Dermapharm Holding SE

ANNUAL REPORT **2024**

Metrics that matter.

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Dermapharm consolidated results at a glance

Consolidated results 5-year overview (IFRS)

		2024	2023	2022	2021	2020
Revenue	EUR million	1,180.8	1,135.4	1,024.8	942.9	793.8
Adjusted EBITDA	EUR million	315.6	310.2	359.8	351.1	200.7
Adjusted EBITDA margin	%	26.7	27.3	35.1	37.2	25.3
Unadjusted EBITDA	EUR million	308.9	280.3	331.3	354.4	184.5
Unadjusted EBITDA margin	%	26.2	24.7	32.3	37.6	23.2
Operating result	EUR million	216.9	182.9	243.7	298.5	136.9
EBT	EUR million	172.0	106.0	216.3	293.0	125.3
Profit or (loss) for the period	EUR million	111.7	60.5	132.6	208.9	85.9
Earnings per share	EUR	2.11	1.16	2.49	3.89	1.59
Dividend proposal	EUR	0.90	0.88	1.05	2.17	0.88
Total assets	EUR million	2,080.0	2,160.7	1,412.8	1,407.0	1,224.4
Equity	EUR million	608.3	545.0	532.5	499.8	324.6
Equity ratio	%	29.2	25.2	37.7	35.5	26.5
Cash and cash equivalents	EUR million	121.3	158.7	151.0	161.4	120.3
Net debt	EUR million	869.4	936.6	367.8	419.7	486.8

Letter to the shareholders

Dr Hans-Georg Feldmeier
Chief Executive Officer

Dear shareholders and stakeholders,

Dermapharm today looks back on yet another successful financial year – the 33rd year in the Company's history. In just three decades, we have established ourselves as one of the fastest-growing mid-sized pharmaceuticals companies with revenue of EUR 1.181 billion. Our Company has matured into a European group without forgetting its origins or what makes it unique. We are authentic, growth-oriented and conscientious. One key to our success is that we manage to stick to what works while remaining open to new ideas. It is in that spirit that we write to you today:

Dermapharm embodies consistency and change – the foundation of our success!

The lodestar of our business model is our sales organisation. Our customers – doctors and pharmacists above all – can rely on the expert advice provided by our employees, as well as on security of supply thanks to "Made in Europe" production and the quality of our products. Proximity to our customers forms the basis for successfully placing new products. We have a track record of doing so through a variety of sales channels in Germany and abroad, which provide the foundation for our organic growth. Our business model, which enables us to exercise control over as many parts of the value chain as possible, also helps us to master the constantly growing challenges better than our competitors. This particularly includes how we handle bureaucratic and regulatory requirements. It goes without saying that we would prefer that there be less red tape and less over-regulation in our markets. Strict authorisation cycles and inconsistent rules across the member states make it difficult to bring our products to the European market quickly and efficiently. On top of this is the increasing price pressure due to government interventions. However, we can proudly state that we are managing to generate growth despite the rising complexity of the market environment. This is thanks to the flexibility, competence and entrepreneurial spirit of our employees in successfully managing more complex conditions. We have seen how vital it is to balance consistency with change, particularly when it comes to our workforce. We have felt the benefit of the fresh ideas and perspectives that 350 new employees and trainees brought to our Company in the past financial year. At the same time, we cherish the stability and expertise of our long-standing staff. This mix of experience and innovation guarantees the success of our growth ambitions and our family-oriented corporate culture.

For that reason, I would like to take this opportunity to address our amazing employees, new and old: Without you, our success would not be possible. My heartfelt and sincere thanks for this.

"The lodestar of our business model is our sales organisation. Our customers – doctors and pharmacists above all – can rely on the expert advice provided by our employees, as well as on security of supply thanks to "Made in Europe" production and the quality of our products."

Dr Hans-Georg Feldmeier *Chief Executive Officer*

In financial year 2024, we began to develop a Group-wide AI strategy. AI is going to change the way we work and help us to optimise our processes. However, there must be rules in place for using AI, for instance so that readers can tell whether a letter to shareholders was written by an AI or by the person signing it.

Technological advances are also taking place with regard to how the Group manufactures and tests its products. For example, we have increased our efficiency in the production of our sterile products through the use of new inspection and packaging systems. In analytical control, the use of state-of-the-art mass spectroscopy has helped us to achieve detection limits for by-products that were considered unattainable only a few years ago.

Today, when developing tablets we are able to simulate properties on a minute scale, thereby saving development time and costs of materials, just to name a few examples. I believe that these changes show that we are on the right track and are well prepared to meet future challenges.

Consistency and change in Dermapharm's segments

Our core business in the Branded pharmaceuticals segment once again demonstrated its strength through organic growth in 2024. I would like to highlight the successful integration of the Austrian company, Montavit, which we managed to turn around from insolvency to a profitable enterprise within a very short space of time. The positive development in allergology and the ongoing internationalisation effort, which is further accelerating our growth, have proven particularly encouraging.

In our Other healthcare products segment, our subsidiary Arkopharma began to recover in the second half of the year, after a difficult first half of the year in France. Initial products from Arkopharma's range now complement and bolster Hübner's portfolio in Germany, with manufacturing operations in France easing pressure on our production facilities in Germany. We are pleased to report that the integration of the company into the Group is going according to plan.

In the parallel import business, after facing down initial challenges, we were able to partially compensate for reductions in revenue in the past year due to portfolio-related increases in health insurance discounts thanks to improved product availability, attractive purchase prices

Adjusted EBITDA margin
26.7%

and a growing market volume. The segment remains a constant in the Group. However, we intend to make some changes in 2025 to improve the profitability of the business. Shifting our medical cannabis products to the site of the parallel import business will add value to the site and create additional prospects.

Strong figures despite challenges

Despite the discontinuation of the vaccine business and the challenging market developments, we achieved our financial targets in 2024, as in the previous year. Consolidated revenue rose to EUR 1,181 million while adjusted EBITDA reached EUR 316 million. The adjusted EBITDA margin was 26.7%, demonstrating the efficiency of our operations and the strength of our diversified portfolio.

Looking ahead – optimism for 2025

This healthy mix of consistency and change leaves us ideally equipped for renewed success this financial year! Our clear strategy, paired with the dedication of our employees, will help us to capitalise on new opportunities and create long-term value for our shareholders.

We would like to thank you for your trust and support!

Grünwald, March 2025

Regards,

Dr Hans-Georg Feldmeier
Chief Executive Officer

Metrics that matter.

For us, financial year 2024 was marked by momentum, challenges and successes. Beyond the conventional financial metrics, there are a wide variety of figures that illustrate the progress we make in a different, but no less meaningful, way – figures which reveal where we stand, as well as how we innovate, conquer markets and grow together. These are the metrics that tell our story for 2024 – in precise and impressive terms – while laying the foundation for future successes. They are metrics that matter.

FINANCES/DERMAPHARM SHARES

When it went public, Dermapharm opted to go for the Prime Standard, the most strictly regulated segment of the German stock exchange – among other reasons because we wanted to make a clear commitment to transparency and reliability. Our aim is to communicate with the capital market and all of our stakeholders as equals and provide them with proactive, comprehensive and transparent information. This is how we earn their trust, which is the basis for a successful share and a stable company.

EUR 42.62
High
(2 January 2024)

EUR 30.15
Low
(30 October 2024)

EUR 38.90
Closing price
(30 December 2024)

4
Roadshows
in 2024

EUR 2,094.4 million
Market capitalisation
(as at 31 December 2024)

EUR 53.84 million
Number of shares

22,641
Share trading volume*

8
Investors' conferences

Key share information

Ticker symbol	DMP
Ticker Symbol Bloomberg	DMP:GR
Ticker Symbol Reuters	DMPG.DE
WKN	A2GS5D
ISIN	DE000A2GS5D8
Number of shares	53.84 Mio.
IPO	09 February 2018
Stock Exchange	Regulated Market (Prime Standard) of the Frankfurt Stock Exchange

1 January 2024 to 31 December 2024; average number of shares

Metrics that matter.

PRODUCT DEVELOPMENT

~400
Active pharmaceutical ingredients

>1,300
Marketing authorisations

> 800
Authorisations for products developed in-house

new

93
Product launches and renewals

53
Development projects

Aside from internationalisation and targeted M&A activities, product development is one of the three core pillars of growth for the Dermapharm Group. We strive for utmost precision and adhere to strict GMP (Good Manufacturing Practice) standards when we develop high-quality branded pharmaceuticals based on formulations of active pharmaceutical ingredients that are no longer protected by patents. At the same time, we are constantly expanding our broadly diversified portfolio to include innovative food supplements, medical devices and cosmetics so that we can meet the growing needs of our customers and continue to drive our sustainable growth.

Metrics that matter.

PRODUCTION

The centrepiece of our production activities is located in Sandersdorf-Brehna, near Leipzig. Our subsidiary mibe GmbH Arzneimittel is headquartered there and has played a significant role in the steady growth of the Dermapharm Group since it was founded 20 years ago. In Brehna, favourable conditions meet state-of-the-art technologies to enable high productivity with uncompromising quality "Made in Germany". We have been similarly well positioned since the acquisition of Arkopharma in Carros near Nice, France, where we produce the majority of our food supplements.

~2 billion
Tablets

> 1 billion
capsules

~40 million
Vials/doses

~16 million
Tubes

~77 million
Sticks

~80 million
Ampoules/syringes

~4.500
Parcels shipped per day

~5.5
Football pitches' worth of logistics space (m^2)

A wide variety of pharmaceutical dosage forms can be produced in Sandersdorf-Brehna, from sterile medicines such as ampoules and freeze-dried products to tablets, coated tablets, capsules, ointments, solutions, drops and sprays.

At Arkopharma in Carros, near Nice, we pool our expertise in food supplements and herbal pharmaceuticals and leverage significant production synergies

MARKETING & DISTRIBUTION

Dermapharm relies on a strong distribution structure in Germany and abroad to successfully market branded pharmaceutical products globally. One particular challenge for marketing and distribution – and at the same time a strength of our teams – lies in successfully implementing the different regulatory and competition law frameworks in the target countries. The merger of the sales organisations in Germany and regular communication with our sales divisions in Europe as well as the rapidly progressing integration of Arkopharma and Montavit create further valuable synergies and ensure even more efficient market cultivation. We are close to our customers – wherever we operate.

191
times around the world: (distance covered by our sales force*)*

> 400,000
Consultations with pharmacies

> 500,000
Consultations with doctors

~ 1,000
Employees in marketing & distribution

* Refers solely to the kilometres travelled by the Allergopharma GmbH & Co. KG, Anton Hübner GmbH & Co. KG, Candoro ethics GmbH, mibe Vertrieb GmbH, Strathmann GmbH & Co. KG and Trommsdorff GmbH & Co. KG sales forces.

Metrics that matter.

EMPLOYEES

Dermapharm's employees are the heart of our company – their commitment, their ideas and their motivation are key drivers of our continued success. As a reliable and attractive employer, we create an environment in which talented people can develop and grow. Whether through targeted training, exciting career prospects or a culture of cooperation – at Dermapharm, people take centre stage.

Ø 3,610
Employees (on average) in total

~60%
Women in our workforce

107
Employees on maternity or parental leave

~45
Average employee age

~ 50%
Female managers in ML1*

113
Trainees in 2024

Trust and value creation are core values of our corporate culture.

Teamwork is the key to our shared success, because only together can we achieve great things.

* First management level: Direct report to the managing director with management responsibility (division management or departement management) and/or authorized.

SUSTAINABILITY/ESG

For Dermapharm, sustainability means combining economic success with environmental and social responsibility. We are committed to environmentally friendly production processes, the efficient use of resources and the reduction of our ecological footprint. At the same time, we create safe, fair and attractive working conditions for our employees and assume social responsibility along the entire value chain. As a company in a forward-looking industry, we actively contribute to improving quality of life and developing sustainable solutions for our own and future generations. Today and tomorrow.

You can find out more about ESG in our separate non-financial Group report 2024.

2,437
Yield from photovoltaic systems (MWh)

3,211
Nominal output from photovoltaic systems (KWh)

9,002
Non-hazardous waste (t)

9,157
Waste in total (t)

Metrics that matter.

To our shareholders

Members of the Board of Management

DR HANS-GEORG FELDMEIER

CEO, PHARMACIST

Dr Hans-Georg Feldmeier holds the position of CEO at Dermapharm. He joined the company in 2003 as project manager and was responsible for the construction of the new production facilities in Brehna. He has been Dermapharm's Chief Production & Development Officer since 2009. Dr Feldmeier began his professional career in 1987 at Berlin Chemie. As Head of Production and Technology, he was instrumental in modernising the company after the fall of the Berlin Wall. He became Head of the Supply Centre at Schering Aktiengesellschaft, Berlin, in 2002.

CHRISTOF DREIBHOLZ

CFO, CCO

Christof Dreibholz has been Chief Financial Officer responsible for Finance, Controlling, Accounting and Taxes since 1 November 2022. As Chief Compliance Officer, he is also responsible for Governance, Risk & Compliance. Christof Dreibholz is a qualified auditor and tax advisor and joined Deloitte in 2002. As a partner, he was responsible for the implementation of financial due diligence projects from 2008. Mr Dreibholz has advised the Dermapharm Group on numerous national and international acquisitions and has been familiar with the structures of the Dermapharm Group for many years.

DR ANDREAS EBERHORN

CMO

Dr Andreas Eberhorn has been Chief Marketing Officer responsible for marketing and sales at Dermapharm since 1 September 2022. He holds a doctorate in biology and has many years of experience in the pharmaceutical industry. From 2014 to 2018, he was responsible for speciality business as a member of the Management Board of Hexal AG. In 2018 he became Country Head at Sandoz Austria and thereafter Head of Retail Cluster II (Rx and OTC) for the European region at Sandoz.

Report of the Supervisory Board on the 2024 financial year

Cooperation between the Board of Management and the Supervisory Board

The Supervisory Board of Dermapharm Holding SE exercised the utmost care in performing its duties in accordance with the law and the Company's Articles of Association in financial year 2024. The focus of our activities was on monitoring and advising the Board of Management. The Board of Management provided us with continuous and comprehensive information, both verbally and in writing. Urgent and important business transactions were also discussed and approved between meetings.

Personnel changes on the Board of Management and the Supervisory Board

Board of Management

There were no changes to the Board of Management of Dermapharm Holding SE in financial year 2024.

Supervisory Board

There were no changes to the Supervisory Board in the reporting period.

Work of the Supervisory Board in financial year 2024

The Supervisory Board met five times during financial year 2024, in some cases in person and in others virtually. All members participated in full, which corresponds to an attendance rate of 100%.

Although the members of the Board of Management occasionally attended meetings of the Supervisory Board, the Supervisory Board also convened meetings without members of the Board of Management present. The Chairman of the Supervisory Board attended a number of the meetings of the Board of Management.

The Supervisory Board used its meetings to discuss any and all matters relating to the Company. As a preparatory measure, the Supervisory Board received reports from the Board of Management about the current state of the Group's business prior to meetings.

The topics discussed at the meetings included:

- Strategic orientation and corporate planning
- Business development and position of the Company
- Competitive environment and market developments
- Integration of Arkopharma and Montavit
- Sustainability and ESG matters

Detailed overview of meetings

- 8 February 2024: Adoption of 2024 Declaration of Conformity
- 22 March 2024: Approval of the 2023 annual and consolidated financial statements
- 6 May 2024: Resolutions on Board of Management remuneration and the Annual General Meeting agenda
- 19 September 2024: Discussion of the 2024 half-yearly financial report
- 19 December 2024: Consultation on the course of business in 2024 and the 2025 budget

Committees

Because the Supervisory Board consists of only three members, the Supervisory Board simultaneously performs the tasks of an audit committee. Beyond this, the Supervisory Board has not formed any committees. The issues of the Audit Committee were also discussed at the Supervisory Board meetings. Monitoring duties of particular note included:

- Accounting process and audit of financial statements
- Internal control, risk management and internal audit system
- Compliance management system

Corporate Governance

The Supervisory Board continuously monitors corporate governance practice, based on the recommendations of the German Corporate Governance Code. The annual Declaration of Conformity was submitted and made publicly available in February 2024. There were no conflicts of interest in the past financial year.

Professional development

The members of the Supervisory Board take part in training and development programmes on their own responsibility and are supported by the Company.

Remuneration of the Supervisory Board

The members of the Supervisory Board each received fixed remuneration of EUR 80,000 for their activities in the 2024 financial year.

Audit of the annual and consolidated financial statements

The members of the Supervisory Board received the above documents, the auditor's respective long-form audit report and the Board of Management's recommendation on the appropriation of the net earnings in due time. The Supervisory Board examined these at its meeting on 27 March 2025. The auditor was present at this meeting and reported on the material audit findings. Upon completion of its own examination, the Supervisory Board concurred with the auditor's findings and did not raise any objections to the annual financial statements, consolidated financial statements, the combined management report or the recommendation on the appropriation of the net earnings for financial year 2024 prepared by the Board of Management. Following the review of the Board of Management's proposal on the appropriation of net earnings, which was conducted on 27 March 2025 and included a discussion with the auditor, the Supervisory Board agreed with and approved the Board of Management's proposal for the appropriation of net earnings. The proposal included a full distribution of the unappropriated net earnings of EUR 48,456,000. The annual financial statements are therefore adopted.

Furthermore, the auditor also audited the dependent company report prepared by the Board of Management of Dermapharm Holding SE required by § 312 of the German Stock Corporation Act (Aktiengesetz, "AktG"). The audit did not give rise to any objections. The auditor issued the following unqualified auditor's report:

"In our opinion and in accordance with our statutory audit, we certify that

1. the factual disclosures provided in the report are correct,
2. the Company's consideration concerning legal transactions referred to in the report was not unduly high or any disadvantages were compensated for, and
3. there are no circumstances in respect of the measures specified in the report that would give rise to an opinion materially different from that of the Management Board."

The members of the Supervisory Board also received the Board of Management's dependent company report and the auditor's corresponding audit report in due time. The Supervisory Board examined these at its meeting on 27 March 2025. The Supervisory Board's examination of the dependent company report did not give rise to any objections. The Supervisory Board therefore concurred with the auditor's findings and, upon completion of its examination, the Supervisory Board did not raise any objections to the concluding declaration by the Board of Management in the dependent company report.

Examination of the separate non-financial report

The members of the Supervisory Board also received the Board of Management's separate Group non-financial report in due time. The Supervisory Board examined this at its meeting on 27 March 2025. The Supervisory Board's examination of the separate Group non-financial report did not give rise to any objections. Upon completion of its examination of the Board of Management's separate Group non-financial report, the Supervisory Board did not raise any objections.

Acknowledgements

The Supervisory Board wishes to thank the Board of Management for its unfailing open and constructive cooperation. We would also like in particular to thank our employees for their hard work in a challenging 2024 financial year. We wish the Board of Management and employees continued success.

Grünwald, March 2025

Wilhelm Beier
Chairman of the Supervisory Board

Dermapharm at a glance

COMPANY PROFILE

Branded pharmaceuticals for successful treatment plans

Dermapharm Holding SE (together with its subsidiaries, associates and equity investments referred to as "Dermapharm" or the "Group") is a fast-growing manufacturer of branded pharmaceuticals for selected therapeutic areas in Germany. The product range covers prescription pharmaceuticals (Rx), over-the-counter (OTC) products, medical devices, food supplements and cosmetics. Roughly 70% of the German brand portfolio (by value) consists of original compounds which no longer enjoy patent protection and other patent-free compounds for which there are few to no competitors on the market. Founded in 1991, the Group is based in Grünwald, near Munich. Dermapharm operates five of its own development centres and high-capacity production facilities in Europe, primarily in Germany – a clear reflection of its commitment to Europe's reputation as a manufacturing powerhouse. Dermapharm produces more than 90% of its pharmaceuticals using its own resources at its own facilities. mibe GmbH Arzneimittel ("mibe") is based in Sandersdorf-Brehna, near Leipzig – one of the Group's key manufacturing locations and its core logistics centre. Dermapharm's proven expertise in product development enables it to develop, manufacture and market a wide range of branded pharmaceuticals based on formulations of active pharmaceutical ingredients that are no longer protected by patents. Its portfolio currently comprises roughly 400 (previous year: > 400) active pharmaceutical ingredients, with more than 1,300 (previous year: > 1,300) marketing authorisations resulting. Together with the growing portfolio of other healthcare products such as food supplements, medical devices and cosmetics, the Group offers a broad product range that makes Dermapharm unique and resilient to crises. One of the Group's key strengths is the in-house product development, in-house production in accordance with the Good Manufacturing Practice (GMP) standard and distribution of pharmaceuticals for specifically targeted markets by a trained pharmaceutical sales force. Dermapharm's "Made in Europe" quality seal and an integrated business model have helped it to achieve a strong track record for developing and marketing new pharmaceuticals and other healthcare products. More than 800 (previous year: > 800) national and international marketing authorisations have already been obtained as a result of in-house research and development. By ensuring that entire value chain – from purchasing through production down to logistics and distribution – is covered in-house, Dermapharm streamlines internal processes and creates synergies for the Group. These efficiency gains reduce production and logistics costs, which leads to an increase in profit margins.

Aside from its core business, Dermapharm also focuses on the attractive growth market for other healthcare products, which includes herbal extracts, food supplements and medical devices. The French company Arkopharma joined the segment in January 2023. Arkopharma is the market leader for phytotherapeutic food supplements in France and is one of the top 25 market players in Spain, Belgium and Portugal. The company is also represented by subsidiaries in Italy, the Netherlands and Switzerland. The Spanish company, Euromed, is positioned as the market leader for the production and development of herbal extracts. This is reported in the "Other healthcare products" segment along with the pollen extracts of the Swedish company Cernelle. This segment also includes mibeTec's hyperthermic medical devices, the portfolio of herbal pharmaceuticals and food supplements and cosmetics from Anton Hübner, Hübner Naturarzneimittel and Melasan in Austria. The segment furthermore includes Candoro ethics. Candoro ethics is the market leader for herbal and synthetic dronabinol in Germany and Austria, with a focus on developing, manufacturing and marketing medicinal cannabis.

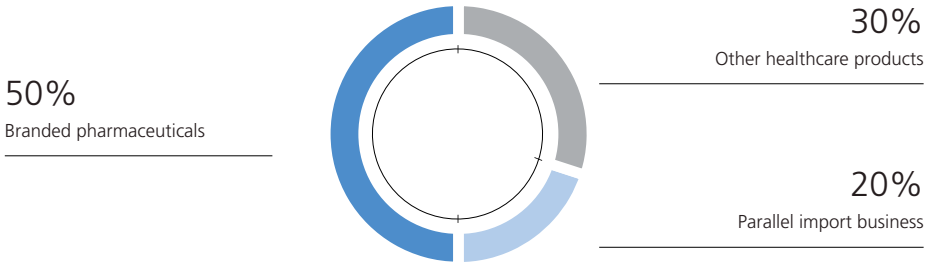
Dermapharm has been operating an established parallel import business via the subgroup managed by axicorp since 2012. axicorp imports originator pharmaceuticals from other EU Member States and distributes them to pharmaceuticals wholesalers and pharmacies in Germany. This enables axicorp to benefit from the different pricing structures in the individual EU member states. In terms of revenue, axicorp was one of the six largest parallel importers in Germany in the 2024 financial year and thus held a significant market position in this segment.

Attractive product mix

Dermapharm's steadily growing product portfolio includes renowned brands such as Dekristol®, Keltican® and Tromcardin® complex and focuses primarily on specialised niche markets. These often feature high barriers to entry and thus fewer competitors. Dermapharm holds a significant market share in each of these markets. With a mix of high-growth products and stable products which doctors and pharmacies use as standard therapies, Dermapharm has a market presence with an attractive and diverse portfolio. This portfolio includes vitamins, minerals and food supplements as well as products focusing on the core therapeutic fields of dermatology, allergology, pain and inflammation, cardiovascular support and gynaecology and urology. The Group offers compounds with some 400 different active pharmaceutical ingredients in varying strengths and dosage forms. This allows the Group to offer doctors and pharmacists different custom solutions for individual medical treatment needs.

Dermapharm also offers a wide range of herbal extracts, food supplements and cosmetics. Dermapharm has developed an attractive product category within and beyond the pharmacy business with our patented medical devices manufactured by mibeTec, such as bite away® and Herpotherm®.

Breakdown of revenue



Through Allergopharma GmbH & Co. KG ("Allergopharma"), the Group is active in the allergology therapeutic area and thus has valuable expertise in specific subcutaneous immunotherapy for allergies. The acquired portfolio covers a broad selection of high-dosage, hypoallergenic preparations, known as allergoids, as well as allergens for diagnostic testing.

Looking beyond its successful presence on the home market of Germany, Dermapharm is also systematically pursuing a strategy of internationalisation. Dermapharm successfully operates its own branches in Austria, Switzerland, Italy, Spain, Croatia, Poland and Ukraine. Moreover, Dermapharm has formed a subsidiary in the United States to drive forward the international distribution of its hyperthermic medical devices. The acquisition of the Arkopharma Group ("Arkopharma"), the market leader for phytotherapeutic food supplements in France, also represented a significant contribution to the ongoing internationalisation of the Group. In addition to the French market, Arkopharma gives Dermapharm access to Portugal, Belgium and the Netherlands. Arkopharma's portfolio covers the therapeutic areas of phytotherapy (products such as Arkogélules/Arkofluides), hair and beauty (Forcapil®), fatigue and energy (Azinc/Arkovital®), sleep and stress (Arkorelax®), immunity (Arkoroyal®), urinary comfort (Cys-Control®) and joints (Chondro-Aid®).

Systematic growth strategy

In-house product development

Dermapharm develops pharmaceuticals and other healthcare products in its core therapeutic areas at five corporate locations. Development and authorisation activities, including the designing and sponsoring of clinical trials, are carried out here by experienced experts. Once authorisation is granted, newly developed products are generally put into production in-house. In total, the Group manufactures about 90% of the pharmaceutical product portfolio itself. The focal points of the development work are:

- Expanding the portfolio of off-patent branded pharmaceuticals in dermatology
- Further developing allergy therapy product range
- Developing science-based food supplements
- Developing new phytoextracts
- Further developing the medical device range

Internationalisation

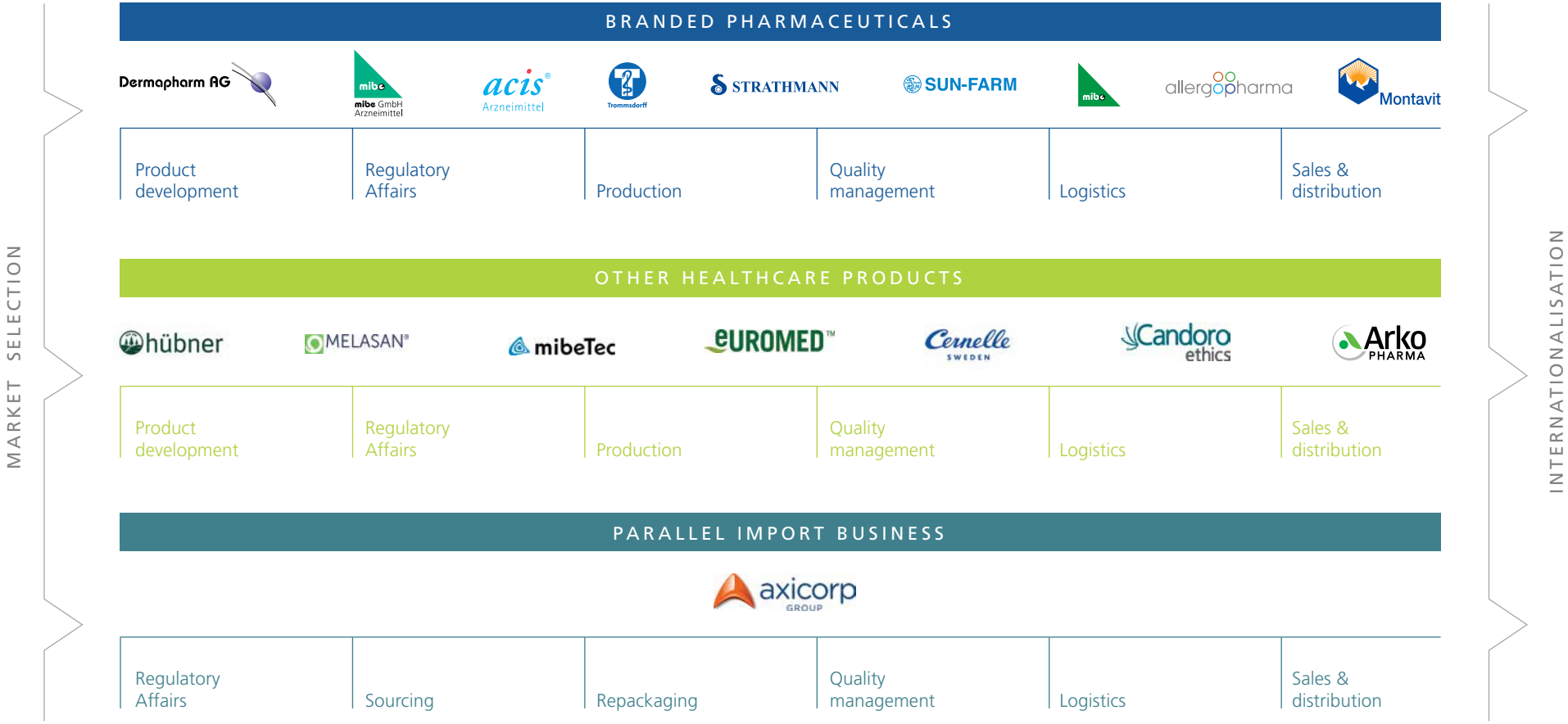
The Group has been operating in Austria, Switzerland, Croatia, Poland and Ukraine for many years now. The Group founded subsidiaries in Italy and Spain in order to further expand sales of branded pharmaceuticals and other healthcare products. Country-specific portfolios are formed/developed based in each case on detailed analysis of market conditions, with compounds developed and manufactured by the Group in particular receiving marketing authorisation. In addition, Dermapharm leverages the previously established foreign branch offices and distribution channels of the companies it acquires as well as their sales force and distribution network to sell and market Dermapharm products. This enables the Group to gradually enlarge its portfolio and the respective sales and distribution structures as it expands into new markets. For instance, Dermapharm is expanding into other countries in Europe, Asia and the Americas with its CE-certified and internationally patented medical devices bite away® and Herpotherm®. The acquisition of Arkopharma has enabled Dermapharm to significantly expand its international footprint. Thanks to this acquisition, the Group for the first time has access to the French market and also leverages Arkopharma's international distribution network primarily on the Iberian peninsula, in the Benelux countries and in Italy. Furthermore, the acquisition of Arkopharma will generate valuable cross-selling effects and synergies for Dermapharm by opening up new sales opportunities in Western and Southern Europe and allowing the Arkopharma sales force to be utilised specifically for the sale of its own products. Aside from strengthening its international presence, the Arkopharma deal enabled Dermapharm to acquire additional know-how regarding the manufacturing of herbal pharmaceuticals, thereby creating synergies with other Group companies.

Dermapharm's international strategy also leaves its mark on the marketing and sale of own products via distributors in other European countries, as well as in China, Taiwan, Canada and Australia.

M&A activities

Acquiring individual products, portfolios and companies has always been a vital part of Dermapharm's business strategy and a key success factor for its continued growth. Since its formation in 1991, the Group has steadily expanded its product offering through successful acquisitions in Germany and abroad. This includes, for instance, the acquisition of attractive patented medical devices and manufacturers of pharmaceuticals, which complement Dermapharm's portfolio ideally and expand its offering in growth markets. A key objective of such acquisitions is to specifically increase the potential of the newly acquired companies by optimising processes and integrating them into Dermapharm's existing production and logistics structures. In addition to France-based Arkopharma, the most recent acquisitions included a significant interest in Montavit, an Austrian company specialising in pharmaceuticals and medical devices for the therapeutic areas of urology, gynaecology and allergology as well as herbal pharmaceuticals. The Group continually reviews specific growth opportunities and pursues promising acquisition options that fit its strategic alignment.

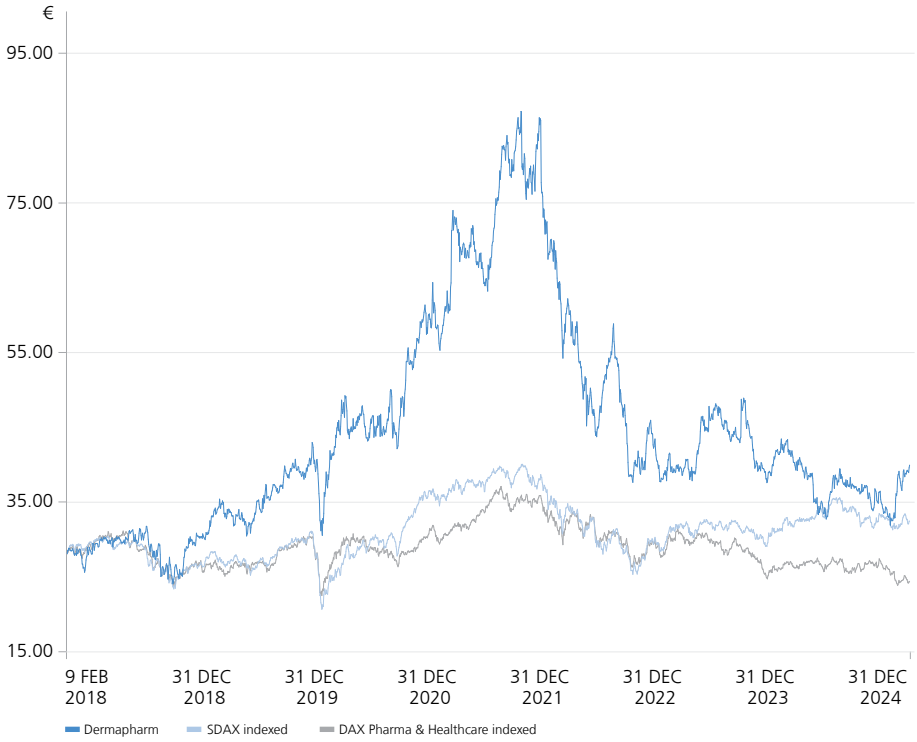
The integrated business model of the Dermapharm Group



INTEGRATED BUSINESS MODEL Dermapharm boasts a fully integrated business model that covers the entire value chain from purchasing, through research and development, down to in-house manufacturing capacities, marketing and sales. Dermapharm manufactures 90% of the products itself. .

Dermapharm Holding SE shares

Dermapharm Holding SE shares (XETRA, indexed)



Share price performance

The SDAX small cap index started 2024 at 13,821 points. This was followed by a longer upward trend for both the SDAX and the global indices, to reach a high for the year of 15,246 points on 5 June 2024. Meanwhile, the postponement of the Fed's planned interest rate cuts increased the pressure on the SDAX. In the months that followed, the index experienced a downward trend. This showed that the recession in Germany had not left the 70 small caps listed on the SDAX unscathed and that the ECB's interest rate cuts were not able to lift investor sentiment in the long term. In August, the index slipped below 13,000 points. The main reason for this was a weak US labour market report, which had a negative impact on technology stocks in particular. The situation in the Middle East also weighed on the markets. The index was volatile in the final quarter and closed 2024 at 13,711 points, which corresponds to a decline of 0.8%. The DAX developed in the opposite direction, recording growth of almost 20%. Smaller companies faced particular challenges on the German stock market that did not affect the DAX 40 companies to the same extent. The 40 largest companies in Germany were less dependent on domestic economic trends, as they generated a large proportion of their revenue abroad, where economic growth outpaced growth in the domestic market. The DAX sector All Pharma & Healthcare was down 15% over the year 2024.

Dermapharm Holding's shares started the year at EUR 42.62 on 2 January 2024, which was also the high for the year. Despite the publication of robust preliminary figures for the 2023 financial year, the share price fell over the next four months to reach a low of EUR 30.80. The shares then gained momentum, reaching a high of EUR 39.20 in June. The main influencing factors were successful Q1 figures featuring strong organic growth in the core markets. The second half of the year was mixed, with a low for the year of EUR 30.15 at the end of October. It was not until the publication of the Q3 report that the share price rose sharply by 29% towards the end of the year, resulting in a closing price of EUR 38.90.

The shares at a glance (XETRA)

High (02 January 2024)	EUR 42.62
Low (30 October 2024)	EUR 30.15
Closing Price (30 December 2024)	EUR 38.90
Trading volume (1 January 2024 to 31 December 2024, average number of shares)	22,641 shares
Market capitalisation (as at 31 December 2024)	EUR 2,094.4 million

General information

German Securities Code (WKN)	A2GS5D
ISIN	DE000A2GS5D8
Ticker symbol	DMP
Type of shares	No-par value ordinary bearer shares
Initial listing	9 February 2018
Number of shares	53.84 million
Stock exchange	Regulated Market (Prime Standard) of the Frankfurt Stock Exchange
Analysts	Gerhard Orgonas, Berenberg Stephan Wulf, ODDO BHF Fabian Piasta, Jefferies Harald Hof, mwb research Marietta Miemietz, Pareto Securities
Designated Sponsor	M.M. WARBURG & CO

The majority (73.4%) of the no-par value shares are held by Themis Beteiligungs-Aktiengesellschaft. A total of 26.6% of the shares in Dermapharm Holding SE are in free float as defined by Deutsche Börse (as of December 30, 2024). With the exception of treasury shares, this includes all holdings below 5%.

For detailed information on our Company and the shares, please visit our investor relations website at https://ir.dermapharm.de.

IR activities

By selecting the Prime Standard, Dermapharm Holding SE deliberately opted for Deutsche Börse's most strictly regulated segment when it went public. We strive to communicate transparently with all capital market participants. This includes providing our investors with the latest information by regularly publishing financial reports in both German and English as well as any Company-related disclosures in a timely manner.

Dermapharm regularly participates in investor conferences, roadshows and both group and one-on-one meetings as part of its ongoing investor relations activities, and maintains close dialogue with existing and prospective shareholders. The members of the Board of Management took part in a total of four roadshows in financial year 2024 (in person), and attended eight national and international investor conferences (in person and virtual), including the Commerzbank & ODDO BHF Corporate Conference 2024 in Frankfurt, the Berenberg European Conference 2024 in New York and Pennyhill/London, the Berenberg & Goldman Sachs Conference in Munich and the Jefferies Healthcare Conference in London.

In addition, Dermapharm attended the Deutsches Eigenkapitalforum in November 2024.

2024 Annual General Meeting

On 27 June 2024, Dermapharm Holding SE held its 2024 Annual General Meeting at Forsthaus Wörnbrunn in Grünwald, near Munich. A total of 90.34% of the share capital was in attendance. All agenda items were approved with a large majority.

At the Annual General Meeting, the Board of Management and the Supervisory Board each gave an overview of the extremely successful 2024 financial year, providing insights into the macroeconomic factors, success factors and specific action taken. Dermapharm successfully maintained its growth trend as it significantly increased revenue. Accordingly, the Annual General Meeting ratified the actions of the Board of Management and of the Supervisory Board for financial year 2024 by a large majority. The Annual General Meeting followed the Board of Management's recommendation to distribute a dividend of EUR 0.88 per no-par value share. Grant Thornton AG Wirtschaftsprüfungsgesellschaft was engaged as the auditor for the 2024 financial year.

The detailed results of the voting for each agenda item are available in the Annual General Meeting section of the Company website https://ir.dermapharm.de.

2025 financial calendar

Publication of 2024 Annual Report	28 March 2025
Publication of Q1 Quarterly Report	15 May 2025
Annual General Meeting	26 June 2025
Publication of 2025 Half-Yearly Financial Report	26 August 2025
Publication of Q3 Quarterly Report	13 November 2025

Combined management report

Combined management report on the situation of the Company and of the Group for financial year 2024

1. Information about the Group

1.1 Business model and strategy

Business model

Dermapharm Holding SE (together with its subsidiaries, associates and equity investments referred to as "Dermapharm" or the "Group") is an innovative and fast-growing manufacturer of branded pharmaceuticals and other healthcare products in Germany and elsewhere in Europe. The Company focuses on the three segments "Branded pharmaceuticals", "Other healthcare products" and "Parallel import business". The Group's strategy is to achieve the deepest-possible integration of its business model as well as dynamic growth centred on the development of new products, increasing internationalisation and targeted M&A activities across selected segments.

To the extent possible, Dermapharm uses its own resources to develop, manufacture and market its products. The Group leverages the reputations of Germany and other European countries as manufacturing powerhouses and the quality associated with products manufactured there.

Branded pharmaceuticals

By pursuing a targeted acquisition strategy together with in-house product development, the Group has built up a broad product portfolio of branded pharmaceuticals in profitable niche markets. The extensive range of pharmaceuticals comprises roughly 400 (previous year: > 400) active pharmaceutical ingredients and more than 1,300 (previous year: > 1,300) national and international marketing authorisations. Dermapharm manufactures the majority of its pharmaceuticals in-house and markets them through its own distribution organisation.

At the core of our activities, we partner with and advise doctors and pharmacists in the interest of patients – while ensuring compliance at all times. The Group's product portfolio covers a broad spectrum of groups of active ingredients in varying dosage forms and strengths. This allows Dermapharm to offer bespoke therapeutic concepts for the widest variety of medical needs. According to the market research firm INSIGHT Health, the Group is Germany's market leader by sales for prescription dermatologics as well as for prescription vitamins, for instance with the vitamin D compound Dekristol® 20,000 I.U. Beyond this, the Company has a portfolio of strong brands in other selected therapeutic areas such as vitamins/minerals/food supplements, dermatology, allergology, pain and inflammation, cardiovascular support and gynaecology and urology. According to INSIGHT Health, Keltican®, Tromcardin® complex and Ketozolin® are leading brands in their respective therapeutic areas.

Dermapharm (in cooperation with BioNTech) also maintains production capacities for vaccine filling at its Sandersdorf-Brehna location in the context of a pandemic preparedness programme in Germany.

The Austrian company Montavit has supplemented Dermapharm's product portfolio since July 2023, in particular in the therapeutic areas of allergology as well as gynaecology and urology. Montavit has been considered a pioneer in catheter gels since the 1970s, and is the market leader in Austria and other European markets with its "Cathejell" brand products.

Other healthcare products

Dermapharm bundles its activities relating to the manufacture and marketing of food supplements, cosmetics and herbal extracts under its "Other healthcare products" segment.

Arkopharma, the market leader for phytotherapeutic food supplements in France, has been part of this segment since January 2023. Through Arkopharma, Dermapharm has made its first move into the French market and in doing so is stepping up its internationalisation efforts in western and southern Europe, where Arkopharma has subsidiaries in countries such as Spain, Portugal, Italy, Belgium, the Netherlands and Switzerland.

Through Spanish subsidiary Euromed, Dermapharm also has access to a leading manufacturer of standardised herbal extracts for the production of pharmaceuticals, cosmetics and food supplements. The herbal raw materials are processed in part using patented methods. A B2B distribution model is used to market the products in some 50 countries.

This segment also includes the Swedish company Cernelle, which the Group acquired in November 2021. Cernelle manufactures the only pollen extract with medical approval to treat benign prostate hyperplasia and chronic prostatitis.

Candoro ethics is a market leader in Germany and Austria that develops, produces and distributes natural and synthetic dronabinol. This active ingredient is sold as an active substance to pharmacies, which use it to make compounds for use in pain and palliative medicine, oncology and neurology.

Dermapharm has also been producing and selling food supplements, herbal pharmaceuticals and cosmetics for many years now through Anton Hübner, Hübner Naturarzneimittel and Melasan.

Parallel import business

Dermapharm operates its parallel import business under the "axicorp" brand. The business model is based on legal regulations under the German Social Security Code (Sozialgesetzbuch), and exploits price differences within the European Union's internal market for prescription originator pharmaceuticals in favour of Germany's statutory health insurance system.

axicorp has specialist expertise for procuring these originator pharmaceuticals from other EU Member States. The products are then manufactured at the company's facilities in Friedrichsdorf in accordance with the requirements of the German market. For sales purposes, the company employs direct marketing activities at its own call centre.

