowance was recognized for other financial instruments.

		Overdue		
in EUR thousand	Not overdue	Less than 30 days overdue	Between 30 and 90 days overdue	More than 90 days overdue
01 January 2017				
Trade receivables	5,393	535	129	743
31 December 2017				
Trade receivables	4,761	238	22	—
31 December 2018				
Trade receivables	6,523	519	94	6
31 December 2019				
Trade receivables	8,693	459	21	15

The amount more than 90 days overdue as of 01 January 2017 is mainly related to one FUTRUE Group company.

9. Related party disclosures

Transactions and balances with related parties

Related parties in accordance with IAS 24, Related Party Disclosures, are those legal entities, other than entities that are already included in the combined financial statements, and natural persons which can be materially influenced by or are able to influence the Group.

The following entities are related to the Group in accordance with IAS 24.9:

a) FUTRUE as the parent;

b) MVH Beteiligungs- und Beratungs-GmbH (controlled by Madlena Hohlefelder, who is a related person of the Group);

c) all subsidiaries that are controlled by FUTRUE.

Dr. Clemens Fischer controls 100% of FUTRUE and as such, he is the ultimate controlling party for the companies of the Group.

The significant transactions between the Group and FUTRUE mostly consist of management fees including among others rental, personnel recruiting expenses, as well as expenses for IT equipment and maintenance. The transactions between the Group and the subsidiaries controlled by FUTRUE mainly consists of media services and to a minor extent selling and research related expenses invoiced to the Group in the exchange of services provided.

Transactions and balances with related parties for the presented fiscal years are as follow:

in EUR thousand	2019	2018	2017
Sales of goods and services to	**667**	**668**	**630**
FUTRUE GmbH	92	1	335
FUTRUE Group companies	575	667	267
other related parties	—	1	28
Purchases of goods and services from	**(29,655)**	**(28,793)**	**(24,366)**
FUTRUE GmbH	(744)	(635)	(711)
FUTRUE Group companies	(28,764)	(27,991)	(23,500)
other related parties	(147)	(167)	(154)

	31 December 2019	31 December 2018	31 December 2017	01 January 2017
Amounts owed by	**1,777**	**799**	**1,201**	**911**
FUTRUE GmbH	220	181	19	5
FUTRUE Group companies	1,532	591	962	873
Key management personnel	—	1	192	29
other related parties	25	26	28	4
Amounts owed to	**1,842**	**1,245**	**2,544**	**659**
FUTRUE GmbH	1,799	930	787	431
FUTRUE Group companies	41	223	1,640	26
other related parties	2	92	117	202

Key management personnel compensation

The following individuals/persons are related to the reporting entity in accordance with IAS 24.9(a)(iii). That is, the individuals/persons are members of the key management personnel (key managing directors) of the reporting entity or of a parent of the reporting entity: Dr. Clemens Fischer, Michael Rudolf, Natalie Weigand and Madlena Hohlefelder.

Compensation and short-term employee benefits for key management personnel paid by PharmaSGP amounted to EUR 332 thousand for fiscal year ended 31 December 2019 (2018: EUR 215 thousand, 2017: EUR 250 thousand).

In addition, key management received compensation and short-term employee benefits from FUTRUE in the amount of EUR 96 thousand for fiscal year ended 31 December 2019 (2018: EUR 274 thousand, 2017: EUR 233 thousand) which was paid for services provided by the key management for the entire FUTRUE Group, including PharmaSGP.

10. Events after the reporting period

After the reporting date of 31 December 2019, the COVID-19 pandemic broke out and led to a decline in general economic performance in the first quarter 2020 in countries that are relevant for the sales of the Group. Even so, the Group's sales and revenue level of the first quarter 2020 was not negatively influenced due to the pandemic conditions.

Until 28 April 2020, the pandemic had no significant negative effects on the supply chain, distribution channels, or on the availability of the Group's products in pharmacies in its sales markets.

Gräfelfing, 28 April 2020

M. Rudolf N. Weigand

This is a translation of the text of the original German-language report.

INDEPENDENT AUDITOR'S REPORT

To PharmaSGP GmbH

Opinion

We have audited the combined financial statements of the PharmaSGP business (entirety of entities included in the combined financial statements, together "PharmaSGP business"), which comprise the combined statements of profit or loss and other comprehensive income, combined statements of financial position, combined statements of changes in equity, combined statements of cash flow, and the notes to the combined financial statements, including a summary of significant accounting principles, for the fiscal years from 1 January 2019 to 31 December 2019, 1 January 2018 to 31 December 2018 and 1 January 2017 to 31 December 2017.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying combined financial statements comply, in all material respects, with International Financial Reporting Standards (IFRSs) as adopted by the EU and, in compliance with these requirements, give a true and fair view of the assets and liabilities and financial position of the PharmaSGP business as of 31 December 2019, 31 December 2018 and 31 December 2017 and their financial performance for the fiscal years from 1 January 2019 to 31 December 2019, 1 January 2018 to 31 December 2018 and 1 January 2017 to 31 December 2017.

Pursuant to Sec. 322 (3) Sentence 1 HGB ("Handelsgesetzbuch": German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the combined financial statements.

Basis for the opinion

We conducted our audit of the combined financial statements in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the combined financial statements" section of our auditor's report. We are independent of the entirety of entities included in the combined financial statements in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the combined financial statements.

Responsibilities of the executive directors for the combined financial statements

The executive directors of PharmaSGP GmbH are responsible for the preparation of the combined financial statements that comply, in all material respects, with IFRSs as adopted by the EU and that the combined financial statements, in compliance with these requirements, give a true and fair view of the assets and liabilities, financial position and financial performance of the PharmaSGP business. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, the executive directors are responsible for assessing the PharmaSGP business' ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the PharmaSGP business or to cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the combined financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB as well as German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PharmaSGP business' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the PharmaSGP business to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements present the underlying transactions and events in a manner that the combined financial statements give a true and fair view of the assets and liabilities, financial position and financial performance of the PharmaSGP business in compliance with IFRSs as adopted by the EU.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within PharmaSGP business to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, 28 April 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Christ
Wirtschaftsprüfer
(German Public Auditor)

Esche
Wirtschaftsprüfer
(German Public Auditor)

This is a translation of the text of the original German-language unconsolidated financial statements.

Unconsolidated Financial Statements

as of 31 December 2019 and for the period from November 21, 2019 to December 31, 2019

prepared in accordance with

generally accepted accounting principles of the German Commercial Code

(Handeslgesetzbuch, HGB)

for

PharmaSGP Holding SE

PharmaSGP Holding SE (formerly: Atrium 184. Europäische VV SE), Gräfelfing

BALANCE SHEET AS OF 31 DECEMBER 2019

in EUR	31 December 2019		21 November 2019
Assets			
A. Current assets			
I. Cash on hand and bank balances	30,000.00		30,000.00
		30,000.00	30,000.00
		30,000.00	30,000.00
Equity and Liabilities			
A. Equity			
I. Subscribed capital	120,000.00		120,000.00
Outstanding, uncalled capital	(90,000.00)		(90,000.00)
Called-up capital	30,000.00		30,000.00
II. Net income for the year	0.0		0.0
		30,000.00	30,000.00
		30,000.00	30,000.00

PharmaSGP Holding SE (formerly: Atrium 184. Europäische VV SE), Gräfelfing

INCOME STATEMENT FOR FISCAL YEAR 2019

in EUR		21 November 2019 to 31 December 2019
1.	Revenue	0.00
2.	Other operating income	0.00
3.	Cost of materials	0.00
4.	Personnel expenses	0.00
5.	Amortization of intangible assets and depreciation of property, plant and equipment	0.00
6.	Other operating expenses	0.00
7.	Income taxes	0.00
8.	Net income for the year	0.00

This is a translation of the text of the original German-language report.