According to INSIGHT Health, axicorp was Germany's sixth-largest parallel importer in terms of gross revenue in financial year 2024 and it covered the majority of the prescription originator pharmaceuticals available on the German parallel import market.

Strategy

Dermapharm intends to continue building on its positive performance of recent years and further expand the strong position of the three segments by systematically leveraging organic and external growth opportunities.

The Group's growth strategy is based on three pillars:

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

In order to expand the range of the product portfolio, the Dermapharm Group continually strives to develop additional branded pharmaceuticals and other healthcare products and launch them on the market. Dermapharm's product pipeline currently comprises roughly 53 ongoing development projects involving new products for the defined niche markets. The focal points of the development work are:

- Expanding the portfolio of off-patent branded pharmaceuticals in dermatology
- Further developing allergy therapy product range
- Developing science-based food supplements
- Developing new phytoextracts
- Further developing the range of medical devices

The Group is expanding its international presence both by forming its own start-up subsidiaries abroad and by acquiring new companies with an international presence. Country-specific portfolios are formed/developed based in each case on a detailed analysis of market conditions, with compounds developed and manufactured by the Group in particular receiving marketing authorisation.

Acquiring new products, portfolios and companies has been part of the Group's business strategy ever since the Company was formed in 1991. Dermapharm's particular strength lies not just in its ability to successfully integrate these acquisitions into the Group structure, but also to continually foster their further development.

Most recently, Dermapharm acquired the France-based Arkopharma, a market leader for phytotherapeutic food supplements in France, and a significant interest in Montavit, an Austrian company specialising in pharmaceuticals and medical devices for the therapeutic areas of urology, gynaecology and allergology as well as herbal pharmaceuticals.

Dermapharm will continue to regularly review growth opportunities and pursue strategic options that fit our corporate strategy.

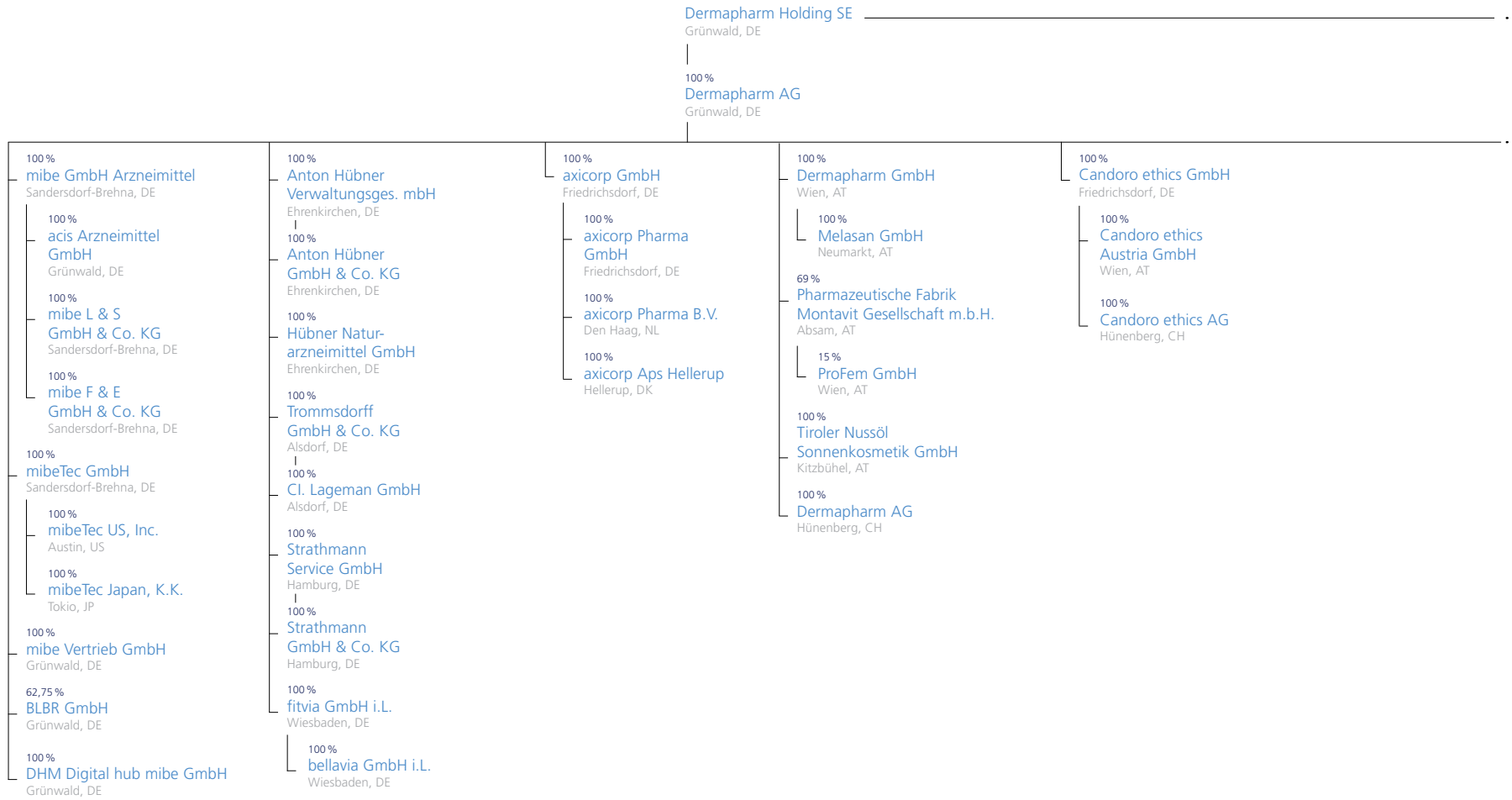
1.2 Group structure and interests

Dermapharm Holding SE holds 100% of the shares in Dermapharm AG and Dermapharm Beteiligungs GmbH, which carry out the Group's operating business alongside various subsidiaries.

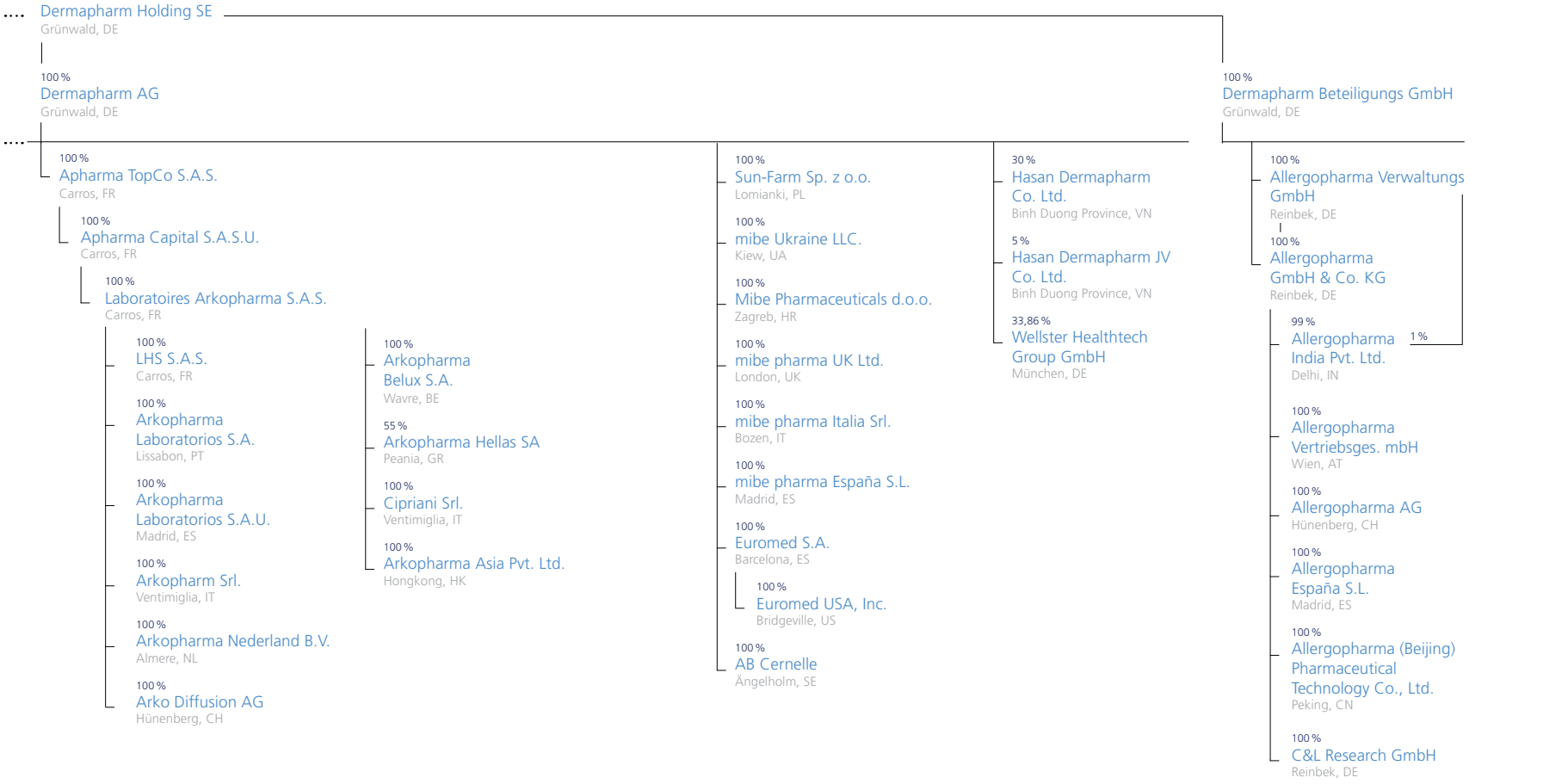
The group of companies consolidated by Dermapharm Holding SE includes all companies whose financial or business policies the Company controls directly or indirectly. In addition, Dermapharm Holding SE owns shares in associates over whose financial and business policies it exerts significant control.

The following Group structure shows the direct and indirect subsidiaries, as well as associates and equity investments as at 31 December 2024.

Dermapharm Holding SE Group organisational chart



Dermapharm Holding SE Group organisational chart (continued)



1.3 Sites and employees

Dermapharm operates development, production, and distribution sites in Germany – its largest sales market – as well as further sites in Austria, Switzerland, France, Italy, Spain, Portugal, the Netherlands, Belgium, Croatia, Poland, Ukraine, Sweden, the United States and China.

The majority of all compounds from the "Branded pharmaceuticals" segment are manufactured at and dispatched from mibe's central production and logistics centre in Sandersdorf-Brehna. mibe is also responsible for centralised purchasing and for product supply to the domestic subsidiaries. The production facilities of acquired companies have become increasingly important in recent years. These facilities have been modernised – in particular their IT, building technology, equipment and fittings, and integrated into the network centred on the logistics centre in Sandersdorf-Brehna.

The "Parallel import business" segment is headquartered at the Friedrichsdorf site.

Candoro ethics, which is allocated to the "Other healthcare products" segment, relocated from its former sites in Neumarkt in der Oberpfalz and Frankfurt am Main Höchst to Friedrichsdorf as at the end of financial year 2023. Arkopharma, which was acquired in 2023, has its production facility in Carros, which is near Nice in France. Euromed has its own production facilities in Molina de Segura, Murcia, Spain, and Mollet del Vallès, Barcelona, Spain, and operates a drying facility in Okeechobee, Florida, United States. The Swedish company Cernelle manufactures its products in Ängelholm.

In Germany, a sales force with specialist pharmaceutical training visits pharmacies, registered doctors and clinics to promote and distribute branded pharmaceuticals. Candoro ethics also employs a specially trained sales force to market and distribute its products. Depending on the areas of product application, the sales force is deployed specifically according to the defined customer target groups. Euromed's herbal extracts are sold primarily under a B2B business model. Products in the "Parallel import business" segment are distributed primarily through direct sales from a call centre.

Qualified employees are the basis for Dermapharm's long-term commercial success. In the first half of financial year 2024, an average of 3,610 employees worked for the Group (previous year: 3,497 employees).

Dermapharm locations*

AMERICAS

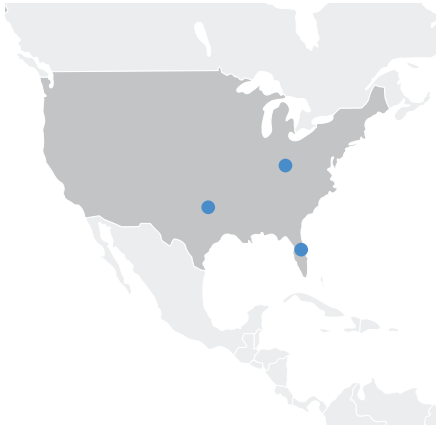
USA

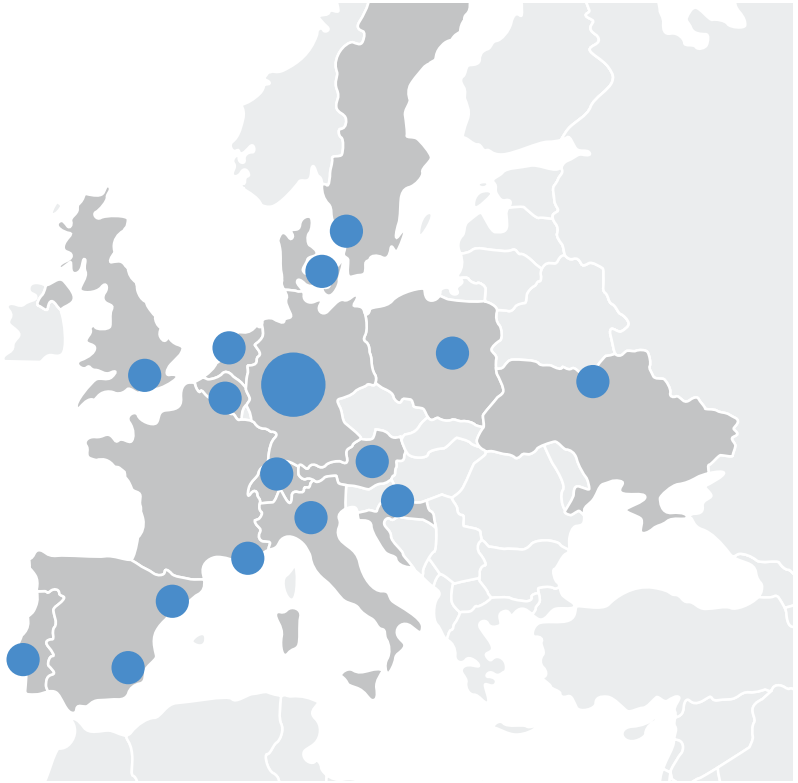
EUROPE

Germany
Austria
Switzerland
France
United Kingdom
Italy
Spain
Belgium
Netherlands
Sweden
Croatia
Portugal
Poland
Ukraine
Denmark

ASIA

Japan
Vietnam
China





All locations online:
> https://ir.dermapharm.de/en/company/

Group organisational chart > page 29

Locations* worldwide
with a focus on **Europe**
Headquarters in **Germany**

* direct, indirect subsidiaries and associates, equity interests

Dermapharm locations*

AMERICAS

USA:

Euromed USA Inc., Bridgeville, PA

mibeTec US, Inc., Austin, TX

Euromed USA Inc., Okeechobee, FL

EUROPE

Germany:

Dermapharm Holding SE, Grünwald

Dermapharm AG, Grünwald

Dermapharm Beteiligungs GmbH, Grünwald

acis Arzneimittel GmbH, Grünwald

mibe GmbH Arzneimittel, Sandersdorf-Brehna

mibe L&S GmbH & Co. KG, Sandersdorf-Brehna

mibe F&E GmbH & Co. KG, Sandersdorf-Brehna

mibe Vertrieb GmbH, Grünwald

mibeTec GmbH, Sandersdorf-Brehna

BLBR GmbH, Grünwald

Digital Hub mibe GmbH, Grünwald

Anton Hübner Verwaltungs. mbH, Ehrenkirchen

Anton Hübner GmbH & Co. KG, Ehrenkirchen

Hübner Naturarzneimittel GmbH, Ehrenkirchen

Trommsdorff GmbH & Co. KG, Alsdorf

CI. Lageman GmbH, Alsdorf

Strathmann Service GmbH, Hamburg

Strathmann GmbH & Co. KG, Hamburg

fitvia GmbH i.L., Wiesbaden

bellavia GmbH i.L., Wiesbaden

axicorp GmbH, Friedrichsdorf

axicorp Pharma GmbH, Friedrichsdorf

Candoro ethics GmbH, Friedrichsdorf

Wellster Healthtech Group GmbH, Munich

Allergopharma Verwaltungs GmbH, Reinbek

Allergopharma GmbH & Co. KG, Reinbek

C&L Research GmbH, Reinbek

Austria:

Dermapharm GmbH, Vienna

Melasan GmbH, Neumarkt

Pharmazeutische Fabrik Montavit Gesellschaft m.b.H., Absam

ProFem GmbH, Vienna

Tiroler Nussöl Sonnenkosmetik GmbH, Kitzbühel

Candoro ethics Austria GmbH, Vienna

Allergopharma Vertriebsges. mbH, Vienna

Switzerland:

Dermapharm AG, Hünenberg

Allergopharma AG, Hünenberg

Candoro ethics AG, Hünenberg

Arko Diffusion AG, Hünenberg

France

Apharma TopCo S.A.S., Carros

Apharma Capital S.A.S.U, Carros

Laboratoires Arkopharma S.A.S., Carros

LHS S.A.S., Carros

Spain:

Euromed S.A., Barcelona

Allergopharma España S.L., Madrid

mibe pharma España S.L., Madrid

Arkopharma Laboratorios S.A.U., Madrid

Italy:

mibe pharma Italia Srl., Bozen

Arkopharma Srl., Ventimiglia

Cipriani Srl., Ventimiglia

Croatia:

mibe Pharmaceuticals d.o.o., Zagreb

Portugal

Arkopharma Laboratorios S.A., Lisbon

Greece

Arkopharma Hellas S.A., Paiania

Ukraine:

mibe Ukraine LLC., Kyiv

Poland:

Sun-Farm Sp. z o.o., Łomianki

Belgium:

Arkopharma Belux S.A., Wavre

Netherlands:

axicorp Pharma B.V., The Hague

Arkopharma Nederland B.V., Almere

United Kingdom:

mibe Pharma UK Ltd., London

Denmark:

axicorp ApS, Hellerup

Sweden

AB Cernelle, Ängelholm

ASIA

Japan:

mibeTec Japan K.K., Tokyo

Vietnam:

Hasan Dermapharm Co. Ltd., Binh Duong Province

Hasan Dermapharm JV Co., Ltd, Binh Duong Province

People's Republic of China:

Allergopharma (Beijing) Pharmaceutical Technology Co., Ltd., Beijing

Hong Kong

Arkopharma Asia Pvt. Ltd.

= Administrative offices

= Production facilities

* direct, indirect subsidiaries and associates, equity interests

1.4 Management system and performance indicators

At the Group level, Dermapharm is divided into three segments: "Branded pharmaceuticals", "Other healthcare products" and "Parallel import business". The Board of Management approves objectives for use in the business planning and management of the segments. These objectives are translated into specific, measurable targets based on budget projections which are prepared annually for a period of five years (the first three of which being subject to approval by the Supervisory Board).

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

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

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

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

	Profit or loss for the period
+	Income tax expenses
=	Earnings before taxes (EBT)
+	Financial expenses
–	Financial income
+	Depreciation, amortisation, and reversals of write-downs
=	**EBITDA**

1.5 Research and development

Dermapharm is convinced that a growth strategy cannot succeed without investing in research and development. New products "Made by Dermapharm" are the key to driving forward the Group's internationalisation and organic growth.

Dermapharm consequently targets its efforts on developing compounds in its core therapeutic areas using active pharmaceutical ingredients that are generally no longer subject to intellectual property rights. However, Dermapharm is also investing in new patented therapies in the field of hyperthermic products.

In total, the Group operates five development centres: mibe F&E GmbH & Co. KG in Sandersdorf-Brehna focuses on pharmaceutical and analytical development and marketing authorisation for pharmaceuticals and cosmetics. mibe serves as the primary location for the manufacture of investigational medicinal products. Allergopharma's research and development centre in Reinbek focuses on further developing allergen immunotherapies. The focus of its efforts is on improving the existing product range, including clinical indications and application plans. Anton Hübner GmbH & Co. KG ("Anton Hübner") in Ehrenkirchen specialises in the development of medical science-based food supplements, substance-based medical devices and cosmetics. These also use herbal ingredients – giving rise to synergies with Euromed. The latter company operates a laboratory and innovation centre in Mollet de Vallès, Spain, that focuses on development and the scientific marketing of herbal extracts. As a supplier of medicinally active extracts, Euromed has to ensure that its products keep pace with current developments in science and technology at all times. Furthermore, Euromed concentrates on expanding its portfolio to include the development of new extracts and indications. Arkopharma operates its own research and development activities in Carros (near Nice), France, to manufacture OTC herbal products and food supplements.

In financial year 2024, an average of 362 employees worked in product development at the Group (previous year: 335 employees).

Dermapharm's more than 30 years' experience provides it with expertise in developing off-patent pharmaceuticals as well as a powerful network of development partners. Moreover, the Group has the necessary regulatory expertise in house in order to be able to carry out the authorisation process itself in Germany as well as in the EU. These broad capabilities mean that new developments can be launched and marketed in Germany and at the subsidiaries outside Germany.

2. Report on economic position

2.1 Macroeconomic and sector-specific environment

Macroeconomic environment

The International Monetary Fund (IMF) in its January 2025 World Economic Outlook anticipated global economic growth of 3.2% for 2024, thereby meeting its growth forecast published in autumn 2024. Despite the various trends for economic development and income in the individual countries and sectors, the global economy remained robust, according to the OECD's economic outlook in December 2024. In addition, falling inflation boosted real incomes, even though the consumer climate in many countries was still weaker than before the pandemic.

European Commission data shows that the Commission expected moderate growth in the EU economy by 0.9% (as at November 2024). According to the European Commission, this development was the result of a continued decline in inflation coupled with ongoing restraint in private consumption. The latter was due to the continued high cost of living, increased geopolitical risks and risks relating to energy supply security and high interest rates (as at November 2024).

According to the German Federal Statistical Office (Destatis), Germany's economy once again contracted by 0.2% in 2024 (as at January 2025). This development was rooted in economic and structural pressures, such as increased competition for the German export industry in key sales markets, persistently high interest rates, high energy costs and an uncertain economic outlook.

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

Sector-specific environment

The factors driving growth on the pharmaceutical and healthcare markets include in particular demographic trends such as an increasingly ageing society, global population growth, rising health awareness and self-medication as well as advances in the medical field. Accordingly, the European pharmaceuticals market has grown continuously in recent years. The current geopolitical crises continued to have no adverse effect the pharmaceuticals and healthcare market in 2024. According to information from the consultancy firm IQVIA (source: OTC VALUE), the entire European pharmaceuticals market generated annual revenue of EUR 349.3 billion by the end of the third quarter of 2024, meaning that the market volume increased by 10.6% compared to the same period in the previous year (MAT Q3 2023: EUR 315.8 billion). Of that amount, EUR 306.5 billion was attributable to prescription pharmaceuticals (MAT Q3 2023: EUR 278.7 billion) and EUR 42.7 billion to OTC pharmaceuticals (MAT Q3 2023: EUR 37.1 billion).

Dermapharm's primary market, Germany, has a highly developed healthcare system with 108,202 registered physicians (as of December 2023), 17,187 public pharmacies (November 2024 figures) and 1,874 hospitals (in 2023). Germany, for example, spends a larger share of its gross domestic product on healthcare than any other country in the European Union. According to IQVIA, the growth trend in the German pharmaceuticals market continued in the previous year as well. At the end of the third quarter of 2024, annual revenue in the German pharmaceuticals market increased by 11.0% to EUR 65.4 billion (Q3 2023: EUR 58.9 billion). Of that amount, EUR 56.7 billion was attributable to prescription pharmaceuticals (MAT Q3 2023: EUR 52.7 billion) and EUR 8.6 billion to OTC pharmaceuticals (MAT Q3 2023: EUR 6.2 billion). In 2024, revenue from off-patent pharmaceuticals without savings from discount agreements and less mandatory manufacturer discounts in the statutory health insurance providers' market increased by 7.1% to EUR 12.0 billion (basis: manufacturer selling price) following EUR 11.2 billion in the prior-year period (including biosimilars in each case). However, volume gains are often neutralised due to government intervention in pricing. As a result, this market continues to be characterised by state-imposed mandatory discounts and steep discounts to health insurance organisations due to statutory discount agreement options between manufacturers and health insurance organisations.

According to INSIGHT Health, in financial year 2024, revenue in the parallel imports market amounted to EUR 3.8 billion compared to EUR 3.4 billion in the previous year (basis: Apofusion Sell-Out). Thus, in 2024, revenue in the market suitable for imports increased by 11.8%. The share of total revenue on the German pharmaceutical market that is generated with parallel-imported products increased from 7.3% in the previous year to 7.5% in 2024.

Regulatory environment

Reference pricing for pharmaceuticals

Reference pricing refers to maximum amounts for reimbursement of pharmaceutical prices by the statutory health insurance organisations. These amounts are set for groups of comparable pharmaceuticals. If doctors nonetheless prescribe a medication priced at a level above this reference amount, the patient must pay the difference in addition to the statutory supplementary payment.

Groups of comparable pharmaceuticals can be created according to various criteria. Therefore, there are three levels of comparability: level 1 reference pricing groups comprise pharmaceuticals with the same active ingredients. Level 2 reference pricing groups comprise pharmaceuticals with active ingredients which are comparable in terms of pharmacology, particularly chemically, and which at the same time have comparable therapeutic effects. Level 3 reference pricing groups comprise pharmaceuticals, particularly from combinations, which have different active ingredients but which have comparable therapeutic effects. Manufacturers and health insurance organisations can negotiate special discount agreements under which pharmaceuticals priced above the relevant reference prices are available to patients at no extra cost.

Manufacturer discount

In Germany, pharmaceuticals companies are generally free to set their prices for pharmaceuticals. However, pharmaceuticals companies must grant manufacturer discounts on reimbursable pharmaceuticals to the statutory health insurance providers and to private health insurance providers. Following the adoption of the German Act on the Financial Stabilisation of the Statutory Health Insurance System (GKV-Finanzstabilisierungsgesetz, "GKV-FinStG") in 2022, a 12% manufacturer's discount was applied to the selling price (excl. VAT) of reimbursable pharmaceuticals with no reference price for the period from 1 January 2023 to 31 December 2023. The manufacturer's discount was reduced back to 7% from 1 January 2024. If the product is an off-patent pharmaceutical with an identical active ingredient, this discount is 6% of the manufacturer selling price (excl. VAT). An additional 10% discount on the manufacturer selling price (excl. VAT) is also applied to off-patent pharmaceuticals with identical active ingredients (generics). Manufacturers can offset price reductions against the discount as long as they maintain the lower price for at least three years. For price reductions of 10% or higher, the discount no longer applies.

Price moratorium

The price moratorium took effect in August 2010. Under the moratorium, statutory and private health insurance providers receive price discounts when pharmaceuticals manufacturers increase their selling price for reimbursable pharmaceuticals over the price level of 1 August 2009. This regulation does not apply to pharmaceuticals subject to reference pricing. For pharmaceuticals introduced after 1 August 2010, the price at their market introduction or the reference price for a pharmaceuticals product previously introduced by the manufacturer with the same active ingredient is applicable. Legislators extended the price moratorium until the end of 2026. A reference price adjustment equivalent to the rate of inflation was introduced in July 2018.

Supplementary charge

Patients are generally required to pay a supplementary charge when prescription pharmaceuticals are prescribed. The supplementary charge for each pharmaceutical product is generally 10%, with a minimum amount of EUR 5 and a maximum of EUR 10, not to exceed the cost of the pharmaceutical. However, there is an option to exempt certain compounds from this mandatory supplementary charge. This applies when doctors and the patient together choose a particularly inexpensive pharmaceutical product with a price of at least 30% below the reference price. A further option to reduce the supplementary charge by half or in full arises if the prescribed pharmaceutical is the object of a discount agreement entered into between the health insurance organisation and the pharmaceuticals manufacturer. Health insurance organisations can use this provision to pass along some or all of the savings from discount agreements to the patient.

Discount agreements with statutory and private health insurance providers

Since 2003, the laws have permitted health insurance organisations to enter into individual discount agreements for pharmaceuticals with manufacturers. Furthermore, for pharmaceuticals priced above the reference price, they can also negotiate amounts under discount agreements in order to continue to provide the patients with their usual therapy without incurring additional costs.

Since 2007, pharmacies have also been required to issue the precise pharmaceutical compound with identical, interchangeable active ingredients for which the patient's health insurance organisation has entered into a discount agreement. This applies unless the doctor indicates otherwise by adding the note "aut idem" (or identical) to the prescription. The advantage for patients is that the supplementary charge may be reduced by half or waived entirely. In the context of the provision of pharmaceuticals, the Pharmaceuticals Market Restructuring Act (Arzneimittelmarktneuordnungsgesetz, "AMNOG") also permits the reimbursement of costs in individual cases. This means that patients can now choose a pharmaceutical compound other than the one covered in the discount agreement with their health insurance organisation or one of the three least expensive pharmaceuticals. If they do so, the health insurance organisation reimburses the costs only up to the amount which the health insurance organisation would have incurred for providing standard therapy. In other words, the patient bears any additional costs incurred due to the selection of another pharmaceutical.

International pharmaceuticals markets

The international markets are characterised by their own different local influences at the national level, mostly due to reference lists, reference prices, reimbursement codes and discounts.

Regulations for the parallel import business

The German Act for More Safety in the Supply of Pharmaceuticals (Gesetz für mehr Sicherheit in der Arzneimittelversorgung, "GSAV") went into force in August 2019 and amended the affordability clause under § 129 (1) sentence 2 SGB V, eliminating "or at least EUR 15.00". Instead, "affordability" is now met only given a price differential to the price of the reference pharmaceutical of at least 15% for a selling price of EUR 100, at least EUR 15 for a selling price from EUR 100 to EUR 300, and at least 5% for a selling price of more than EUR 300. Furthermore, effective 1 July 2019, the Master Agreement on the Supply of Pharmaceuticals (Rahmenvertrag über die Arzneimittelversorgung) in accordance with § 129 (2) SGB V stipulated a new savings target that is to be achieved by selling affordable imported pharmaceuticals. It is the difference between expenditure for the affordable imported pharmaceuticals sold and the expenditure for the respective reference pharmaceutical taking into consideration the statutory discounts and amount to 2% of the imputed total cost. In addition, in the case of generic active ingredients not covered by discount agreements, the master agreement stipulates that the pharmacist is obligated to sell one of the four most affordable pharmaceutical registration numbers (Pharmazentralnummer, "PZN").

2.2 Course of business

The 2024 financial year was very satisfactory despite persistently poor economic conditions.

In the "Branded pharmaceuticals" segment, the particularly strong organic growth more than compensated for the decline in vaccine production in cooperation with BioNTech SE. The latter now only reflects our participation in the German government's pandemic preparedness programme. The segment was therefore the main growth driver for the Group. In the German market, the Group's broadly diversified product portfolio proved resilient, as in previous years. The products Myopridin®/Myditin®, Ketozolin® and Prednisolut® recorded particularly strong growth. The Group's internationalisation strategy also proved to be a key driver in this segment. Revenue in Poland, Spain and Italy showed particularly strong growth. Strong growth was also observed in the area of allergology with the products of the Allergopharma Group in all sales countries. Montavit was consolidated for twelve months for the first time in the past financial year (2023: six months), which led to positive inorganic sales and earnings contributions.

The decline in the "Other healthcare products" segment was driven primarily by the reduced revenue contributions from the Arkopharma Group and Candoro ethics GmbH. All other companies in this segment recorded growth. Anton Hübner, Cernelle, Melasan and Euromed deserve special mention here. The "Parallel import business" segment recorded a solid increase in revenue in the 2024 financial year due to good product availability in the parallel import market.

Targeted investments are an important component of Dermapharm's business strategy. Major investments were made in Friedrichsdorf as part of the relocation of Candoro ethics GmbH NM and THC Pharm GmbH from Neumarkt in der Oberpfalz and Frankfurt Höchst to Friedrichsdorf. As in the previous year, a number of companies additionally had solar and photovoltaic equipment installed in financial year 2024. In 2024, Dermapharm's growth trajectory was further fuelled by the launch of new products developed in-house and by the introduction of established branded products at our international subsidiaries in line with our internationalisation strategy. Following the acquisitions in 2023 with the Arkopharma Group and Montavit and the increase in the Group's equity interest in Montavit in 2024, our focus in 2024 was on integration and synergetic growth rather than further acquisitions.

Comparison to outlook in 2023

In the report on expected developments in the 2023 combined management report, the Board of Management forecast positive overall business performance for financial year 2024. The expectations were for consolidated revenue to increase to between EUR 1,170 million and EUR 1,210 million, and for consolidated EBITDA to amount to between EUR 305 million and EUR 315 million. This expectation was based primarily on revenue and earnings contributions from the recently acquired parts of the Company, volume increases within the existing portfolio and successful new product launches developed in-house. In connection with the cooperation with BioNTech SE, it was rightly assumed that the Group would essentially participate in the German pandemic preparedness programme.

As a result, the forecasts made in the 2023 management report were met in terms of consolidated revenue and slightly exceeded in terms of adjusted consolidated EBITDA.

The financial performance indicators for Dermapharm developed as follows in financial year 2024 (excluding segment reconciliation/Group holding company):

Financial performance indicators in EUR million	**2024**	**2023**	**+/–**
Consolidated revenue	**1,180.8**	**1,135.4**	**4.0%**
Branded pharmaceuticals	585.1	532.8	9.8%
Other healthcare products	354.4	371.7	–4.7%
Parallel import business	241.3	230.8	4.5%
Adjusted EBITDA	**315.6**	**310.2**	**1.7%**
Branded pharmaceuticals	264.8	240.0	10.3%
Other healthcare products	57.7	76.7	–24.8%
Parallel import business	–1.6	–0.8	–100.0%
Adjusted EBITDA margin	**26.7%**	**27.3%**	**-0,6 Pp**
Branded pharmaceuticals	45.3%	45.0%	0,3 Pp
Other healthcare products	16.3%	20.6%	-4,3 Pp
Parallel import business	–0.7%	–0.3%	-0,4 Pp
Unadjusted EBITDA	**308.9**	**280.3**	**10.2%**
Branded pharmaceuticals	259.4	229.0	13.3%
Other healthcare products	56.5	57.8	–2.2%
Parallel import business	–1.6	–0.8	–100.0%
Unadjusted EBITDA margin	**26.2%**	**24.7%**	**1,5 Pp**
Branded pharmaceuticals	44.3%	43.0%	1,3 Pp
Other healthcare products	15.9%	15.6%	0,3 Pp
Parallel import business	–0.7%	–0.3%	-0,4 Pp

* EBITDA 2024 was adjusted for non-recurring expenses amounting to EUR 6,7 million, incl. EBITDA of the Group holding company in the amount of EUR -5,4 million.

** EBITDA 2023 was adjusted for non-recurring expenses amounting to EUR 29,9 million, incl. EBITDA of the Group holding company in the amount of EUR -5,6 million.

Composition of adjusted non-recurring items

The adjusted positive and negative non-recurring items of EUR 6.7 million in financial year 2024 included:

- EUR 1.8 million subsequent purchase price payment in connection with a plot of land at the Arkopharma Group
- Effects recognised in profit or loss of the reduction in the Group's share in Wellster from 45.00% to 33.86% amounting to EUR 2.3 million
- EUR 1.2 million in expenses from relocating Candoro ethics GmbH NM and THC Pharm GmbH to Candoro ethics GmbH in Friedrichsdorf
- EUR 0.7 million in expenses resulting from the PPA in connection with the sale of a plot of land in Berlin with an existing building on it
- Total of EUR 0.7 million in other non-recurring expenses from adjusting ancillary purchase costs, reversals of transactions and merger costs arising at Candoro ethics GmbH.

The non-recurring items which were eliminated in the calculation for adjusted EBITDA amounted to EUR 29.9 million and comprised the following in financial year 2023:

- Non-recurring expenses of EUR 8.7 million relating to acquisitions and share purchases, M&A deals not completed, reversed deals and M&A advising fees;
- Adjustments of EUR 17.6 million as part of purchase price allocations (IFRS 3), in particular due to the acquisition of the Arkopharma Group. These effects resulted primarily from the carrying amount "step-up" for inventories in the context of fair value measurement and the resulting decrease in earnings as part of realising these hidden reserves;
- Restructuring expenses in relation to fitvia and Candoro ethics NM amounting to EUR 0.8 million;
- EUR 6.6 million impairment on the CORAT equity investment;
- Deconsolidation effects (fitiva, bellavia, mibe UK, CORAT and Gynial) of EUR 2.0 million;
- Income from negative goodwill (Montavit) of EUR 5.8 million.

Details on the development of the financial performance indicators are included in the following explanations of the financial performance.

2.3 Financial position, financial performance and cash flows

2.3.1 Financial performance of the Group

Income statement

	2024	2023
Revenue	1,180,766	1,135,351
Change in inventories	6,459	3,767
Own work capitalised	13,941	14,966
Other operating income	30,643	43,538
Cost of materials	–434,096	–434,924
Personnel expenses	–279,799	–264,480
Depreciation, amortisation and reversal of impairment	–90,495	–104,587
Other operating expenses	–210,486	–210,737
Operating result	**216,933**	**182,894**
Share of profit/loss of companies accounted for using the equity method, after tax	1,519	–7,163
Financial income	16,943	3,226
Financial expenses	–63,391	–72,960
Financial result	**–44,928**	**–76,897**
Earnings before taxes	**172,005**	**105,997**
Income tax expenses	–60,268	–45,462
Profit or loss for the period	**111,737**	**60,534**

Revenue and earnings performance of the Group

In financial year 2024, Dermapharm increased its **consolidated revenue** reported by 4.0% compared to the previous year to EUR 1,180.8 million (previous year: EUR 1,135.4 million).

The increase in revenue is due primarily to the strong organic growth in the existing business. The particularly strong organic growth in the "Branded pharmaceuticals" segment bears particular mention. Montavit made additional contributions to revenue in the 2024 financial year, as it had only been consolidated from July in the previous year. The Arkopharma Group and Candoro ethics GmbH reported an opposite trend for revenue and earnings. As expected, sales from the cooperation with BioNTec SE declined, resulting almost exclusively from our involvement in the German government's pandemic preparedness programme.

Development costs recognised under **other own work capitalised** fell slightly to EUR 13.9 million in financial year 2024 (previous year: EUR 15.0 million). The ratio of development costs to revenue amounted to 1.2% and was thus also slightly below the 1.3% reported in the previous year. Development costs of EUR 15.3 million (previous year: EUR 15.8 million) were capitalised for new products in financial year 2024.

Other operating income fell to EUR 30.6 million in financial year 2024 (previous year: EUR 43.5 million). This development was primarily due to the absence of the prior year's income from the negative goodwill arising on the acquisition of Montavit (EUR 5.8 million) and income from the deconsolidation of associates (EUR 5.2 million).

In financial year 2024, the **cost of materials** decreased to EUR 434.1 million (previous year: EUR 434.9 million). The cost of materials ratio, taking into account the change in inventories, (cost of materials and change in inventories in the numerator) improved slightly to 36.2% (previous year: 38.3%). The main drivers behind the reduction in the cost of materials ratio were shifts in the product mix and the absence of the previous year's negative effects from the fair value measurement in connection with the purchase price allocation following the acquisition of the Arkopharma Group.

Personnel expenses increased to EUR 279.8 million in financial year 2024 (previous year: EUR 264.5 million). The increase in personnel expenses was primarily attributable to the higher average headcount and inflation-induced pay rises. The increase in the average number of employees was also due in part to the acquisition of Montavit, which was included in the consolidated figures for only six months in 2023. The ratio of personnel expenses to revenue rose to 23.7% (previous year: 23.3%).

Depreciation, amortisation and reversals of write-downs decreased to EUR 90.5 million in financial year 2024 (previous year: EUR 104.6 million). This development was due primarily to an impairment loss of EUR 15.0 million recognised in the previous year in relation to development costs for MibeTec's product, bite away. The ratio of depreciation, amortisation and reversals of write-downs to revenue decreased accordingly by 1.5 percentage points to 7.7% (previous year: 9.2%).

Other operating expenses amounted to EUR 210.5 million in financial year 2024 (previous year: EUR 210.7 million) and were therefore virtually constant. The reduction in marketing costs and legal and consulting fees, the latter of which had been significantly higher in the previous year due to acquisitions, was offset by increased expenses in relation to disposals of fixed assets in connection with the sale of a plot of land and a building in Berlin and the costs in connection with the relocation of Candoro ethics GmbH to Friedrichsdorf. The ratio of other operating expenses to revenue stood at 17.8% (previous year: 18.6%).

Adjusted EBITDA increased slightly by 1.7% to EUR 315.6 million in financial year 2024 (previous year: EUR 310.2 million). Total adjustments fell sharply as compared to 2023 and amounted to EUR 6.7 million (previous year: EUR 29.9 million). For information on the individual adjustments, please refer to the section entitled "Composition of adjusted non-recurring items". In financial year 2024, Dermapharm Group's adjusted EBITDA margin decreased to 26.7% (previous year: 27.3%).

Unadjusted EBITDA amounted to EUR 308.9 million in financial year 2024 (previous year: EUR 280.3 million). The **unadjusted EBITDA margin** improved by 1.5 percentage points to 26.2% in the reporting year (previous year: 24.7%).

EBITDA can be reconciled to Group earnings as follows:

	2024	2023
EBITDA	**308,947**	**280,318**
of which share of profit or loss of companies accounted for using the equity method, after tax	*1,519*	*–7,163*
Depreciation, amortisation and reversal of impairment	–90,495	–104,587
Financial income	16,943	3,226
Financial expenses	–63,391	–72,960
Earnings before taxes (EBT)	**172,005**	**105,997**
Income tax expenses	–60,268	–45,462
Profit or loss for the period	**111,737**	**60,534**

Financial income rose to EUR 16.9 million in financial year 2024 (previous year: EUR 3.2 million). The increase in financial income was due primarily to interest receivables in connection with a settlement claim following the reversal of a transaction.

At the same time, **financial expenses** decreased to EUR 63.4 million in financial year 2024 (previous year: EUR 73.0 million). The reduction was due primarily to the change in the valuation of interest rate swaps concluded to hedge interest rate risks.

Earnings before taxes (EBT) increased to EUR 172.0 million in financial year 2024 (previous year: EUR 106.0 million). The corresponding margin rose to 14.6% (previous year: 9.3%) due to reduced depreciation and amortisation and a significantly improved financial result.

Income tax expenses increased to EUR 60.3 million in the 2024 reporting period (previous year: EUR 45.5 million).

Prior to adjustment, **profit for the period** rose to EUR 111.7 million in financial year 2024 (previous year: EUR 60.5 million).

Segment reporting

Internally, the Board of Management manages the Company through its segments "Branded pharmaceuticals", "Other healthcare products" and "Parallel import business".

Segment reporting uses key performance indicators for the Group's individual segments. There are only limited number of transactions entered into for the provision of goods and services between the individual segments which are reported as inter-segment revenue. The reconciliation column shows expenses incurred by Dermapharm Holding SE for services provided to all three reporting segments through its role as the parent company, as it performs no operational activities.

Any transactions entered into for the provision of goods and services within the segments are reported on a consolidated basis.

Revenue and (adjusted) EBITDA are the key indicators for assessing and managing the segments' financial performance.