INDEPENDENT AUDITOR'S REPORT

To PharmaSGP Holding SE, (formerly: Atrium 184. Europäische VV SE)

Opinion

We have audited the annual financial statements of PharmaSGP Holding SE, (formerly: Atrium 184. Europäische VV SE), Gräfelfing, which comprise the balance sheet as at 31 December 2019, and the income statement for the short fiscal year from 21 November 2019 to 31 December 2019.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company in compliance with German legally required accounting principles and the exemption for micro corporations applied pursuant to Sec. 264 (1) Sentence 5 HGB as at 31 December 2019 and of its financial performance for the short fiscal year from 21 November 2019 to 31 December 2019 in compliance with German legally required accounting principles.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the opinion

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements." We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements.

Responsibilities of the executive directors and the annual financial statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles and the exemption for micro corporations applied pursuant to Sec. 264 (1) Sentence 5 HGB. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error as well as to issue an auditor's report that includes our opinions on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles and the exemption for micro corporations applied pursuant to Sec. 264 (1) Sentence 5 HGB.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, 27 April 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Christ
Wirtschaftsprüfer
(German Public Auditor)

Esche
Wirtschaftsprüfer
(German Public Auditor)

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21. GLOSSARY

€	The single European currency adopted by certain participating member states of the European Union, including Germany.
AktG	The German Stock Corporation Act (*Aktiengesetz*).
AMWHV	Ordinance on the Application of Good Manufacturing Practice in the Manufacture of Pharmaceuticals and Active Pharmaceutical Ingredients and on the Good Professional Practice in the Manufacture of Products of Human Origin (*Verordnung über die Anwendung der guten Herstellungspraxis bei der Herstellung von Arzneimitteln und Wirkstoffen und über die Anwendung der guten fachlichen Praxis bei der Herstellung von Produkten menschlicher Herkunft*).
ANSM	The French Agency for the Safety of Health Products (*Agence nationale de sécurité du médicament et des produits de santé*).
APIs	Active pharmaceutical ingredients.
ApoG	The German Pharmacy Act (*Apothekengesetz*).
Articles of Association	The Company's articles of association.
BaFin	The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
Base Shares	6,600,000 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders.
Berenberg	Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany.
BfArM	The Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte*).
CAGR	Compound annual growth rate.
Cash Conversion Rate	The ratio of (i) PharmaSGP's free cash flows from equity (*i.e.*, the sum of its profit for the period, depreciation and amortization and decreases in working capital, less increases in working capital and payments for investments in intangible assets and PPE), divided by (ii) PharmaSGP's profit for the period.
Clearstream	Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.
Code	The German Corporate Governance Code, as amended on December 16, 2019.
Commission's Proposal	The proposal published by the European Commission on February 14, 2013.
Company	PharmaSGP Holding SE, LEI 3912005CZ12PVVCIPT91, with its registered office at Lochhamer Schlag 21, 82166 Gräfelfing, Germany (telephone: +49 (0) 89 78 79 790 – 78), and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 255684.
Cosmetics Regulation	Regulation (EC) No. 1223/2009 of the European Parliament and of the Council of November 30, 2009 on cosmetic products.

Domestic Paying Agent	A domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks and financial service institutes).
EBIT	Earnings before interest and taxes.
EBITDA	Earnings before interest, taxes depreciation and amortization.
EEA	European Economic Area
EMA	The European Medicines Agency.
EMCM	EMCM Agentur für Media und Kommunikation GmbH.
Ernst & Young	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Munich office, Arnulfstraße 59, 80636 Munich, Germany.
EUIPO	The European Union Intellectual Property Office.
Euro	The single European currency adopted by certain participating member states of the European Union, including Germany.
Food Regulation	Regulation (EC) No. 178/2002 of the European Parliament and of the Council of January 28, 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety.
FUTRUE Group	The Selling Shareholders, together with their respective consolidated subsidiaries, but excluding the entities comprising PharmaSGP.
GDP	Good distribution practice.
GDP Guidelines	European Commission guidelines of November 5, 2013 on good distribution practice of medicinal products for human use.
Germany	The Federal Republic of Germany.
Greenshoe Option	The option to acquire up to 1,260,000 shares of the Company at the Offer Price, less agreed commissions, which the Selling Shareholders have granted the Sole Bookrunner.
Health Claims Regulation	Regulation (EC) No. 1924/2006 of the European Parliament and of the Council of December 20, 2006 on nutrition and health claims made on foods.
HGB	The German Commercial Code (*Handelsgesetzbuch*).
IFRS	International Financial Reporting Standards, as adopted by the European Union.
LEI	Legal entity identifier.
LFGB	The German Code on Foodstuffs, Consumer Goods and Fodder (*Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch*).
Management Board	The Company's management board (*Vorstand*).
MAR	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended.