Overview of segment reporting by segment

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

	Branded pharmaceuticals		Other healthcare products		Parallel import business		Reconciliation/Group holding company		Group	
EUR thousand	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Revenue	587,943	537,444	387,079	402,327	249,152	235,490	–43,408	–39,910	1,180,766	1,135,351
of which intersegment revenue	*2,885*	*4,621*	*32,713*	*30,624*	*7,810*	*4,665*	*–43,408*	*–39,910*	-	-
Revenue from external customers	585,058	532,823	354,366	371,703	241,342	230,825	-	-	1,180,766	1,135,351
Revenue growth	10%	–15%	–5%	141%	5%	–5%	-	-	4%	11%
EBITDA (unadjusted)	259,432	228,990	56,477	57,801	–1,603	–846	–5,360	–5,627	308,947	280,318
of which earnings from investments accounted for using the equity method	*1,519*	*–7,163*	-	-	-	-	-	-	*1,519*	*–7,163*
EBIDAT-Marge (unadjusted)	44%	43%	16%	16%	–1%	–0%	-	-	26%	25%

* As from 1 July 2023 with Montavit.
** As from 5 January 2023 with Arkopharma Group.

Revenue and earnings performance of the "Branded pharmaceuticals" segment

The revenue reported in the "Branded pharmaceuticals" segment increased by 9.8% to EUR 585.1 million in financial year 2024 (previous year: EUR 532.8 million). The particularly strong organic growth in this segment more than compensated for the decline in vaccine production in cooperation with BioNTech SE. The latter now only reflects our participation in the German government's pandemic preparedness programme. In the German market, the Group's broadly diversified product portfolio proved resilient, as in previous years. The products Myopridin®/ Myditin®, Ketozolin® and Prednisolut® recorded particularly strong growth. The internationalisation strategy also proved to be a key driver for the Group. Particularly strong sales growth was observed in Poland and Spain. Strong growth was also observed in the area of allergology with the products of the Allergopharma Group in all sales countries. Montavit was consolidated for twelve months for the first time in the past financial year (2023: six months), which led to positive inorganic sales and earnings contributions.

Dermapharm's German companies were able to renew a selected number of strategically important discount agreements with well-known statutory health insurance organisations or enter into new agreements. In addition, the division contains a high proportion of high-margin products paid for by end consumers themselves, as well as a large share of prescription products.

In line with the segment's revenue development, adjusted EBITDA increased by 10.3% to EUR 264.8 million in financial year 2024 (previous year: EUR 240.0 million), driven primarily by the above-mentioned increases in revenue from the Internationalisation and Allergology segments, which had a positive effect on earnings. The adjustments allocated to this segment for the effects recognised in profit or loss of the reduction in the shareholding in Wellster, the subsequent purchase price payment relating to a property of the Arkopharma Group, the expenses from the purchase price allocation in connection with the sale of a plot of land in Berlin with an existing building on it and the other one-off costs from the adjustment of ancillary purchase costs in connection with the reversal of a transaction totalled EUR 5.4 million. The segment's adjusted EBITDA margin increased to 45.3% (previous year: 45.0%).

Unadjusted EBITDA increased analogously by 13.3% to EUR 259.4 million in financial year 2024 (previous year: EUR 229.0 million). The segment's unadjusted EBITDA margin rose to 44.3% (previous year: 43.0%).

Revenue and earnings performance of the "Other healthcare products" segment

Revenue, which was reported under the "Other healthcare products" segment in financial year 2024, was down year on year, amounting to EUR 354.4 million (previous year: EUR 371.7 million). The decline in revenue was due primarily to the reduction in revenue contributions from the Arkopharma Group. In the first half of 2023, there were comparatively high sales in the French pharmacy market (sell-in) driven by a price increase at the beginning of 2023 and major product launches. Despite sales from pharmacies to end customers (sell-outs) remaining at an encouragingly high level, pharmacies have been seeking to reduce their inventories since the end of 2023, which led to a lower sell-in at the beginning of 2024. This trend was reinforced by rising competition and the resulting increase in volume and price pressure. Furthermore, due to extensive measures in connection with the relocation and consolidation of production at the Friedrichsdorf site and a challenging market environment, Candoro ethics' medicinal cannabis business did not develop as expected.

Adjusted EBITDA in the "Other healthcare products" segment amounted to EUR 57.7 million in financial year 2024 (previous year: EUR 76.7 million). This decrease likewise resulted primarily from the reduced revenue contributions from the Arkopharma Group and Candoro ethics GmbH. The strong growth in contributions from Euromed and Hübner Naturarzneimittel did not offset this reduction.

The adjustments allocated to this segment in connection with the expenses from the relocation of Candoro ethics GmbH NM and THC Pharma GmbH to Candoro ethics GmbH in Friedrichsdorf and the merger costs incurred totalled EUR 1.3 million in the 2024 financial year. Accordingly, the adjusted EBITDA margin was 16.3% (previous year: 20.6%).

The segment's unadjusted EBITDA fell to EUR 56.5 million (previous year: EUR 57.8 million). Thus, the unadjusted EBITDA margin was 15.9% (previous year: 15.6%).

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

Revenue in the "Parallel import business" segment reported in financial year 2024 rose by 4.5% to EUR 241.3 million (previous year: EUR 230.8 million). The increase in sales was due primarily to good product availability in the parallel import market. At the same time, regulatory changes led to higher mandatory discount payments, which, together with increased personnel and operating expenses, had the effect of reducing earnings. EBITDA reported in the "Parallel import business" division fell to EUR –1.6 million in financial year 2024 (previous year: EUR –0.8 million). The segment's EBITDA margin declined to –0.7% in the financial year (previous year: –0.3%).

2.3.2 Financial position of the Group

Consolidated statement of financial position as at 31 December 2024

Assets **EUR thousand**	**31 December 2024**	**31 December 2023**
Non-current assets		
Intangible assets	512,314	544,860
Goodwill	576,384	578,521
Property, plant and equipment	315,028	330,770
Investments accounted for using the equity method	19,325	22,498
Equity investments	1,345	1,116
Other non-current financial assets	62,126	52,410
Total non-current assets	**1,486,521**	**1,530,176**
Current assets		
Inventories	343,381	320,758
Trade receivables	100,900	90,935
Other current financial assets	3,467	3,752
Other current assets	23,270	56,179
Tax assets	1,170	148
Cash and cash equivalents	121,309	158,724
Total current assets	**593,498**	**630,496**
Total assets	**2,080,019**	**2,160,673**

Equity and liabilities **EUR thousand**	**31 December 2024**	**31 December 2023**
Equity		
Issued capital	53,840	53,840
Capital reserves	100,790	100,790
Retained earnings	433,191	367,223
Other reserves	16,601	17,354
Equity attributable to owners of parent	**604,422**	**539,207**
Non-controlling interests	3,873	5,841
Total equity	**608,295**	**545,048**
Non-current liabilities		
Provisions for employee benefits	119,629	117,222
Non-current financial liabilities	889,677	963,958
Other non-current financial liabilities	9,406	13,231
Other non-current liabilities	14,393	14,340
Deferred tax liabilities	111,703	112,385
Total non-current liabilities	**1,144,809**	**1,221,136**
Current liabilities		
Other provisions	23,389	27,300
Current financial liabilities	89,935	116,430
Trade payables	94,785	86,641
Other current financial liabilities	1,729	1,736
Other current liabilities	58,244	80,564
Tax liabilities	58,833	81,818
Total current liabilities	**326,915**	**394,489**
Total equity and liabilities	**2,080,019**	**2,160,673**

In addition to the items presented in the statement of financial position, the three statement of financial position performance indicators shown below changed as follows:

Net debt (non-current and current financial liabilities as well as other non-current and current financial liabilities less cash and cash equivalents) decreased to EUR 869.4 million as at 31 December 2024 (31 December 2023: EUR 936.6 million). The decrease was due primarily to EUR 50 million in repayments on Facility B of the syndicated loan agreement and EUR 38.5 million in repayments on the promissory note loan.

Accordingly, the ratio of net debt to adjusted EBITDA (leverage) fell to 2.8 as at 31 December 2024 (previous year: 3.0). Based on unadjusted EBITDA, the leverage amounted to 2.8 (previous year: 3.3).

At 31 December 2024, the equity ratio amounted to 29.2% (31 December 2023: 25.2%). Compared to the previous year, the equity ratio was significantly influenced by the above-mentioned repayments under the syndicated loan agreement and the promissory note loan as well as the increase in consolidated net profit.

The Company's financial position changed as shown below in financial year 2024:

The **total assets** decreased to EUR 2,080.0 million as at 31 December 2024 (31 December 2023: EUR 2,160.7 million).

On the asset side of the statement of financial position, **intangible assets** decreased to EUR 512.3 million as at 31 December 2024 (31 December 2023: EUR 544.9 million). This was due in particular to regular amortisation of the intangible assets identified as part of the purchase price allocation.

Recognised goodwill decreased slightly to EUR 576.4 million as at 31 December 2024 (31 December 2023: EUR 578.5 million). The slight decline resulted from the impairment of BLBR's goodwill. Development costs of EUR 15.3 million (previous year: EUR 15.8 million) were capitalised as internally generated intangible assets in financial year 2024.

Property, plant and equipment decreased to EUR 315.0 million as at 31 December 2024 (31 December 2023: EUR 330.8 million). The decrease was due primarily to the sale of a plot of land and building in Berlin, PPA effects for buildings and technical equipment and the first full-year depreciation of Montavit's property, plant and equipment in the 2024 financial year.

Financial investments accounted for in accordance with the equity method decreased to EUR 19.3 million as at 31 December 2024 (31 December 2023: EUR 22.5 million). As at the reporting date, two associates (31 December 2023: two) were accounted for in the consolidated financial statements using the equity method.

- Hasan Dermapharm Co. Ltd, Saigon, Vietnam: In financial year 2007, Dermapharm AG invested in Hasan Dermapharm Co. Ltd. Currently, Dermapharm holds 30% of the company. Vietnam is characterised by an open market with the highest growth rate in southeast Asia. Hasan Pharma operates a WHO-GMP certified production plant capable of producing nearly all pharmaceuticals sold on the Vietnamese market. Dermapharm's contribution is the delivery of dossiers, which will be adjusted to Vietnamese standards and submitted to the local regulatory authority. Once the relevant approvals have been granted, the pharmaceuticals are produced for the local market. However, preparations that have been produced under license are distributed at higher prices than products produced only locally. The carrying amount of the equity investment amounted to EUR 4.3 million as at 31 December 2024 (31 December 2023: EUR 4.0 million).
- Wellster Healthtech Group GmbH: In the 2024 financial year, the Group's shareholding in Wellster Healthtech Group GmbH was reduced from 45.00% to 33.86% in connection with a capital increase. Wellster is a German provider of all-in-one platforms in the field of digital health and combines telemedicine, medicinal therapies and digital therapies. Dermapharm's purchase of Wellster shares has enabled it to gain a foothold in the market for telemedicine. The carrying amount of the equity investment amounted to EUR 15.0 million as at 31 December 2024 (31 December 2023: EUR 18.5 million).

Equity investments increased to EUR 1.3 million as at 31 December 2024 (31 December 2023: EUR 1.1 million). This slight change was due primarily to the formation of Allergopharma India Private Limited.

Other non-current financial assets increased to EUR 62.1 million as at 31 December 2024 (31 December 2023: EUR 52.4 million). This was attributable primarily to interest claims in connection with the settlement claim arising from the agreement with HS Beteiligungsgesellschaft mbH, UR Investment GmbH and WR Investment GmbH (former sellers) and Themis Beteiligungs-AG to repurchase the 20% equity investment in FYTA Company B.V., FYTA Tech B.V., FYTA Company GmbH and FYTA Vermögensverwaltung GmbH.

Inventories increased to EUR 343.4 million as at 31 December 2024 (31 December 2023: EUR 320.8 million). The increase was due on the one hand to the increase in revenue at the inventory-driven mibe GmbH group companies and, on the other, to the fact that a higher inventory level was maintained as a precaution in order to avoid out-of-stock situations in light of strained supply chains. In addition, axicorp increased its inventories in order to realise its revenue growth.

Trade receivables increased to EUR 100.9 million as at 31 December 2024 (31 December 2023: EUR 90.9 million). This increase was attributable primarily to the increase in revenue. The receivables are due from wholesalers and pharmacies in Germany as well as from foreign customers. In Germany, the Group companies have a base of solvent customers with good credit ratings. Defaults are the exception in the "Branded pharmaceuticals" segment. Therefore, no commercial credit insurance policies have been taken out. The credit quality of the customers in the "Other healthcare products" and "Parallel import business" segments is similar, and there were no significant defaults on payment in the past financial year. The same applies to receivables in other countries. To minimise default risk, the Group has adequate debtor management policies in place. In addition, Dermapharm always obtains information on the credit quality of its customers before entering into new business transactions.

Although consumer behaviour changed to a certain extent due to the war in Ukraine, Dermapharm did not register a significant change in the credit quality of its customers.

Other current financial assets decreased to EUR 3.5 million as at 31 December 2024 (31 December 2023: EUR 3.8 million). The decline was due primarily to the repayment of BLBR's shareholder loans.

Other current assets decreased to EUR 23.2 million as at 31 December 2024 (31 December 2023: EUR 56.2 million). This was due primarily to VAT prepayments at axicorp GmbH amounting to EUR 24.8 million received in the previous year.

Cash and cash equivalents, including cash and demand deposits as well as current financial investments, decreased to EUR 121.3 million as at 31 December 2024 (31 December 2023: EUR 158.7 million). This change is due to the effects described in the notes to the consolidated statement of cash flows (see 2.3.3).

Equity increased to EUR 608.3 million as at 31 December 2024 (31 December 2023: EUR 545.0 million). The change was due mainly to the increase in retained earnings by EUR 66.0 million to EUR 433.2 million (31 December 2023: EUR 367.2 million). This resulted primarily from the

consolidated net profit for financial year 2024 less the dividend paid for the preceding financial year. Capital reserves remained unchanged year on year, amounting to EUR 100.8 million (31 December 2023: EUR 100.8 million). In addition, other reserves decreased slightly to EUR 16.7 million (31 December 2023: EUR 17.4 million) due to the changes in the measurement parameters for payments in connection with pension obligations as well as exchange rate fluctuations. Non-controlling interests fell by EUR 2.0 million year on year to EUR 3.9 million. This decline was mainly attributable to the Group's share of minority interests' operating profits.

Provisions for employee benefits increased to EUR 119.6 million as at 31 December 2024 (31 December 2023: EUR 117.2 million). The increase was due primarily to changes in measurement parameters for payments under pension obligations.

As at 31 December 2024, the Group's **current and non-current financial liabilities** amounted to EUR 89.9 million and EUR 889.7 million, respectively (31 December 2023: EUR 116.4 million and EUR 964.0 million, respectively). In December 2022, Dermapharm Holding SE and Dermapharm AG entered into a syndicated loan agreement with leading German and European banks for EUR 1,050 million with a basic term of five years. At 31 December 2024, EUR 845.0 million of the loan had been drawn down. The syndicated loan agreement comprises a bullet tranche of EUR 650 million (Facility A), a repayment tranche of EUR 150 million (Facility B) and a revolving tranche of EUR 200 million (Facility C), of which only EUR 45.0 million had been drawn down as at the reporting date. At the same time, the loan agreement provided the option to extend an additional tranche of up to EUR 200 million, which had not been committed as of the reporting date.

Other non-current financial liabilities decreased to EUR 9.4 million as at 31 December 2024 (31 December 2023: EUR 13.2 million). The change was due primarily to an interest rate hedge to address interest rate risk from the syndicated loan.

Other non-current liabilities remained virtually constant at EUR 14.4 million (31 December 2023: EUR 14.3 million) and mainly comprised subsidies.

Other current financial liabilities and other current liabilities decreased to EUR 60.0 million as at 31 December 2024 (31 December 2023: EUR 82.3 million). The decrease in other current liabilities was due primarily to lower current VAT liabilities.

Other provisions decreased by EUR 3.9 million to EUR 23.4 million as at 31 December 2024 (31 December 2023: EUR 27.3 million). These mainly comprise provisions for health insurance organisation discount payments by the German companies, which declined in financial year 2024. In addition, the provisions for restructuring costs at Candoro ethics GmbH have been utilised.

Trade payables amounted to EUR 94.9 million as at 31 December 2024 (31 December 2023: EUR 86.6 million). They have remaining terms of up to one year, do not bear interest and generally become due for payment within 0 to 60 days. The increase was due for the most part to effects related to the reporting date and the cash flows deriving from those effects.

Tax liabilities decreased to EUR 58.8 million in financial year 2024 (31 December 2023: EUR 81.8 million). The reduction was due primarily to lower corporate income tax and trade tax liabilities.

Deferred tax liabilities decreased to EUR 111.7 million in financial year 2024 (31 December 2023: EUR 112.4 million). The change in this item of the statement of financial position resulted primarily from adjustments to purchase price allocations.

2.3.3 Cash flows of the Group

Stable cash flows

Dermapharm's cash flows remained stable in the reporting period. Accordingly, adequate liquidity for the Group was guaranteed at all times in financial year 2024.

The main sources of liquidity were cash inflows from ongoing business activities. In addition to the existing sources of debt financing such as loans, syndicated lending and various promissory note loans, Dermapharm also has access to a cash liquidity reserve in the form of cash and cash equivalents. The latter amounted to EUR 161.0 million as at 31 December 2024 (total variable lines of credit of EUR 216.0 million).

Financial management: principles and objectives

The implementation of the financing strategy is centred on securing and financing the Company's strategic development over the short, medium and long term as well as optimising capital costs. The Group utilises various financing instruments in order to ensure its financial flexibility.

Dermapharm's capital structure is essentially optimal if the financial covenant agreed with the creditors can be maintained. In accordance with the financial covenant, Dermapharm measures its capital structure based on the ratio between net debt and adjusted EBITDA. Further focus is placed on reducing capital costs, optimising the maturity profile, diversifying the lender structure and actively managing net working assets.

In addition to the existing financial instruments, the Group covers its financing requirements primarily through cash flows from operating activities.

Dermapharm Aktiengesellschaft as the Group's key financing entity implemented a cash pooling arrangement with the material Group companies in Germany and Austria. This involves pooling the existing credit balances of cash pool participants with Dermapharm Aktiengesellschaft, and offsetting these against debit balances. The aim of cash pooling is to ensure sufficient liquidity at all times and to strike a balance between income and expenditure when managing Group financing and liquidity.

Overview of the structure of financial liabilities in the Group

Current remaining terms of the financial liabilities as at 31 December 2024:

EUR thousand	< 1 Year	1–5 Years	> 5 year	Total
Promissory note loan III	-	61,404	-	61,404
Promissory note loans	84,812	806,302	9,624	900,738
Lease liabilities	5,123	8,240	4,107	17,470
Total	**89,935**	**875,946**	**13,731**	**979,612**

At 31 December 2024, financial liabilities amounted to EUR 979.6 million (31 December 2023: EUR 1,080.4 million). Issued promissory note loans decreased to EUR 61.4 million (31 December 2023: EUR 99.8 million); liabilities to banks decreased to EUR 900.7 million (31 December 2023: EUR 962.3 million). In addition, lease liabilities of EUR 17.5 million were reported (31 December 2023: EUR 18.2 million).

Material existing funding

In December 2022, Dermapharm Holding SE and Dermapharm AG entered into a syndicated loan agreement with leading German and European banks for EUR 1,050 million with a basic term of 5 years. EUR 845.0 million of the loan drawn down as of the reporting date (as at 31 December 2023: EUR 915,000 thousand). The syndicated loan agreement comprises a bullet tranche of EUR 650.0 million (Facility A), a repayment tranche of EUR 150.0 million (Facility B; 31 December 2023: EUR 200.0 million) and a revolving tranche of EUR 200.0 million (Facility C), of which only EUR 45.0 million had been drawn down as at the reporting date (31 December 2023: EUR 65.0 million). At the same time, the loan agreement provided the option to extend an additional tranche of up to EUR 200.0 million, which had not been committed as of the reporting date.

The financing bears a floating rate of interest (Facility A and Facility B: 6-month EURIBOR plus a margin; Facility C: 1-month, 3-month or 6-month EURIBOR plus a margin), is subject to a leverage covenant, and has a maximum term of five years. The interest on the syndicated loan is primarily dependent on movements in the EURIBOR (reference rate).

In order to address the interest rate risks arising from the syndicated loan agreement, Dermapharm entered into two interest rate hedges linked to an underlying with a core bank in March 2023 to cover the majority of the financing volume. These artificially eliminate the risk of fluctuations in the reference rate for this volume until the interest rate swaps reach maturity.

In 2019, Dermapharm issued promissory note loans with floating and fixed rates of interest with a total nominal amount of EUR 100.0 million and with terms of 5, 7 and 10 years. In 2024, EUR 38.5 million was repaid on time. The syndicated loan and promissory note loan agreements stipulated a right of the respective lenders and investors to call in the loans in the event of a change of control or (for the syndicated loan) a failure to adhere to the financial covenant. If the financial covenant is not maintained, the investors in the promissory note loan receive a margin step-up.

Pharmazeutische Fabrik Montavit Gesellschaft m.b.H., which was subject to first-time consolidation in July 2023, holds loans granted by multiple banks with top credit ratings. The volume outstanding under these loan agreements amounted to approximately EUR 18.2 million as at 31 December 2024 (31 December 2023: EUR 19.7 million). The loans feature varying terms (between 31 March 2031 and 31 December 2035), interest rates (fixed/floating) and repayment conditions (repayable in instalments/at maturity).

Cash flow analysis

Cash flow statement (abridged)

EUR thousand	2024	2023
Net cash flows from operating activities	201,378	219,422
Cash flows from investing activities	–29,614	–415,432
Free cash flow	**171,764**	**–196,010**
Cash flows from financing activities	**–209,169**	**204,538**
Cash flow	**–37,404**	**8,528**
Cash, cash equivalents and bank overdrafts	121,275	158,715

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

The net cash flow from operating activities decreased by EUR 18.0 million to EUR 201.4 million in the 2024 financial year (previous year: EUR 219.4 million). This development was largely due to the EUR 25.4 million increase in working capital (previous year: EUR 0.5 million) and the higher income tax payments totalling EUR 83.8 million (previous year: EUR 65.4 million).

Cash flow from investing activities, which reflects the cash outflows for investments less the inflows from disposals, amounted to EUR –29.6 million in financial year 2024 (previous year: EUR –415.4 million).

The decline in cash flow from investing activities was primarily attributable to the acquisitions of the Arkopharma Group and Montavit totalling EUR 389.4 million in the previous year. Cash flows from investing activities also reflect payments for investments in intangible assets and property, plant and equipment amounting to EUR 38.2 million (previous year: EUR 41.5 million).

Free cash flow, i.e., cash flow from operating activities plus cash flow from investing activities, amounted to EUR 171.8 million in financial year 2024 (previous year: EUR –196.0 million).

Cash flow from financing activities amounted to EUR –209.2 million in the financial year (previous year: EUR 204.5 million).

This was influenced significantly by proceeds from borrowings in the amount of EUR 111.2 million (previous year: EUR 715.0 million) and cash used to repay EUR –212.6 million (previous year: EUR –414.2 million) in financial liabilities.

Cash flow from financing activities was also influenced by the distribution of a dividend for financial year 2023 amounting to EUR 47.4 million in July 2024 (previous year: EUR 56.5 million) in accordance with the resolution of the Annual General Meeting dated 27 June 2024. The AGM followed the Board of Management's recommendation to distribute a dividend of EUR 0.88 per share carrying dividend rights.

Cash flow: The net balance of the cash flow from operating activities plus the cash flow from investing activities and plus the cash flow from financing activities amounted to EUR –37.4 million in financial year 2024 (previous year: EUR 8.5 million).

Investments

The Group's investment volume fell to EUR 38.6 million in financial year 2024 (previous year: EUR 430.9 million). This decrease was attributable primarily to the acquisition of the Arkopharma Group and Montavit in the previous year.

Investments in intangible assets amounted to EUR 18.2 million (previous year: 18.9 million) and primarily comprised expenses for products being developed in house. Investments in property, plant and equipment amounted to EUR 20.0 million (previous year: EUR 22.6 million). Accordingly, the ratio of investments in property, plant and equipment to consolidated revenue amounted to 1.7% (previous year: 2.0%).

2.4 Financial position, financial performance and cash flows of Dermapharm Holding SE (HGB)

2.4.1 Business activities

The Company was established as a European company, or Societas Europaea (SE), in accordance with European and German laws. It is entered in the commercial register of the Local Court (Amtsgericht) of Munich under the number HRB 234575 and has its registered office at Lil-Dagover-Ring 7, 82031 Grünwald, Germany.

Dermapharm Holding SE essentially functions as a strategic holding company. In this function, it only generates income from charges allocated within the Group, and not revenue from third parties. It holds, directly and indirectly, shares in companies belonging to the Dermapharm Group.

Services from Dermapharm Holding SE's role as a holding and parent company of the Dermapharm Group significantly influence the Company's earnings. These strategic services are compensated by the Group companies using these services and reported as revenue by Dermapharm Holding SE.

Please refer to the description of the Dermapharm Group included in this combined management report for further information on the business activities of Dermapharm Holding SE, particularly on the topics of Strategy, Research and Development, Employees, Macroeconomic and Sector-Specific Environment, Opportunities and Risks and Information relevant to acquisitions.

2.4.2 Management system and performance indicators

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

This financial performance indicator is monitored continuously and is integrated into the monthly reporting to the Board of Management. The specified plan figures are reviewed on an ongoing basis and compared with the current business performance (plan to actual comparison). Based on this review, corresponding measures are derived from any variances to the original EBITDA targets.

The Board of Management approves objectives for use in the business planning and management of the segments. Budget projections which are prepared annually for a period of five years (the first three of which being subject to approval by the Supervisory Board) translate these objectives into specific, measurable targets.

The table below presents a reconciliation of EBITDA to earnings as presented in the income statement:

	Unappropriated net earnings
–	Withdrawal from capital reserves
+	Loss carried forward from the previous year
=	Net loss for the financial year
+	other taxes
=	Earnings after tax
+	Interest and similar expenses
–	other interest and similar income
+	Amortisation of intangible fixed assets and depreciation of property, plant and equipment
=	**EBITDA**

Comparison to outlook in 2023

In its report on expected developments for 2024 in the 2023 combined management report, the Board of Management did not expect any material changes in EBITDA as compared to 2023. EBITDA remained virtually unchanged at EUR –0.5 million in financial year 2024 (previous year: EUR –0.4 million). Thus, the targets forecast in the outlook were achieved.

2.4.3 Financial performance of Dermapharm Holding SE

Income statement

EUR thousand	2024	2023
Revenue	4,951	5,354
Other operating income	95	343
Personnel expenses	–3,766	–4,304
Amortisation of intangible fixed assets and depreciation of tangible fixed assets	–23	–22
Other operating expenses	–1,757	–1,793
Other interest and similar income	26	4
Interest and similar expenses	–7,699	–3,212
Taxes on income and earnings	–6	0
Earnings after tax	**–8,180**	**–3,630**
Other taxes	0	0
Net loss for the financial year	**–8,180**	**–3,630**
Loss carried forward from the previous year		
Withdrawal from capital reserves	56,636	51,009
Unappropriated net earnings	**48,456**	**47,379**

The **revenue** in financial year 2024 amounted to EUR 5.0 million (previous year: EUR 5.4 million) and comprised solely amounts charged for services rendered to companies of the Group.

Personnel expenses declined slightly year on year to EUR 3.8 million (previous year: EUR 4.3 million). It includes the Business Development department as well as the Company's Board of Management.

Other operating expenses amounted to EUR 1.8 million in financial year 2024 (previous year: EUR 1.8 million) and consisted primarily of costs for preparing and auditing the financial statements as well as consulting fees.

EBITDA amounted to EUR –0.5 million in financial year 2024 (previous year: EUR –0.4 million).

Interest expenses amounted to EUR 7.7 million in financial year 2024 (previous year: EUR 3.2 million). These relate to intercompany interest expenses charged to Dermapharm AG.

In financial year 2024, **earnings after tax** amounted to EUR –8.2 million (previous year: EUR –3.6 million).

The **net loss for the year** increased to EUR 8.2 million in financial year 2024 (previous year: EUR 3.6 million).

The **unappropriated net earnings** for financial year 2024 will be used in full (EUR 48.5 million; previous year: EUR 47.4 million) to distribute the dividend proposed by the Board of Management.

2.4.4 Financial position of Dermapharm Holding SE

The financial position of Dermapharm Holding SE developed as shown below in financial year 2024:

Assets **EUR thousand**	**31 December 2024**	**31 December 2023**
Fixed assets		
Intangible fixed assets	166	56
Property, plant and equipment	3	4
Shares in affiliated companies	1,321,915	1,321,915
Total fixed assets	**1,322,084**	**1,321,975**
Current assets		
Receivables from affiliated companies	18,005	37,957
Other assets	44	135
Bank balances	251	1,404
Total current assets	**18,300**	**39,496**
Prepaid expenses	**194**	**183**
Total assets	**1,340,578**	**1,361,656**

Equity and liabilities **EUR thousand**	**31 December 2024**	**31 December 2023**
Equity	**1,055,544**	**1,111,103**
Provisions		
Other provisions	3,080	2,882
Total provisions	**3,080**	**2,882**
Liabilities		
Trade payables	195	91
Liabilities to affiliated companies	273,885	217,754
Other liabilities	7,875	29,827
Total liabilities	**281,954**	**247,671**
Total equity and liabilities	**1,340,578**	**1,361,656**

Total assets decreased to EUR 1,340.6 million as at 31 December 2024 (previous year: EUR 1,361.7 million).

Shares in affiliated companies amounted to EUR 1,321.9 million as at 31 December 2024 (previous year: EUR 1,321.9 million) and include the interest in Dermapharm AG and Dermapharm Beteiligungs GmbH.

Receivables and other assets decreased to EUR 18.0 million (previous year: EUR 38.1 million). This was due mainly to the decline in receivables from companies of the consolidated VAT group.

Bank balances decreased to EUR 0.3 million as at 31 December 2024 (previous year: EUR 1.4 million).

Equity decreased slightly to EUR 1,055.5 million as at 31 December 2024 (previous year: EUR 1,111.1 million).

Other provisions rose slightly to EUR 3.1 million as at 31 December 2024 (previous year: EUR 2.9 million), in particular due to the decrease in provisions for personnel.

Liabilities to affiliates increased to EUR 273.9 million (previous year: EUR 217.8 million). The increase resulted from the increase in intercompany loans.

Other liabilities decreased to EUR 7.9 million as at 31 December 2024 (previous year: EUR 29.8 million). These consist primarily of VAT liabilities. The reduction was attributable primarily to a matter relating to the direct offsetting of the consolidated VAT group by the tax authorities concerned. Since 1 January 2018, Dermapharm Holding SE has been the consolidated tax group parent of a consolidated VAT group.

2.4.5 Cash flows of Dermapharm Holding SE

Dermapharm Holding SE's financial position and cash flows remained stable in the reporting period. Accordingly, the Company's liquidity was guaranteed at all times in financial year 2024.

The main sources of liquidity were cash inflows from charging for services rendered to the companies of the Group.

In December 2022, Dermapharm Holding SE and Dermapharm Aktiengesellschaft entered into a syndicated loan agreement with leading German and European banks for EUR 1,050 million with a basic term of 5 years. EUR 845.0 million of the loan drawn down as of 31 December 2024 (as at 31 December 2023: EUR 915,000 thousand). The syndicated loan agreement comprises a bullet tranche of EUR 650 million, a payment tranche of EUR 150 million and a revolving tranche of EUR 200 million. At the same time, the loan agreement provided the option to extend an additional tranche of up to EUR 200 million, which had not been committed as of the reporting date. In addition, Dermapharm Holding SE is jointly and severally liable for the promissory note loan taken out by Dermapharm Aktiengesellschaft. The risk of recourse to joint and several liability is assessed as low.

Please refer to Section 2.3.3. of this combined management report for information on the structure of these financing instruments.

The unappropriated net earnings reported for financial year 2024 is expected to be used in full in financial year 2025 to pay the dividend proposed by the Board of Management.

2.5 Overall assertion on the economic situation

Overall assertions on the Group

The 2024 financial year was once again characterised by macroeconomic challenges. The repercussions from the war in Ukraine and other geopolitical crises continued to cause uncertainty on the energy and commodity markets in the past year. While there was some stabilisation in energy prices, the situation on the commodity markets remained tough. Dermapharm reacted to the changes in its procurement situation and the supply chain pressures at an early stage by adapting its procurement practices. Changes were made to order points and in some cases increases in inventory levels were accepted. The expected decline in revenue and earnings contributions from the cooperation with BioNTech, which now only includes participation in pandemic preparedness, was offset by organic growth in the existing business. Revenue was in line with the guidance published in March 2024, while EBITDA exceeded projections slightly.

Revenue increased by 4.0% to EUR 1,180.8 million (previous year: EUR 1,135.4 million).

The segments reported the following changes in revenue:

- "Branded pharmaceuticals" segment: 9.8%
- "Other healthcare products" segment: –4.7%
- "Parallel import business" segment: 4.6%

Adjusted for non-recurring items amounting to EUR 6.7 million, EBITDA rose by 1.7% to EUR 315.6 million (previous year: EUR 310.2 million).

The segments reported the following changes in **adjusted EBITDA**:

- "Branded pharmaceuticals" segment: 10.3%
- "Other healthcare products" segment: –24.8%
- "Parallel import business" segment: –100%

Unadjusted EBITDA rose by 10.2% to EUR 308.9 million (previous year: EUR 280.3 million).

The segments reported the following changes in unadjusted EBITDA:

- "Branded pharmaceuticals" segment: 13.3%
- "Other healthcare products" segment: –2.3%
- "Parallel import business" segment: –100%

Overall assertion on Dermapharm Holding SE

In financial year 2024, Dermapharm Holding SE, in its role as a strategic holding company, provided extensive services to the Group companies, thereby contributing to the Group's positive performance.

3. Report on risks and opportunities

Dermapharm operates within a complex and global ecosystem. Thus, numerous external and internal factors influence its business. Every decision is fraught with opportunities and risks, which need to be taken into account. Dermapharm has therefore established tools and processes that enable it to identify risks early and take appropriate action to counter them. At Dermapharm, opportunity management is an integral part of internal decision-making processes and business planning during the year.

The geopolitical situation remains tense due to Russia's war of aggression in Ukraine, which has been ongoing for three years now, and the conflict in the Middle East. The associated challenges, such as rising raw materials and energy prices and potential supply shortages, are taken into consideration in Dermapharm's operating business. In that respect, there are currently no further material events identifiable with impact on Dermapharm's business situation for the 2025 observation period.

The continuation of efforts to develop the National Pharma Strategy and the implementation of structural measures as part of the German Act to Combat Supply Shortages and Improve the Supply of Medicines (Arzneimittel-Lieferengpassbekämpfungs- und Versorgungs-verbesserungsgesetz, "ALBVVG") present new opportunities for Dermapharm and the entire pharmaceuticals industry in Germany. The increased political focus on supply security and the manufacturing of medicines in Europe could provide additional growth momentum.

In sections 3.1–3.4 below, we present the Group-wide risk management system (RMS), internal control system (ICS) and compliance management system (CMS). The 25 risk categories described in the risk report (section 3.5) are subsumed under the following four risk types:

- Market and strategy-related risks (7)
- Operating risks (8)
- Financial risks (4)
- Compliance and legal risks (6)

There were no changes in the risk category ratings compared to the previous year. Nor were there any changes in the risk assessment methodology in 2024.

3.1 Main characteristics of the internal control and risk management system

For Dermapharm's Board of Management and Supervisory Board, the internal control system and the risk management system represent elements of fundamental importance to business management. The manner in which business risks are managed is crucial to the Group's economic success as well as to sustainable corporate development and governance.

The objective of the internal control system is to universally implement the strategic and operational directives of Dermapharm's Board of Management, to achieve the operating efficiency targets and to guarantee that compliance requirements are met.

The goal of the Group's risk management system is to identify potential risks that could jeopardise the Group's performance early and to introduce suitable measures to actively counter them. The fundamental components of the RMS are the Group's risk culture, the RMS organisation, and the identification, assessment and management of risks.

The internal control system is process-oriented and entails the identification of risks as well as the definition of mitigating upstream and downstream controls and their implementation into the relevant workflows. The internal control system consists of centralised and decentralised elements. In selected areas, Group-wide control policies are implemented both centrally and locally.

Risk analysis, continuous monitoring and evolving legal and economic conditions form the basis for the continued development of the internal control system and the risk management system. This includes the definition and implementation of risk-mitigating measures, the revision of control design/ implementation and modifications to system-supported process automation.

The ICS and RMS also cover environmental, social and governance (ESG) topics. This includes identifying and assessing risks and defined processes and controls used to capture, validate, process and document sustainability-relevant data (including figures relating to energy consumption and the employee structure).

In addition, the second line of defence (the Governance, Risk & Compliance (GRC) department) and the third line of defence (Internal Audit) regularly review the appropriateness and effectiveness of the internal control and risk management system. The Board of Management has received no information indicating that the internal control and risk management system was not appropriate or effective in financial year 2024.

3.2 Risk management system

Dermapharm's Group-wide risk management system covers Dermapharm Holding SE, Dermapharm AG, Dermapharm Beteiligungs GmbH and all subsidiaries in which a majority interest is held (> 50%), whether directly or indirectly. The basic elements of Dermapharm's risk management system are described below:

Risk culture

The key prerequisite for successful risk management is a healthy risk and compliance culture within the Company. To set the right tone from the top, management promotes open risk communication across all subsidiaries, segments and hierarchy levels. Group employees are encouraged to think about potential risks, openly address risks that have been identified, and suggest immediate action to minimise risk. Training on the Group-wide RMS methodology in all relevant segments in Germany and abroad has made it possible to develop a common "risk language" throughout the Group. This ensures that the results of risk analysis are comparable across international borders and at the same time allows insights to be shared between the individual subsidiaries and/or segments.

Objective of the RMS

The goal of the Group's risk management system is to identify potential risks that could jeopardise the Group's performance early and to introduce suitable measures to actively counter them. It also serves to calculate the Group's risk-bearing capacity. This refers to the maximum possible loss from the occurrence of potential risks that can just be covered by the available liquidity reserves and free lines of credit without jeopardising the Dermapharm Group's ability to function as a going concern.

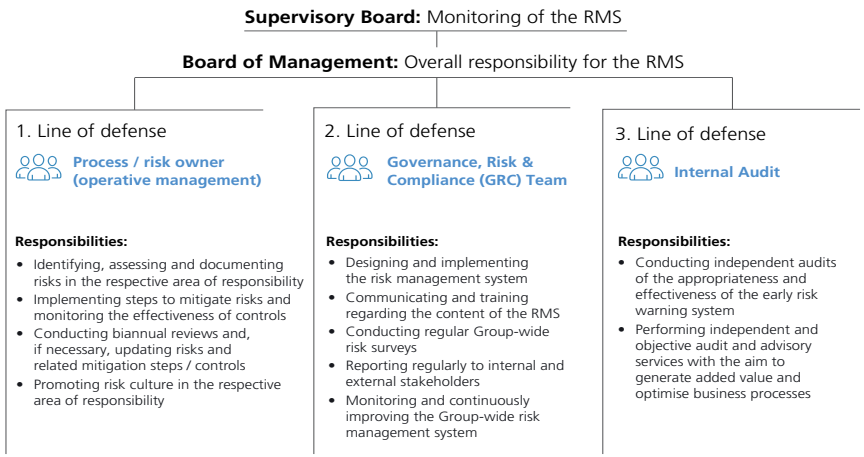
Another goal of the risk management system is to guarantee that the annual and consolidated financial statements and the combined management report are prepared in compliance with regulations by identifying, assessing and managing the risks of financial reporting. The identified risks also serve as the basis for the risk-oriented definition of principles, procedures and controls under the accounting-related internal control system, which are intended to ensure that the system in place for preparing the financial statements complies with regulations.

Dermapharm is exposed to risks stemming from external factors as well as its business activities. These risks can prevent it from achieving its targets and have a detrimental effect on performance. While risks cannot be avoided altogether, our stated aim is to mitigate them to the furthest extent possible. When balancing opportunities and risk, risks that are in line with the anticipated benefit of the corresponding business activity are deliberately assumed.

RMS organisation

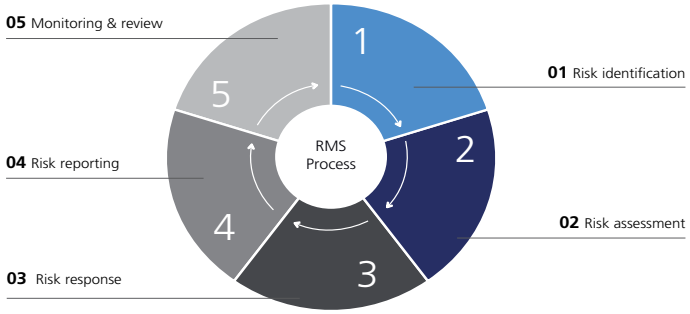
The risk management system is managed centrally by Governance, Risk & Compliance, it is tested for appropriateness and effectiveness on a regular basis and is entirely the responsibility of the Board of Management. By contrast, risks are monitored and managed at the local level: Depending on the risk category and risk scope, this is the responsibility of the segment managers and managing directors of the respective subsidiaries. Regular risk surveys are used to identify and document potential risks in all relevant segments and companies in which a majority interest is held. The risk officers assess Dermapharm's standard catalogue of risks every six months. GRC then centrally consolidates and assesses the results of these risk surveys. If necessary, new measures are introduced or previously adopted measures are modified.

Organisation of the risk management system:



Risk management process

A defined group of risk owners are responsible for regularly identifying, analysing and assessing risks using an established set of risk categories and a defined assessment methodology. The potential impact and likelihood of the respective risks are assessed taking into account the organisational and procedural structures in place to minimise risk. A full report with a comprehensive assessment of the risk situation is provided to the Board of Management and the Supervisory Board of Dermapharm at regular intervals. The appropriateness and effectiveness of the RMS is continually monitored by GRC and regularly reviewed by the independent Internal Audit unit.



Risk identification

Identification and handling of risks is firmly anchored in the corporate principles and is the responsibility of all Group employees.

Dermapharm differentiates between the following risk categories on the basis of the internationally recognised ERM framework (2014, COSO II) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO):

Market and strategy	Operational	Financial	Compliance
Threat of (new) competitors/manufacturers of originator preparations	Risks in developing new compounds/products	Funding and liquidity risks	Risks in relation to changes in the legal and regulatory environment
Dependence on key products	Purchasing risks	Interest rate risks	Corruption risks
Dependence on suppliers/business partners	Risks in relation to manufacturing products	Currency risks	Antitrust risks
Dependence on customers	Quality risks/product liability	Tax risks	Data protection violations
Risks arising from M&A activity	Risks in relation to marketing and sales		Human rights and environmental risks in own operations
Political risks	IT risks		Other compliance risks
Other market-related or strategic risks	HR risks		
	Other operational risks		

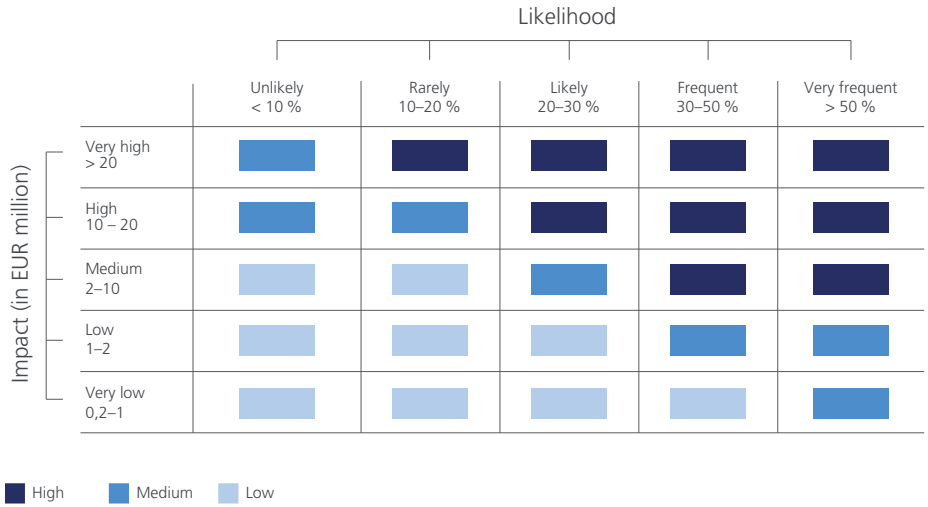
Risks are identified by continuously monitoring the general economic trend, the market environment in the pharmaceuticals sector and internal processes. The planning process also serves to recognise risks in the Company at an early stage and to align business management practices accordingly. The budget projections cover a planning horizon of five years. The objective of developing and using planning scenarios is ultimately to continually and sustainably increase

enterprise value, to achieve the medium-term financial targets and to secure the continued existence of the Company in the long term.

Risk assessment and management

As part of regular risk surveys, the risk owners assess the identified risks based on two dimensions: impact and likelihood. This takes into consideration countermeasures already implemented and controls already put in place (net risk assessment), and where possible is based on objective criteria and/or historical experience.

Dermapharm uses a 5x5 assessment scale as illustrated in the following risk matrix.



The likelihood of occurrence reflects the probability that the potential risk will materialise in the next 12 months (1-year valuation horizon). In addition to likelihood, the potential impact arising on occurrence is assessed in monetary terms as a negative impact on the operating result (EBIT). The potential losses are allocated to ranges given in euros.

The risk is classified as low, medium or high based on a combination of the likelihood and impact. This makes it possible to prioritise the steps required to mitigate risk.

Depending on the respective risk strategy (accept, avoid, mitigate or transfer), the risk/action owner takes the appropriate action and/or implements/modifies the controls inherent in the process. In the case of risk acceptance, there is no (further) action taken/control implemented.

Risk reporting and continual monitoring of the RMS

A full report with a comprehensive assessment of the risk situation is provided to the Board of Management and the Supervisory Board at regular intervals. Ad hoc reporting is used to notify the Board of Management and where necessary the Supervisory Board of newly identified significant risks.

The Governance, Risk & Compliance department at Dermapharm continually monitors the appropriateness and effectiveness of the risk management system and makes any requisite recommendations for improvement. Approval is obtained from the Board of Management for material changes to the RMS.

Internal Audit conducts regular independent audits of the appropriateness and effectiveness of the risk management system.

In particular, the process of identifying and assessing the Company's internal risk factors involves regularly reviewing business processes, projects, acquisitions, HR and compliance issues. The internal control system at Dermapharm helps minimise and eliminate manageable risks within the business processes.

3.3 Accounting-related internal control system

The objective of the internal control system is to universally implement the strategic and operational directives of Dermapharm's Board of Management, to achieve the operating efficiency targets and to guarantee that compliance requirements are met.

The Group's accounting-related internal control system comprises all procedures and measures to ensure proper and reliable accounting and compliance with the relevant statutory provisions and the articles of association. There are clear rules governing the responsibility for implementing the internal control system within the accounting process, and it lies with the Board of Management, the responsible managers, the financial accounting department and the managerial accounting department. The system is being continually improved and its appropriateness and effectiveness are tested on a regular basis in order to ensure that the accounting and the processes for preparing the annual and consolidated financial statements are accurate and complete at all times.

A variety of controls are integrated into the accounting processes and the process for preparing the annual and consolidated financial statements and the combined management report. These processes are implemented to the greatest possible extent using standardised IT systems, which include comprehensive system-based controls to help ensure that transactions are recorded correctly and completely. An IT security concept has been widely implemented to ensure the availability of systems used within the Company. Further controls include implementation of the principal of dual control, which is employed for material business processes, a clear division of responsibilities and roles and a wide range of manual checks that are documented and monitored accordingly.

In addition, the Supervisory Board monitors the appropriateness and effectiveness of the internal control system as part of its oversight of the Board of Management.

3.4 Compliance management system

Trust and integrity are among the most important values in the corporate culture and are prerequisites for Dermapharm's business success. The compliance guidelines serve to ensure that the Company, the managers and the employees act responsibly and in an ethically correct manner. Possible violations should be recognised in advance and systematically prevented.

The Chief Compliance Officer (CCO) is responsible for managing and monitoring the necessary activities at the Group level, and is supported by GRC and the compliance officers at the individual subsidiaries.

The corporate principles and rules of conduct derived from them are laid down in Dermapharm Holding SE's Code of Conduct, which is binding on all employees throughout the Group. Among other things, we expect all employees of the Dermapharm Group to treat each other fairly and with respect. We do not tolerate discrimination or harassment based on age, origin, gender, appearance, ideology, religion, sexual orientation or other individual characteristics. The Code of Conduct also lays down binding rules governing sustainability and environmental protection, corruption, money laundering and terrorist financing, unfair competition, insider trading, market manipulation, data protection and conflicts of interest.

Suspicious transaction reports can also be filed at the Dermapharm Group in connection with the activities of the organisation and its business partners. Potential violations of the law can be reported to the internal reporting unit via Dermapharm Group's digital whistleblower system, including anonymously. Furthermore, the compliance officers of the individual subsidiaries can consult GRC and the Chief Compliance Officer on compliance-related topics.

Any reported violations will be investigated according to professional standards and applicable policies and, depending on the individual case, may lead to disciplinary action under employment or contract law or to criminal prosecution by investigative authorities and as well as judicial authorities. GRC submits a quarterly report to the Board of Management about any compliance incidents and inquiries from within the Group and any action that must be taken as a result.

3.5 Risk report

The assessments for the monitored risk categories at Group level are presented below. The individual risk categories and the relevant background information are then discussed in greater detail.

Market and strategy	Operational	Financial	Compliance
Threat of (new) competitors/manufacturers of originator preparations	Risks in developing new compounds/products	Funding and liquidity risks	Risks in relation to changes in the legal and regulatory environment
Dependence on key products	Purchasing risks	Interest rate risks	Corruption risks
Dependence on suppliers/business partners	Risks in relation to manufacturing products	Currency risks	Antitrust risks
Dependence on customers	Quality risks/product liability	Tax risks	Data protection violations
Risks arising from M&A activity	Risks in relation to marketing and sales		Human rights and environmental risks in own operations
Political risks	IT risks		Other compliance risks
Other market-related or strategic risks	HR risks		
	Other operational risks		

High Medium Low

Market and strategy

Threat of (new) competitors/manufacturers of originator preparations

Dermapharm could be adversely affected by developments in the international markets for pharmaceuticals and healthcare products. In particular, increased competition can have a detrimental impact on the Group's business. In 2024, competing new products were launched on the German vitamin D market, which is a relevant market for Dermapharm. It cannot be ruled out that competitors may launch further products in 2025, including vitamin D compounds.

The emergence of new competitors can have an unfavourable impact on market conditions. Furthermore, some competitors – due to their financial and/or organisational resources, production capacities, and selling and/or market power – may impact market conditions in a way that has a negative outcome for Dermapharm. Competitors' increasingly frequent participation in tenders by statutory health insurers increases the price pressure on prescription pharmaceuticals.

Dermapharm monitors the market continuously in order to minimise the described risks as far as possible. This involves the preparation of relevant market analyses and monitoring competitors' offerings. Appropriate adjustments to the strategy are also made, if necessary.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **medium** at Group level.

Dependence on key products

A significant portion of Dermapharm's revenue and EBITDA is generated through the sale of particularly strong brands, such as Dekristol® (active ingredient: vitamin D). Under the aforementioned brand, Dermapharm has a very extensive portfolio of different high-dosage vitamin D compounds and food supplements that can be used prophylactically or to treat vitamin D deficiency. Other key products offered by the Group include Allergovit®, Arkogelules®, Tromcardin® complex, Keltican® forte and the herbal extract from saw palmetto. There is in principle the risk of declining revenue from these products. This can be caused by factors such as unfavourable changes in market conditions, aggressive price competition, the establishment of alternative forms of treatment and regulatory measures.

Dermapharm manages these risks by developing new high-margin products and acquiring growth companies and/or products in order to keep diversifying its own product portfolio. In addition, Dermapharm continues to monitor the relevant markets and considers alternative courses of action where necessary.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **medium** at Group level.

Dependence on suppliers/business partners

Dermapharm requires raw materials, which it purchases from suppliers and third-party manufacturers, to manufacture its products. Supply chain interruptions may thus reduce their availability on the market. However, thanks to our extensive product range and thus the large number of upstream suppliers, this is not expected to adversely affect the Group's performance.

Dermapharm protects itself from potential supplier bottlenecks, due for instance to the loss of a supplier, by employing an appropriate inventory strategy, alternative sources and supplier audits.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Dependence on customers

The Group's success depends in part on the successful marketing of prescription and pharmacy-only drugs. By contrast, demand for Dermapharm's products comes primarily from doctors and pharmacists, with wholesale playing a purely logistical role. The extremely large number of doctors and pharmacists we serve considerably reduces our dependence on individual customers.

Dermapharm continues to keep a close eye on market events, the relevant players and significant market structures in the interest of actively minimising its risks. Alternative courses of action are identified whenever warranted by the conditions observed. Furthermore, the Group is in close, regular contact with customers. Other sales channels are reviewed as required in the interest of diversification.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Risks arising from M&A activity

Dermapharm's corporate strategy is based on in-house product development, internationalisation and M&A activities. M&A activities in particular are associated with the risk that products, product portfolios or businesses acquired in the past or to be acquired in the future can only be integrated at a higher cost or the expected synergies cannot be leveraged as intended. Moreover, the acquired products or businesses may not generate the expected results on the market if the markets and therapeutic areas comprising Dermapharm's strategic focus may develop differently than expected. The expansion of the business into foreign markets furthermore exposes Dermapharm to risks associated with conducting business in countries that are unfamiliar to it. Established consumer habits, legal conditions and existing market and distribution structures may adversely affect the Company's performance. Against this backdrop, there is the risk that Dermapharm may fail to identify and leverage attractive growth opportunities.

Dermapharm employs a comprehensive range of measures to manage the potential risks. These include conducting due diligence reviews of potential acquisitions together with relevant internal departments, such as business development and finance, and experienced external advisors, where necessary. In recent years, the Group has established various processes designed to help integrate acquired companies into the existing structures of the Group, including within Group Accounting, Controlling and IT. As part of the integration effort, Group policies, standards and programmes are communicated.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **medium** at Group level.

Political risks

As an international concern, Dermapharm navigates a variety of national and supranational (healthcare) systems. Changing conditions can adversely affect the business of the Company and its subsidiaries – including, for example, the introduction of tariffs, the prohibition of exports of active ingredients in supplier countries, changes in pricing policies (e.g., the rates paid by health insurers), and new legislation and restrictive regulations by national healthcare systems in particular. The effects can also be indirect, for instance minimum wages being introduced or amended, or higher income and/ or transfer taxes.

Russia's war of aggression in Ukraine and the conflict in the Middle East represent macroeconomic and political risks which must be kept under close observation. The associated challenges, such as rising raw materials and energy prices and potential supply shortages, are taken into consideration in Dermapharm's operating business (see purchasing risks).

Dermapharm manages the risks referred to above by continually monitoring the relevant political developments, communicating and working with pharmaceuticals associations and taking appropriate action when necessary.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Other market-related or strategic risks

New scientific discoveries could adversely affect Dermapharm's business operations. Unfavourable research/study outcomes, for example relating to an active ingredient or excipient, can result in the failure to introduce a new product or cause revenue from existing products to decline. Other market risks can result from low-quality imitations or the sale of Dermapharm's products on the grey market.

Dermapharm manages these risks by continuously refining existing preparations, by avoiding critical substances and excipients and by actively monitoring the market and adapting its product strategy as necessary.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Operational risks

Risks in developing new compounds/products

Dermapharm generates the majority of its revenue from off-patent branded pharmaceuticals. The development of new products is one of the three key pillars of the Group's corporate strategy. Accordingly, Dermapharm invests continually in order to continually and successfully develop and bring to market new products. Despite the extensive expertise Dermapharm possesses, there is no guarantee that it can successfully launch every single new product development on the market. In any development project, unexpected technical challenges, regulatory changes or official requirements can lead to unanticipated delays, cost increases or even the cancellation of the project itself. Even the outcome of meticulously prepared clinical trials cannot be predicted. As a result, a marketing authorisation may not be granted. Furthermore, projects that were initially considered economically viable may prove unprofitable in the course of development.

Even in instances where a new product is successfully developed, a variety of other factors are crucial to the success of downstream product introduction. Certain aspects of this process lie outside Dermapharm's control. Dermapharm generally requires five to seven years to develop and obtain authorisations for off-patent pharmaceuticals The longer it takes to develop a product, the longer it can potentially take for the Company to cover its development costs and generate profits. A product that is considered to be promising in the early stages of its development cycle can become less attractive if a competitor succeeds in occupying the market earlier than expected. Moreover, the market may become less attractive over the course of the product development process (e.g., if alternative treatment forms have been discovered or new therapies have been introduced for the same ailments).

Dermapharm actively minimises risks by regularly monitoring the achievement of relevant development milestones by its competitors. For instance, market research is once again conducted prior to the start of cost-intensive clinical trials. Marketing authorisation databases are checked to see what projects competitors are working on. The Board of Management monitors the progress and costs of projects during development meetings. This enables us to identify default risks early on and minimise these to the furthest extent possible. In addition, regular employee training is offered on all relevant statutory requirements and responsibilities for products are clearly assigned.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Purchasing risks

Russia's war of aggression in Ukraine and the conflict in the Middle East continued to result in supply shortages in some areas in 2024. Manufacturing costs increased due to the rising prices for raw materials and energy on the back of both the conflicts and higher consumer prices. Reference pricing arrangements meant that the higher manufacturing costs could not always be passed on to customers/patients. These procurement challenges are likely to cast their shadow over 2025 as well.

However, thanks to Dermapharm's inventory and purchasing policies, these supply bottlenecks had minimal to no impact on production activities and thus on its ability to deliver. Significant portions of the raw materials supply are covered by long-term supply agreements and price escalation clauses in the supplier agreements. Furthermore, the Group is always on the lookout for alternative procurement sources and partners.

There are further risks for the procurement of reimported pharmaceuticals by Dermapharm or the axicorp Group. Since the parallel import business is subject to statutory regulations, lowering the parallel import quotas, introducing export restrictions or pharmaceutical quotas and similar regulations could have an adverse effect on Dermapharm's parallel import business.

Dermapharm manages these risks by continually monitoring the relevant market situation and by introducing countermeasures as appropriate. These include, in particular, the early preparation and evaluation of case scenarios.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **medium** at Group level.

Risks in relation to manufacturing products

Disruptions in manufacturing processes can adversely affect Dermapharm's business. These disruptions include a lack of availability of production facilities and disruptions in workplace and process safety, which can result in production targets not being achieved and demand not being adequately met, leading to a loss of contribution margins. Many of Dermapharm's products are manufactured in technically complex processes that require special equipment and facilities and raw materials as well as special production conditions. Increasingly, such processes depend on the use of product-specific devices for implementation, which can result in technical bottlenecks.

Dermapharm's top priority is to maintain its production operations. In addition, the largest production facilities in Germany were classified as critical national infrastructure (KRITIS) in accordance with § 6 of the Federal Office for Informational Security's Critical Infrastructure Regulation (BSI-Kritisverordnung) and therefore maintain production operations at all times, even in times of crisis.

The additional steps taken to minimise risks and secure production capabilities include proactive equipment maintenance, risk assessments, safety stock at various manufacturing stages and regular employee training courses. In addition, Dermapharm continually optimises and modernises all production equipment and facilities in order to guarantee optimal production conditions along the entire value chain.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Quality risks/product liability

Drug safety and product quality are of great significance for the Dermapharm Group. If products manufactured or sold by Dermapharm are subject to market withdrawals or recalls or are demonstrated to be harmful to customers, this would have a negative effect on customer demand. A negative public perception of the quality of Dermapharm's products could have the same effect.

New scientific findings can result in a less favourable risk/reward analysis with the consequence being that the compound must be partially or entirely withdrawn from the market. Such a suspension of sales may be due to legal or regulatory measures or may be implemented voluntarily by the Company at its due discretion. Additionally, court proceedings and associated claims for damages resulting from such findings could have an adverse effect on the Company's operating result.

Dermapharm actively minimises risks through quality assurance and pharmacovigilance systems prescribed in the German Medicinal Products Act (Arzneimittelgesetz). These systems consist of internal standard operating procedures (SOPs). Employees receive training on these SOPs and their implementation is regularly reviewed by way of internal audits and external inspections by the authorities. A Group-wide pharmaceuticals product liability insurance policy is also in place.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Risks in relation to marketing and sales

When marketing and selling each and every product, it is crucial to observe the applicable rules and regulations, in particular the German Act on the Advertising of Medicinal Products (Heilmittelwerbegesetz). If individual legal requirements are not complied with, this can result in delays in the sale and distribution of a new product or the sale and distribution may be prevented due to legal actions by competitors. If Dermapharm has sold products under the assumption that there were no legal grounds preventing it from doing so and it is established through the courts that this assumption was erroneous, there is the risk that products must be removed from the market, written off and destroyed, all at considerable cost.

A large number of the products sold by Dermapharm are branded pharmaceuticals for which a strong, protected brand is a key success factor. Another risk factor is therefore insufficient trademark protection for the product sold. The use of dubious advertising materials (e.g., incorrect or incomplete references, imitating competitors' advertising, advertising not compliant with the marketing authorisation) may result in cease-and-desist letters from competitors and even legal proceedings.

Dermapharm manages these risks by continually monitoring the relevant market situation and, where necessary, modifying its product strategy as appropriate. Meticulous research is conducted before a product is assigned a brand name. Marketing and sales employees also receive specific training on regulatory issues (e.g., the German Act against Unfair Competition (Gesetz gegen den unlauteren Wettbewerb, "UWG"), the German Act on the Advertising of Medicinal Products (Heilmittelwerbegesetz, "HWG"), trademark law). Our information officers are tasked with checking and approving all advertising materials before they are made public.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

IT risks

Because of the increased use of IT systems and programs, there is a risk of losing digital information. This risk can arise as a result of lacking or insufficient data security and malicious attacks by external parties. In addition, software solutions require regular maintenance and updates in order to meet the continually growing security and functionality requirements. Moreover, the integration of the IT infrastructure of acquired companies and the potential outage of IT systems give rise to further risks. Based on experience, in times of global crises there is a greater likelihood of hacker attacks, phishing e-mails and attempts to exploit IT vulnerabilities.

To manage these risks, Dermapharm has developed an appropriate IT security and authorisation concept and adequate IT security systems (e.g., redundant data processing centres and Group-wide anti-virus programs), and it performs regular software and hardware maintenance and makes routine back-ups of business-critical data, among other things. The Security Operations Centre (SOC) was set up in 2024 and enables continuous monitoring of the network for anomalies, allowing potential IT attacks to be detected more quickly and contained more effectively. Furthermore, as an operator of critical national infrastructure, Dermapharm's systems are subject to external cyber security audits. The assessments and audits are conducted every other year and also serve as a quality assurance tool for minimising risks.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **medium** at Group level.

HR risks

The Dermapharm Group's success is highly dependent on the motivation and skills of its employees, who among other things develop promising products, manufacture them in observance of quality and safety, and sell them effectively in various international markets.

Due to the Group's growth, another critical success factor is Dermapharm's ability to attract and retain skilled employees going forward. Some German regions have almost full employment. The resulting lack of skilled workers, which could be further exacerbated by demographic factors going forward, may adversely affect Dermapharm's operating result.

Furthermore, high staff turnover, in particular in key roles, may adversely affect remaining employees' commitment, result in negative employer branding and cause process delays and a loss of expertise.

To counter the risks described above, appropriate measures to recruit and develop employees are developed on the basis of the annual HR planning. In order to ensure the continuing development of staff and comply with the relevant regulatory requirements (for example in terms of drug safety, occupational health and safety and pharmacovigilance), almost all divisions conduct regular training that is documented accordingly.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **medium** at Group level.

Other operational risks

Dermapharm bears further general business risks in the respective market regions such as the risk of unexpected disruption of the infrastructure, strikes, sabotage, natural disasters, criminal activities, terrorism and other unforeseeable material adverse effects.

Dermapharm has taken extensive steps and technical precautions in order to prevent and minimise damage to company property (buildings/machinery/inventories) – including the installation of sprinkler systems and fire alarms, conducting regular fire safety inspections, developing contingency plans describing what to do in the event of fire, water damage, earthquakes, etc., and storing finished goods separately at several of its warehouses. Where possible and economically viable, Dermapharm insures itself against the aforementioned risks by taking out the appropriate insurance cover (Group-wide business interruption insurance and property insurance). However, it cannot be ruled out that the insurance policies may not provide adequate coverage in individual cases.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Financial risks

Funding and liquidity risks

Dermapharm pursues a sustainable financing strategy that is capable of absorbing risk. The overriding goals are to ensure that all Group companies remain solvent at all times and to safeguard the Group's financial flexibility by holding sufficient liquidity reserves and free lines of credit. Group Treasury is responsible for liquidity management and minimising liquidity risks. Cash inflows and outflows are constantly monitored and managed to ensure sufficient liquidity at all times. To the extent economically and legally appropriate and feasible, Dermapharm maintains automated cash pools for this purpose.

Risks may nevertheless arise from a potential impairment of the Group's liquidity position due to defaults on receivables from counterparties, a lack of access to funding markets or significant volatility in the operating business, in particular the termination of existing financing instruments. The syndicated loan agreement entered into in December 2022 includes a financial covenant. If this financial covenant is not complied with, the lending banks have the right to fundamentally reassess the agreement.

Compliance with the financial covenant is monitored on an ongoing basis by means of a rolling covenant outlook. This is aimed at discussing any issues with the lending banks early on in an effort to find a mutual solution. Changes in liquidity are also monitored in the context of detailed financial planning, which includes a rolling 13-week liquidity forecast.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Interest rate risks

Interest rate risks include potential losses caused by changes in market rates of interest. Interest rate risks from financial instruments can arise within the Group mainly in connection with interest-bearing financial liabilities.

The syndicated loan agreement entered into in December 2022 is subject to variable interest, i.e., the interest rate primarily depends on the development of a reference rate (1-month, 3-month and/or 6-month EURIBOR). In order to minimise the interest rate risks arising from the syndicated loan agreement, two interest rate hedges were entered into with a core bank in March 2023 to cover the majority of the financing volume. These artificially eliminate the risk of a change in the reference rate for this volume until the interest rate swaps reach maturity. An increase in the reference rate over the course of 2025 is considered unlikely at present.

Dermapharm generally manages its interest rate risks by borrowing funds largely at matching maturities and, as necessary, through the use of interest rate derivatives. They are concluded exclusively with commercial banks with solid credit ratings.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Currency risks

The Dermapharm Group prepares its accounts with the euro as its Group currency. Since the Group's business is international in nature, it is exposed to risks arising from exchange rate volatility. In particular receivables and liabilities denominated in other currencies are subject to the risk of an adverse change in value. Additionally, accounting risks can arise from exchange rate fluctuations affecting the consolidated financial statements as well as from the translation of items of the statement of financial position and items of income and expense for foreign subsidiaries with a local currency other than the euro. In this connection, any appreciation (depreciation) of the euro against other currencies could have a negative (positive) effect.

Where necessary, Dermapharm considers on a case-by-case basis currency hedges linked to an underlying to minimise risks (for example, currency forwards). They are concluded exclusively with commercial banks with solid credit ratings.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Tax risks

Tax planning and optimisation at Dermapharm depends on the current and expected tax environment. However, tax matters are generally subject to a degree of uncertainty with respect to the judgement of domestic and foreign tax authorities. Even though Dermapharm has established processes and structures to ensure that taxes are accounted for correctly in keeping with the law, it is not possible to rule out the risk that the actual tax burden will be greater than originally estimated. Changes in the general tax environment can also have an adverse effect on Dermapharm's future tax burden.

The Dermapharm Group counters tax risks by carefully reviewing and processing all tax matters.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Compliance risks

Risks in relation to changes in the legal and regulatory environment

The pharmaceuticals and healthcare market is highly regulated. Lifting or amending regulations or passing new regulations, for example as part of healthcare reform, could have significant economic and strategic effects on Dermapharm's business activities and adversely affect its performance. Regulations at the national or supranational level are highly significant if they affect the market structure, pricing and/or product approvals in the public healthcare sector. In principle, for all products in the healthcare market, but especially for pharmaceutical products, there is the risk that they will no longer be covered or the reimbursement rates will be lowered due to regulatory interventions in the respective national social security systems. Off-patent pharmaceuticals are also exposed to significant price pressure due to the discount agreements with statutory health insurers for various products.

All of this can result may reduce the profitability of individual products and, in some cases, may mean that bringing a product to market is unprofitable. Dermapharm minimises these risks in part through its active association work. Bills, regulations and directives are communicated in their draft stage, enabling Dermapharm to be involved in the drafting process and/or react to changing conditions early on.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Corruption risks

Potential corruption risks can arise both in the procurement (bribery by suppliers to secure orders) and sales processes (for instance, by offering physicians inducements in order to unfairly influence which drugs they prescribe). Even suspected (and ultimately unfounded) cases of corruption can lead to criminal prosecution and investigations by the relevant authorities as well as high reputational damage. Court proceedings and severe penalties can be expected if these suspicions are substantiated.

Therefore, the Dermapharm Group Code of Conduct sets out binding rules for all employees on how to prevent corruption. Suspected violations can be reported via Dermapharm's digital whistleblower system. Furthermore, the Chief Compliance Officer, GRC department and local compliance officers are always available to answer any questions. As a member of Arzneimittel und Kooperation im Gesundheitswesen e.V. (AKG), a leading association dedicated to promoting compliance in the pharmaceuticals industry, Dermapharm also complies with the AKG Code of Conduct.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Antitrust risks

Antitrust laws proscribe predatory business practices such as price fixing, bid rigging, market allocation, and monopolies (e.g., treating customers and suppliers differently for no objective reason). Any violations of the applicable laws may lead to criminal prosecution and investigations by the relevant authorities, reputational damage, court proceedings and severe penalties.

Therefore, the Dermapharm Group Code of Conduct sets out binding rules for all employees on how to avoid unfair competition. Here, too, the Chief Compliance Officer, GRC department and local compliance officers are always available to answer any questions. As a member of Arzneimittel und Kooperation im Gesundheitswesen e.V. (AKG), a leading association dedicated to promoting compliance in the pharmaceuticals industry, Dermapharm also complies with the corresponding AKG Code of Conduct.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Data protection (GDPR) violations

The European Union's General Data Protection Regulation (GDPR) went into force on 25 May 2018 and governs the processing of personal data. To ensure that personal data is protected, it must not be stored, processed, altered, destroyed, disclosed or transferred to third parties without a legal basis/consent. The consequences of non-compliance with the GDPR may include investigations by the relevant authorities, reputational damage, court proceedings and severe penalties.

Dermapharm appointed a Group Data Protection Officer (DPO) in 2018 in order to comply with the legal requirements. Dermapharm's DPO worked with the relevant departments to prepare the documentation required under the GDPR (e.g., contractual arrangements with business partners (data processing agreements), records of processing activities, data protection guidelines and privacy policies). The DPO is also available to answer any questions related to data protection.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Human rights and environmental risks in own operations

Dermapharm places the utmost priority on protecting the environment and the health and safety of its employees in their day-to-day work. Non-compliance with legal requirements or internal policies may lead to personal injury or damage to property and/or the environment, cause operational disruption and result in the obligation to pay damages.

With its regular occupational safety briefings and internal standards, Dermapharm guarantees safety in its operating facilities and protection against other health hazards. The Dermapharm Group manufactures the majority of its products in Germany and meets high environmental and human rights standards. Therefore, Dermapharm's Code of Conduct sets out binding rules for all employees on how to treat each other fairly and with respect. Any (suspected) violations can be reported via the whistleblower system or to the Chief Compliance Officer, GRC department and local compliance officers.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

Other compliance risks

Violations of other internal or external requirements, e.g., concerning money laundering and terrorist financing, insider trading, market manipulation, embezzlement, misappropriation, theft or violations of industrial property rights, can give rise to further compliance risks. Any violations of the applicable laws may lead to criminal prosecution and investigations by the various authorities, reputational damage, court proceedings and severe penalties.

All Dermapharm Group employees are required to follow the rules defined in the Code of Conduct, without exception. Nevertheless, compliance failures may occur due to human error. In such cases action is taken under labour law and, if necessary, criminal law.

The likelihood of compliance violations is reduced by means of regular communication and advice from the GRC department and the Compliance Officer and providing relevant training, and the controls implemented in business processes.

Taking into account the likelihood and impact, the potential effects of the risks described on the assets, liabilities, financial position and profit or loss are classified as **low** at Group level.

3.6 Report on opportunities

Although many illnesses remain untreatable, medical and pharmaceutical progress creates incentives to innovate and develop new products. Rising life expectancies and the desire on the part of most consumers to improve their quality of life lead to increased demand for healthcare services and products.

In an economic comparison with other treatment options, pharmaceutical products continue to be considered particularly efficient. In particular, off-patent pharmaceuticals have great potential for growth because they make it possible to offer less expensive therapies which promise the same level of quality and greatly help to ease the rising cost pressure in the healthcare system. Moreover, patents and trademark rights will continue to expire in the future, allowing for a continuous expansion of market potential which competitors offering generics can develop. The Dermapharm Group intends to continue leveraging this market potential by introducing new products and making selective acquisitions of existing off-patent branded pharmaceuticals.

Dermapharm continuously drives strategic development forward. The corporate strategy is based on three pillars: in-house product development, internationalisation and M&A activities. Dermapharm intends to actively leverage the growth opportunities arising from this strategy going forward.

Dermapharm has a broad development pipeline of branded pharmaceutical products in selected therapeutic areas. The "Branded pharmaceuticals" segment's products in the core therapeutic areas are distinguished by a limited number of competitors and a large degree of independence from tenders by the statutory health insurers. New product launches by Dermapharm could grow faster than expected in 2025. Reasons for this could include the ageing population, increasing health awareness among consumers, government subsidies for the healthcare market and regulatory changes.

In 2024, the National Pharma Strategy was further developed to promote manufacturing and development, drive forward digitalisation in the healthcare sector and incentivise the establishment of production facilities. Several structural measures were also implemented in 2024 in connection with the German Act to Combat Supply Shortages and Improve the Supply

of Medicines (Arzneimittel-Lieferengpassbekämpfungs- und Versorgungsverbesserungsgesetz, "ALBVVG"). Among other things, the fixed amounts for paediatric drugs with supply-critical active ingredients were abolished, antibiotics from the EU were given preference in health insurance contracts and incentives were created to strengthen drug production in Europe. All of this presents new opportunities for Dermapharm and the entire pharmaceuticals industry in Germany.

The German Medical Cannabis Act (Medizinal-Cannabisgesetz, "MedCanG"), which came into effect on 1 April 2024, has facilitated market access and reduced bureaucratic hurdles, leading to an increase in the number of providers. However, some of these providers could lose their licences if the cannabis market is regulated more strictly again in 2025. This would give the Dermapharm Group the opportunity to gain market share and strengthen its position in the medical cannabis sector. Under the name Candoro ethics, Dermapharm has many years of expertise in the field of medical cannabis and fulfils the highest quality standards with its new facility in Friedrichsdorf near Frankfurt am Main. It remains to be seen how the political situation will evolve and what specific measures will be taken. Dermapharm intends to utilise any opportunities that arise as efficiently as possible.

Challenges in the supply chain, particularly in the procurement of raw materials from Asia, can lead to bottlenecks and even the inability to deliver for competitors. Thanks to a well thought-out inventory and procurement policy, Dermapharm could close this supply gap and gain new customers who are looking for reliable suppliers. This could increase Dermapharm's market presence and revenue.

From a success perspective, attention continues to be paid to the efficient management of costs. Dermapharm aims to optimise the manufacturing process for its products while cutting the associated manufacturing costs. By reducing its manufacturing costs through in-house production and sharing market risk with suppliers of raw materials, consumables and supplies, the Company intends to leverage the corresponding opportunities to cut costs.

Going forward, Dermapharm will also confront market competition with experience, new product approvals, confidence and high quality. The Group's high quality standard is enforced at all locations with the help of an effective quality management system. For instance, all of Dermapharm's products are made in accordance with the international Good Manufacturing Practice (GMP) standards.

3.7 Overall assertion – assessment and summary

Dermapharm believes that there are opportunities for future development in particular in the pharmaceuticals market's general independence from economic cycles, the as-yet unexhausted growth potential in the area of off-patent pharmaceuticals, the potential loss of licences by competitors on the medicinal cannabis market, the potential inability of competitors to deliver, and efficient cost management. In addition, its conscious decision to manufacture its products in Germany and Europe guarantees high product standards. Dermapharm intends to continue to systematically leverage these growth opportunities going forward by continuing to pursue its successful growth strategy comprising in-house product development, internationalisation and M&A activity.

Dermapharm sees risks to future development primarily in connection with a potential increase in competition in individual market segments, the dependency on individual key products, the uncertainties associated with the integration of acquired companies/products, the rise in raw materials and energy prices and potential supply bottlenecks, the exploitation of IT vulnerabilities, and the recruitment and retention of skilled staff.

We will continue to closely monitor the general economic trend and political situation, particularly when it comes to Russia's war of aggression in Ukraine and the conflict in the Middle East, so that we can implement further measures as needed.

The Group's risk-bearing capacity was ascertained and compared against the aggregate risks. Based on this analysis, there are currently no risks to Dermapharm's future development that could jeopardise its ability to function as a going concern. Given Dermapharm's financial stability, it is in a good position from which to manage the risks described in the risk report should they materialise.

By publishing this report on risks and opportunities, the Board of Management of Dermapharm Holding SE has fulfilled its duty to provide information on the Group's risks and opportunities to the Supervisory Board and the shareholders. This comprehensive report represents a core element of the Dermapharm Group's corporate governance in practice.

4. Report on expected developments

4.1 Outlook

In the report on expected developments, Dermapharm discusses, to the extent possible, the market environment expected in financial year 2025 and the expected future development of its own business activities.

Expected development of the market environment

Following an increase in the global economy of 3.2% in 2024, the OECD expects global growth to remain constant at 3.3% in 2025 (as at December 2024). However, this outlook is subject to uncertainties. For 2025, the OECD expects the global economy to prove robust and inflation to fall further towards the central banks' target values. However, there are significant differences between the various countries and regions and considerable risks and uncertainties. The OECD expects 1.3% economic growth in the eurozone in 2025 (as of December 2024).

According to its 2025 annual economic report, the German federal government expects German economic growth this year to be only slight at 0.3% (as of January 2025) and has therefore significantly downgraded its autumn projections. In its autumn forecast, the German government still assumed economic growth of 1.1% for 2025 (as at October 2024). At the beginning of 2025, the German economy is in a difficult starting position due to the global crises and the fundamental structural problems that have become apparent, according to the 2025 annual economic report (as at January 2025). The outlook for 2025 was downgraded to reflect factors such as the current high level of uncertainty regarding the economic and trade policy of the United States as well as future economic and financial policy in Germany in the wake of the failure of the "traffic light" coalition and the snap Bundestag elections in February 2025. The outgoing German government expects growth momentum in the current year to come primarily from private consumer spending and investments.

In its "World Preview 2024: Pharma's Growth Boost", Evaluate Ltd. expects the global market for prescription pharmaceuticals to grow at an average annual rate of 7.7% to reach USD 1.7 trillion by 2030. Market research firm IMARC Group expects the market for off-patent/generic pharmaceuticals to grow at an average annual rate of 5.7% between 2025 and 2033.

Expected development of the Group

Dermapharm's business model will continue to focus on the European healthcare market, particularly in the area of prescription and OTC pharmaceuticals and the marketing of scientifically based healthcare products. Dermapharm will continue to focus on niche markets in which the Company has a particularly high level of expertise in the development and marketing of products, most of which it manufactures itself. Sustainable growth is still possible in these markets thanks to the development of new products and ongoing European expansion.

On the whole, the Board of Management expects that the successful the three pillar strategy comprising in-house product development, internationalisation into selected markets and targeted M&A activities will continue to generate growth going forward. However, changing regulatory, competitive and economic conditions might also adversely influence the Group's revenue and earnings trend. The report on risks and opportunities provides further details on the resulting risks as well as the opportunities for the Company. However, we are confident that, as a European manufacturer, we have improved opportunities for growth in the face of geopolitical changes and a political return to the strengths of our home continent.

Dermapharm will continue the successful development of recent years in the "Branded pharmaceuticals" segment. In Germany, the focus is on further strengthening our major brands, including, for example, Allergovit®, Dekristol® and Myditin®. In the 2025 financial year, we are planning to launch products developed in-house in the fields of dermatology, corticosteroid therapy and pain treatment. At our European subsidiaries, the focus is on expanding the portfolio with various products from the Dermapharm range. We are generating continuous growth from this expansion of our product range. For this market segment, the Board of Management consequently expects robust revenue growth and a moderate increase in segment earnings.

The main reason for the decline in revenue contributions from the "Other healthcare products" segment in the 2024 financial year was the reduced revenue of the Arkopharma Group and Candoro ethics GmbH. The other companies in this segment recorded solid to strong organic growth in some cases, but were unable to compensate for the decline. Dermapharm expects growth in each of this segment's markets in 2025. Following the significant decline in revenue and earnings in 2024, we expect a recovery in 2025. We are pushing ahead with the already planned realignment of the business model with the aim of seizing on the opportunities offered by the pharmacy market to gradually restructure our product portfolio. Pharmacists will be more closely involved in marketing as partners than previously. Against this backdrop, the Board of

Management expects 2025 to be a year of transition for the Arkopharma Group. Candoro ethics GmbH, Anton Hübner and the Spanish company Euromed are expected to be the main drivers behind the strong revenue and particularly strong earnings growth planned for the segment. At Candoro ethics GmbH in particular, we expect growth momentum to stem from the launch of new products and a change in the competitive situation in our favour.

The low-margin "Parallel import business" segment will be additionally burdened by risks from a "combination discount" in the 2025 financial year. This discount is required if certain products are prescribed simultaneously for patient treatment. The Board of Management views this change in the law as an opportunity to analyse the entire portfolio for earnings risks and eliminate low-margin products. The resulting disproportionate reduction in volumes will enable cost reductions, which will have a positive impact on the segment and Group margin. We project that revenue will experience a particularly sharp year-on-year decline, resulting in a particularly sharp decline in EBITDA. As is the case for the Arkopharma Group, the 2025 financial year will be a transitional year in which the Board of Management expects a reduction in revenue in the segment, with significant cost reductions only taking effect in subsequent years.

Ukraine crisis

Dermapharm's operating subsidiary mibe Ukraine LLC, which has its registered office in Kyiv, continued operations in spring 2022 following a brief interruption at the beginning of the war.

Although the revenue and earnings contributions from mibe Ukraine LLC were down in 2024 as compared to 2023, further growth is expected for financial year 2025, driven by rising demand for vitamin D products and newly introduced products from the Group's portfolio.

The experience of the past three years has shown that there have been no significant negative economic influences on the Dermapharm Group's business activities. No change in this respect is expected for 2025.

Effects of developments in climate policy

Dermapharm monitors climate-related risks on an ongoing basis and constantly analyses the impact of climate change on its own business operations. At present, the Board of Management does not expect any material impact in relation to Dermapharm's business activities.

Fundamental assumptions underlying the Group's forecast

The forecast for financial year 2025 was prepared taking into account known events which had taken place at the time this combined management report was prepared. In addition, the macroeconomic and industry-specific outlook were also factored into the forecast.

The outlook is based on the following assumptions in particular:

- Largely stable regulatory, legal and tax conditions in the markets and countries of relevance to us; recent changes in the manufacturers' rebate and the price moratorium have been taken into account
- Current group of consolidated companies to remain constant
- Optimisation of manufacturing costs by making more products in house, where economically feasible
- Successful market launch of preparations from own development pipeline
- Expansion of the portfolio of European subsidiaries from the Dermapharm range
- Continued progress with the integration of companies acquired in 2023 and systematic utilisation of created synergies
- Planned reorganisation of the business models of the Arkopharma Group and the "Parallel import business" segment
- No significant adverse effect on Dermapharm's business due to Russia's war in Ukraine

Dermapharm Holding SE's expected performance

The Board of Management does not expect any material change in the Company's business activities.

Fundamental assumptions underlying Dermapharm Holding SE's forecast

The forecast for financial year 2025 was prepared taking into account known events which had taken place at the time this combined management report was prepared.

Furthermore, our forecast is based on the following assumptions:

- Maintaining the terms of the agreement in place with the subsidiaries on the charging on of costs
- No change in ownership structure
- Largely stable legal and tax conditions

4.2 Overall assertion on future development

Dermapharm's business model is geared towards markets which offer generally sustainable growth potential due to general and industry-specific growth mechanisms in the pharmaceuticals and healthcare market, as well as to growth forecasts by independent institutions. However, this also entails operational challenges and risks. These are largely determined by amended or extended government regulatory measures. Examples include general cost-cutting measures in the healthcare sector at the expense of pharmaceutical companies and the increase in existing requirements for the authorisation of medicinal products. This means that the Group's revenue and profitability trend going forward will be affected by conditions that stimulate as well as hinder growth. In addition, the Board of Management does not expect the effects of Russia's war in Ukraine to have a material adverse effect on the Group's business model.

The "Branded pharmaceuticals" segment will continue its growth trajectory with a focus on strengthening major brands, launching new products from in-house development and expanding the portfolios in the European subsidiaries. Overall, this segment is therefore expected to make a solidly growing contribution to revenue and a moderately growing contribution to earnings.

The "Other healthcare products" segment is expected to make a material contribution to the Group's growth in the next few years. For 2025, Dermapharm expects a further recovery in Europe and a continuation of the positive trend in the non-European markets. While a year of consolidation is expected for Arkopharma, the growth drivers in the segment will be the companies Anton Hübner, Euromed and Candoro Ethics. Strong revenue growth and particularly strong growth in earnings contributions are therefore expected.

The revenue trend in the "Parallel import business" segment in 2024 was characterised by market growth and good product availability. Earnings performance once again fell short of expectations. The intention to focus on high-margin products in 2025 will lead to a particularly sharp reduction in revenue and a particularly sharp fall in earnings in the short term.

In summary, the Board of Management expects revenue to remain constant year on year in the middle of the range in financial year 2025.

Based on a mix of:

- increasing sales of existing products;
- the successful introduction of additional new, internally developed products;
- revenue and earnings contributions from recently acquired parts of companies; and
- accelerated internationalisation of business activities

the Board of Management expects consolidated revenue of between EUR 1,160 million and EUR 1,200 million. Adjusted EBITDA is expected to grow to between EUR 322 million and EUR 332 million.

Compared to financial year 2024, we do not expect there to be a material change in Dermapharm Holding SE's revenue and EBITDA.

5. Information relevant to acquisitions in accordance with § 289a and § 315a of the German Commercial Code (Handelsgesetzbuch, HGB)

5.1 Composition of issued capital, rights and obligations/ restrictions attaching to shares affecting the transfer of shares

Since 31 December 2018, the share capital has remained unchanged at EUR 53,840,000.00 divided into 53,840,000 no-par value bearer shares. Each no-par value share carries one vote.

New shares will also be issued as bearer shares, unless otherwise agreed upon issuance. There are no shares conferring special rights which grant powers of control over the Company.

In the event of a capital increase, dividend rights attaching to new shares may be stipulated in derogation of § 60 (2) German Stock Corporation Act (Aktiengesetz, "AktG").

The Board of Management stipulates the form and content of share certificates and any dividend and renewal coupons. Specifically, the Company may also combine several no-par value shares in a single share certificate (global certificates). Shareholders are not entitled to receive definitive share certificates for their respective shareholdings.

5.2 Restrictions applicable to voting rights or the transfer of shares

The Board of Management of Dermapharm Holding SE is not aware of any restrictions applicable to voting rights or the transfer of shares.