Medicinal Products Directive	Directive 2001/83/EC of the European Parliament and of the Council of November 6, 2001 on the community code relating to medicinal products for human use.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.
MMA	The Madrid Agreement Concerning the International Registration of Marks of April 14, 1891, as last amended on September 28, 1979.
NemV	The German Ordinance on Food Supplements (*Verordnung über Nahrungsergänzungsmittel*).
Non-Competition Agreement	The non-competition agreement entered into between the Company and the Selling Shareholders on June 8, 2020 to avoid competition between these persons with respect to their current product offerings following the Offering.
Offer Period	The period during which investors may submit purchase orders for the Offer Shares, which is expected to commence on June 8, 2020, and to expire on June 18, 2020, provided that the Offer Period will not commence prior to publication of this Prospectus and may be shortened or extended.
Offer Price	The offer price for the Offering.
Offer Shares	The Base Shares, the Upsize Shares and the Over-Allotment Shares.
Offering	The offering of 9,660,000 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00.
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
OTC	Non-prescription pharmaceuticals sold over the counter.
Over-Allotment	The allocation of up to 1,260,000 Over-Allotment Shares as part of the allocation of the Offer Shares.
Over-Allotment Shares	Up to 1,260,000 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders.
Participating Member States	Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia.
Pharmacovigilance Regulation	Regulation (EU) No. 1235/2010 of the European Parliament and of the Council of December 15, 2010.
PharmaSGP	The Company's operating subsidiaries PharmaSGP GmbH, Remitan GmbH, Restaxil GmbH and, following the acquisition of the Company by the Selling Shareholders in March 2020, the Company itself together.
PMMA	The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as last amended on October 3, 2007.
Prescription Ordinance	The Ordinance on the Mandatory Prescription of Medicinal Products (*Verordnung über die Verschreibungspflicht von Arzneimitteln*).
Price Range	The price range for the Offering within which purchase orders may be placed of €31.50 to €36.50 per Offer Share.
Prospectus	This prospectus.

Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended.
PSUs	The virtual performance shares granted to members of the Management Board as part of their long-term variable compensation.
QIBs	Qualified institutional buyers as defined in Rule 144A.
Qualified Participation	At least 1% of the share capital of the Company.
Regulation S	Regulation S under the Securities Act.
Relevant States	The members states of the EEA and the United Kingdom.
Rule 144A	Rule 144A under the Securities Act.
SE Regulation	Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the statue for a European company (SE).
SEAG	The German Act on the SE-Implementation (*SE-Ausführungsgesetz*).
Securities Act	The United States Securities Act of 1933, as amended.
Selling Shareholders	FUTRUE GmbH and MVH Beteiligungs- und Beratungs-GmbH.
Sempora	Sempora Consulting GmbH.
Sempora Market Study	An independent market study from Sempora on the market for OTC and other healthcare products, in particular chemical-free products, titled "SEMPORA Market Report: EU Self-Medication" and commissioned by PharmaSGP in February 2020.
Short Selling Regulation	Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps.
SK Pharma	SK Pharma Logistics GmbH.
Sole Bookrunner	Berenberg.
Sole Global Coordinator	Berenberg.
Special Bonus	The one-time bonus granted to the members of the Management Board by the Selling Shareholders.
Stabilization Period	The period which starts from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must end no later than 30 calendar days thereafter.
Supervisory Board	The Company's supervisory board (*Aufsichtsrat*).
Supplements Directive	Directive 2002/46/EC of the European Parliament and of the Council of June 10, 2002 on the approximation of the laws of the member states relating to food supplements.
UmwG	The German Transformation Act (*Umwandlungsgesetz*).
Underwriting Agreement	The underwriting agreement, entered into between the Company, the Selling Shareholders and the Sole Bookrunner on June 8, 2020.

United States	The United States of America.
Upsize Shares	Up to 1,800,000 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders subject to the exercise of an upsize option upon decision of the Selling Shareholders, in consultation with the Sole Bookrunner, based on market demand on the date of pricing.
VAT	Value added tax.
Voting Agreement	The voting agreement entered into between the Selling Shareholders on May 13, 2020, pursuant to which they agreed to uniformly exercise their voting rights in the Company's shareholders' meeting.
WpHG	The German Securities Trading Act (*Wertpapierhandelsgesetz*).
WpÜG	The German Securities and Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

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22. RECENT DEVELOPMENTS AND TREND INFORMATION

22.1 Recent Developments

On April 30, 2020, the Company's shareholders' meeting resolved to increase the Company's share capital by way of a capital increase against contributions in kind from €120,000.00 by €11,880,000.00 to €12,000,000.00 by issuing 11,880,000 new bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00. All new shares were subscribed for by the Selling Shareholders, with FUTRUE GmbH subscribing for 90% of the newly issued shares and MVH Beteiligungs- und Beratungs-GmbH subscribing for the remaining 10% of the newly issued shares. In turn, the Selling Shareholders contributed their entire shareholdings in each of PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH as contribution in kind. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, on May 8, 2020.

On June 2, 2020, PharmaSGP GmbH, Remitan GmbH and Restaxil GmbH distributed dividends in an aggregate amount of €94.8 million to the Selling Shareholders, resulting in a corresponding decrease of PharmaSGP's cash and cash equivalents. The dividend distributions were financed from available cash reserves.

In April 2020, during the most severe Covid-19 situation in Germany and other European countries, PharmaSGP saw a certain drop in revenues due to a reduction of inventory levels by pharmaceutical wholesalers, although retail demand for PharmaSGP's products remained largely unaffected. In the month of May 2020, orders from wholesalers returned to normal levels.

Following the separation from the FUTRUE Group, the number of employees of PharmaSGP has increased to 53 employees (full-time equivalent) as of the date of this Prospectus, primarily reflecting the hiring of persons that already provided services to PharmaSGP and who were previously employed by the FUTRUE Group. While this development will result in an increase of personnel expenses going forward, the Company believes that it will not have a significant effect on its profitability, given that services charged by the FUTRUE Group are expected to decrease in a corresponding amount.

Except as described above, there have been no significant changes to PharmaSGP's financial position between March 31, 2020 and the date of this Prospectus.

22.2 Trend Information

The pandemic spread of COVID-19, a novel strain of the coronavirus, in recent months has affected all key economies worldwide, including all markets in Continental Europe, disrupted public life and the operations of multiple businesses. The Company has so far not seen a significant negative effect of this pandemic on demand for its OTC products in Continental Europe. The Company is, however not yet in a position to assess the near-term and long-term effects of the COVID-19 pandemic on this market.

PharmaSGP's historic growth has been primarily organic and it aims to continue this successful track record in the years to come. The Company expects that future organic growth will primarily result from:

- the overall growth of the OTC market;
- the increasing trend towards chemical-free OTC and other healthcare products;
- PharmaSGP's continuous investments in growing its existing brand families;
- the launch of new brand families in new therapeutic fields, in particular new health brands;
- PharmaSGP's increasing internationalization efforts, in particular the launches of several health brands in France in 2020; and
- accretive acquisitions, which may serve as a catalyst for PharmaSGP's overall growth as it continuously monitors the market based on a disciplined make-or-buy approach.

Driven by these factors, the Company targets a double digit growth rate *per annum* in the medium term.

For the last two fiscal years, PharmaSGP has been able to achieve an EBIT margin of more than 30%. Although PharmaSGP's EBIT margin may vary from period to period due to changes in its product mix and other factors, the Company targets an EBIT margin at this level by marketing its pharmacy-exclusive premium products and by leveraging PharmaSGP's efficient marketing power and asset-light business model.