5.3 Direct or indirect interests in the Company's capital that exceed 10% of voting rights

On the basis of notifications of significant voting rights received in accordance with §§ 21 and 22 of the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG") or in accordance with §§ 33 and 34 WpHG as well as notifications of managers' transactions in accordance with Article 19 of the EU Market Abuse Regulation, the Board of Management is aware of the following direct or indirect interests in the Company's capital that exceed 10% of the voting rights:

Themis Beteiligungs-Aktiengesellschaft, Lil-Dagover-Ring 7, 82031 Grünwald, Germany -73.4% share of voting rights

We published notifications of corresponding transactions from 9 February 2018 on our website at https://ir.dermapharm.de/.

5.4 Shares conferring special rights granting powers of control

There are no shares conferring special rights which grant powers of control over the Company.

5.5 Type of voting rights control if employees hold an interest in the capital and do not exercise their control rights directly

Employees holding an interest in the capital of Dermapharm Holding SE can directly exercise the control rights to which the stocks entitle them in accordance with the provisions of the Articles of Association and the law.

5.6 Statutory provisions and provisions of the Articles of Association on the appointment and dismissal of members of the Board of Management and amendments to the Articles of Association

§§ 84 and 85 AktG govern the appointment and dismissal of members of the Board of Management. Under these provisions, the Supervisory Board appoints members of the Board of Management for a maximum term of five years. Members may be reappointed or their appointments may be renewed for maximum terms of five years in each case. Members are

appointed to and dismissed from the Board of Management exclusively in accordance with the statutory provisions (§§ 84, 85 AktG).

Article 7 of the Articles of Association contains no special regulations on the appointment or dismissal of individual or all members of the Board of Management. The Supervisory Board is solely responsible for appointments and dismissals. It appoints members of the Board of Management for maximum terms of five years in each case. Reappointments are possible. The Board of Management comprises one or more persons. The Supervisory Board sets the number of members of the Board of Management. The Supervisory Board can appoint a chairperson of the Board of Management. Furthermore, it can appoint a deputy chairperson. For Board of Management resolutions, in derogation of Article 50 (2) of the SE Regulation, the chairman of the Board of Management has no right to cast a tie-breaking vote in the event of a tie.

Rules governing amendment of the Articles of Association are set forth in §§ 133 et seq. and 179 et seq. AktG. As a rule, this requires a resolution adopted by the Annual General Meeting. Resolution by the Annual General Meeting requires a majority of at least three-quarters of the share capital represented at the time the resolution is adopted. The Articles of Association can stipulate another capital majority, however only a larger capital majority for amending the object of the Company.

In accordance with Article 16 of the Articles of Association, the Supervisory Board is however authorised to resolve amendments to the Articles of Association that are merely editorial in nature.

5.7 Board of Management's authority to issue or repurchase shares

The Board of Management is authorised, subject to the consent of the Supervisory Board, to increase the Company's share capital on one or more occasions in the period until 13 June 2028 (inclusive) against cash and/or in-kind contributions by a total of up to EUR 16,152,000.00 by issuing new no-par value bearer shares (Authorised Capital 2023). The Board of Management is authorised, subject to the consent of the Supervisory Board, to stipulate the further details concerning the rights attaching to the shares and the terms of their issue. The dividend rights attaching to the new shares may be stipulated in derogation of § 60 (2) AktG. Specifically, the new shares may also carry dividend rights from beginning of the financial year preceding the year in which the shares were issued if at the date of issuance of the new shares no resolution has been passed by the Annual General Meeting in relation to the appropriation of net profits for that financial year.

Shareholders must generally be granted the statutory right to subscribe the new shares. The subscription right may also be structured in whole or in part as an indirect subscription right within the meaning of § 186 (5) sentence 1 AktG.

However, the Board of Management is authorised, subject to the consent of the Supervisory Board, to exclude in whole or in part the shareholders' subscription right in accordance with the following provisions:

a. The Board of Management is authorised, subject to the consent of the Supervisory Board, to exclude fractional amounts from shareholders' subscription rights and to exclude shareholders' subscription rights to the extent that this is necessary in order to grant the holders or creditors of conversion or option rights from convertible or warrant-linked bonds or convertible participation rights issued or to be issued by the Company or a domestic or foreign entity in which the Company directly or indirectly holds a voting and capital majority, or to grant subscription rights to those obligated in the case of an own conversion right of the Company to the extent to which they would be entitled after exercising their conversion or option rights or after fulfilling a conversion or option obligation.
b. The Board of Management is furthermore authorised, subject to the consent of the Supervisory Board, to exclude shareholders' subscription rights pursuant to § 186 (3) sentence 4 AktG in the event of capital increases against cash contributions if the issue price of the new shares is not significantly lower than the stock exchange price of the existing shares and the shares issued by exercising this authorisation to exclude subscription rights do not exceed a total of 10% of the share capital, either at the time this authorisation becomes effective or at the time it is exercised. New and existing shares of the Company that are issued or sold during the term of this authorisation on the basis of a further authorisation pursuant to or in accordance with § 186 (3) sentence 4 AktG with the exclusion of subscription rights shall be counted towards this 10% limit; in addition, shares of the Company that are issued or sold to service conversion or option rights or to meet conversion or option obligations arising from convertible or warrant-linked bonds or convertible participation rights, provided that the bonds or participation rights are issued during the term of this authorisation by analogous application of § 186 (3) sentence 4 AktG on the basis of another authorisation excluding subscription rights, shall be counted towards this limit.

c. The Board of Management is furthermore authorised, subject to the consent of the Supervisory Board, to exclude shareholders' subscription rights if the new shares are to be issued against cash and/or in-kind contributions in the context of equity compensation programmes and/or in the context of share-based payment, and no other authorisation to exclude subscription rights is exercised for this purpose. The shares may only be issued to persons who participate in the equity compensation programme as a member of the Company's Board of Management, as a member of the management of one of its dependent companies or as an employee of the Company or one of its dependent companies, or to whom the share-based payment is or was granted as a member of the Company's Board of Management, as a member of the management of one of its dependent companies or as an employee of the Company or one of its dependent companies, or to third parties that transfer the economic ownership and/or the economic benefits of the shares to these persons and/or in which such persons are the sole (indirect or direct) shareholder. The new shares can in particular also be issued on preferential terms (including issue at the lowest issue price within the meaning of § 9 (1) AktG) and/or against contribution of remuneration claims. The new shares may also be issued using a bank or an entity operating in accordance with § 53 (1) sentence 1 or § 53b (1) sentence 1 or (7) of the German Banking Act (Kreditwesengesetz, "KWG") as an intermediary, which underwrites the shares with the obligation to offer them to the aforementioned persons. The shares issued by exercising this authorisation to exclude subscription rights may not exceed a total of 10% of the share capital, either at the date on which such authorisation enters into effect or at the date on which this authorisation is exercised. The nominal amount of the Company's conditional capital resolved for the purposes of § 192 (2) no. 3 AktG is counted towards this 10% limit. To the extent shares within the scope of this authorisation are to be granted to members of the Company's Board of Management, the Supervisory Board of the Company shall decide on the allocation of those shares in accordance with the allocation of responsibilities under German stock corporation law.

d. The Board of Management is lastly authorised, subject to the consent of the Supervisory Board, to exclude shareholders' subscription rights in the event of capital increases against in-kind contributions, specifically for the purpose of acquiring companies, parts of companies or equity interests in companies, in the context of mergers and/or for the purpose of acquiring other assets including rights and receivables.

The issued capital is contingently increased by a total of up to EUR 10,768,000.00 by issuing a total of up to 10,768,000 new no-par value bearer shares (Contingent Capital 2023). The contingent capital increase serves to grant shares to holders or creditors of convertible bonds and to holders of option rights from warrant-linked bonds which may be issued by the Company or a domestic or foreign entity in which the Company directly or indirectly holds a voting and capital majority in the period until 13 June 2028 (inclusive) on the basis of the authorisation resolved by the Annual General Meeting of 14 June 2023. The contingent capital increase will only be implemented to the extent that 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 fulfilment are used to service them. The new shares will be issued at the option or conversion price to be determined in accordance with the aforementioned authorisation resolution by the Annual General Meeting of 14 June 2023. The new shares carry dividend rights from the beginning of the financial year in which they are created by the exercise of conversion or option rights or the fulfilment of conversion obligations. They shall carry dividend rights as of the beginning of the financial year preceding the year in which the shares were issued if at the date of issuance of the new shares no resolution has been passed by the Annual General Meeting in relation to the appropriation of net profits for that financial year. The Board of Management is authorised, subject to the consent of the Supervisory Board, to stipulate the further details of the implementation of the contingent capital increase.

Pursuant to the resolution of the Annual General Meeting dated 14 June 2023, the Board of Management is furthermore authorised in the period to 13 June 2028, subject to the consent of the Supervisory Board, to acquire and use own shares in accordance with § 71 (1) no. 8 AktG, with the option to exclude subscription rights. The Annual General Meeting has also authorised the Board of Management to use derivatives in the context of acquiring own shares, with exclusion of shareholders' subscription rights and rights of tender.

5.8 Significant agreements of the Company which are conditional upon a change of control following a takeover bid

Financing agreements

As borrower, Dermapharm AG is party to promissory note loans entered into in 2019, with terms maturing in 2024, 2026 and 2029. The provisions of the financing agreements stipulate that, if a change of control occurs, the lender – each individually or in aggregate – is authorized to terminate the loan at face value (in each case plus interest accrued by the date of repayment) in the amount of the lender's respective participation in the total face value of the loan by means of written notification to the loan participants and observing a 30-day notice period. A change of control is deemed to have occurred if Mr Wilhelm Beier alone or together with Ms Elisabeth Beier and/or Mr Michael Beier no longer directly or indirectly hold more than 50% of the capital shares and/or voting rights in Dermapharm Holding SE and has/have the ability to nominate the management of Dermapharm Holding SE.

In 2019, Dermapharm entered into an agreement with an Austrian bank for a term loan facility to secure long-term financing for the construction of a new production and administrative facility for Melasan Produktions- und Vertriebsgesellschaft m.b.H. in Austria. The provisions of the financing agreement stipulate that, if a change of control occurs at the borrower, the lender is authorised to call in the loan with immediate effect. Control means that a person or a group of persons acting in concert directly or indirectly holds over 50% of the borrower's shares and/or voting rights.

In order to secure long-term funding for the Group's strategic development, Dermapharm entered into a syndicated loan agreement in December 2022 for principal and revolving tranches totalling EUR 1,050,000,000.00. The funds under this agreement were used both to refinance outstanding amounts drawn down under the existing EUR 500,000,000.00 syndicated loan dated 19 June 2019, as well as to finance the acquisition of the Arkopharma Group. Pursuant to the conditions of the financing agreement, in the event of a change of control, the principal amount of the loan under the syndicated loan agreement is called and payable within 10 bank business days (in each case plus any interest accrued by the repayment date and any other amounts outstanding under the loan agreement). A change of control is deemed to have occurred if Mr Wilhelm Beier alone or together with Ms Elisabeth Beier and Mr Michael Beier no longer directly or indirectly hold more than 50% of the capital shares or voting rights in Dermapharm Holding SE and has/have the ability to nominate the management of Dermapharm Holding SE.

The exercise of these termination rights could have an adverse effect on the financing of the Group's ongoing operations, at least temporarily, unless it is possible to secure refinancing for the financing agreements affected by the change of control.

Distribution agreements

As is customary in conducting business transactions, Dermapharm has entered into an insignificant amount of exclusive distribution agreements and distribution agreements which provide for unilateral or bilateral termination options in the event of a change of control. Change of control means that a person or group of persons acting in concert sells a significant amount of the distribution partner's shares and/or voting rights.

Exercising these termination rights could have a minimal adverse effect on the financing of Dermapharm's ongoing distribution operations, at least temporarily.

Agreements with members of the Board of Management

The Company has not entered into any agreements with members of the Board of Management which are conditional upon a change of control following a takeover bid.

5.9 Company agreements entered into with members of the Board of Management or employees regarding indemnity in the event of a takeover bid

The Company has not entered into any agreements with members of the Board of Management or employees regarding indemnity in the event of a takeover bid.

6. Corporate Governance Report

6.1 Corporate governance statement in accordance with § 289f and § 315d HGB

As a company listed in Frankfurt, Dermapharm Holding SE hereby issues the following corporate governance statement for the 2024 financial year on behalf of Dermapharm Holding SE and the Dermapharm Group in accordance with §§ 289f and 315d of the German Commercial Code (Handelsgesetzbuch, "HGB").

The Board of Management and the Supervisory Board of Dermapharm Holding SE furthermore issue the following report on corporate governance at Dermapharm Holding SE in accordance with Principle 23 of the German Corporate Governance Code (2022).

6.1.1 Declaration of conformity in accordance with § 161 AktG (updated February 2025)

The Board of Management and Supervisory Board of Dermapharm Holding SE hereby declare that the Company has complied with the recommendations of the "Government Commission on the German Corporate Governance Code", published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) in the currently valid version dated 28 April 2022 (the Code) since issuing the last declaration of conformity in February 2024 and that it will continue to do so, with the following exceptions:

- In deviation from recommendation C.2 of the Code, no definitive age limit has been specified for members of the Supervisory Board so as to avoid restricting the selection of suitably qualified candidates.
- In accordance with the Company's Articles of Association, the Supervisory Board comprises only three members. Consequently, no committees are formed because each separate committee would have exactly the same members as the full Supervisory Board. In light of this, the Recommendations D.2, D.4, D.12 and G.17 of the Code were not complied with. In accordance with § 107 (4) sentence 2 AktG, the full Supervisory Board counts as an audit committee. Pursuant to the resolution by the Supervisory Board, in performing the duties of an audit committee, Supervisory Board member Lothar Lanz will assume the function of the audit committee chairperson. Based on this provision and the composition of the Supervisory Board, the remaining recommendations of the Code concerning an audit committee were complied with.
- The consolidated financial statements and Group management report, as well as financial information made public throughout the year are published within the respective applicable statutory deadlines and the deadlines prescribed by stock exchange regulations. In the opinion of the Company, compliance with the shorter publication deadlines stipulated in Recommendation F.2 of the Code is not more conducive to the information interests of investors, creditors, employees and the public.
- The variable remuneration paid to the Board of Management consists of a rolling bonus that is granted each financial year and determined using a three-year calculation basis. Within the first four months of the financial year for which the bonus is granted, but not before the beginning of that year, the Supervisory Board determined the targets for this and the following two financial years (deviation from Recommendation G.7 of the Code). As the targets are set here simultaneously for a total of three consecutive financial years and thus well before the start of the second and third years, this approach also ensures that the relevant calculation basis still extends far into the future when the targets are set.
- The long-term variable remuneration of the members of the Board of Management is granted neither in shares of the Company nor on a share-based basis; the members of the Board of Management can also dispose of the long-term variable remuneration before the end of four years (deviation from Recommendation G.10 of the Code). By linking variable remuneration to the achievement of earnings targets which are set up to three years in advance in each case, the remuneration system is consistently oriented to a sustainable increase in the value of the Company. The Supervisory Board therefore does not consider it necessary to additionally link remuneration to share price performance. In the view of the Supervisory Board, the rolling allocation of variable remuneration in annual tranches, each consisting of three components to be paid out after one, two and three financial years respectively, also ensures a sufficiently long-term incentive effect.
- The Board of Management members' contracts of service do not currently contain any provisions on the withholding or claw-back of variable remuneration components beyond the statutory requirements (deviation from Recommendation G.11 sentence 2 of the Code). The Supervisory Board is of the opinion that the statutory provisions, in particular the statutory provisions according to which members of the Board of Management are required to compensate the Company for damages in the event of breaches of duty and to surrender benefits received without entitlement, are sufficient and that additional intervention in remuneration is therefore not necessary for the time being.

- The remuneration system for the members of the Board of Management approved by the Annual General Meeting provides that at the end of the contract, outstanding components of the variable remuneration whose targets relate to financial years that do not begin until after the expiry of the contract or have not yet expired as at the end of the contract can be replaced by a discounted upfront payment compared with the target amount (deviation from Recommendation G.12 of the Code). The Supervisory Board is of the opinion that an unchanged performance-based payment of variable compensation is not generally necessary for financial years in which the departing member of the Board of Management was not, or was no longer, a member of the Board of Management; it therefore reserves the right to avail itself of the option provided in the remuneration system for such a lump-sum advance payment of variable remuneration components to departing members of the Board of Management.
- In deviation from recommendation G.17 of the Code, all members of the Supervisory Board receive remuneration in the same amount. Because the Supervisory Board consists of only three members and no committees are formed, the Company does not consider it necessary to differentiate between the members of the Supervisory Board with regard to the amount of remuneration.

Grünwald, February 2025

Dermapharm Holding SE
The Board of Management The Supervisory Board

This Declaration of conformity has also been made permanently accessible to the public on the Company's website at "https://ir.dermapharm.de/en", under >> Company >> Corporate Governance >> Declaration of conformity. All published declarations of conformity are available for download on the website.

6.1.2 Information on corporate governance practices implemented above and beyond the statutory requirements

Dermapharm Holding SE is committed to ethical and legal conduct in all its business operations. In recognition of the social responsibility that comes with being a brand-name pharmaceuticals manufacturer, the Board of Management and the Supervisory Board take a responsible, transparent and value-driven approach to corporate governance. For Dermapharm this means compliance not only with the statutory and regulatory requirements but also an ethically sound corporate policy, which is reflected in the Compliance Manual (https://dermapharm.com/fileadmin/DermapharmAg/PDF/Governance-Risk-Compliance/EN/Code_of_Conduct_of_the_Dermapharm_Group_24-02-2025.pdf).

The Compliance Manual provides a vital framework for the Group's compliance structure. It applies not only to Dermapharm's employees, managers and senior executives, but also to the business partners, from whom the Group proactively requires compliance with minimum standards. The values, principles and practices laid down in the Code of Business Ethics and Compliance are intended to prevent the Company from suffering potential harm and to guard against actions being taken that are inconsistent with the Group's corporate principles and ethics.

In addition to the compliance measures, a responsible approach to dealing with business risks is another element of good corporate governance. The aim is to enable the Board of Management to identify risks and market trends at an early stage and to respond promptly to any potentially changed risk profile. To this end, risks are identified and assessed on a regular basis. The findings of these risk assessments are then incorporated directly into business management practices. For further information on the risks to which the Group is exposed, see the "Report on risks and opportunities" contained in the combined management report to this Annual Report.

6.1.3 Composition and description of the working practices of the Board of Management and Supervisory Board and the working practices of committees

Dermapharm Holding SE is organised as a European Company (Societas Europaea, "SE") and is subject in particular to the provisions of the German Stock Corporation Act on the basis of which the German Corporate Governance Code was likewise developed. A fundamental principle of German stock corporation law is that of a two-tier corporate governance system consisting of a management board and a supervisory board. The Board of Management is responsible for managing the Company while the Supervisory Board advises and supervises the Board of Management. No person may be a member of both boards at the same time. Dermapharm Holding SE's Supervisory Board and Board of Management work together in close cooperation and a spirit of trust with the aim of increasing the value of the enterprise for shareholders over the long-term.

Board of Management

Responsibilities of the Board of Management

The Board of Management manages the Company's business under its own responsibility and in the Company's interest with the aim of increasing value over the long term. This includes taking into account the interests of shareholders, employees and other groups associated with the Company (stakeholders). The members of the Board of Management are collectively responsible for managing the Company. The Board of Management manages the Company's business in accordance with the law, the Articles of Association, the rules of procedure and the schedule of responsibilities.

Composition and competences of the Board of Management

As at the end of financial year 2024, the Board of Management comprised three members with the following areas of responsibility:

- Dr Hans-Georg Feldmeier, Chairman of the Board of Management, is responsible for Research & Development, Production, IT, Business Development and HR.
- Dr Andreas Eberhorn, Member of the Board of Management, is responsible for Marketing & Sales (national and international), Business Development and HR.
- Christof Dreibholz, Member of the Board of Management, is responsible for Tax, Accounting, Controlling, Finance/Treasury, Governance, Risk & Compliance, Business Development and Investor Relations & Corporate Communications, and HR.

All members of the Board of Management share responsibility for Business Development and HR.

Working practices of the Board of Management

Within the scope of the rules of procedure and the resolutions of the Board of Management, the members of the Board of Management are independently responsible for the functions assigned to them under the applicable schedule of responsibilities. Notwithstanding their assigned functions under the schedule of responsibilities, the members of the Board of Management as a whole share accountability for management. All members of the Board of Management must keep themselves informed of material transactions within the various areas of the business.

The Board of Management decides by resolution on all matters with respect to which the adoption of a resolution is required by law, the Articles of Association or the rules of procedure. Members of the Board of Management may submit a matter from their respective department to the Board of Management for resolution.

Meetings of the Board of Management are convened by the Chairman of the Board of Management. The dates and the notice of meeting are set by the Chairman of the Board of Management who also chairs the Board of Management meeting. In urgent cases or if two members of the Board of Management so move, a Board of Management meeting will be convened without undue delay.

The Board of Management has quorum if at least half of its members are present or otherwise participate in the adoption of the resolution. Votes are decided by simply majority of the votes cast. In the event of a tie, the motion is denied.

Resolutions of the Board of Management may also be adopted outside the context of meetings (or by way of combined resolutions) by oral or telephone voting, voting in text form (§126 of the German Civil Code (Bürgerliches Gesetzbuch, "BGB")) and/or using other modes of telecommunication or electronic media, if so ordered by the Chairman of the Board of Management at least two days in advance. In urgent cases, the period may be shortened appropriately.

The Board of Management works together with the Supervisory Board in the Company's interest. It coordinates the strategic direction of the Company with the Supervisory Board and discusses the progress made in implementing the corporate strategy with the Supervisory Board on a regular basis. The Board of Management must provide the Supervisory Board with any and all information it requires for exercising its supervisory duties.

The Board of Management reports to the Supervisory Board at least every three months on current business developments and the expected further development of the Group. The Board of Management furthermore keeps the Supervisory Board fully and regularly informed about all issues of relevance to the business as pertains to strategy, planning, business performance, the risk situation, risk management and compliance.

For certain transactions set out in the rules of procedure for the Board of Management, the Board of Management must obtain the prior approval of the Supervisory Board.

Dermapharm's Board of Management has not established any committees.

Supervisory Board

Responsibilities and competences of the Supervisory Board

The Supervisory Board appoints the members of the Board of Management. It also supervises and advises the Board of Management with respect to the strategic direction of the business. Through regular dialogue with the Board of Management, the Supervisory Board is kept informed about business development, strategy, corporate planning, the risk situation, risk management, compliance and sustainability.

It approves the budget projections and the annual financial statements of Dermapharm Holding SE and the consolidated financial statements.

Composition of the Supervisory Board

In financial year 2024, the Company's Supervisory Board consisted of three members.

The following persons were members of the Supervisory Board:

- Chairman of the Supervisory Board: Wilhelm Beier
- Deputy Chairman of the Supervisory Board: Dr Erwin Kern
- Member of the Supervisory Board: Lothar Lanz

Supervisory Board committees – Audit Committee

Because the Supervisory Board consists of only three members, the Supervisory Board simultaneously performs the tasks of an audit committee.

The three-member Audit Committee is primarily tasked with reviewing the accounting, monitoring the accounting process and the effectiveness of the internal control system and the internal audit system, and overseeing the audit of the financial statements and compliance. The accounting covers in particular the consolidated financial statements and the combined management report covers CSR reporting (non-financial report), interim financial information and the Company's annual financial statements under German GAAP (HGB).

The Audit Committee monitors the independence of the statutory auditor and furthermore addresses the additional services provided by the auditor, issues the audit engagement, determines the focal points of the audit and sets the audit fee. The Audit Committee reviews the quality of the audit at regular intervals.

His many years' experience as CFO (1996-2008 CFO ProSieben Media AG, today ProSiebenSat.1 Media SE, 2009-2014 CFO/COO Axel Springer AG, today Axel Springer SE), the Chairman of the Audit Committee, Mr Lothar Lanz, possesses specific knowledge and experience in applying accounting principles and internal control procedures and with regard to audits, in accordance with §§ 107 (4) in conjunction with 100 (5) AktG and Recommendation D.4 of the 2020 Code. Mr Lanz also has proven risk management expertise.

Another expert member of the Audit Committee in accordance with § 100 (5) AktG is Mr Wilhelm Beier, who founded Dermapharm in 1991 and has transformed it into today's Dermapharm Group. His many years' experience within the Dermapharm Group have provided him with the necessary insight into auditing matters.

Supervisory Board skills profile

The Supervisory Board has set itself specific targets for its collaboration, drawn up a competence profile for the entire body and recorded it in a qualification matrix.

Qualification matrix	Wilhelm Beier	Lothar Lanz	Dr Erwin Kern
Length of tenure			
Member since	August 2017	January 2018	August 2017
Personal aptitude			
Independence[1]		•	•
No overboarding[1]	•	•	•
Educational background	Merchant	Merchant	Merchant
Diversity			
Date of birth	21 April 1956	1 October 1948	6 July 1960
Gender	male	male	male
Nationality	German	German	German
Professional aptitude			
Corporate management and control	•	•	•
International experience	•	•	•
IT/digitalisation	•	•	•
Sustainability	•	•	•
Transformation	•	•	•
Procurement/production/sales/R&D	•	•	•
Finance and capital markets	•	•	•
Financial expert[2]	•	•	•
Risk management	•	•	•
Legal/Compliance	•	•	•
HR	•	•	•
Familiarity with line of business/sector	•	•	•

1) as defined in the German Corporate Governance Code 2022
2) as defined in § 100 (5) AktG and Recommendation D.3 of the German Corporate Governance Code 2022
• Criterion satisfied according to self-assessment by the Supervisory Board. One point signifies "a sound understanding" at a minimum and thus the ability to grasp the relevant issues and make informed decisions based on: existing qualifications; the knowledge and experience acquired through their work as Supervisory Board members; or the training measures regularly attended by all Supervisory Board members.

Working practices of the Supervisory Board

Meetings of the Supervisory Board are convened by the Chairman in text form (§ 126b BGB) subject to a notice period of ten (10) calendar days; the place of the meeting shall be determined by the Chairman. The day on which the invitation is sent and the day of the meeting are not included in the calculation of the notice period; the sending of the invitation is sufficient to meet the deadline. In urgent cases, the Chairman may shorten the notice period appropriately and also convene the meeting verbally or by telephone. The rules of procedure for the Supervisory Board may provide for a shorter period than the period specified in sentence 1 either generally or in specific cases.

The place and time of the meeting and the agenda are to be included in the notice of meeting. Amendments to the agenda must be communicated at least three days prior to the meeting, unless the urgency of the case justifies a shorter notice period.

Resolutions may only be adopted at improperly convened meetings, or on agenda items that were not properly notified in advance, if none of the members of the Supervisory Board object. In such cases, absent Supervisory Board members are to be given the opportunity to object to the resolution or cast their vote afterwards within a reasonable period to be stipulated by the Chairman. The resolution shall only become valid if the absent members do not object to the resolution (or they consent to it) within that period, or have subsequently cast their vote.

The Chairman chairs the meetings of the Supervisory Board and determines the order in which matters will be discussed and the nature and order of voting.

Resolutions of the Supervisory Board are generally adopted in the context of meetings. Absent Supervisory Board members may also vote on the resolution by arranging for written votes to be submitted in accordance with § 108 (3) AktG. Where prescribed by the Supervisory Board Chairman prior to voting, absent Supervisory Board members may also cast their votes by telephone, in text form (§ 126b BGB) or using other modes of telecommunication or electronic media, including subsequently within a period set by the Chairman, if applicable.

Resolutions of the Supervisory Board may also be adopted outside meetings (or by way of combined resolutions) by oral or telephone voting, voting in text form (§126b BGB) and/or using other modes of telecommunication or electronic media, if so ordered by the Chairman of the Supervisory Board. Members of the Supervisory Board have no right to object to this form of adopting resolutions. The above provisions (paragraphs 1 and 2) apply mutatis mutandis in relation to the notice and form of the Chairman's order.

Even if the order is not issued properly (on time), a resolution will still be valid if no member of the Supervisory Board objects. In such cases, absent or non-participating Supervisory Board members are to be given the opportunity to object to the resolution or cast their vote afterwards within a reasonable period to be stipulated by the Chairman. The resolution shall only become valid if the absent or non-participating members do not object to the resolution (or they consent to it) within that period, or have subsequently cast their vote.

The Supervisory Board has quorum if at least half the number of members it is required to have participate in the adoption of the resolution. However, if the Supervisory Board does not have its full complement of members for a period of more than two months, the Supervisory Board will be deemed not to have quorum from the expiry of this period until such time as it has its full complement of members, regardless of the number of remaining members.

For the purposes of the provisions regarding these types of resolutions, a member of the Supervisory Board will be deemed to have participated in the adoption of the resolution if he or she abstains from voting.

Unless a different majority is prescribed by law, the Supervisory Board adopts resolutions by a simple majority of the votes cast. If voting is tied, the Chairman of the Supervisory Board has the casting vote; this also applies in the case of elections. If no Chairman has been appointed or the Chairman abstains, a motion is deemed defeated in the event of a tie. If the Chairman is unable to vote, the Deputy Chairman is not entitled to the casting vote.

The Chairman is authorised to implement the resolutions of the Supervisory Board and to give and take receipt of the declarations of intent necessary for this purpose.

Transparent corporate governance

Transparent corporate governance is very important to the Board of Management and the Supervisory Board of Dermapharm Holding SE. The shareholders, financial analysts, shareholder associations, all capital market participants and the media are regularly updated about the state of the business and all material changes to the business. The Group primarily uses the internet as a medium to provide comprehensive and timely information to all parties alike. We report on the situation and results of Dermapharm Holding SE by way of:

- interim reports;
- the annual report;
- general meetings;
- press releases;
- conference calls; and
- special events with analysts and investors in Germany and abroad.

The financial calendar lists the routine reporting dates. Ad hoc notices are published if circumstances arise at Dermapharm Holding SE outside the routine reporting dates, and such circumstances would be likely to materially influence the price of Dermapharm Holding SE shares.

The financial calendar and ad hoc notices are published online at https://ir.dermapharm.de under the heading Investor Relations.

Remuneration of the Board of Management and the Supervisory Board

The remuneration report of Dermapharm Holding SE, which is included in the 2024 Annual Report as a self-contained section, presents the main features of the remuneration scheme for Dermapharm's Board of Management as well as overall disclosures of the remuneration of the members of the Board of Management and overall disclosures of the remuneration of the members of the Supervisory Board. The Board of Management remuneration scheme creates incentives to successfully implement the corporate strategy and secure lasting business development, and is also geared towards creating long-term value appreciation for shareholders. The remuneration for the members of the Supervisory Board is governed by Article 15 of Dermapharm Holding SE's Articles of Association. Under the remuneration scheme, the members of the Supervisory Board receive a fixed annual salary. The remuneration report can also be downloaded from the Company's website at https://ir.dermapharm.de at Investor Relations >> Financial Reports.

6.1.4 Stipulation of targets to promote participation by women and men in managerial positions in accordance with § 76 (4) and § 111 (5) AktG

In accordance with § 111 (5) AktG, the Supervisory Board set targets in 2022 for female representation on the Supervisory Board and the Board of Management as well as periods for achieving such targets. The periods are no longer than five years.

Report on the target set for female representation on the Supervisory Board and target achievement

At the time the target was set on 10 January 2018, the Supervisory Board of Dermapharm Holding SE had a total of three members. At the Annual General Meeting on 1 June 2022, each Supervisory Board member was re-elected for a further term of office. The term of office commenced with effect from the end of the present Annual General Meeting, for the period until the end of the Annual General Meeting which resolves on the ratification of the actions of the members of the Supervisory Board for the fifth financial year after commencement of the term of office, not counting the financial year in which the term of office commences, and not to exceed six years. There are no plans to change the composition of the Supervisory Board during the current term of office.

The Supervisory Board set the target for female representation on the Supervisory Board at 0% with a deadline for implementation of 30 June 2027. The targets will therefore be revised in 2027 at the latest. With regard to the composition of the Supervisory Board, the Supervisory Board focuses on the individual professional and personal aptitude of potential candidates, taking into account the specific situation of the Company; gender is therefore not a priority factor in decisions in this context. When nominations are made for the election of Supervisory Board members, emphasis is placed solely on particular competence and qualifications. Other characteristics such as gender, age, origin, nationality, educational and professional background were and are of no significance for these decisions. The Supervisory Board intends to adhere to this principle in the future. At the same time, it aims to continuously evolve the Supervisory Board's composition and thus its competencies and experience, thereby maintaining a balance between continuity and renewal. The Supervisory Board as a whole must possess the knowledge, skills and professional experience required to properly perform its duties.

The Supervisory Board was reappointed in 2022 until the end of the Annual General Meeting in 2027. Currently, the Supervisory Board of Dermapharm Holding SE has no female members (actual quota: 0%). Since the Supervisory Board does not wish to commit itself in advance to a general gender balance for its composition with regard to the aforementioned relevance of qualifications and the company-specific situation, it has refrained in its resolution in 2022 from setting a target figure deviating from the status quo for the share of women on the Supervisory Board, which it intends to achieve by 30 June 2027 (i.e., the target quota remains 0%).

Report on the target set for female representation on the Board of Management and target achievement

At the time the target was set on 10 January 2018, the Board of Management of Dermapharm Holding SE had a total of four members, one of whom was a woman. In the 2024 financial year, the Board of Management consisted of three members, none of whom were women, meaning that the target figure of 25% was not achieved.

The Supervisory Board of Dermapharm Holding SE decided that the target for female representation on the Board of Management should, until further notice, be 25%. 30 June 2027 was set as the date by which the above targets are to be achieved. The targets will therefore be revised in 2027 at the latest.

Report on the target set for female representation in the two levels of management below the Board of Management and target achievement

In accordance with § 76 (4) AktG, the Board of Management set targets in 2018 for female representation in the two levels of management below the Board of Management as well as periods for achieving such targets. The periods are no longer than five years.

The Board of Management of Dermapharm Holding SE set the following targets for female representation in the two levels of management below the Board of Management:

The target set for female representation:

a. in the first level of management below the Board of Management is 35% until further notice; and

b. in the second level of management below the Board of Management is 35% until further notice.

The level of female representation in the two levels of management below the Board of Management at the time of determination on 10 January 2018 was:

- First level of management: 40%
- Second level of management: 49%

The existing target for female representation in both levels of management is to be retained for the period until 30 June 2027. The targets will therefore be revised in 2027 at the latest.

Female representation in the first level of management was 50% as at 31 December 2024, thus above the target.

Female representation in the second level of management was 51% as at 31 December 2024, thus exceeding the defined target.

Dermapharm seeks to achieve a balanced gender ratio when filling vacancies. The Group also places importance on reasonable female representation when re-filling managerial positions so as to further increase the ratio of women.

Generally speaking, however, the personal suitability and professional qualifications of candidates are the most important factors, not gender.

6.1.5 Succession planning

Dermapharm's success depends to a large extent on the qualifications, expertise, commitment and skills of its employees. Approximately 3,600 people worldwide contribute to this success every day. With their professional skills, commitment and creativity, they are important driving forces for improvement and innovation in their respective areas of responsibility.

Dermapharm's long-term sustainable HR work is grounded in systematic management development and succession planning. The identification and promotion of qualified employees is a crucial factor for the long-term success of the Company. All personnel policy decisions are rooted in Dermapharm's corporate and management culture.

Dermapharm's focus lies on promoting a working environment in which employees are optimally deployed and developed in line with their skills and potential. Since managers are expected to motivate their employees to perform at their best, we take appropriate care to establish excellent leadership skills in management. This increases employee retention and enhances our attractiveness as an employer.

This system is intended to provide the Supervisory Board and Board of Management with a joint decision-making basis for long-term succession planning. The Supervisory Board evaluates candidates for Board of Management positions on the basis of their professional qualifications, relevant leadership skills, and prior performance and achievements. The Supervisory Board has set an age limit of 67 for members.

6.2 Notes to the non-financial Group report pursuant to § 315b HGB

Employees, quality policy, environmental concerns and Dermapharm's mission statement

Dermapharm Holding SE has disclosed the Group's sustainability-related activities in a Group non-financial report. In accordance with the German Act Implementing the CSR Directive (CSR-Richtlinie-Umsetzungsgesetz), the report provides information within the meaning of §§ 315b et seq. HGB about the Group's sustainability strategy and its sustainable actions as far as environmental, employee and social concerns, human rights and anti-corruption are concerned. The Group non-financial report is available for download on the Company's website https://ir.dermapharm.de under Investor Relations >> Sustainability.

7. Concluding declaration to the dependent company report

Concluding declaration to the report on relationships with affiliated companies (dependent company report), § 312 (3) sentence 3 AktG

The Board of Management declares that, with regard to the legal transactions and measures cited in the report on relationships with affiliated companies in the reporting period from 1 January 2024 to 31 December 2024 and based on the circumstances known to the board at the time when the legal transactions or measures were undertaken or omitted, the Company received appropriate consideration for each legal transaction and the Company was not adversely affected by the fact that measures were undertaken or omitted.

Grünwald, 26 March 2025

Dr Hans-Georg Feldmeier
Chief Executive Officer

Dr Andreas Eberhorn
Chief Marketing Officer

Christof Dreibholz
Chief Financial Officer
Chief Compliance Officer

Consolidated financial statements

Consolidated statement of financial position as at 31 December 2024 and 31 December 2023

Assets **EUR thousand**	**Notes**	**31 December 2024**	**31 December 2023**
Non-current assets			
Intangible assets	4.1	512,314	544,860
Goodwill	4.1	576,384	578,521
Property, plant and equipment	4.2	315,028	330,770
Investments accounted for using the equity method	4.3	19,325	22,498
Equity investments	4.4	1,345	1,116
Other non-current financial assets	4.5	62,126	52,410
Total non-current assets		**1,486,521**	**1,530,176**
Current assets			
Inventories	4.6	343,381	320,758
Trade receivables	4.7	100,900	90,935
Other current financial assets	4.8	3,467	3,752
Other current assets	4.8	23,270	56,179
Tax assets	4.17	1,170	148
Cash and cash equivalents	4.9	121,309	158,724
Total current assets		**593,498**	**630,496**
Total assets		**2,080,019**	**2,160,673**

Equity and liabilities EUR thousand	Notes	31 December 2024	31 December 2023
Equity			
Issued capital	4.10	53,840	53,840
Capital reserves	4.10	100,790	100,790
Retained earnings	4.10	433,191	367,223
Other reserves	4.10	16,601	17,354
Equity attributable to owners of parent		**604,422**	**539,207**
Non-controlling interests		3,873	5,841
Total equity		**608,295**	**545,048**
Non-current liabilities			
Provisions for employee benefits	4.11	119,629	117,222
Non-current financial liabilities	4.13	889,677	963,958
Other non-current financial liabilities	4.15	9,406	13,231
Other non-current liabilities	4.15	14,393	14,340
Deferred tax liabilities	4.17	111,703	112,385
Total non-current liabilities		**1,144,809**	**1,221,136**
Current liabilities			
Other provisions	4.12	23,389	27,300
Current financial liabilities	4.13	89,935	116,430
Trade payables	4.14	94,785	86,641
Other current financial liabilities	4.16	1,729	1,736
Other current liabilities	4.16	58,244	80,564
Tax liabilities	4.17	58,833	81,818
Total current liabilities		**326,915**	**394,489**
Total equity and liabilities		**2,080,019**	**2,160,673**

Consolidated statement of comprehensive income for the 2024 and 2023 financial years

EUR thousand	Notes	2024	2023
Revenue	5.1	1,180,766	1,135,351
Change in inventories	4.6	6,459	3,767
Own work capitalised	4.1	13,941	14,966
Other operating income	5.2	30,643	43,538
Cost of materials	4.6	–434,096	–434,924
Personnel expenses	5.3	–279,799	–264,480
Depreciation, amortisation and reversal of impairment	4.1, 4.2, 4.6	–90,495	–104,587
Other operating expenses	5.4	–210,486	–210,737
Operating result		**216,933**	**182,894**
Share of profit/loss of companies accounted for using the equity method, after tax	4.3	1,519	–7,163
Financial income	5.5	16,943	3,226
Financial expenses	5.5	–63,391	–72,960
Financial result		**–44,928**	**–76,897**
Earnings before taxes		**172,005**	**105,997**
Income tax expenses	4.17	–60,268	–45,462
Profit or loss for the period		**111,737**	**60,534**

EUR thousand	Notes	2024	2023
Other comprehensive income not reclassified to profit or loss in subsequent periods:			
Actuarial gains/losses from remeasurement of defined benefit pension plans	4.11	–19	–8,681
Deferred taxes on items that will not be reclassified	4.17	–65	2,674
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:			
Foreign operations - currency translation differences	2.6	–669	1,756
Other comprehensive income, after tax		**–753**	**–4,251**
Total comprehensive income for the period		**110,984**	**56,284**
Profit or loss for the period attributable to			
Owners of the parent		113,787	62,368
Non-controlling interests		–2,050	–1,834
		111,737	**60,534**
Total comprehensive income for the period attributable to			
Owners of the parent		113,034	58,117
Non-controlling interests		–2,050	–1,834
		110,984	**56,284**
Earnings per share			
Basic (= diluted) earnings per share (EUR)	5.6	2.11	1.16

Consolidated statement of cash flows for the 2024 and 2023 financial years

EUR thousand	Notes	2024	2023
Earnings before taxes		172,005	105,997
Depreciation, amortisation (+) / (reversal of impairment) (-) of fixed assets	4.1, 4.2	86,785	101,772
(Increase) (-) / (+) decrease in working capital (assets)	4.5, 4.6, 4.7, 4.8	–25,421	–420
Increase (+) / (decrease) (-) in working capital (liabilities)	4.12, 4.13, 4.14, 4.15, 4.16, 4.17	4,977	7,610
Increase (+) / (decrease) (-) in provisions for employee benefits	4.11	2,388	1,852
Other non-cash items		1,406	–2,260
Share of (profit)/loss of companies accounted for using the equity method, after tax	4.3	–1,519	7,163
(Gain) (-) / (+) loss on disposal of non-current assets	4.1, 4.2	2,715	–2,574
Interest expense (+) / (income) (-)	5.5	41,886	65,654
Income tax payments (+/-)	4.17	–83,844	–65,373
Net cash flows from operating activities		**201,378**	**219,422**
Proceeds from the disposal of intangible assets and property, plant and equipment	4.1, 4.2	3,790	2,815
Proceeds from disposals of financial assets	4.8	707	7,948
Business combinations, less cash	2.7	-	–389,395
Payments for investments in intangible assets and property, plant and equipment	4.1, 4.2	–38,237	–41,541
Payments for investments in financial assets	4.3, 4.4	–404	-
Dividends from companies accounted for using the equity method	4.3	2,495	2,930
Interest received	5.5	2,036	1,809
Cash flows from investing activities		**–29,614**	**–415,432**

EUR thousand	Notes	2024	2023
Payments for acquisitions of non-controlling interests		–9	-
Dividends paid	4.10	–47,379	–56,532
Proceeds from borrowings	4.13	111,170	715,000
Repayments of borrowings	4.13	–212,578	–414,199
Payments of lease liabilities	4.13	–6,721	–6,657
Interest paid	5.5	–53,652	–33,074
Cash flows from financing activities		**–209,169**	**204,538**
Net increase/decrease in cash, cash equivalents and bank overdrafts	**4.9, 4.13**	**–37,404**	**8,528**
Cash, cash equivalents and bank overdrafts as at 1 January	4.9, 4.13	158,715	151,019
Effect of exchange rate changes on cash and cash equivalents	4.9, 4.13	–37	–2
Effect on cash funds of changes in the group of consolidated companies		-	–829
Cash, cash equivalents and bank overdrafts as at 31 December		**121,275**	**158,715**
Bank overdrafts as at 1 January	4.13	–8	–2
Bank overdrafts as at 31 December	4.13	–35	–8
Cash and cash equivalents as at 31 December		**121,309**	**158,724**

Consolidated statement of changes in equity for the 2024 and 2023 financial years

	Attributable to owners of the parent									
				Other reserves						
EUR thousand	**Issued capital**	**Capital reserves**	**Retained earnings**	**Actuarial gains/ losses from remeasurement of defined benefit pension plans**	**Deferred taxes on items that will not be reclassified**	**Profits/losses from remeasurement of equity instruments**	**Foreign operations - currency translation differences**	**Total**	**Non-controlling interests**	**Total equity**
As at 1 January 2023	**53,840**	**100,790**	**355,357**	**44,690**	**–13,455**	**–8,565**	**–1,065**	**531,592**	**900**	**532,491**
Profit or loss for the period	-	-	62,368	-	-	-	-	62,368	–1,834	60,534
Other comprehensive income, after tax	-	-	-	–8,681	2,674	-	1,756	–4,251	-	–4,251
Total comprehensive income for the period	**-**	**-**	**62,368**	**–8,681**	**2,674**	**-**	**1,756**	**58,117**	**–1,834**	**56,284**
Dividends	-	-	–56,532	-	-	-	-	–56,532	-	–56,532
Changes to the group of consolidated companies	-	-	6,030	-	-	-	-	6,030	-	6,030
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	6,775	6,775
As at 31 December 2023	**53,840**	**100,790**	**367,223**	**36,009**	**–10,782**	**–8,565**	**691**	**539,207**	**5,841**	**545,048**
As at 1 January 2024	**53,840**	**100,790**	**367,223**	**36,009**	**–10,782**	**–8,565**	**691**	**539,207**	**5,841**	**545,048**
Profit or loss for the period	-	-	113,787	-	-	-	-	113,787	–2,050	111,737
Other comprehensive income, after tax	-	-	-	–19	–65	-	–669	–753	-	–753
Total comprehensive income for the period	**-**	**-**	**113,787**	**–19**	**–65**	**-**	**–669**	**113,034**	**–2,050**	**110,984**
Transactions with non-controlling interests without change of control	-	-	–440	-	-	-	-	–440	83	–357
Dividends	-	-	–47,379	-	-	-	-	–47,379	-	–47,379
Changes to the group of consolidated companies	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-
As at 31 December 2024	**53,840**	**100,790**	**433,191**	**35,990**	**–10,846**	**–8,565**	**22**	**604,422**	**3,873**	**608,295**

Notes to the consolidated financial statements

Notes to the consolidated financial statements of Dermapharm Holding SE

1. Information about the Company

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

The Company has its registered office at Lil-Dagover-Ring 7, Grünwald, Germany, and is entered in the commercial register of the Local Court (Amtsgericht) of Munich under number HRB 234575.

Dermapharm Holding SE, Grünwald, Germany, is the holding company of the Dermapharm Group, Dermapharm has subsidiaries in Germany, France, Austria, Switzerland, Italy, Spain, Portugal, Belgium, Sweden, the United States, China, Greece, India and Japan as well as in eastern Europe (Croatia, Poland and Ukraine). The Company's domestic and international subsidiaries concentrate on the development, licensing, manufacture and sale of products using off-patent active pharmaceutical ingredients in the healthcare sector, and in particular in the pharmaceutical industry. Its core products are branded generics, OTC products, non-prescription healthcare products, herbal extracts and parallel-imported originator pharmaceuticals.

Dermapharm's shares are listed on the Regulated Market and the Regulated Market sub-segment (Prime Standard) of the Frankfurt Stock Exchange under German Securities Code (WKN) A2GS5D, International Securities Identification Number (ISIN) DE000A2GS5D8 and ticker symbol DMP. Trading opened on 9 February 2018.

These consolidated financial statements as at 31 December 2024 and the combined Group management report for financial year 2024 were approved for publication and submission to the Supervisory Board by the Board of Management on 26 March 2025.

2. Significant accounting policies and changes

2.1 Basis of preparation

Dermapharm's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the Interpretations of the IFRS Interpretations Committee (IFRIC), as adopted by the European Union (EU), and the supplemental provisions in accordance with § 315e (3) HGB in conjunction with § 315e (1) HGB applicable under German commercial and stock corporation law. All mandatory standards and interpretations have been applied. IFRSs not yet entered into force have not been applied.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities, which are measured at fair value in accordance with the requirements of IFRSs.

To improve the clarity of presentation, various items have been aggregated in the consolidated statement of financial position and consolidated statement of comprehensive income. These items are shown separately and explained in the notes to the consolidated financial statements.

The consolidated statement of comprehensive income is prepared based on the nature of expense method.

As a rule, Dermapharm classifies assets as current if they are expected to be recovered within twelve months from the reporting date. Liabilities are classified as non-current if, at the reporting date, the Company has the substantive right to defer settlement beyond one year. Deferred tax assets and liabilities are classified as non-current assets or liabilities in accordance with IAS 1.

The financial statements are presented in EUR (€). Unless otherwise indicated, amounts are shown in thousands of euros (EUR '000). Due to the rounding of figures, it is possible that individual items and percentages do not add up to the totals indicated.

The financial year corresponds to the calendar year. The separate financial statements of the companies included in the scope of consolidation have the same reporting date as the consolidated financial statements.

Preparing the IFRS consolidated financial statements requires the Board of Management to make judgements, estimates and assumptions concerning the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Due to the fact that the global effects of the war in Ukraine and the conflict in the Middle East remain impossible to forecast, these judgements and estimates by the management are subject to a higher degree of uncertainty than would normally be the case. In this context, Dermapharm is constantly reviewing the impact of these conflicts on the Company's performance and the resulting effects on its accounts. As at March 2025, there are no material adverse economic effects foreseeable as a result of the conflicts that could impact Dermapharm's course of business.

Dermapharm monitors climate-related risks on an ongoing basis and constantly analyses the impact of climate change on its own business operations. At present, Dermapharm does not expect any material impact on its financial position, financial performance and cash flows.

Areas involving a more significant degree of judgement or complexity, or areas where assumptions and estimates are of material significance to the consolidated financial statements are disclosed in note 3.

The Board of Management prepared the consolidated financial statements on a going concern basis.

2.2 Changes in accounting policies

Subject to the changes described in note 2.4, the same accounting policies were applied in these consolidated financial statements as in the consolidated financial statements for financial year 2023.

2.3 Published Standards and Interpretations that are not yet mandatory

Standard/ Interpretation	First-time application	Endorsed by the EU	Name
IAS 21	1 January 2025	Endorsed	Amendments to IAS 21: Lack of Exchangeability
IFRS 9 and IFRS 7	1 January 2026	Pending	Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments
IFRS 9 and IFRS 7	1 January 2026	Pending	Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity
Various	1 January 2026	Pending	Annual Improvements to IFRS Accounting Standards
IFRS 18	1 January 2027	Pending	Presentation and Disclosure in Financial Statements
IFRS 19	1 January 2027	Pending	Subsidiaries without Public Accountability: Disclosures

Dermapharm intends to apply these standards once they are subject to mandatory application in the EU. The above amended standards and interpretations are not expected to have any material effect on the consolidated financial statements, with the exception of IFRS 18, which will affect in particular the presentation of the statement of comprehensive income and the disclosures in the notes to the consolidated financial statements of Dermapharm.

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

In financial year 2024, Dermapharm has observed and, where relevant, applied the pronouncements and amendments to IASB pronouncements published by the IASB and endorsed by the EU with an initial application date of 1 January 2024. These amendments do not have any material effect on Dermapharm's consolidated financial statements.

Standard/Interpretation	First-time application	Name
IAS 1	1 January 2024	Amendments to IAS 1: Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
IFRS 16	1 January 2024	Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
IAS 7 and IFRS 7	1 January 2024	Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

2.5 Consolidation principles and group of consolidated companies

Consolidation principles

Dermapharm Holding SE is the parent company of the Group. Dermapharm's business is conducted by Dermapharm AG and its subsidiaries as well as the subsidiaries of Dermapharm Beteiligungs GmbH. The consolidated financial statements present all material entities within the meaning of IFRS 10 whose financial and business policies are controlled by the Company, either directly or indirectly. They also include Dermapharm's material equity interests in entities whose financial and business policies can be influenced by the Company to a significant extent. According to IFRS 10, control exists if Dermapharm or its subsidiaries have rights to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Dermapharm or the respective subsidiary. They are deconsolidated from the date that control ceases.

As the parent company, Themis Beteiligungs-Aktiengesellschaft, Grünwald, prepares the consolidated financial statements for the largest group of companies. As the parent company, Dermapharm Holding SE, Grünwald, prepares the consolidated financial statements for the smallest group of companies in accordance with IFRSs, as adopted by the EU. The consolidated financial statements of Themis Beteiligungs-Aktiengesellschaft as at 31 December 2024 and the consolidated financial statements of Dermapharm Holding SE as at 31 December 2024 will be published in the Federal Gazette (Bundesanzeiger).

Associates are companies over which Dermapharm is able to exercise significant influence and which are not subsidiaries or joint ventures. Dermapharm is generally assumed to exercise significant influence if it directly or indirectly holds between 20% and 50% of voting rights in a company. Such equity investments are included in the consolidated financial statements using the equity method.

Subsidiaries, whose influence, both individually and as a whole, on Dermapharm's financial position, financial performance and cash flows is immaterial due to the limited scope of their business activities, are not consolidated or accounted for using the equity method, but rather at amortised cost.

Newly acquired subsidiaries are consolidated in accordance with the acquisition method. The assets, liabilities and contingent liabilities identified in the course of a business combination are initially consolidated at their fair value as at the acquisition date. The excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of an acquiree is recognised as goodwill. If the acquisition costs are lower than the fair value of the net assets, the difference is recognised directly in the income statement. Where necessary, amounts reported by subsidiaries have been adjusted to conform to Dermapharm's accounting policies. Transaction costs are expensed as they are incurred.

Intercompany receivables and liabilities are netted. If exchange rate effects result in netting differences, these are generally recognised through profit or loss. Intercompany revenue and income are eliminated against the relevant expenses as part of the consolidation of expenses and income. Intercompany profits not yet realised are eliminated through profit or loss, as is intercompany investment income. Effects on income taxes in the income statement arising from consolidation are accounted for in accordance with IAS 12 by recognising deferred taxes.

Group of consolidated companies

The table below shows the composition of the Group as at 31 December 2024:

	31 December 2024		31 December 2023	
Company name, registered office	**Interest held directly by parent**	**Interest held by subsidiary**	**Interest held directly by parent**	**Interest held by subsidiary**
Fully consolidated subsidiaries				
Dermapharm AG, Grünwald	100%	–	100%	–
mibe GmbH Arzneimittel, Sandersdorf-Brehna	–	100%	–	100%
mibe Vertrieb GmbH, Grünwald	–	100%	–	100%
Anton Hübner GmbH & Co. KG, Ehrenkirchen	–	100%	–	100%
Hübner Naturarzneimittel GmbH, Ehrenkirchen	–	100%	–	100%
Dermapharm GmbH, Vienna, Austria	–	100%	–	100%
Dermapharm AG, Hünenberg, Switzerland	–	100%	–	100%
Sun-Farm Sp. z o.o., Lomianki, Poland	–	100%	–	100%
mibe Pharmaceuticals d.o.o, Zagreb, Croatia	–	100%	–	100%
acis Arzneimittel GmbH, Grünwald	–	100%	–	100%
axicorp GmbH, Friedrichsdorf	–	100%	–	100%
axicorp Pharma GmbH, Friedrichsdorf	–	100%	–	100%
axicorp Pharma B.V., Den Haag, Netherlands	–	100%	–	100%
axicorp ApS, Hellerup, Denmark	–	100%	–	100%
mibe Logistik & Service GmbH & Co. KG, Sandersdorf-Brehna	–	100%	–	100%
mibe Forschungs- und Entwicklungsgesellschaft mbH & Co. KG, Sandersdorf-Brehna	–	100%	–	100%
Melasan Produktions- und Vertriebsges.m.b.H., Neumarkt, Austria	–	100%	–	100%
mibeTec GmbH, Sandersdorf-Brehna	–	100%	–	100%
mibeTec US, Inc., Austin, USA	–	100%	–	100%
Trommsdorff GmbH & Co. KG, Alsdorf	–	100%	–	100%
Cl. Lageman GmbH, Alsdorf	–	100%	–	100%
Strathmann GmbH & Co. KG, Hamburg	–	100%	–	100%
Strathmann Service GmbH, Hamburg	–	100%	–	100%
BLBR GmbH, Grünwald	–	62.75%	–	50.98%
mibe pharma Italia Srl., Bolzano, Italy	–	100%	–	100%
Euromed S. A., Barcelona, Spain	–	100%	–	100%
Euromed USA Inc., Bridgeville, USA	–	100%	–	100%
mibe Ukraine LLC., Kyiv, Ukraine	–	100%	–	100%
mibe pharma España S. L., Madrid, Spain	–	100%	–	100%
Aktiebolaget, Ängelholm, Sweden	–	100%	–	100%
Candoro ethics AG, Hünenberg, Switzerland	–	100%	–	100%
Candoro ethics GmbH, Friedrichsdorf	–	100%	–	100%
Candoro ethics GmbH NM, Neumarkt	–	–	–	100%

Company name, registered office	31 December 2024		31 December 2023	
	Interest held directly by parent	Interest held by subsidiary	Interest held directly by parent	Interest held by subsidiary
THC Pharm GmbH The Health Concept, Frankfurt am Main	–	–	–	100%
Candoro ethics Austria GmbH, Vienna, Austria [1)]	–	100%	–	100%
Apharma TopCo S.A.S., Carros, France	–	100%	–	100%
Apharma Capital S.A.S.U., Carros, France	–	100%	–	100%
Laboratoires Arkopharma S.A.S., Carros, France	–	100%	–	100%
LHS S.A.S., Carros, France	–	100%	–	100%
Arkopharma Laboratorios S.A., Lissabon, Portugal	–	100%	–	100%
Arkopharma Laboratorios S.A.U., Madrid, Spain	–	100%	–	100%
Arkopharm Srl., Ventimiglia, Italy	–	100%	–	100%
Arkopharma Nederland B.V., Almere, Netherlands	–	100%	–	100%
Arko Diffusion AG, Hünenberg, Switzerland	–	100%	–	100%
Arkopharma Belux S.A., Wavre, Belgium	–	100%	–	100%
Arkopharma Ireland Ltd., Waterford, Ireland	–	–	–	100%
Nutripharma Ltd., Waterford, Ireland	–	–	–	100%
Arkopharma Hellas SA, Peania, Greece	–	55%	–	55%
Cipriani Srl., Ventimiglia, Italy	–	100%	–	100%
Pharmazeutische Fabrik Montavit Gesellschaft m.b.H., Absam, Austria	–	69%	–	53.50%

Company name, registered office	31 December 2024		31 December 2023	
	Interest held directly by parent	Interest held by subsidiary	Interest held directly by parent	Interest held by subsidiary
Dermapharm Beteiligungs GmbH, Grünwald	100%	–	100%	–
Allergopharma (Beijing) Pharmaceutical Technology Co. Ltd., Beijing, China	–	100%	–	100%
Allergopharma Verwaltungs GmbH, Reinbek	–	100%	–	100%
Allergopharma GmbH & Co. KG, Reinbek	–	100%	–	100%
Allergopharma Vertriebsges. mbH, Vienna, Austria	–	100%	–	100%
Allergopharma AG, Hünenberg, Switzerland	–	100%	–	100%
Allergopharma Espana S.L., Madrid, Spain	–	100%	–	100%
C&L Research GmbH, Reinbek	–	100%	–	–
Non-consolidated companies				
Allergopharma India Pvt. Ltd., Delhi, India	–	100%	–	–
Anton Hübner Verwaltungsgesellschaft mbH, Ehrenkirchen	–	100%	–	100%
Arkopharma Asia Pvt. Ltd., Hongkong	–	100%	–	100%
fitvia GmbH i.L., Wiesbaden	–	100%	–	100%
bellavia GmbH i.L., Wiesbaden	–	100%	–	100%
mibe pharma UK Ltd., London, UK	–	100%	–	100%
Tiroler Nussöl Sonnenkosmetik GmbH, Kitzbühel, Austria	–	100%	–	100%
mibeTec Japan K. K., Tokyo, Japan	–	100%	–	100%
Digital Hub mibe GmbH, Grünwald	–	100%	–	100%

Company name, registered office	31 December 2024		31 December 2023	
	Interest held directly by parent	Interest held by subsidiary	Interest held directly by parent	Interest held by subsidiary
Associates				
Hasan Dermapharm Co., Ltd., Binh Duong Province, Vietnam	–	30%	–	30%
Wellster Healthtech Group GmbH, Munich	–	33.86%	–	45%
Other equity investments				
ProFem GmbH, Vienna, Austria	–	15%	–	15%
Hasan Dermapharm JV Co., Ltd., Binh Duong Province, Vietnam	–	5%	–	5%

1 Formerly Spectrum Therapeutics Austria GmbH

Changes to the scope of consolidation

Candoro ethics GmbH NM/THC Pharm GmbH The Health Concept

As the entry in the commercial register on 22 April 2024 and 26 April 2024, Candoro ethics GmbH NM, with its registered office in Neumarkt, and THC Pharm GmbH The Health Concept, with its registered office in Frankfurt am Main, were merged with Candoro ethics GmbH, with its registered office in Friedrichsdorf, retrospectively with effect from 1 January 2024.

Arkopharma Ireland Ltd. / Nutripharma Ltd.

As at 29 July 2024, Arkopharma Irland Ltd. and Nutripharma Ltd., both with their registered offices in Waterford, Ireland, were liquidated.

C&L Research GmbH

C&L Research GmbH, with its registered office in Reinbek, was acquired as "Kronen 3067 GmbH" on 19 February 2024 and subsequently renamed C&L Research GmbH. The purchase price amounted to EUR 28 thousand. C&L Research GmbH leverages scientific findings to develop innovative drugs for the treatment of infectious diseases and other serious illnesses. It was included in the Group for the first time in financial year 2024 as a wholly owned subsidiary of Allergopharma GmbH & Co. KG., Reinbek.

2.6 Currency translation

Dermapharm's consolidated financial statements are presented in euros (EUR).

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. In subsequent periods, financial assets and liabilities denominated in foreign currencies are translated at spot rates. The resulting exchange rate gains and losses are recognised through profit or loss under net foreign exchange gains and losses and reported separately.

The assets and liabilities of consolidated foreign companies whose functional currency is not the euro are translated at the exchange rates applicable as at the end of the period. Equity items are translated at historical rates, and items of the statement of comprehensive income are translated at average exchange rates over the relevant periods. Currency translation differences in the statement of financial position and statement of comprehensive income are recognised outside profit or loss in equity.

The Group's material exchange rates were as follows (equivalent value for EUR 1):

	Currency	Average rate		Closing rate	
Country	**1€ =**	**2024**	**2023**	**31 December 2024**	**31 December 2023**
Switzerland	CHF	0.9526	0.9721	0.9409	0.9290
Poland	PLN	4.3071	4.5462	4.2734	4.3496
Vietnam	VND	27,119.1500	25,783.3369	26,546.3000	26,795.8000
United Kingdom	GBP	0.8469	0.8701	0.8290	0.8675
USA	USD	1.0822	1.0815	1.0417	1.1038
Ukraine	UAH	43.7578	40.1058	44.0857	42.3289
China	CNY	7.7810	7.6514	7.6050	7.8258
Sweden	SEK	11.4390	11.4784	11.4745	11.1369

2.7 Intangible assets

Intangible assets are measured using the cost model in accordance with IAS 38.

Amortisation of intangible assets is based primarily on the following useful lives:

Intangible assets	years
Software, licenses, patents and similar rights	3–20
Capitalised development costs (amortisation from date of authorisation)	15
Goodwill	Indefinite useful life

Software, licenses, patents and similar rights

Software, licenses, patents and similar rights have a finite useful life and are carried at cost less cumulative straight-line amortisation and impairment.

Capitalised development costs

Capitalised development costs consist primarily of projects for the development of new pharmaceutical products as well as authorisations obtained on the basis of the Company's own development activities. Costs that are incurred from the expansion of these authorisations to new countries are also capitalised.

Once a project has received approval by the Board of Management, the costs are capitalised during the project phase in accordance with the recognition criteria set out in IAS 38. Those costs directly attributable to the development project are used, and include personnel costs for members of staff involved in the development process, an appropriate part of the corresponding directly attributable overhead costs and costs for external resources. Once the development stage of the project has been completed and the project has been approved by the authorising authorities, the asset is economically viable and straight-line amortisation commences.

Other development costs that do not meet these recognition criteria are expensed as incurred. Development costs previously recognised as an expense are not capitalised in subsequent periods.

Intangible assets acquired in the context of a business combination

Intangible assets acquired in a business combination are recognised at fair value as at the acquisition date.

Goodwill

Goodwill represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of an acquiree. If the consideration is less (negative goodwill), it is recognised in profit or loss.

2.8 Property, plant and equipment

All items of property, plant and equipment are measured at cost less cumulative depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of internally generated assets includes the cost of materials and direct labour costs, plus any other costs directly attributable to bringing the assets to a working condition for their intended use and the costs of dismantling and removing the items.

Gains and losses on the disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment; these are recognised through profit or loss on a net basis within other operating income or other operating expenses.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to Dermapharm and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of an item of property, plant and equipment. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Depreciation is based primarily on the following estimated useful lives:

Property, plant and equipment	**years**
Buildings, including buildings on third-party land	10–60
Technical equipment and machinery	5–20
Other equipment, operating and office equipment	3–23
Prepayments	n/a.

2.9 Impairments of non-financial assets

Intangible assets which are not subject to amortisation are tested annually for impairment. Property, plant and equipment and other intangible assets already in use are depreciated and amortised, as well as tested for impairment if there are indications that the assets may have become impaired.

In order to determine whether an asset is impaired, the recoverable amount (the higher of fair value less costs to sell and the value in use) of the respective asset is compared against its carrying amount. If the recoverable amount is lower than the carrying amount, the amount of the difference is recognised as an impairment loss. Goodwill is tested for impairment at the segment level as the lowest level at which information is provided in the internal control and monitoring process. If the reasons for recognising an impairment cease to apply, the impairment is reversed to no higher than the carrying amount that would have been recognised had no impairment originally been recognised (amortised cost). Impairments on goodwill may not be reversed. Please refer to note 4.1 for further information about impairment testing.

The impairment test is conducted using the discounted cash flow (DCF) model. Goodwill is tested for impairment on the basis of projections made in budgets approved by the Board of Management and the Supervisory Board, while development costs are tested for impairment on the supplementary basis of project-specific budgets approved by the Board of Management. The expected cash flows are discounted using an appropriate interest rate for the relevant market.

2.10 Financial assets

Recognition and measurement

All financial assets are measured at fair value upon initial recognition. The transaction costs directly attributable to the acquisition of financial assets which will not be subsequently measured at fair value through profit or loss are included in the fair value. Additions and disposals of financial assets are recognised on the trading date, i.e., the date on which Dermapharm is obligated to buy or sell the asset.

The financial assets held by the Group consist in particular of cash, trade receivables, loan receivables and equity investments.

Subsequent measurement

Financial assets are classified into three measurement categories set out in IFRS 9 for the purpose of subsequent measurement:

The category "at amortised cost (AC)" includes financial assets for which the cash flows comprise payments of interest and principal and are held for the purpose of collecting contractual cash flows. After initial recognition, these financial assets are carried at amortised cost using the effective interest rate method, less impairments.

The category "at fair value through other comprehensive income (FVOCI)" covers financial assets held for the purpose of collecting contractual cash flows as well as for disposal if required. These are measured at fair value. Any resulting changes in value are recognised in a separate reserve under other comprehensive income. Upon disposal, the cumulative measurement gains and losses in other comprehensive income are recognised at fair value through profit or loss.

The category "at fair value through profit or loss (FVPL)" contains those financial assets which do not fall under any different category. These are measured at fair value. Any changes in their value are recognised through profit or loss.

An entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value (FVOCI) of an investment in an equity instrument within the scope of IAS 32 that is not held for trading, whereby only income from dividends is recognised in profit or loss. Dermapharm exercises this option and classifies equity instruments in the form of equity investments in other entities at fair value through other comprehensive income. Due to their immateriality to Dermapharm's consolidated financial statements, amortised cost is used as an approximate value for fair value for equity investments. For additional details, please see note 4.4.

Derecognition and impairment

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to a third party.

Receivables, including associated impairment losses, are derecognised if they are deemed uncollectable.

Derivatives are derecognised at the end of the contractual obligation.

The impairment model under IFRS 9 provides for loss allowances for expected credit losses. Dermapharm applies the simplified approach for calculating expected losses on trade receivables based on customers' payment history using a provision matrix. In the provision matrix, the expected loss over the remaining term is determined on the reporting date as a fixed percentage rate depending on how long the receivables were past due. Where necessary, or if there are indications of payment difficulties, material financial assets held at amortised cost are additionally analysed on an individual basis for credit losses using probabilities of default.

2.11 Inventories

In accordance with IAS 2, those assets that are intended for sale in the ordinary course of business (finished goods and merchandise), that are in the process of production for sale (work in progress), or that are consumed in the production process or in the rendering of services (raw materials, consumables, and supplies) are presented under inventories. Prepayments for the acquisition of inventories are also presented under inventories.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred to acquire the inventories, production costs and other costs incurred to bring them to their existing location and condition. In the case of manufactured inventories and work in progress, cost of inventories includes direct material and production costs and an appropriate share of production overheads based on normal operating capacity. The cost of raw materials is allocated individually or based on a weighted average.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash contributions and are intended for meeting current payment obligations. They are generally measured at their nominal amounts.

2.13 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell. Property, plant and equipment classified as held for sale is not depreciated.

2.14 Financial liabilities

Recognition and measurement

Financial liabilities are measured at fair value upon initial recognition. Directly attributable transaction costs associated with the acquisition of financial liabilities which will not be subsequently measured at fair value through profit or loss are included as part of their carrying amount.

Financial liabilities give rise to a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities held by Dermapharm consist primarily of trade payables, financial liabilities and other financial liabilities not held for trading, as well as derivative financial liabilities.

Subsequent measurement

In accordance with IFRS 9, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in financial expenses in the statement of comprehensive income.

Derivative financial liabilities are measured at fair value through profit or loss. Gains and losses in connection with these types of financial liabilities are recognised through profit or loss.

Derecognition

A financial liability is derecognised if the corresponding obligation is settled, revoked or expired. The difference between the carrying amount of the derecognised financial obligation and the consideration obtained or to be obtained is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is both an enforceable legal right to offset the recognised amounts and an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.15 Government grants

mibe GmbH Arzneimittel received government grants for the construction and extension of the production facility in Sandersdorf-Brehna, Germany. Allergopharma GmbH & Co. KG and Strathmann GmbH & Co. KG received government grants for research related to development projects. They are recognised as income on a systematic basis over the period necessary to match them with the related expenses for which they are intended to compensate. Grants are recognised in the statement of financial position under other liabilities.

At the reporting date, there were no unfulfilled conditions or contingencies attached to the recognised grants.

2.16 Provisions for employee benefits

Defined benefit pension commitments are measured using the projected unit credit method in accordance with IAS 19. Under that method, the pensions known as at the reporting date and vested benefits are factored into the calculation along with future expected increases in salaries and pensions. The calculation is based on actuarial reports and takes into consideration the biometric accounting principles set out in the 2018G Heubeck mortality tables for the German companies and the INSEE TD-TV 18–20 mortality tables for the Arkopharma Group. The discount rates are determined based on the market yields on high-quality corporate bond portfolios.

For pension commitments financed through pension funds, the fair value of plan assets is deducted from the present value of the defined benefit obligation for pensions and other post-employment benefits to determine the net defined benefit liability.

Deviations between the assumptions made in the pension report and the actual development result in actuarial gains and losses. The resulting remeasurements and income on plan assets are recognised in other comprehensive income, which forms part of the retained earnings and is not recycled to profit or loss in subsequent periods. The current service cost is presented through profit or loss in personnel expenses, with the interest portion relating to the additions to provisions recognised in the financial result.

Provisions for milestone bonuses are recognised based on actuarial reports in accordance with IAS 19.

2.17 Other provisions

Other provisions are recognised in accordance with IAS 37 when an entity has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions with a remaining term of longer than one year are recognised at their present value.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the reporting date.

2.18 Long-term employee benefits

Bonus schemes

For bonus payments after the end of the respective financial year for the preceding financial year, an obligation is recognised and the corresponding expenses are recognised as personnel expenses. The amount of the obligation is measured individually for each employee for whom either a contractual bonus obligation or a constructive obligation due to past practice exists.

2.19 Taxes on income and deferred taxes

Taxes on income

Current income taxes are measured for the current period at the amount in which a reimbursement from the taxation authority or a payment to the taxation authority is expected. The amount is calculated based on the tax rates and tax laws that are applicable at the reporting date in the countries in which the Group operates and generates taxable income.

Current income taxes that relate to items that are recognised directly in equity are not recognised in the income statement, but rather in equity.

The Group falls within the scope of the OECD Pillar Two Model Rules, which entered into force on 1 January 2024. Any top-up tax will in principle be imposed at the level of Dermapharm Holding SE as a partially-owned parent entity. In accordance with the legislation, a top-up tax must be paid per country in an amount equal to the difference between the GloBE effective tax rate and the minimum rate of 15%. All Group companies except the subsidiaries operating in Switzerland are subject to an effective tax rate of more than 15%. Since a top-up tax is already levied in Switzerland for pillar two purposes, any top-up tax is not applicable at the level of Dermapharm Holding SE. Since the effective tax rate in the 2024 reporting period in Switzerland was just under 15%, the top-up tax has no material impact. The Group exercises the exception from recognising deferred taxes in connection with pillar two income taxes, which was the subject of amendments to IAS 12 published in May 2023.

Deferred taxes

Deferred taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for Group accounting purposes and the amounts recognised for tax purposes.

Deferred tax assets are recognised for unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured based on the tax rates on the recognition date that are applicable or expected based on the current legal situation in the individual countries. Deferred taxes that relate to items recognised in equity are presented in equity. Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off the current tax assets against current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity.

2.20 Recognition of income and expenses

Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied or services rendered, stated net of discounts, returns and value added taxes.

Revenue is recognised once the goods and merchandise have been delivered and control passes to the customer. Revenue generated from the sale of goods is generally recognised at a point in time. Discounts, customer bonuses and rebates are deducted from revenue.

The German pharmaceutical market is heavily regulated, with manufacturers required to obtain marketing authorisation prior to launching new products. The extensive regulation also affects the prices of individual pharmaceuticals in Germany. For instance certain prescription pharmaceuticals, in particular those with high volumes, are subject to a reference price, which is the maximum price for which patients are reimbursed by statutory health insurance ("SHI") providers. All other prescription pharmaceuticals (i.e., those without a reference price) are subject to a mandatory manufacturer rebate, normally of 7%, as well as a price moratorium, which was extended until 2026 at the end of 2022. Under this moratorium, pharmaceuticals manufacturers are required to compensate SHI providers and private health insurance companies for any price increases. In addition, generics manufacturers such as Dermapharm are generally required to offer a mandatory generics rebate of 10% on the ex-factory price of their prescription pharmaceuticals. Rebates are accounted for as deductions from revenue in the consolidated statement of comprehensive income.

Other operating income/expenses

Other operating income is recognised when the economic benefits flow to the entity. Other operating expenses are recognised at the point at which the service is rendered, the delivery is received or at the date they are incurred.

Interest income/expenses

Interest income/expenses are recognised in profit or loss using the effective interest method. Derivatives are measured at fair value. Any resulting changes in value are generally recognised in profit or loss.

2.21 Earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit for the period which is attributable to the shareholders of the parent by the weighted average number of ordinary shares outstanding. IAS 33 is applied retrospectively to calculate the weighted average number of ordinary shares outstanding. At Dermapharm, diluted earnings per share is calculated in the same manner as basic earnings per share because Dermapharm has not issued any financial instruments that could potentially result in a capital increase or an increase in ordinary shares.

2.22 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset (the leased asset) for a period of time in exchange for consideration.

The Group, as a lessee, generally recognises the rights to use the underlying asset (right-of-use assets) and the liabilities associated with the payment obligations (lease liabilities) at their respective present values in the statement of financial position. The lease liabilities comprise the following lease payments:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the lease payments are discounted using the incremental borrowing rate. Dermapharm uses the incremental borrowing rate since the interest rates implicit in the leases could not be readily determined. This incremental borrowing rate is derived as a risk-adjusted interest rate to borrow over a similar term in the same currency.

Right-of-use assets are measured at cost, which comprises:

- the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to a required condition.

Right-of-use assets are subsequently measured at cost. Right-of-use assets are depreciated on a straight-line basis over the term of the lease.

The Group exercises the options for short-term leases and leases for which the underlying asset is of low value and as such does not recognise right-of-use assets or liabilities for these types of leases.

The Group in particular has leases for real estate, motor vehicles and operating and office equipment.

A number of leases, in particular real estate leases, include extension and termination options. These contractual terms and conditions offer Dermapharm the utmost flexibility. When determining the terms of the leases, all relevant facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option are considered. Such options are only considered when determining the term if it is reasonably certain that they will be exercised.

2.23 Derivatives

Dermapharm uses derivatives as required to mitigate the risk of changes in variable interest rates. The instruments used include interest-rate swaps and options. Derivatives are initially recognised on the trade date when the Company becomes a counterparty under the contractual provisions of the instrument.

Depending on whether the market value of the derivatives is positive or negative, they are recognised under other financial assets or other financial liabilities. Dermapharm does not apply hedge accounting.

2.24 Fair value measurement

The tables below show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value:

Type	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value measurement
Equity investments (Levels 2 and 3)	Due to their immateriality to Dermapharm's consolidated financial statements, amortised cost is used as an approximate value for fair value for equity investments.	Probability-weighted revenue and earnings	Taken in isolation, an increase/decrease in probability-weighted revenue and earnings would lead to an increase/decrease in fair value.
Interest rate swaps (Level 2)	Swap models: Fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value measurement is subject to a credit/debit valuation adjustment that reflects the credit risk of Dermapharm and the counterparty, which is calculated based on credit spreads.	n/a	n/a
Options (Level 3)	Option measurement model: The Black 76 model is used to calculate the fair value of options. The key model parameters for measuring options include the underlying, the exercise price, the expected volatility of the underlying, the risk-free interest rate and the expected remaining maturity. In connection with the acquisition of Cernelle, a call option was entered into for acquisition of the shares in Backahill Vegeholm AB. Backahill Vegeholm AB is the owner of the land and buildings in Sweden. Cernelle is the current lessee of the land and buildings.	n/a	n/a

Financial instruments not measured at fair value:

Type	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value measurement
Liabilities to banks and lease liabilities (level 2)	Discounted cash flows: The valuation model considers the present value of future cash flows, discounted using a risk-adjusted discount rate. The discount rate is determined using a benchmark yield curve that is consistent with the timing and the estimated riskiness of the bank loan at the closing date of the contract. The discount rate used as at the reporting date corresponds to the value of the benchmark yield curve on that date. Discount rates for future maturities correspond to the values of the term-equivalent benchmark yield curve.	n/a	n/a

3. Estimates and judgements

Estimates and judgements are continually 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 recognised prospectively.

Dermapharm makes estimates and assumptions concerning the future. These accounting estimates may deviate from actual events. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. Please refer to note 2.1 for information about the impacts of the war in Ukraine and the conflict in the Middle East.

Business combinations

Valuation methods, which are primarily based on estimates and assumptions, are used in connection with purchase price allocations for business combinations.

Goodwill impairment test

The Group tests recognised goodwill for impairment at least once annually. For more detailed information on the carrying amounts of goodwill as at the reporting date and the necessary assumptions and estimates, please refer to note 4.1.

Write-downs or reversals of impairment of other assets

For items of property, plant and equipment and intangible assets, the expected useful lives and associated amortisation or depreciation expenses or reversals of impairment are determined on the basis of the management's expectations and assessments. The Group assesses whether there are any indications of impairment or the need to reverse any impairment for all non-financial assets at each reporting date.

Particularly in connection with impairment testing of approvals that are not yet in use, the growth rates applied for testing as well as the price and cost development of active pharmaceutical ingredients are based on best possible estimates. The carrying amounts of the items of property, plant and equipment and intangible assets as well as the respective amortisation, depreciation and impairment expenses and reversals of impairment losses are shown in the tables in notes 4.1 and 4.2.

Development costs

Development costs are capitalised based on the assessment of whether the capitalisation requirements of IAS 38 have been met. Projections are necessary to determine the future economic benefits. These are by their nature subject to estimates and may therefore deviate from actual circumstances in the future. For the carrying amounts of capitalised development costs as at the reporting date, please refer to note 4.1.

Taxation

The Group operates in various countries and is required to pay the relevant income taxes in each tax jurisdiction. In order to calculate the income tax provisions and the deferred tax liabilities in the Group, the expected income tax as well as the temporary differences resulting from the different treatment of certain statement of financial position items in accordance with IFRS and their accounting in accordance with tax law must each be determined on the basis of assumptions. If the final taxation imposed deviates from the assumed figures, this has a corresponding effect on current and deferred taxes and thus on Dermapharm's financial position, financial performance and cash flows for the respective period. For more detailed information on the income taxes and deferred taxes, please refer to note 4.17.

Fair value of financial assets and liabilities

Valuation models based on input parameters observable in the market are applied to determine the fair values of derivatives and other financial instruments with no market price in an active market. The cash flows, which are already fixed or calculated based on the current yield curve using forward rates, are discounted to the measurement date with the discount factors determined based on the yield curve valid on the reporting date. All carrying amounts are shown in note 7.3.

Trade receivables, cash and cash equivalents, trade payables, current liabilities to banks, current lease liabilities and other current financial liabilities generally have a remaining term of up to one year. The carrying amounts less allowances, where applicable, approximate the fair values.

The fair value of equity instruments is calculated using the discounted cash flow (DCF) model. The parameters underlying the calculation are based on observable market data. If no such inputs are available, management uses its judgement to calculate the fair value. For additional details, please see note 7.3.

Pensions and other post-employment benefits

The carrying amounts of defined benefit pension plans and other post-employment benefits are based on actuarial valuations. These include assumptions about discount rates, expected rates of return on plan assets, future salary increases, mortality rates and future pension increases. The discount rate is generally calculated on the basis of the yield of high-quality corporate bonds with an AA rating whose maturity and denomination match the corresponding obligations. For more detailed information, please refer to note 4.11.

Other provisions

The estimate of future costs is subject to many uncertainties, including legal uncertainties based on the applicable laws and regulations and with uncertainties regarding to the actual conditions in the different countries and operating locations. In particular, estimates of costs are based on previous experience in similar cases, current costs and new developments that have a bearing on the costs. Any changes to these estimates could have an impact on the future profit or loss of the Group.

The expenses for recognising provisions for health insurance discounts are estimated based on the relevant underlying two-year discount agreement and information obtained from a database which tracks the historical volumes of pharmaceuticals reimbursed by each insurance company. Actual expenses for these discounts may differ from the estimate and revenue would accordingly be higher or lower. The accounting treatment for the discounts and hence the utilisation of provisions for discounts for health insurers is generally expected within the next twelve months. The expenses for recognising these provisions are offset against revenue.

For the carrying amounts of other provisions as at the reporting dates, please refer to note 4.12.

4. Notes to the consolidated statement of financial position

4.1 Intangible assets

Intangible assets changed as follows:

EUR thousand	Goodwill	Software, licenses, patents and similar rights	Capitalised development costs	Total
Cost				
As at 1 January 2024	**611,366**	**688,968**	**132,405**	**1,432,737**
Exchange differences	–19	–104	–129	–252
Additions due to business combinations	-	-	-	-
Disposals from changes to the group of consolidated companies	-	-	-	-
Additions	-	2,886	15,334	18,220
Disposals	-	–10,971	–8,546	–19,518
Reclassifications	-	189	–189	-
As at 31 December 2024	**611,347**	**680,967**	**138,875**	**1,431,188**
Depreciation, amortisation and reversal of impairment				
As at 1 January 2024	**32,843**	**247,362**	**29,151**	**309,356**
Exchange differences	-	–52	–33	–86
Additions (amortisation)	-	37,301	6,230	43,531
Additions (impairment)	2,119	5,522	5,333	12,973
Disposals from changes to the group of consolidated companies	-	-	-	-
Reversals of write-downs	-	–4,335	–321	–4,656
Disposals	-	–10,858	–7,771	–18,628
Reclassifications	-	–109	109	-
As at 31 December 2024	**34,962**	**274,831**	**32,698**	**342,490**
Carrying amounts				
As at 31 December 2023	**578,521**	**441,606**	**103,254**	**1,123,381**
As at 31 December 2024	**576,384**	**406,137**	**106,177**	**1,088,698**

EUR thousand	Goodwill	Software, licenses, patents and similar rights	Capitalised development costs	Total
Cost				
As at 1 January 2023	**334,414**	**406,720**	**117,460**	**858,594**
Exchange differences	–116	252	167	303
Additions due to business combinations	307,318	288,563	880	596,761
Disposals from changes to the group of consolidated companies	–30,251	–9,403	–305	–39,960
Additions	-	3,051	15,846	18,896
Disposals	-	–473	–1,385	–1,858
Reclassifications	-	258	–258	-
As at 31 December 2023	**611,366**	**688,968**	**132,405**	**1,432,737**
Depreciation, amortisation and reversal of impairment				
As at 1 January 2023	**63,094**	**194,597**	**24,540**	**282,231**
Exchange differences	-	223	55	279
Additions (amortisation)	-	47,391	5,183	52,573
Additions (impairment)	-	14,975	4,079	19,054
Disposals from changes to the group of consolidated companies	–30,251	–9,403	–76	–39,731
Reversals of write-downs	-	-	–3,402	–3,402
Disposals	-	–421	–1,228	–1,648
Reclassifications	-	-	-	-
As at 31 December 2023	**32,843**	**247,362**	**29,151**	**309,356**
Carrying amounts				
As at 31 December 2022	**271,319**	**212,124**	**92,920**	**576,363**
As at 31 December 2023	**578,521**	**441,606**	**103,254**	**1,123,381**

Intangible assets consisted primarily of purchased assets – including in particular recognised goodwill, customer relationships, orders on hand, trademarks and authorisations – and capitalised costs for current development projects and internally developed authorisations.

Goodwill was recognised at a carrying amount of EUR 576,384 thousand as at the reporting date (31 December 2023: EUR 578,521 thousand).

Amortisation of EUR 43,531 thousand in total was recognised for intangible assets (excluding impairment) during the reporting period (2023: EUR 52,573 thousand). The amortisation recognised on capitalised development costs amounted to EUR 6,230 thousand (2023: EUR 5,183 thousand). This related to the portion of capitalised development costs that had already resulted in an approval and will thus be amortised over 15 years. The carrying amount of the marketing authorisations in use amounted to EUR 52,327 thousand (31 December 2023: EUR 48,577 thousand). In addition, development costs of EUR 14,255 thousand from current development projects were capitalised in financial year 2024 (2023: EUR 14,452 thousand).

The total carrying amount for capitalised development costs as at 31 December 2024 was EUR 106,177 thousand (31 December 2023: EUR 103,254 thousand).

The useful lives of internally generated intangible assets remained unchanged in financial year 2024.

An impairment charge of EUR 5,333 thousand on capitalised development costs and internally generated authorisations was recognised in the reporting period ended 31 December 2024 (31 December 2023: EUR 4,079 thousand). The impairment charge essentially comprised the derecognition of expired authorisations (EUR 205 thousand; 2023: EUR 266 thousand) and impairment of development projects and authorisations (EUR 5,128 thousand; 2023: EUR 3,813 thousand).

Reversals of write-downs of EUR 4,335 thousand were recognised on capitalised authorisations in the reporting period ended 31 December 2024. The reversals of write-downs were due primarily to the impairment of a product authorisation recognised in the previous year in the "Other healthcare products" segment. Due to the positive business development at mibeTec GmbH, individual assets already recognised were tested for impairment at 31 December 2024. The recoverable amount of the product authorisation after write-downs amounted to EUR 28,287 thousand. The test was based on the multi-period excess earnings method (MEEM) using a discount rate of 6.5%.

In the reporting year ended 31 December 2024, an impairment loss of EUR 4,051 thousand was recognised on software, licenses, patents and similar rights in the "Other healthcare products" segment. The impairment test of the capitalised product brands from the Arkopharma acquisition resulted in an impairment loss of EUR 4,051 thousand, which is allocated to three of the eight capitalised brands. This test was based on the multi-period excess earnings method (MEEM) using a discount rate of 6.5%.

Impairment testing for capitalised development projects

Capitalised projects in the development phase for which no authorisations have been received are tested annually for impairment, as they are not subject to amortisation. As at 30 September 2024, development projects with a carrying amount totalling EUR 50,886 thousand (30 September 2023: EUR 47,030 thousand) were tested for impairment.

The impairment testing used the multi-period excess earnings method (MEEM). In the context of the impairment test, the recoverable amount of the individual projects was determined by calculating the fair value less costs to sell, which is based on the projected cash flows of the individual development projects. The cash flow projections underlying the calculation were made for a planning period of up to five years. They were derived based on management inputs of key parameters for each project and included in an individual business plan. These key parameters include the target market share for the product based on the total market volume, the expected year of market introduction, the total life of the product, the expected EBIT margin and the estimated cost to complete based on the degree of completion as at the measurement date.

A single peer group was selected for calculating the discount rates. Differences in discount rates resulted from the respective applicable tax rates, risk premiums and terms. The discount rates range between 6.43% and 6.63%.

Based on this data and due in particular to changes in cost and market estimate, the impairment test for the 2024 reporting year resulted in an impairment loss of EUR 1,720 thousand (31 December 2023: EUR 759 thousand) for development projects. This was offset by EUR 321 thousand in reversals of impairment losses (31 December 2023: EUR 3,335 thousand).

The results of the impairment tests are based primarily on the management assumptions described. To validate these results, the assumptions made were subjected to sensitivity analyses where the impact of a change in parameters on the carrying amounts was calculated. Modified assumptions involved the pre-tax interest rates and EBIT margins applied to the terminal value.

An increase of 1.00% in the pre-tax interest rate would cause a further impairment charge of EUR 2,165 thousand (31 December 2023: EUR 2,797 thousand). A decrease in the EBITDA margin by 3% would result in a further impairment charge of EUR 2,563 thousand (31 December 2023: EUR 2,872 thousand).

Goodwill impairment tests

The Board of Management monitors and manages the Group's goodwill at the level of the three segments ("Branded pharmaceuticals", "Other healthcare products" and "Parallel import business") and tested the goodwill for impairment on 30 September 2024.

The recoverable amount of the individual segments was determined by calculating the value in use in application of the discounted cash flow (DCF) model, which in turn is based on the projected cash flows of the individual segments. The cash flow projections underlying the value in use calculation stem from the three-year financial plans prepared by the Board of Management and approved by the Supervisory Board. The Board of Management extended the cash flow projects to cover a five-year period for the impairment test in order to take into account developments that have not yet been reflected in the financial plans.

Terminal value assumptions were used for the planning, i.e., with a growth rate of 1.50% and constant EBITDA margins analogously to the final planning year.

The respective carrying amounts and goodwill as well as the key assumptions for the calculation of values in use for each segment are presented in the table below. The budgeted EBITDA margins presented reflect average values over the five planning years:

30 September 2024	Budgeted EBITDA margin (%)	Discount rate (%)	Goodwill (EUR thousand)	Value in use (EUR thousand)	Carrying amount (EUR thousand)
Branded pharmaceuticals	34.40	8.72	95,643	3,722,322	578,237
Other healthcare products	20.83	8.56	470,668	1,481,417	983,291
Parallel import business	2.44	8.85	12,177	85,137	70,531

30 September 2023	Budgeted EBITDA margin (%)	Discount rate (%)	Goodwill (EUR thousand)	Value in use (EUR thousand)	Carrying amount (EUR thousand)
Branded pharmaceuticals	31.39	9.36	99,385	2,391,366	564,482
Other healthcare products	24.09	9.41	470,609	1,376,857	1,027,215
Parallel import business	2.63	9.68	12,177	65,938	56,543

The results of the impairment tests are based primarily on the management assumptions described. In order to gauge the effect of changes in certain parameters, the assumptions made were subjected to sensitivity analyses. The assumptions relating to the pre-tax discount rates and EBITDA margins applied in the terminal value were tested for sensitivity.

The sensitivity analysis indicated that a 1.00% increase in the pre-tax discount rate and a 3.00% decrease in the EBITDA margin would result in an impairment charge of EUR 59,808 thousand in the "Parallel import business" segment. The sensitivity analysis also indicated that a 1.00% increase in the pre-tax discount rate and a 0.17% decrease in the EBITDA margin would cause the recoverable amount to equal the carrying amount. Likewise, the sensitivity analysis in the parallel import business showed that a 1.41% increase in the pre-tax discount rate to 10.26% would cause the recoverable amount to equal the carrying amount. A decrease in the EBITDA margin by 0.58% to 3.02% would cause the recoverable amount to equal the carrying amount.

The changes in material parameters considered possible would not result in impairment charges for the other segments.

4.2 Property, plant and equipment

Property, plant and equipment changed as follows:

EUR thousand	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Total
Cost				
As at 1 January 2024	**252,540**	**156,634**	**78,166**	**487,340**
Exchange differences	20	–168	43	–105
Additions due to business combinations	465	-	-	465
Additions	5,869	9,282	10,807	25,958
Disposals	–11,123	–954	–785	–12,862
Reclassifications	101	460	–561	-
As at 31 December 2024	**247,873**	**165,254**	**87,670**	**500,796**
Depreciation, amortisation and reversal of impairment				
As at 1 January 2024	**48,068**	**63,049**	**45,453**	**156,569**
Exchange differences	–4	–141	41	–104
Additions (amortisation)	10,806	13,819	10,039	34,664
Additions (impairment)	-	6	-	6
Disposals	–4,311	–385	–670	–5,366
Reclassifications	-	-	-	-
As at 31 December 2024	**54,558**	**76,348**	**54,862**	**185,768**
Carrying amounts				
As at 31 December 2023	**204,472**	**93,585**	**32,713**	**330,770**
As at 31 December 2024	**193,315**	**88,906**	**32,807**	**315,028**

EUR thousand	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Total
Cost				
As at 1 January 2023	**171,752**	**116,915**	**61,539**	**350,205**
Exchange differences	228	131	24	384
Additions due to business combinations	73,725	30,214	9,254	113,193
Additions	8,706	8,384	8,966	26,056
Disposals from changes to the group of consolidated companies	–295	-	–147	–442
Disposals	–213	–914	–930	–2,056
Reclassifications	–1,364	1,904	–540	-
As at 31 December 2023	**252,540**	**156,634**	**78,166**	**487,340**
Depreciation, amortisation and reversal of impairment				
As at 1 January 2023	**37,665**	**50,727**	**36,141**	**124,532**
Exchange differences	87	114	17	218
Additions (amortisation)	10,666	12,556	10,135	33,357
Additions (impairment)	-	166	2	167
Disposals from changes to the group of consolidated companies	–281	-	–129	–411
Disposals	–68	–515	–712	–1,294
Reclassifications	-	-	-	-
As at 31 December 2023	**48,068**	**63,049**	**45,453**	**156,569**
Carrying amounts				
As at 31 December 2022	**134,087**	**66,188**	**25,398**	**225,673**
As at 31 December 2023	**204,472**	**93,585**	**32,713**	**330,770**

Property, plant and equipment comprises land, land rights and buildings, technical equipment and machinery as well as other equipment, operating and office equipment.

The carrying amount of property, plant and equipment decreased due primarily to the sale of a plot of land and building in Berlin, PPA effects for buildings and technical equipment and the first full-year depreciation of Montavit's property, plant and equipment in the 2024 financial year.

There were no indications of material impairment in accordance with IAS 36 at the reporting date or in the previous year.

During the reporting period, depreciation of EUR 34,664 thousand was recognised in the statement of comprehensive income (2023: EUR 33,357 thousand).

Right-of-use assets comprised the following:

EUR thousand	31 December 2024	31 December 2023
Land, land rights and buildings	6,346	8,386
Technical equipment and machinery	1,886	2,192
Other equipment, operating and office equipment	8,412	7,032
Right-of-use assets	**16,643**	**17,610**

Additions to right-of-use assets amounting to EUR 6,406 thousand were recognised in the reporting period (2023: EUR 11,508 thousand).

The depreciation for right-of-use assets was as follows:

EUR thousand	2024	2023
Land, land rights and buildings	1,922	2,039
Technical equipment and machinery	306	154
Other equipment, operating and office equipment	4,002	4,036
Depreciation of right-of-use assets	**6,230**	**6,229**

Cash outflows for leases amounted to EUR 6,721 thousand (2023: EUR 6,657 thousand), expenses for short-term leases to EUR 106 thousand (2023: EUR 2 thousand) and leases for which the underlying asset is of low value to EUR 0 thousand (2023: EUR 1 thousand).

The maturity analysis of lease liabilities can be found in note 4.13.

4.3 Investments accounted for using the equity method

Two associates (31 December 2023: 2) were recognised in the consolidated financial statements using the equity method.

Company name	Registered office	Shareholding (%)
31 December 2024		
Hasan Dermapharm Co., Ltd.	Binh Duong Province, Vietnam	30.00
Wellster Healthtech Group GmbH	Munich, Germany	33.86

Hasan Dermapharm Co., Ltd., Binh Duong Province, Vietnam

In financial year 2007, Dermapharm AG acquired an interest in Hasan Dermapharm Co. Ltd, in which Dermapharm AG currently holds a 30.0% interest. The company operates a WHO-GMP certified production plant capable of producing nearly all pharmaceuticals sold on the Vietnamese market.

The table below summarises Hasan Dermapharm Co. Ltd.'s financial information as presented in its own financial statements:

EUR thousand	31 December 2024	31 December 2023
Shareholding (%)	30.0	30.0
Non-current assets	4,011	3,933
Current assets	12,791	12,860
Non-current liabilities	2	2
Current liabilities	1,741	1,778
Net assets (100 %)	15,059	15,013
Carrying amount of equity investment	**4,281**	**3,987**
Revenue	29,258	27,410
Earnings after tax (100 %)	9,298	9,053
Group's share of total comprehensive income	**2,789**	**2,716**
Closing rate of EUR/VND	26,546	26,796
Average rate of EUR/VND	27,119	25,783

Wellster Healthtech Group GmbH

In the 2024 financial year, the Group's shareholding in Wellster Healthtech Group GmbH was reduced from 45.00% to 33.86%. Wellster is a German provider of all-in-one platforms in the field of digital health and combines telemedicine, medicinal therapies and digital therapies.

The table below summarises Wellster's financial information as presented in its own financial statements:

EUR thousand	31 December 2024	31 December 2023
Shareholding (%)	33.86	45.0
Non-current assets	5,304	5,480
Current assets	21,533	10,955
Current liabilities	15,343	16,408
Net assets (100 %)	11,495	27
Carrying amount of equity investment	**15,043**	**18,511**
Revenue	10,182	10,260
Earnings after tax (100 %)	–3,530	–7,945
Group's share of total comprehensive income	**–1,195**	**–3,575**

4.4 Equity investments

Equity investments comprise interests in non-consolidated subsidiaries and associates, which are not accounted for using the equity method, and other equity investments.

As at 31 December 2024, Dermapharm shareholdings directly or indirectly included 100% of the shares in Tiroler Nussöl Sonnenkosmetik GmbH, Kitzbühel, Austria, 100% of shares in mibeTec Japan K.K., Tokyo, Japan, and 15% of shares in ProFem GmbH, Vienna, Austria. These shares, as well as the other shares mentioned in note 2.5, are not consolidated. Due to the limited scope of their business activities, even if these companies are not included in the consolidated financial statements, this results in a true and fair view of Dermapharm's financial position, financial performance and cash flows.

As at 31 December 2024, the carrying amount of the equity investments amounted to EUR 1,345 thousand (31 December 2023: EUR 1,116 thousand).

4.5 Other non-current financial assets

Other non-current financial assets primarily comprise a settlement claim and the associated interest receivables amounting to EUR 59,988 thousand (31 December 2023: EUR 50,000 thousand) arising from an agreement with HS Beteiligungsgesellschaft mbH, UR Investment GmbH and WR Investment GmbH (former sellers) and Themis Beteiligungs-AG to repurchase 20% of shares in FYTA Company B.V. and FYTA Tech B.V. (each having their registered office in Waalwijk, Netherlands), as well as FYTA Company GmbH and FYTA Vermögensverwaltung GmbH (each having their registered office in Düsseldorf, Germany).

Anton Hübner GmbH & Co. KG and Pharmazeutische Fabrik Montavit Gesellschaft m.b.H. capitalised life insurance policies, which do not qualify as plan assets in accordance with IAS 19 and cannot be netted with future pension obligations. The carrying amounts of EUR 296 thousand and EUR 644 thousand as at 31 December 2024 (31 December 2023: EUR 288 thousand and EUR 681 thousand) are taken from an expert opinion.

4.6 Inventories

Inventories break down as follows:

EUR thousand	31 December 2024	31 December 2023
Raw materials, consumables and supplies	122,380	114,792
Finished goods and merchandise	159,801	136,236
Work in progress	57,675	66,378
Prepayments	3,525	3,352
Inventories	**343,381**	**320,758**

The cost of materials and change in inventories were as follows in the financial year:

EUR thousand	2024	2023
Cost of materials	–434,096	–434,924
Change in inventories	6,459	3,767
Expenses for current period	**–427,637**	**–431,157**

In the financial years 2024 and 2023, the following write-downs of inventories had to be recognised for the destruction of expired finished goods as well as destruction due to quality shortcomings in raw materials and other defects.

EUR thousand	2024	2023
Finished goods and merchandise, work in progress	5,830	5,850
Raw materials, consumables and supplies	3,100	4,144
Write-downs for current period	**8,930**	**9,994**

A further EUR 3,977 thousand was written down in financial year 2024 (2023: EUR 2,839 thousand) and recognized as impairment in the statement of comprehensive income. No inventories were pledged as securities for liabilities at the end of financial years 2024 and 2023.

4.7 Net trade receivables

Trade receivables are generally due within a payment period of between 30 and 120 days and do not bear interest. There are no restrictions of any kind on rights of disposal.

The net balance of trade receivables was as follows:

EUR thousand	31 December 2024	31 December 2023
Gross trade receivables	104,401	93,926
Valuation allowances	–3,501	–2,991
Net trade receivables	**100,900**	**90,935**

Valuation allowances changed as follows:

EUR thousand	2024	2023
As at 1 January	**–2,991**	**–624**
Valuation allowance on receivables	–511	–2,367
As at 31 December	**–3,501**	**–2,991**

4.8 Other current financial assets and other current assets

Other current financial assets and other current assets comprised the following:

EUR thousand	31 December 2024	31 December 2023
Receivables from related parties	2,879	2,934
Deposits	76	35
Miscellaneous	511	783
Other current financial assets	**3,467**	**3,752**
Prepaid expenses	6,516	4,622
Receivables from tax authorities	3,198	3,615
VAT receivables	2,770	32,361
Factoring	1,284	4,471
Receivables from employees	1,226	1,027
Prepayments	1,083	3,321
Money in transit	4	307
Miscellaneous	7,190	6,454
Other current assets	**23,270**	**56,179**

4.9 Cash and cash equivalents

Cash and cash equivalents comprised the following:

EUR thousand	31 December 2024	31 December 2023
Bank balances	121,275	158,684
Cash-in-hand	35	40
Cash and cash equivalents	**121,309**	**158,724**

Dermapharm maintains credit facilities with various German and international banks with good credit ratings. For information about the utilisation of this credit facility at the respective reporting date, please refer to note 7.1c). Dermapharm cannot freely dispose of credit balances at banks amounting to EUR 118 thousand (31 December 2023: EUR 237 thousand). This relates to a bank account pledged as security for the purpose of insolvency protection for early partial retirement.

4.10 Equity

Issued capital

At 31 December 2024, the issued capital (share capital) amounted to EUR 53,840 thousand divided into 53,840,000 no-par value bearer shares. Each no-par value share carries one vote. The number of issued shares has not changed since 1 January 2024.

Dermapharm's shares are listed on the Regulated Market and the Prime Standard sub-segment of the Frankfurt Stock Exchange under German Securities Code (WKN) A2GS5D, International Securities Identification Number (ISIN) DE000A2GS5D8 and ticker symbol DMP.

Authorised capital

The Board of Management is authorised, subject to the consent of the Supervisory Board, to increase the Company's share capital on one or more occasions in the period until 13 June 2028 (inclusive) against cash and/or in-kind contributions by a total of up to EUR 16,152 thousand by issuing new no-par value bearer shares (Authorised Capital 2023).

The Board of Management is furthermore authorised, subject to the consent of the Supervisory Board, to stipulate the further details concerning the rights attaching to the shares and the terms of their issue as well as to exclude shareholders' subscription rights under certain conditions and within defined limits.

To date, the Authorised Capital 2023 has not been utilised.

Contingent capital

The issued capital is contingently increased by a total of up to EUR 10,768 thousand by issuing a total of up to 10,768,000 new no-par value bearer shares (Contingent Capital 2023). The contingent capital increase serves to grant shares to holders or creditors of convertible bonds and to holders of option rights from warrant-linked bonds which may be issued by the Company or a domestic or foreign entity in which the Company directly or indirectly holds a voting and capital majority in the period until 13 June 2028 (inclusive) on the basis of the authorisation resolved by the Annual General Meeting of 14 June 2023. The contingent capital increase will only be implemented to the extent that conversion or option rights from the aforementioned bonds are actually exercised or conversion obligations from such bonds are fulfilled in the total face value of up to EUR 500,000 thousand and to the extent that no other forms of fulfilment are used to service them.

The Board of Management is authorised, subject to the consent of the Supervisory Board, to stipulate the further details of the implementation of the contingent capital increase.

To date, the Contingent Capital 2023 has not been utilised. For further information on changes in equity, please refer to the consolidated statement of changes in equity.

Dividend

In accordance with the German Stock Corporation Act, the dividend is distributed from the unappropriated net earnings as reported in Dermapharm Holding SE's HGB single-entity financial statements. The Board of Management and the Supervisory Board intend to recommend that the Annual General Meeting distribute a dividend of EUR 0.90 per share carrying dividend rights. This corresponds a total distribution of EUR 48,456 thousand. The proposed distribution still has to be approved by the shareholders at the Annual General Meeting and is therefore not recognised as a liability in the consolidated financial statements.

Pursuant to the resolution adopted by the Annual General Meeting on 27 June 2024, a dividend of EUR 47,379 thousand (EUR 0.88 per share carrying dividend rights) was distributed to the shareholders from the unappropriated net earnings for the 2023 financial year. The dividend was distributed on 2 July 2024.

4.11 Provisions for employee benefits

The table below shows the reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components:

EUR thousand	Pension obligations	Fair value of plan assets	Net pension obligations
As at 1 January 2024	**116,443**	**289**	**116,154**
Changes due to business combinations	-	-	-
Gain/loss			
Current service cost	2,077	-	2,077
Gains (-) / losses (+) from settlements	47	-	47
Interest expense	3,861	-	3,861
Interest income	-	10	–10
Remeasurement			
Actuarial gains (–)/losses (+)			
of which due to changes in financial assumptions	*–674*	-	*–674*
of which due to changes in demographic assumptions	*268*	-	*268*
of which experience-based adjustments	*432*	-	*432*
Return on plan assets, excl. previously recognised interest income	-	7	–7
Miscellaneous			
Transfers	-	-	-
Employer contributions	-	5	–5
Employee contributions	-	5	–5
Retirement benefits	–3,787	–61	–3,727
As at 31 December 2024	**118,667**	**257**	**118,410**

EUR thousand	Pension obligations	Fair value of plan assets	Net pension obligations
As at 1 January 2023	**88,948**	**350**	**88,598**
Changes due to business combinations	17,130	-	17,130
Gain/loss			
Current service cost	1,490	-	1,490
Gains (-) / losses (+) from settlements	48	-	48
Interest expense	3,932	-	3,932
Interest income	-	14	–14
Remeasurement			
Actuarial gains (–)/losses (+)			
of which due to changes in inancial assumptions	*6,605*	-	*6,605*
of which due to changes in demographic assumptions	*–422*	-	*–422*
of which experience-based adjustments	*2,512*	-	*2,512*
Return on plan assets, excl. previously recognised interest income	0	13	–13
Miscellaneous			
Transfers	–81	-	–81
Employer contributions	-	5	–5
Employee contributions	-	5	–5
Retirement benefits	–3,719	–98	–3,620
As at 31 December 2023	**116,443**	**289**	**116,154**

There were no exchange differences because all provisions for pensions were recognised by German and French entities. At the reporting date, plan assets included EUR 257 thousand in securities (31 December 2023: EUR 289 thousand). All security funds had quoted prices in active markets.

As at the reporting date, pension provisions and plan assets broke down as follows:

EUR thousand	31 December 2024	31 December 2023
Defined benefit obligation	347	392
Fair value of plan assets	–257	–289
Total	**91**	**103**

Provisions for pensions (excluding plan assets) amounted to EUR 118,319 thousand as at 31 December 2024 (31 December 2023: EUR 116,050 thousand).

Expenses for defined benefit plans broke down as follows:

EUR thousand	2024	2023
Interest expense	3,861	3,932
Current service cost	2,077	1,490
Total	**5,938**	**5,422**

Risk resulting from pension obligations

The risks from defined benefit plans arise partly from the defined benefit obligations and partly from the investment in plan assets. They resulted from the possibility that higher direct pension payments will have to be made to the beneficiaries.

Demographic/biometric risks

Since a large proportion of the defined benefit obligations comprises lifelong pension payments to retirees or their surviving dependents, pensions, longer claim periods and earlier claims may result in higher benefit obligations, higher benefit expense and/or higher pension payments than previously anticipated.

Investment risks

If the actual return on plan assets falls below the return anticipated on the basis of the discount rate, the net defined benefit liability would increase, assuming no changes to other parameters. This could happen as a result of a drop in share prices, increases in market rates of interest, default on the part of individual debtors or the purchase of low-risk but low-interest bonds, for example.

Interest rate risks

The principal actuarial assumptions at the reporting date are presented below (expressed as weighted averages):

in %		31 December 2024	31 December 2023
Discount rate	Germany	3.5	3.4
	France	3.2	3.7
Salary trend	Germany	1.7	1.8
	France	3.6	3.6
Pension trend	Germany	2.1	2.0
	France	-	-
Fluctuation rate	Germany	0.3	0.3
	France	3.8	3.8

The sensitivity of the total pension commitments to changes in the average assumptions was as follows:

EUR thousand	Change in actuarial assumptions	Increase / (decrease) in the fair value of the Pension obligations as of 31 December 2024	
		Germany	France
	1.00 % increase	–13,210	–1,665
Discount rate	1.00 % decrease	16,842	1,929
	0.50 % increase	2,884	–891
Salary trend	0.50 % decrease	–2,655	810
	0.50 % increase	1,117	-
Pension trend	0.50 % decrease	174	-
	1-year increase	1,594	-
Life expectancy	1-year decrease	-	-
	0.50 % increase	-	804
Fluctuation rate	0.50 % decrease	-	–26

EUR thousand	Change in actuarial assumptions	Increase / (decrease) in the fair value of the Pension obligations as of 31 December 2023	
		Germany	France
	1.00 % increase	–13,296	–1,533
Discount rate	1.00 % decrease	16,998	1,780
	0.50 % increase	878	884
Salary trend	0.50 % decrease	–783	–775
	0.50 % increase	5,103	-
Pension trend	0.50 % decrease	–4,686	-
	1-year increase	4,514	-
Life expectancy	1-year decrease	-	-
	0.50 % increase	-	–800
Fluctuation rate	0.50 % decrease	-	54

At 31 December 2024, the weighted term of the pension obligations was 15 years (31 December 2023: 15 years).

The above sensitivity analysis is based on the change in one assumption, with all other factors remaining constant. Changes in several assumptions can be correlated. The same method was used to calculate the sensitivity of defined benefit obligations to actuarial assumptions as was used to calculate the provisions for pensions in the statement of financial position.

The increase in the Group's pension obligations as reported above in comparison to 31 December of the previous year was primarily attributable to changes due to business combinations.

In order to limit the aforementioned risks and comply with future obligations, Anton Hübner GmbH & Co. KG has taken out life insurance policies, which, however, do not qualify as plan assets in accordance with IAS 19 and cannot be netted against future pension obligations. Please refer to note 4.5 for further information. The same applies to Trommsdorff GmbH & Co. KG, which holds EUR 118 thousand (31 December 2023: EUR 237 thousand) in a bank account pledged as security for the purpose of insolvency protection for early partial retirement.

Provisions for employee benefits continue to include provisions for anniversary bonuses amounting to EUR 1,220 thousand (31 December 2023: EUR 1,069 thousand).

4.12 Other provisions

Other provisions changed as follows:

EUR thousand	Health insurance discounts	Litigation	Miscella-neous	Total
As at 1 January 2024	**22,744**	**2,705**	**1,850**	**27,300**
Additions	20,824	836	-	21,660
Reversals	–30	–146	–37	–213
Utilisations	–22,667	–902	–1,771	–25,340
Exchange differences	-	–18	-	–18
Changes to the group of consolidated companies	-	-	-	-
As at 31 December 2024	**20,872**	**2,475**	**43**	**23,389**

EUR thousand	Health insurance discounts	Litigation	Miscella-neous	Total
As at 1 January 2023	**22,453**	**786**	**1,687**	**24,925**
Additions	22,724	197	906	23,827
Reversals	–181	–57	-	–238
Utilisations	–22,251	–1,752	–1,033	–25,036
Exchange differences	-	42	-	42
Changes to the group of consolidated companies	-	3,489	291	3,779
As at 31 December 2023	**22,744**	**2,705**	**1,850**	**27,300**

As a consequence of regulatory state interventions on the German pharmaceuticals market, the Group is obligated to negotiate discount agreements with health insurance organisations. For further information on provisions for discounts to health insurance providers, please see note 3.

4.13 Financial liabilities

Financial liabilities changed as follows:

EUR thousand	31 December 2024	31 December 2023
Bank loans	815,926	889,339
Promissory note loans	61,404	61,366
Lease liabilities	12,347	13,253
Non-current financial liabilities	**889,677**	**963,958**
Bank loans	84,777	72,959
Promissory note loans	-	38,467
Lease liabilities	5,123	4,996
Bank overdrafts	35	8
Current financial liabilities	**89,935**	**116,430**

Material funding

In December 2022, Dermapharm Holding SE and Dermapharm AG entered into a syndicated loan agreement with leading German and European banks for EUR 1,050,000 thousand with a basic term of five years. At 31 December 2024, EUR 845,000 thousand (31 December 2023: EUR 915,000 thousand) of the loan had been drawn down. The syndicated loan agreement comprised a bullet tranche of EUR 650,000 thousand (Facility A), a repayment tranche of EUR 150,000 thousand (Facility B; 31 December 2023: EUR 200,000 thousand) and a revolving tranche of EUR 200,000 thousand (Facility C), of which only EUR 45,000 thousand (31 December 2023: EUR 65,000 thousand) had been drawn down as at the reporting date. At the same time, the loan agreement provided the option to extend an additional tranche of up to EUR 200,000 thousand, which had not been committed as at the reporting date.

The loan bears a floating rate of interest (6-month EURIBOR plus a margin for Facility A and Facility B and a 1-month EURIBOR, 3-month EURIBOR or 6-month EURIBOR plus a margin for Facility C), with the margin being calculated on the basis of the net debt ratio. The term of the agreement by default is set at five years from the date the agreement is entered into.

Lease liabilities

The maturity analysis for the lease liabilities was as follows:

EUR thousand	31 December 2024	31 December 2023
Remaining term of:		
Less than one year	5,123	4,996
Between one and five years	8,240	8,062
More than five years	4,107	5,191
Total	**17,470**	**18,249**

4.14 Trade payables

Trade payables fell due within one year and do not bear interest. They generally fall due for payment within 0 to 60 days. The item also included all trade payables not invoiced as at the reporting date.

4.15 Other non-current financial liabilities and other non-current liabilities

Other non-current financial liabilities comprised primarily one swap, which the Company concluded in March 2023 to hedge against interest rate risks. As at the end of the reporting period, the negative fair value of the derivative amounted to EUR 9,380 thousand (31 December 2023: EUR 11,331 thousand) and is calculated on the basis of the present value of the estimated future cash flows. In each case, this fair value corresponded (as at the end of the reporting period) to the price determined by the bank plus a debt valuation adjustment at which an independent third party would assume the rights and/or obligations arising from the instrument. The second swap concluded in March 2023 (31 December 2023: EUR 1,849 thousand) is reported under note 4.16 due to its shorter term as at 31 December 2024.

The other non-current liabilities mainly comprised government grants. In accordance with IAS 20, government grants for assets are recognised as deferred income and had a carrying amount of EUR 11,337 thousand as at the reporting date (31 December 2023: EUR 11,685 thousand).

4.16 Other current financial liabilities and other current liabilities

Other current financial liabilities and other current liabilities comprise the following:

EUR thousand	31 December 2024	31 December 2023
Derivatives	1,266	-
Purchase price liabilities	168	1,147
Liabilities to related parties	253	450
Miscellaneous	42	139
Other current financial liabilities	**1,729**	**1,736**
Other personnel-related liabilities	38,033	40,853
VAT liabilities	8,586	30,508
Deferred income	900	855
Government grants	602	576
Prepayments received	58	87
Miscellaneous	10,066	7,686
Other current liabilities	**58,244**	**80,564**

Other current financial liabilities had a maturity of up to one year and do not bear interest. For information concerning the liabilities to related parties, please refer to note 9.

The derivative is the second swap, which the Company concluded in March 2023 to hedge against interest rate risks. For further information on the measurement, please refer to note 4.15.

Government grants which are reported under this item comprise the portion which will be reversed in the course of the next 12 months.

Deferred income relates to payments that have been received, for which the corresponding services have not yet been rendered.

As in the previous year, personnel-related liabilities comprised holiday entitlements, income and church taxes due, liabilities for bonuses and company pensions and other personnel-related charges.

4.17 Income taxes

Income taxes included taxes on income and earnings paid or owed in the respective jurisdictions as well as deferred tax assets or liabilities.

Profit and loss transfer agreements

There is a consolidated income tax group in place between Dermapharm AG and its subsidiaries mibe GmbH Arzneimittel, mibe Vertrieb GmbH, Hübner Naturarzneimittel GmbH, acis Arzneimittel GmbH as well as with axicorp GmbH and axicorp Pharma GmbH. Accordingly, the current income tax expenses are recognised at Dermapharm AG as the tax group parent.

Effects on current income tax expense

The key components of income tax expenses for the 2024 and 2023 financial years broke down as follows:

EUR thousand	2024	2023
Current income taxes	**60,955**	**55,652**
Deferred taxes		
from temporary differences	–2,450	–5,880
from tax loss carryforwards	1,763	–4,310
Subtotal	**–687**	**–10,188**
Income tax expenses	**60,268**	**45,462**

The income taxes reported are derived as follows from an expected income tax expense that would have resulted from applying the nominal tax rate of a corporation headquartered in Grünwald.

Reconciliation to effective tax rate

EUR thousand	2024		2023	
Earnings before taxes		**172,005**		**105,997**
Expected tax expenses	**24.23%**	**41,668**	**24.23%**	**25,678**
Utilisation of tax loss carryforwards	–0.63%	–1,091	–1.00%	–1,061
Non-deductible operating expenses	5.51%	9,472	17.58%	18,635
Tax-exempt income	–0.77%	–1,330	–2.78%	–2,947
Prior-year taxes	0.08%	142	–0.24%	–252
Difference to Group tax rate	2.36%	4,064	–0.78%	–828
Miscellaneous	–1.80%	–3,088	–3.61%	–3,829
Tax loss carryforwards not utilised	6.07%	10,432	9.50%	10,067
Current tax expense	**35.04%**	**60,268**	**42.89%**	**45,462**

Deferred taxes as at the reporting date were as follows:

EUR thousand	31 December 2024	31 December 2023
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	15,657	17,189
Deferred tax assets to be recovered within 12 months	4,533	5,643
Total deferred tax assets	**20,190**	**22,832**
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	–123,658	–127,135
Deferred tax liabilities to be recovered within 12 months	–8,235	–8,082
Total deferred tax liabilities	**–131,893**	**–135,217**
of which deferred tax assets reported in the statement of financial position	**-**	**-**
of which deferred tax liabilities reporte in the statement of financial position	**–111,703**	**–112,385**

The changes in deferred taxes in the statements of financial position as at 31 December 2024 and 31 December 2023 were as follows:

	31 December 2024		31 December 2023	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Intangible assets	219	–115,746	334	–116,200
Property, plant and equipment	365	–12,500	361	–13,864
Other current financial assets	-	-	426	-
Other non-current financial assets	131	-	124	-
Non current financial liabilities	5,729	–670	6,948	–927
Other non-current financial liabilities	-	–2,869	-	–4,207
	290	-	-	-
Provisions for employee benefits	6,471	-	4,956	-
Other provisions	1,800	–85	2,720	-
Current financial liabilities	1,326	-	1,265	-
Other current liabilities	-	–22	-	–19
Consolidation result	1,306	-	1,380	-
Deferred taxes on tax loss carryforwards	2,547	-	4,310	-
Equity investments	6	-	8	-
Tax asset / (liability)	**20,189**	**–131,892**	**22,832**	**–135,217**

Based on deferred tax assets of EUR 20,190 thousand (31 December 2023: EUR 22,832 thousand) and deferred tax liabilities of EUR 131,893 thousand (31 December 2023: EUR 135,217 thousand), the excess of deferred tax liabilities over deferred tax assets amounted to EUR 111,703 thousand as at the reporting date (31 December 2023: EUR 112,385 thousand).

In addition, EUR 687 thousand (31 December 2023: EUR 10,188 thousand) was recognised as deferred tax income in the income statement and EUR -65 thousand as a decrease in other comprehensive income (31 December 2023: increase of EUR 2,674 thousand). The change in other comprehensive income related to the revaluation of the net pension obligation under defined benefit plans. There were no changes relating to the capital reserves.

As at 31 December 2024, Dermapharm carried forward corporate income tax losses totalling EUR 135,150 thousand (31 December 2023: EUR 107,251 thousand) and trade tax losses of EUR 101,806 thousand (31 December 2023: EUR 72,483 thousand). These mainly resulted from mibeTec GmbH, Dermapharm Holding SE, BLBR, mibeTec US Inc., Pharmazeutische Fabrik Montavit GmbH and the Arkopharma Group. In financial year 2024, deferred tax assets amounting to EUR 2,547 thousand (31 December 2023: EUR 4,310 thousand) were recognised in respect of corporate income tax loss carryforwards of EUR 9,860 thousand (31 December 2023: EUR 16,687 thousand), whereas no deferred tax assets were recognised for corporate income tax loss carryforwards of EUR 125,289 thousand (31 December 2023: EUR 90,563 thousand) and trade tax loss carryforwards of EUR 101,806 thousand (31 December 2023: EUR 72,483 thousand) on account of the loss history, despite individual positive earnings forecasts.

Deferred tax liabilities for taxable temporary difference in connection with investments in subsidiaries and associates (outside-basis difference)

In accordance with IAS 12, no deferred tax liabilities were recognised for temporary differences amounting to EUR 547,627 thousand (31 December 2023: EUR 460,281 thousand) in connection with investments in subsidiaries and associates. Under the current rules, if these differences led to the recognition of deferred tax liabilities, this would result in a tax liability of EUR 6,635 thousand (31 December 2023: EUR 5,576 thousand).

Tax assets

Tax assets amounted to EUR 1,170 thousand as at 31 December 2024 (31 December 2023: EUR 148 thousand). These are attributable primarily to Arkopharma's tax prepayments.

Tax liabilities

Tax liabilities of EUR 58,833 thousand were reported as at 31 December 2024 (31 December 2023: EUR 81,818 thousand). These were attributable primarily to Dermapharm AG and Allergopharma GmbH & Co. KG.

5. Notes to the consolidated statement of comprehensive income

5.1 Revenue

Dermapharm generates its revenue primarily through the supply of products, and revenue amounted to EUR 1,180,766 thousand in financial year 2024 (2023: EUR 1,135,351 thousand). The sales allowances included in that figure amounted to EUR 287,531 thousand (2023: EUR 296,354 thousand).

The primary focus of Dermapharm's business lies on the German market. Consolidated revenue is allocated on the basis of where the respective companies have their registered office. The increase in revenue is due primarily to the strong organic growth in the existing portfolio, particularly in the "Branded pharmaceuticals" segment, which fully offset the decline in revenue at the Arkopharma Group. The rise in revenue was also bolstered by the revenue contributions from Montavit, which had been consolidated for the entire reporting period compared to just six months in the previous year.

EUR thousand	2024	in %	2023	in %
Germany	725,563	61%	706,960	62%
France	139,097	12%	151,642	13%
Spain	117,567	10%	118,432	10%
Austria / Switzerland	94,858	8%	68,568	6%
Others	103,681	9%	89,750	8%
Revenue	**1,180,766**	**100%**	**1,135,351**	**100%**

The other portion of Dermapharm's consolidated revenue is generated in eastern Europe, primarily in Poland, Croatia and Ukraine, and in Italy, China, Sweden and the United States. Revenue and (adjusted) EBITDA are the two key performance indicators which the Board of Management of Dermapharm Holding SE uses as the basis for steering the Group. Additional information on the development of revenue during the reporting period is contained in the Segment Reporting section contained in note 6.

5.2 Other operating income

Other operating income comprised the following:

EUR thousand	2024	2023
Currency translation gains	20,597	18,153
Income from the reversal of provisions and derecognition of liabilities	3,124	4,642
Netting of employee in-kind benefits and proceeds from employee grants	3,020	2,913
Prior-period income	1,065	631
Government grants	750	424
Income from disposals of fixed assets	625	2,956
Insurance refunds and damages	94	121
Passed-on charges	66	68
Negative goodwill	-	5,782
Income from deconsolidation of associates	-	5,207
Miscellaneous	1,302	2,642
Other operating income	**30,643**	**43,538**

5.3 Personnel expenses and number of employees

Personnel expenses comprised the following:

EUR thousand	2024	2023
Wages and salaries	219,498	206,395
Social security expenses	59,319	55,321
Severance payments	983	2,763
Personnel expenses	**279,799**	**264,480**

In financial year 2024, expenses for company pension plans in the amount of EUR 3,462 thousand (2023: EUR 2,424 thousand) were reported under personnel expenses and included in social security expenses in the table above. The table below provides an overview of the Dermapharm's average number of employees at the end of the financial year:

Function	2024	2023
Production	1,311	1,274
Marketing & sales	1,070	1,053
Administration	608	580
Product Development	362	335
Logistics	259	255
Average number of employees	**3,610**	**3,497**

The increase was due primarily to Montavit, which, unlike in the previous year, had been consolidated for the full reporting year.

5.4 Other operating expenses

Other operating expenses comprise the following:

Function	2024	2023
Marketing and sales costs	53,885	55,370
Freight and warehousing	20,928	19,673
Currency translation losses	19,196	20,107
Contributions, fees, charges and other taxes	18,011	18,264
Maintenance expenses	17,966	15,440
Development costs	11,535	10,628
Legal and consulting fees	10,044	16,269
Incidental rental costs	7,628	6,534
Travel expenses	5,458	5,532
Purchased services	5,363	5,974
Vehicle expenses	3,698	3,249
Communication	3,519	3,971
Personnel expenses	1,315	1,258
Expenses from deconsolidation	2	7,184
Miscellaneous	31,938	21,283
Other operating expenses	**210,486**	**210,737**

5.5 Financial result

The financial result comprised the following:

EUR thousand	2024	2023
Interest income	13,988	2,494
Income from fair value measurement	2.534	-
Miscellaneous	421	732
Financial income	**16,943**	**3,226**
Interest expense	–57,736	–54,389
Expenses from fair value measurement	-	–13,411
Leasing	–672	–579
Miscellaneous	–4,983	–4,581
Financial expenses	**–63,391**	**–72,960**
Share of profit/loss of companies accounted for using the equity method, after tax	**1,519**	**–7,163**
Financial result	**–44,928**	**–76,897**

The increase in financial income was due primarily to interest receivables from third parties in connection with a settlement claim following the reversal of a transaction. The decline in financial expenses was due primarily the change in the valuation of forward contracts linked to an underlying.

5.6 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to holders of ordinary shares by the weighted average number of shares outstanding, as presented below:

EUR thousand	2024	2023
Profit attributable to the owners of Dermapharm Holding SE	113,787	62,368
Weighted average number of shares outstanding (in thousands of shares)	53,840	53,840
Earnings per share in EUR	**2.11**	**1.16**

There were no dilutive financial instruments outstanding in financial years 2024 and 2023. The number of shares outstanding remained unchanged as against the previous year.

6. Segment reporting

6.1 Notes to segment reporting

In the segment reporting, Dermapharm's activities are broken down by segment and region in accordance with the provisions of IFRS 8 (Segment Reporting). The breakdown reflects internal management structures as well as the varying risk and profit profiles of the individual segments.

Based on this, Dermapharm defined the segments "Branded pharmaceuticals", "Other healthcare products" and "Parallel import business" in line with its internal reporting structure.

The "Branded pharmaceuticals" segment covers numerous product areas through a wide range of products sold under well-known brand names. The Group focuses on the development, manufacturing and marketing of branded pharmaceuticals for specifically selected markets in which Dermapharm generally holds a significant market share and is able to generate attractive margins.

In addition to herbal extracts, Dermapharm bundles food supplements, herbal pharmaceuticals, cosmetics and medical devices under its "Other healthcare products" segment. The business is primarily covered by the France-based Arkopharma Group, a leading supplier of natural OTC products and food supplements in western and southern Europe.

The "Parallel import business" segment, which operates under the well-known "axicorp" brand, benefits from the statutory requirement that a savings target of 2% must be achieved by selling affordable imported pharmaceuticals. The savings are calculated as the difference that would have arisen between the revenue generated from selling affordable imported pharmaceuticals and the revenue for the respective reference pharmaceuticals, in each case less the statutory discount. Imported pharmaceuticals are pharmaceuticals that are sold within the state healthcare system in Germany but have to be imported from other member states of the European Economic Area (EEA) in order to help decrease healthcare costs.

Please refer to note 5.1 for a breakdown of revenue by region.

The gross revenue generated from the five largest customers in the 2024 and 2023 financial years was as below:

	2024		2023	
EUR thousand	**Gross revenue**	**Share of gross consolidated revenue (%)**	**Gross revenue**	**Share of gross consolidated revenue (%)**
Wholesaler A	136,398	9%	136,297	10%
Wholesaler B	121,532	8%	124,742	9%
Wholesaler C	96,223	7%	103,558	7%
Wholesaler D	70,291	5%	72,355	5%
Wholesaler E	18,494	1%	44,716	3%

The concentration of revenue on certain wholesalers does not lead to any dependencies for Dermapharm, because the demand of the numerous end customers in the pharmacies is ultimately the decisive factor for the Group's revenue. In this regard, the wholesalers play a merely logistical role. Any reduction in demand in the event of the loss of one wholesaler would immediately be compensated for by another wholesaler. Furthermore, the wholesalers' credit risk – which is already insignificant due to the high frequency of comparatively small-volume orders – represents a much less significant risk for Dermapharm.

6.2 Segment reporting by segment

Segment reporting uses key performance indicators – revenue and EBITDA and the indicators derived therefrom – for Dermapharm's individual segments. There is trade between the individual segments only to a limited extent; this is presented in the "intra-segment revenue" line item. The reconciliation column also shows expenses incurred by Dermapharm Holding SE for services provided to the reporting segments through its role as the parent company, as it performs no operational activities.

Any transactions entered into for the provision of goods and services within the segments are reported on a consolidated basis. The exchange of goods and/or services between the segments was conducted at arm's-length prices.

The segment assets and liabilities are not regularly reported to the Board of Management and are therefore not presented below.

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

	Branded pharmaceuticals*		Other healthcare products**		Parallel import business		Reconciliation / Group holding company		Group	
EUR thousand	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Revenue	587,943	537,444	387,079	402,327	249,152	235,490	–43,408	–39,910	1,180,766	1,135,351
of which intersegment revenue	*2,885*	*4,621*	*32,713*	*30,624*	*7,810*	*4,665*	*–43,408*	*–39,910*	-	-
Revenue from external customers	585,058	532,823	354,366	371,703	241,342	230,825	-	-	1,180,766	1,135,351
Revenue growth	10%	–15%	–5%	141%	5%	–5%	-	-	4%	11%
EBITDA (unadjusted)	259,432	228,990	56,477	57,801	–1,603	–846	–5,360	–5,627	308,947	280,318
of which earnings from investments accounted for using the equity method	*1,519*	*–7,163*	-	-	-	-	-	-	*1,519*	*–7,163*
EBITDA margin (unadjusted)	44%	43%	16%	16%	–1%	–0%	-	-	26%	25%

* As from 1 July 2023 with Montavit.
** As from 5 January 2023 with Arkopharma Group.

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

EUR thousand	**2024**	**2023**
EBITDA	**308,947**	**280,318**
Depreciation, amortisation and reversal of impairment	–90,495	–104,587
Financial income	16,943	3,226
Financial expenses	–63,391	–72,960
Earnings before taxes (EBT)	**172,005**	**105,997**
Income tax expenses	–60,268	–45,462
Profit or loss for the period	**111,737**	**60,534**

7. Financial risk management and financial instruments

7.1 Financial risk factors

Dermapharm's future market development is exposed to a host of financial risks (market risk – including currency and interest rate risk – as well as credit and liquidity risk) due to the fact that its competitive environment is subject to state regulation, as well as to volatile prices for raw materials and stagnating prices caused by the government-initiated measures.

However, given its financial stability, the Group is well positioned to overcome future risks. At present, no risks that could jeopardise the Company's ability to operate as a going concern have been identified.

Dermapharm's risk management focuses on identifying and assessing risks which arise as a result of unpredictable developments on the financial markets, among other things, as well as their appropriate management.

The risk management system is overseen centrally by the Risk Officer and by the Board of Management as a whole. It is regularly reviewed for effectiveness and appropriateness. By contrast, individual risks are monitored and organised on a decentralised basis. Depending on the category and scope of the risks, this is the responsibility of either the heads of departments and managing directors, or the members of the Board of Management of Dermapharm Holding SE. Potential risks are communicated regularly, either verbally or in writing, to all relevant segments and companies.

The Group's Finance department works closely with the operating units to identify and assess financial risks. Management sets out both the principles for cross-segment risk management and guidelines for specific risks, such as exposure to foreign currency, interest and credit risks, the use of derivative and non-derivative financial instruments and investments of liquidity surpluses.

Significant financial liabilities include interest-bearing financial liabilities, trade payables and other liabilities. Financial liabilities serve in particular to guarantee that the Group's operations are financed and secured. In addition, Dermapharm reports trade and other receivables and cash and cash equivalents which result directly from its business activities.

Derivative financial instruments are used by the Group to hedge against certain risks.

The following statements discuss the Group's exposure to identified financial risks. Furthermore, the goals, strategies and processes for risk management as well as the methods used to measure the risks are described.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to effectively manage market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Currency risk relates to either translation risk or transaction risk:

Translation risk describes the risk from changes to items of the statement of financial position and statement of comprehensive income for a subsidiary due to changes to the exchange rates when converting local financial statements into the Group's presentation currency. Changes caused by currency fluctuations when translating items of the statement of financial position are recognised in equity. Dermapharm is currently exposed to such a risk through individual subsidiaries, although this risk is negligible due to the size of those companies.

Transaction risk is the risk that the value of future foreign currency payments may change due to exchange rate fluctuations. Dermapharm operates internationally and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to euros.

IFRS 7 requires that sensitivity analyses be prepared to accompany the presentation of market risks arising in connection with financial instruments; these analyses must show the impact that hypothetical changes in relevant risk variables might have on profit or loss for the period and on equity. The analysis presented below is one-dimensional and does not take into account tax effects. The table shows the positive and negative effects that would occur should the euro depreciate or appreciate by 5% in relation to the relevant currencies (CNY, PLN, USD, UAH and GBP), with all other variables remaining constant. Currency translation gains and losses on trade receivables and payables denominated in foreign currencies have an impact on the consolidated profit or loss, which is reflected analogously in equity. Aside from these currency translation effects, there are no further effects on equity arising from financial instruments.

A potential strengthening (weakening) of the euro against material currencies used by Dermapharm as at 31 December of the respective year would have affected the measurement of financial position by the amounts shown below. This analysis assumes that all other variables, particularly interest rates, remain constant and ignores any impact of forecast sales and purchases.

31 December 2024	Receivables and liabilities denominated in other currencies	EUR thousand	+5% impact on the statement of comprehensive income	–5% impact on the statement of comprehensive income
CNY	–19,592	–2,576	123	–136
PLN	69,077	16,165	–770	851
USD	–17,384	–16,688	795	–878

31 December 2023	Receivables and liabilities denominated in other currencies	EUR thousand	+5% impact on the statement of comprehensive income	–5% impact on the statement of comprehensive income
GBP	–3,696	–4,247	202	–224
UAH	–138,773	–3,460	165	–182
USD	–25,283	–23,378	1,113	–1,230

The Group's risk from exchange rate fluctuations for all other currencies not presented here was immaterial.

Interest rate risk

Interest-rate risks arise due to potential changes in the market rates of interest and can include the effect of positive and negative changes on profit, equity, or cash flows in current and future reporting periods. Dermapharm is exposed to interest rate risks from financial instruments mainly in connection with financial liabilities. In order to hedge against and minimise interest rate risks, Dermapharm concluded two interest rate hedges in March 2023 for a large portion of its financial liabilities. The share of fixed-interest or secured floating-rate financial liabilities (excluding lease liabilities) amounted to 87% as at 31 December 2024 (31 December 2023: 86%).

The table below shows the effect of a change in the market rate of interest by ±100 basis points (EURIBOR) on the consolidated income statement for financial years 2024 and 2023:

		Income statement	
EUR thousand	Nominal value	+100 Basis points	-100 Basis points
31 December 2024			
Variable-interest unsecured financial liabilities	126,268	1,252	–1,252
31 December 2023			
Variable-interest unsecured financial liabilities	149,513	1,867	–2,206

b) Credit risk

Credit risk is the risk of financial loss arising from a counterparty's inability to repay or service debt in accordance with the contractual terms. Credit risk includes both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risk.

Credit risk is managed at the Group level, except for credit risk as it pertains to trade receivables. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

The extent of the maximum credit risk for Dermapharm corresponds to the sum of trade receivables, other financial assets and cash and cash equivalents. In the event of a default on the part of a counterparty, the maximum credit risk for all classes of financial assets is equal to the respective carrying amount at the reporting date.

The Group is exposed to potential credit and concentration risks primarily in relation to other non-current financial assets. Credit risks from financial transactions are managed centrally by the Finance department. To minimise risks, financial transactions are conducted mostly within short-term periods and with banks and other partners that preferably have investment-grade ratings.

In addition, there exists a credit risk in respect of cash and cash equivalents in the event that financial institutions were no longer able to satisfy their obligations. This credit risk is limited by investing only with various banking institutions with good ratings.

c) Liquidity risk

Liquidity risk includes the risk that Dermapharm will not be in the position to satisfy its assumed financial liabilities as they fall due. For this reason, a significant aim of liquidity management is to ensure that payment is possible at all times. Management continuously monitors the risk of liquidity shortfalls by using liquidity planning. This helps to track payments into and out of the financial assets, financial liabilities, derivatives as well as expected cash flows from business activities.

The Group's aim is to maintain a balance between continuously covering the required financial resources and ensuring flexibility by using bank credit facilities. Any remaining short-term liquidity requirement peaks are balanced out by using those credit facilities. The Group considers the concentration of risk with regard to the refinancing of its debt to be low, as sufficient sources of financing are available to the Group.

Dermapharm has access to the following lines of credit:

EUR thousand	31 December 2024	31 December 2023
Aggregate lines of credit	1,016,000	1,066,000
thereof available lines of credit	160,960	150,960
Number of banks	7	8

The table below shows the Group's financial liabilities according to maturity, based on the remaining maturity at the respective reporting dates and in relation to the contractually agreed, non-discounted cash flows. Financial liabilities payable at any time are allocated to the earliest possible time of payment. Variable interest payments from the financial instruments, where applicable, were calculated on the basis of respective forward rates as at the reporting date.

EUR thousand	Due within 1 year	Due between 1–5 years	Due after 5 years
31 December 2024			
Expected cash flows from financial liabilities			
Interest	38,357	65,696	720
Repayment of principal	52,627	870,170	9,233
Expected cash flows from trade payables	94,785	–	–
Expected cash flows from other financial liabilities	1,729	–	–
31 December 2023			
Expected cash flows from financial liabilities			
Interest	49,643	96,717	1,305
Repayment of principal	90,989	923,656	28,352
Expected cash flows from trade payables	86,641	–	–
Expected cash flows from other financial liabilities	1,736	–	–

Cash flows from derivatives were expected as follows:

EUR thousand	Due within 1 year	Due between 1–5 years	Due after 5 years
31 December 2024			
Expected cash flows from derivatives			
Income from derivative contracts	–	–	–
Expenses from derivative contracts	–5,798	–5,805	–
31 December 2023			
Expected cash flows from derivatives			
Income from derivative contracts	64	–	–
Expenses from derivative contracts	–	–15,689	–

7.2 Disclosures on capital management

Dermapharm's capital management objectives are primarily to maintain and ensure an optimum capital structure to continue financing the growth plan and to manage the Company's value over the long term. Dermapharm's optimal capital structure is essentially defined by whether the financial covenants agreed with creditors could be maintained. Further focus is placed on the reduction of capital costs, the generation of liquid funds and the active management of the net working assets.

In accordance with the financial covenants, Dermapharm manages its capital structure based on the KPIs net debt, the ratio between net debt and EBITDA (net debt ratio) and also based on the equity ratio (as a percentage). Compliance with the Group's financial covenants is reviewed on the basis of the quarterly, half-yearly and consolidated financial statements and is documented in a declaration of conformity. Where necessary, Dermapharm makes adjustments, taking into account changes in the general economic environment. The objective of capital management is to meet the Group's minimum capital requirements, which stipulated that the net debt ratio must not exceed 3.25 in financial year 2024 (31 December 2023: 4.00).

Net debt is defined as the total of current and non-current financial liabilities and other current and non-current financial liabilities less cash and cash equivalents. Net debt as at 31 December 2024 was EUR 869,438 thousand (31 December 2023: EUR 936,631 thousand).

As at 31 December 2024, the ratio of net debt to adjusted EBITDA (less equity interests in companies accounted for using the equity method) amounted to 2.8 (31 December 2023: 3.0).

The equity ratio changed as follows:

EUR thousand	31 December 2024	31 December 2023
Equity attributable to owners of parent	604,422	539,207
Total equity and liabilities	2,080,019	2,160,673
Equity ratio (%)	29%	25%

In financial years 2023 and 2024, the Group did not breach the financial covenants at any time.

7.3 Additional disclosures on financial instruments

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

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

31 December 2024	Reconciliation of items of the statement of financial position to the measurement categories of IFRS 9						
EUR thousand	**Carrying amount as at 31 December 2024**	**Amortised cost**	**Fair value through profit or loss**	**Fair value through other comprehensive income**	**Measurement in accordance with IFRS 16**	**Fair value as at 31 December 2024**	**Fair value level**
Financial assets							
Other non-current financial assets	62,126	61,717	409	-	-	62,126	3
Equity investments	1,345	1,345	-	-	-	1,345	-
Trade receivables	100,900	100,900	-	-	-	100,900	-
Other current financial assets	3,467	3,467	-	-	-	3,467	-
Cash and cash equivalents	121,309	121,309	-	-	-	121,309	-
Financial liabilities							
Non-current financial liabilities							
of which bank loans	*815,926*	*815,926*	-	-	-	*813,524*	*2*
of which promissory note loans	*61,404*	*61,404*	-	-	-	*58,348*	*2*
of which lease liabilities	*12,347*	-	-	-	*12,347*	*12,178*	*2*
Other non-current financial liabilities	9,406	26	9,380	-	-	9,406	2
Current financial liabilities							
of which bank loans	*84,812*	*84,812*	-	-	-	*84,812*	-
of which promissory note loans	-	*0*	-	-	-	*0*	-
of which lease liabilities	*5,123*	-	-	-	*5,123*	*5,123*	-
Trade payables	94,785	94,785	-	-	-	94,785	-
Other current financial liabilities	1,729	463	1,266	-	-	1,729	2

31 December 2023	Reconciliation of items of the statement of financial position to the measurement categories of IFRS 9						
EUR thousand	**Carrying amount as at 31 December 2023**	**Amortised cost**	**Fair value through profit or loss**	**Fair value through other comprehensive income**	**Measurement in accordance with IFRS 16**	**Fair value as at 31 December 2023**	**Fair value level**
Financial assets							
Other non-current financial assets	52,410	51,989	422	-	-	52,410	3
Equity investments	1,116	1,116	-	-	-	1,116	-
Trade receivables	90,935	90,935	-	-	-	90,935	-
Other current financial assets	3,752	3,752	-	-	-	3,752	-
Cash and cash equivalents	158,724	158,724	-	-	-	158,724	-
Financial liabilities							
Non-current financial liabilities							
of which bank loans	*889,339*	*889,339*	-	-	-	*874,754*	*2*
of which promissory note loans	*61,366*	*61,366*	-	-	-	*56,687*	*2*
of which lease liabilities	*13,253*	-	-	-	*13,253*	*13,049*	*2*
Other non-current financial liabilities	13,231	51	13,180	-	-	13,231	2
Current financial liabilities							
of which bank loans	*72,967*	*72,967*	-	-	-	*72,967*	-
of which promissory note loans	*38,467*	*38,467*	-	-	-	*38,467*	-
of which lease liabilities	*4,996*	-	-	-	*4,996*	*4,996*	-
Trade payables	86,641	86,641	-	-	-	86,641	-
Other current financial liabilities	1,736	1,736	-	-	-	1,736	-

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

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

EUR thousand	Financial assets measured at fair value	Financial liabilities measured at fair value
As at 1 January 2024	**422**	**0**
Additions		
Disposals	–	–
Change in fair value recognised through profit or loss	–13	–
Change in fair value recognised through other comprehensive income	–	–
As at 31 December 2024	**409**	**0**

EUR thousand	Financial assets measured at fair value	Financial liabilities measured at fair value
As at 1 January 2023	**659**	**0**
Additions		
Disposals	–	–
Change in fair value recognised through profit or loss	–237	–
Change in fair value recognised through other comprehensive income	–	–
As at 31 December 2023	**422**	**0**

There were no reclassifications within the fair value hierarchy in the 2024 financial year.

The table below depicts the net result from financial instruments for the period ended 31 December 2024 and 2023.

EUR thousand	2024	2023
Interest income	**13,291**	**2,444**
from financial assets measured at (amortised) cost	*12,177*	*2,357*
from derivatives measured at fair value through profit or loss	*1,114*	*87*
from financial liabilities measured at (amortised) cost	–	–
Interest expense	**–57,737**	**–54,391**
from financial liabilities measured at (amortised) cost	*–57,645*	*–54,391*
from derivatives measured at fair value through profit or loss	*–92*	–
Amortisation and impairment of financial assets measured at (amortised) cost	**–1,237**	**–1,460**
Net result from subsequent measurement through profit or loss	**2,534**	**–13,411**
Gains from subsequent measurement through profit or loss of derivatives	*2,534*	–
Losses from subsequent measurement through profit or loss of derivatives	–	*–13,411*
Foreign exchange gains on financial instruments	**20,597**	**18,153**
Foreign exchange losses on financial instruments	**–19,196**	**–20,107**
Net result from financial instruments (in accordance with IFRS 9)	**–41,749**	**–68,773**

8. Other disclosures

8.1 Notes to the consolidated statement of cash flows

The consolidated statement of cash flows was prepared in accordance with IAS 7 Statement of Cash Flows and shows the changes in the Group's cash and cash equivalents due to cash inflows and outflows during the course of the reporting period.

Under IAS 7, cash flows are disclosed separately based on origin and classified as cash flows from either operating, investing or financing activities. The cash inflows and outflows from operating activities are derived indirectly starting from the Group's profit or loss for the year. Cash inflows and outflows from investing and financing activities are derived directly. The funds in the consolidated statement of cash flows correspond to the value of cash and cash equivalents and bank overdrafts in the consolidated statement of financial position. Cash and cash equivalents include the freely available cash deposits and deposits with financial institutions.

Compared to the previous year, there were no business combinations in the financial year 2024. Payments for business combinations less cash amounting to EUR 389,395 thousand in the previous year reported under cash flows from investing activities were attributable primarily to the acquisitions of the Arkopharma Group and Montavit.

The cash and non-cash changes in financial liabilities reported under cash flows from financing activities changed as follows in financial year 2024:

EUR thousand	2024	2023
Financial liabilities as at 1 January	**1,080,388**	**516,448**
Proceeds from borrowings	111,170	715,000
Repayments of borrowings	–212,578	–414,199
Payments of lease liabilities	–6,721	–6,657
Total changes from cash flows from financing activities	**–108,129**	**294,144**
Effect of exchange rate changes	–17	116
Changes in bank overdrafts	26	6
Lease liabilities	5,941	3,411
Changes to the group of consolidated companies	465	249,059
Liabilities from deferred interest	113	18,264
Other changes	825	–1,060
Financial liabilities as at 31 December	**979,612**	**1,080,388**

8.2 Other financial obligations and contingent liabilities

Litigation

The Group is regularly exposed to legal risks, particularly in connection with litigation relating to the areas of product liability, competition, intellectual property disputes and tax matters. As at 31 December 2024, the Group was only involved in court proceedings that are within the scope of its ordinary activities and do not have a material effect on the Group's financial position.

Apart from the proceedings described above, the Group is not aware of any administrative, court or arbitration proceedings (whether pending or threatened) which may have, or have had, a material effect on its financial position or profitability.

Guarantees

There were no material guarantees as at 31 December 2024 or 31 December 2023.

Contingent liabilities

There were no material contingent liabilities as at 31 December 2024 or 31 December 2023.

Purchase commitments

At 31 December 2024, the Group had a purchase commitment relating to inventories of EUR 82,961 thousand (31 December 2023: EUR 55,261 thousand).

9. Related party disclosures

In accordance with IAS 24, related parties are persons or companies, other than entities which are already included in the consolidated financial statements, which can be materially influenced by or are able to influence Dermapharm.

Key management personnel include members of the Board of Management and the Supervisory Board. Significant shareholders are those who own or are the beneficial owners of more than 10% of the voting shares. The ultimate controlling shareholder is Mr Wilhelm Beier.

Related party transactions are carried out at arm's length conditions.

Transactions with related parties for the financial years 2024 and 2023 between Dermapharm and significant shareholders and other related parties are summarised below.

a) Material transactions

Related party transactions (persons)

EUR thousand	2024	2023
Marketing and advertising	33	625
Total	**33**	**625**

Related party transactions (entities)

	Transactions in		Open receivables as at 31 December		Open liabilities as at 31 December	
EUR thousand	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Transfer of goods						
Associates	–	1,056	–	911	–	–
Non-consolidated companies	6,356	11,530	1,998	1,698	55	142
Consulting and services						
Parent (Themis Beteiligungs-AG) of Dermapharm	444	584	3	5	69	182
Associates	–	21	–	–	–	–
Non-consolidated companies	123	334	258	36	129	67
Offsetting of current expenses						
Associates	2,495	2,730	–	–	–	–
Miscellaneous						
Parent (Themis Beteiligungs-AG) of Dermapharm	6,582	–	13,855	7,273	–	–
Associates	283	–		281	–	–
Non-consolidated companies	1,029	2	640	78	–	60
Total	**17,312**	**16,257**	**16,754**	**10,282**	**253**	**451**

The open balances at the end of the financial year are unsecured and fall due in the short term; with the exception of the non-current receivable from the parent company amounting to EUR 13,487 thousand. For more detailed information, please refer to note 4.5. There are no guarantees for receivables to or liabilities from related parties.

b) Remuneration of key management personnel

The total remuneration paid to the Board of Management and the Supervisory Board is described in detail in the Group management report, including additional disclosures relating to the remuneration system.

The remuneration of members of the Board of Management amounting to EUR 3,361 thousand (2023: EUR 3,810 thousand) and the Supervisory Board amounting to EUR 240 thousand (2023: EUR 240 thousand), who represent the key management personnel, is presented as follows in accordance with IAS 24:

EUR thousand	2024	2023
Short-term benefits	2,664	2,918
Long-term benefits	937	1,132
Total	**3,601**	**4,050**

The members of key management receive remuneration solely due to their function as a person in a key position.

10. Disclosures on the Board of Management and the Supervisory Board

The Company's corporate boards were composed as follows:

Name	Member since	Appointed until	Position	Profession
Dr Hans-Georg Feldmeier	Aug 2017	2026	Chief Executive Officer	Pharmacist
Christof Dreibholz	Nov 2022	2025	Chief Financial Officer	Merchant
Dr Andreas Eberhorn	Sept 2022	2025	Chief Marketing Officer	Biologist

Members of the Supervisory Board

Name	Member since	Appointed until	Position	Profession	Mandates
Wilhelm Beier	Aug 2017	2027	Chairman of the Supervisory Board	Merchant	Dermapharm AG
Dr Erwin Kern	Aug 2017	2027	Deputy Chairman of the Supervisory Board	Merchant	Dermapharm AG
Lothar Lanz	Jan 2018	2027	Member of the Supervisory Board	Merchant	TAG Immobilien AG Bauwert AG home24 SE Dermapharm AG

In the financial years presented, there were no pension obligations due to current or former members of key management. The Supervisory Board members are covered by a Group D&O insurance policy.

11. Auditor's fee and services

At the Annual General Meeting on 27 June 2024, the shareholders of Dermapharm Holding SE elected Grant Thornton AG to audit the annual financial statements. Grant Thornton AG's fees were broken down as follows:

EUR thousand	2024	2023
Audit services	1,232	1,244
Other confirmation services	16	–
Tax consultancy services	–	–
Miscellaneous services	–	–
Total	**1,248**	**1,244**

The audit services related to the audit of the consolidated financial statements and the audit of the annual financial statements and dependent company reports of Dermapharm Holding SE and its subsidiaries at the end of the financial year as well as the audit review of the interim consolidated financial statements as at 30 June 2024.

12. Declaration of Conformity with the German Corporate Governance Code (GCGC)

The Board of Management and the Supervisory Board of Dermapharm Holding SE have jointly issued the Declaration of Conformity with the GCGC required under § 161 of the German Stock Corporation Act. The Declaration of Conformity has been made permanently accessible to the public on the Company's homepage (https://ir.dermapharm.de/).

13. Events after the reporting period

There were no events after the reporting date with a material or potentially material effect on the Group's financial position, financial performance and cash flows.

Grünwald, 26 March 2025

The Board of Management

Dr Hans-Georg Feldmeier
Chief Executive Officer

Christof Dreibholz
Chief Financial Officer
Chief Compliance Officer

Dr Andreas Eberhorn
Chief Marketing Officer

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which is combined with the management report of Dermapharm Holding SE, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Grünwald, 26 March 2025

Dr. Hans-Georg Feldmeier
Chief Executive Officer

Christof Dreibholz
Chief Financial Officer
Chief Compliance Officer

Dr. Andreas Eberhorn
Chief Marketing Officer

Independent Auditor's Report

To Dermapharm Holding SE, Grünwald

Report on the Audit of the Consolidated Financial Statements and the Combined Management Report

Audit Opinions

We have audited the consolidated financial statements of Dermapharm Holding SE, Grünwald, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2024 to 31 December 2024, and notes to the consolidated financial statements, including a summary of the significant accounting policies. In addition, we have audited the combined management report of Dermapharm Holding SE, Grünwald, for the financial year from 1 January 2024 to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement in accordance with section 289f and section 315d of the German Commercial Code [Handelsgesetzbuch – HGB] included in section 6.1 of the combined management report, section 3.1 "Significant features of the internal control and risk management system" of the combined management report, and the separate non-financial report pursuant to section 315b HGB referred to in section 6.2 of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit:

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards") as adopted by the EU, and the additional requirements of German commercial law under section 315e(1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January 2024 to 31 December 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the contents of the corporate governance statement referred to above, or section 3.1 "Significant features of the internal control and risk management system" of the combined management report, or the non-financial report referred to above.

Pursuant to section 322(3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as the "EU Audit Regulation") 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 section of our auditor's report titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Combined Management Report". We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law and have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10(2)(f) of the EU Audit Regulation, we declare that we have not provided any non-audit services prohibited under Article 5(1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2024 to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not express a separate audit opinion on these matters.

We present below what we consider to be the key audit matter:

Goodwill impairment testing

Our presentation of this key audit matter is structured as follows:

1. Risk to the consolidated financial statements

2. Audit approach

3. Reference to related disclosures

Goodwill Impairment Testing

1. Risk to the Consolidated Financial Statements

In its consolidated statement of financial position as at 31 December 2024, Dermapharm Holding SE recognised the item "Goodwill" amounting to EUR 576.4 million, of which EUR 470.7 million was for the segment "Other health products".

The Group conducts an impairment test of capitalised goodwill at least once a year. This is done on the segment level as the lowest level on which information in the internal management and monitoring process is provided and monitored.

For this reason, the Group's goodwill was tested for impairment on the level of the three segments on 30 September 2024.

In the impairment test, the recoverable amount of the individual segments is compared to their carrying amounts. The recoverable amount is determined by computing the value in use, applying the discounted cash flow model, which in turn is based on the cash flow forecasts for the segments. The cash flow forecasts on which the computation of the values in use are based are derived from the three-year financial planning compiled by the executive board and approved by the supervisory board. The executive board is expanding the cash flow forecasts to cover a five-year period for the impairment test in order to take into account developments not yet reflected in the financial planning.

The result of the impairment test is highly affected by the estimation of future cash flows and the discount rate applied and is subject to considerable uncertainty in estimation. In light of this and due to the complexity of the underlying measurement method, this matter was of particular significance in our audit.

2. Audit Approach

In our audit, we obtained an understanding of the processes in place to determine the recoverable amounts of segments. This included reperforming the methodology applied in the impairment test. In addition, we assessed the controls in place to identify and determine potential impairments.

We compared the cash flow forecasts, on which the determination of the values in use of the goodwill was based, to the three-year income planning compiled by the executive directors and approved by the supervisory board. We analysed the consistency and reasonableness of the significant assumptions on value of the expanded five-year planning by questioning a sample of selected employees. In our analysis, we incorporated our understanding of the economic environment and the conditions as of the reporting date or those expected in the relevant markets. In addition, as part of the goodwill impairment test we evaluated last year's planning based on the actual results for the financial year and compared current planning with the planning at the preceding year.

We assessed the assumptions relevant to values identified in our sensitivity test using evidence. We also evaluated the appropriateness of the sensitivity analyses performed by Dermapharm Holding SE.

We reperformed the relevant computation scheme for deriving the applied dis-count rates as well as the parameters included in the derivation of the relevant discount rates with the assistance of our measurement specialists. Further-more, we analysed and assessed the consistent use of parameters and the consistent derivation of the discount rates in comparison with the preceding year.

No objections arose from the audit procedures we conducted on the impairment of the goodwill.

3. Reference to Related Disclosures

The disclosures of Dermapharm Holding SE on goodwill impairment are included in sections "2.9 Impairments of Non-financial Assets","3. Estimates and Judgements" and "4.1 Intangible Assets" of the notes to the consolidated financial statements.

Other Information

The executive directors or the supervisory board are responsible for the other information. The other information comprises:

- the corporate governance statement in accordance with section 289f and section 315d HGB
- section 3.1 "Main Characteristics of the Internal Control and Risk Management System" of the combined management report
- the non-financial group management report pursuant to section 315b HGB, to which reference is made in the combined management report
- the responsibility statement of the executive directors pursuant to sections 297(2) sentence 4 and 315(1) sentence 5 HGB on the consolidated financial statements and the combined management report
- the remuneration report pursuant to section 162 of the Stock Corporation Act [Aktiengesetz – AktG]
- the supervisory board report, and
- the remaining parts of the 2024 annual report
- but not the consolidated financial statements, the audited content of the combined management report or our auditor's report.

The executive directors and the supervisory board are responsible for the declaration under section 161 AktG concerning the German Corporate Governance Code, which is part of the corporate governance statement, and for the remuneration report pursuant to section 162 AktG. The supervisory board is responsible for the supervisory board report. The executive directors are otherwise responsible for the other information provided.

Our audit opinions on the consolidated financial statements and the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our group audit, our responsibility is to read the other information referred to above and, in doing so, to consider whether the other information:

- is materially inconsistent with the consolidated financial statements, the audited information in the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e(1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. Furthermore, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud (e.g. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial re-porting process to prepare the consolidated financial statements and the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation 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 consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and the combined management report, 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may include collusion, forgery, intentional omissions, misrepresentations, or override of internal controls.

- obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report 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 Group internal controls or arrangements and measures.

- evaluate the appropriateness of the accounting policies used by the executive directors and the reasonableness of the 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 Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit 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 Group to cease being able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e(1) HGB.
- plan and perform the group audit to obtain sufficient appropriate audit evidence on the accounting information of the entities or business areas within the Group as the basis to form audit opinions on the consolidated financial statements and the combined management report. We are responsible for the direction, supervision and performance of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information or on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We discuss 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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate threats to independence.

From the matters discussed with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless legislation or other regulations preclude public disclosure of the matter.

Other Legal and Regulatory Requirements

Report on Assurance of the Electronic Reproductions of the Consolidated Financial Statements and Combined Management Report Compiled for Disclosure Purposes under Section 317(3a) HGB

Assurance Opinion

We have performed assurance work in accordance with section 317(3a) HGB to obtain reasonable assurance whether the reproductions of the consolidated financial statements and the combined management report (also referred to as the "ESEF documents") contained in the electronic file "5299009F0KNZINQQQK37-2024-12-31-0-de, SHA256: 9cdbb495abcd010 d6fa21d4cb5ce6a93a1f9fbeddd0d86ea026e1d530affb0cf" and prepared for disclosure purposes comply in all material respects with the requirements of section 328(1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF for-mat and therefore does not relate either to the information contained in these reproductions or to any other information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned file, prepared for disclosure purposes, comply in all material respects with the requirements of section 328(1) HGB for the electronic reporting format. We do not express any opinion on the information contained in these reproductions or on any other information contained in the above-mentioned file beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and combined management report for the financial year from 1 January 2024 to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above.

Basis for the Assurance Opinion

We conducted our assurance work on the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned file in accordance with section 317(3a) HGB and the IDW Assurance Standard "Prüfung der für Zwecke der Offenlegung erstellten elektronischen Wiedergaben von Abschlüssen und Lageberichten nach § 317 Abs. 3a HGB (IDW PS 410 (06.2022)" [Assurance on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes in accordance with Section 317(3a) HGB" (IDW PS 410) (06/2022). Our responsibility in accordance therewith is further described in the section "Auditor's Responsibilities for the Assurance Work on the ESEF Documents". Our audit firm applied the IDW Standard on Quality Management 1 "Requirements for Quality Management in the Audit Firm" (IDW QMS 1 (09/2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the combined management report in accordance with section 328(1) sentence 4 no. 1 HGB and for the marking up of the consolidated financial statements in accordance with section 328(1) sentence 4 no. 2 HGB.

In addition, the executive directors of the company are responsible for such internal control as they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of section 328(1) HGB for the electronic re-porting format.

The supervisory board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibility for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328(1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of section 328(1) HGB, design and per-form assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 as amended on the balance sheet date on the technical specification for this file.
- evaluate whether the ESEF documents enable XHTML reproduction with content equivalent to the audited consolidated financial statements and combined management report.
- evaluate whether the marking up of the ESEF documents using Inline XBRL technology (iXBRL), in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended on the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting held on 27 June 2024. We were engaged by the audit committee on 10 October 2024. We have been the group auditor of Dermapharm Holding SE, Grünwald, without interruption since the financial year 2018.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are only to be used together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the Engagement

The German Public Auditor responsible for this engagement is Ronald Rulfs.

Düsseldorf, 26 March 2025

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Stephan Mauermeier	Ronald Rulfs
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Remuneration Report

Introduction

The Board of Management and the Supervisory Board of Dermapharm Holding SE have prepared this Remuneration Report in accordance with their statutory obligation to do so as set out in § 162 of the German Stock Corporation Act (Aktiengesetz, "AktG"). In preparing this Report, Dermapharm Holding SE (together with its consolidated subsidiaries "Dermapharm" or the "Group") has taken effort to ensure that the Report is clear, transparent and complete.

Dermapharm believes that transparency and comprehensibility of the remuneration system, as well as of the individual remuneration paid to the members of the Board of Management and the Supervisory Board, are essential to good corporate governance.

Due to rounding, it is possible that individual figures presented in this Report will not entirely match the reported totals and that percentages will not reflect the absolute values to which they refer.

Main features of the remuneration system, significance for the Group's business strategy and long-term development

The objective of the remuneration system is to compensate the members of the Board of Management appropriately in light of their duties and responsibilities, taking into account the performance of each individual member and the success of the Group as a whole. Accordingly, the remuneration system comprises both fixed and variable remuneration components.

The objective behind the Group's corporate strategy is to achieve profitable growth and sustainable long-term appreciation in enterprise value. This ambition flows into the structure of the remuneration system for Dermapharm Holding SE's Board of Management. Therefore, the Group's earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA) serves as the target parameter for variable remuneration and a key earnings indicator that is used in planning and measuring the Group's profitable growth. This indicator is also used as a measure of the achievement of both single-year and multiple-year targets. However, the remuneration system for Board of Management members is also designed to permit the use of different target parameters in future. If aggregated, these parameters, in turn, can be used to steer profitable growth as well as to achieve a sustainable, long-term appreciation of enterprise value.

At present, the Supervisory Board does not believe that it is necessary to link variable remuneration to share price performance or non-financial target parameters in order to achieve the objectives set out in the Group's overarching corporate strategy. However, the Supervisory Board is well aware of the significance of not only environmentally sustainable management but also corporate social responsibility; nonetheless, in its view, the achievement of such targets need not be enshrined in the remuneration system for the Board of Management.

The remuneration system for members of the Board of Management is straightforward, clear and comprehensible, and moreover satisfies the requirements set out in the AktG. To the extent it deviates from the recommendations of the German Corporate Governance Code ("GCGC"), this is presented and explained in the Declaration of Conformity in accordance with the statutory requirements.

Board of Management remuneration

The remuneration system for the Board of Management presented in further detail below was approved by the Supervisory Board in March 2021 and adopted by the Annual General Meeting on 23 June 2021 with an 80.3% majority.

Remuneration components

Annual bonus	Performance-based component
Fringe benefits	Non-performance-based component
Basic salary	Non-performance-based component

Overview of the individual remuneration components

Remuneration comprises fixed and variable components. The fixed components consist of the fixed annual remuneration and fringe benefits. The variable remuneration consists of a rolling bonus that is granted each financial year and determined using a multiple-year basis of calculation.

Furthermore, the Supervisory Board may grant non-recurring bonus payments in individual instances of special achievement.

Fixed remuneration components

Fixed annual remuneration

The fixed annual remuneration is compensation paid to respective members of the Board of Management in cash for the financial year, the amount of which being based in particular on their duties and responsibilities. The fixed annual remuneration is paid out in twelve monthly instalments at the end of each month.

If a member of the Board of Management joins or departs the Board in the course of the year, the fixed salary is paid out on a pro rata temporis basis. In the event of illness or in other instances where a member of the Board of Management is prevented from fulfilling their duties, they may continue to receive remuneration for a period to be determined by the Supervisory Board, albeit not beyond termination of their service agreement.

Fringe benefits

In addition to their fixed annual remuneration, members of the Board of Management also receive fringe benefits in the form of in-kind and other financial benefits.

As a standard benefit, the members of the Board of Management are each provided with a company car, which may also be used privately, as well as subsidised health and nursing care insurance. In addition, the Company has taken out a directors & officers (D&O) liability insurance policy on behalf of the members of the Board of Management.

The Supervisory Board may opt to grant further in-kind benefits, or reimburse the corresponding costs. Furthermore, new members of the Board of Management may be granted compensation for remuneration/pension claims which they had to forego due to their having joined to the Company. In addition, relocation costs may also be reimbursed, as well as – for a transitional period to be defined by the Supervisory Board – other additional costs incurred as a result of their having joined the Company or their relocation to a different Group location (for instance, costs and ancillary expenses incurred for travel home and maintaining a second household).

Variable remuneration (bonus)

Target parameters

At present, the bonus is based solely on Dermapharm Group's earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA) as the target parameter. This figure is a key earnings indicator for the Group, which is used to present the Group's operational performance – including in international comparisons.

The Company routinely reports on the development of this target parameter in its regular financial reporting. This is the core metric for steering profitable growth as well as sustainable long-term appreciation in enterprise value, thereby serving the achievement of the Group's overarching strategic objectives.

However, the remuneration system does not dictate the current target parameters. Rather, if it so chooses, the Supervisory Board may in future define other (e.g., non-financial) target parameters and/or use other target parameters in lieu of consolidated EBITDA. Any target parameters used, however, must feature in the Company's regular reporting on the development of financial indicators at least once annually. Target parameters may also be selected for individual business lines. In the event that target parameters are modified or replaced, the Supervisory Board will ensure that the respective target parameters will, in their aggregate, continue to represent key metrics for steering profitable growth as well as achieving sustainable, long-term appreciation in enterprise value. Moreover, non-financial targets may also be used in the future. Nevertheless, at least one target parameter must continue to be based on a relevant earnings indicator.

Assessment period

Any bonus granted for a specific financial year is subject to a three-year assessment period. This period comprises the financial year in relation to which the bonus is granted ("baseline year") and the two financial years following the baseline year ("year 2" and "year 3").

Targets

Within the first four months of each baseline year, the Supervisory Board defines targets with respect to consolidated EBITDA or the relevant target parameters for the baseline year as well as for years 2 and 3. These targets are defined on the basis of the relevant planning figures in accordance with the annual budget for the baseline year, as approved by the Supervisory Board, and the multi-year plan for years 2 and 3, as applicable in the baseline year. However, the Supervisory Board may also make suitable adjustments to the planning figures for the purposes of defining the targets, specifically in order to reflect current developments occurring between the date on which the underlying annual budget was approved and the date on which the targets were defined.

Individual components

The bonus comprises a year-1 component, the amount of which is determined on the basis of target achievement for the respective baseline year; a year-2 component, the amount of which is determined on the basis of target achievement for the respective year 2; and a year-3 component, the amount of which is determined on the basis of target achievement for the respective year 3.

Target amount and calculation of payout amount

An individual target amount for the bonus, to be paid out upon 100% target achievement and allocated across the three individual components, is defined in each Board of Management member's service agreement. If multiple target parameters are defined, the target amount is additionally allocated to the relevant target parameters within each individual component. The combined portion of the target amounts allocated to the year-2 and year-3 components must be greater than the portion of the target amount allocated to the year-1 component.

The service agreement furthermore sets out a target achievement curve to serve as the basis for calculating the payout amounts of the relevant individual components depending on the target achievement rate and the individual target amount. The Supervisory Board also defines (i) a minimum target achievement rate, below which no payout is made, and (ii) a maximum target achievement rate, above which the payout amount may no longer increase. Thus, the payout amount for the bonus and its respective individual components are capped at a maximum percentage in relation to the associated target amount. This cap is currently set at 150% for all relevant target amounts. However, the Supervisory Board may also set a different cap.

Target achievement (in % of the associated EBITDA target)	**Payout amount (in % of the associated target amount)**
< 95%	0%
≥ 95% and ≤ 97,5%	50%
≥ 97,5% and ≤ 102,5%	100%
≥ 102,5%	150%

The percentage of target achieved for each individual component is determined based on the Company's audited and adopted consolidated financial statements for the relevant financial year. In the event of non-budgeted developments, particularly in the case of acquisitions, divestments, reallocations in the accounting system and other similar non-recurring measures, the actual figures generated for the relevant target parameter of consolidated EBITDA in the respective year may, for the purposes of measuring the percentage of target achieved, be adjusted for the impacts of such developments at the Supervisory Board's reasonable discretion.

Payout

The payout amount for the year-1 component is calculated after the close of the respective baseline year, and the corresponding amount is then paid out. Accordingly, the payout amount is calculated and the year-2 component is paid out after the close of year 2 and the year-3 component is paid out after the close of year 3.

Furthermore, the Supervisory Board may approve the payment of advances on the year-1 component of the bonus – including during the respective baseline year.

If a member of the Board of Management joins or departs the Company in the course of a given financial year, the bonus granted for that financial year will be paid out for all individual components solely on a pro rata temporis basis. In the case of absences during periods for which the service agreement stipulates no claim to continued payment of remuneration, the variable remuneration granted for the relevant financial year will be reduced for all individual components on a pro rata temporis basis.

Upon termination of the service agreement, the Supervisory Board has the right to settle, by way of advance payment, individual components of the respective bonus for which the targets relate to financial years beginning only after the service agreement is terminated, or not yet ended as of the termination date for the service agreement. Advance payments are based on the respective target amount, which the Supervisory Board may reduce by an amount stipulated in the service agreement.

Claw-back of variable remuneration components

The service agreements do not currently contain any provisions on the withholding or claw-back of variable remuneration components beyond the statutory requirements ("malus" or claw-back provisions). The Supervisory Board is of the opinion that the statutory provisions, in particular the statutory provisions according to which members of the Board of Management are required to compensate the Company for damages in the event of breaches of duty and to surrender benefits received without entitlement, are sufficient and that additional intervention in remuneration is therefore not necessary for the time being. However, when the remuneration system undergoes regular reviews, this issue will be re-examined at the appropriate time. The Supervisory Board reserves the right to establish provisions on the withholding or claw-back of variable remuneration components in service agreements in future.

Other remuneration components

The remuneration system allows for the Supervisory Board to grant, at its due discretion, additional, non-recurring bonus payments to reward special achievements or performance; however, the service agreements of the members of the Board of Management stipulate no contractual claim to the granting of such bonuses.

Target total and maximum remuneration

The Supervisory Board defines a specific target total remuneration for each individual member of the Board of Management according to their duties and responsibilities. The target total remuneration relates in each case to one full financial year and comprises the sum of all remuneration components of relevance to the total remuneration, which – regardless of their payout date – are granted for the relevant financial year. In-kind fringe benefits are stated at the values relevant for wage tax purposes. The D&O policy taken out by the Company on behalf of the members of the Board of Management is not included separately, as this is not a remuneration component in the strictest sense of the term. The target amount for variable remuneration is based on 100% target achievement.

The relative share of fixed annual remuneration in target total remuneration is generally between 35% and 65%; the relative share of fringe benefits amounts to up to 7% and the relative share of variable remuneration (bonus) is between 35% and 65%. In the event of fringe benefits granted once or for a limited period, the above relative shares for the individual remuneration components in the target total remuneration may also deviate for individual financial years.

The total remuneration granted for the financial year, comprising fixed salary including fringe benefits and variable remuneration components, is capped at a maximum of EUR 2 million for each member of the Board of Management, regardless of whether the amount is paid out in the relevant financial year or at some other time. The maximum remuneration includes the respective maximum possible fixed ("non-performance-based") and variable remuneration components. In-kind fringe benefits are stated at the values relevant for wage tax purposes.

Legal agreements pertaining to remuneration

Terms, requirements for terminating legal agreements pertaining to remuneration
The service agreements of the members of the Board of Management are entered into for the duration of the respective member's appointment. First-time appointments have a maximum term of three years; appointments may be renewed for up to five years thereafter.

Given the fixed terms of the appointments, the service agreements generally contain no provision regarding termination. However, in the event that a member of the Board of Management becomes permanently disabled during the term of their service agreement, it may be stipulated that the agreement be automatically terminated at the end of the quarter in which the permanent disability is established.

Furthermore, the respective service agreement may be terminated prior to the end of their term solely by mutual agreement by virtue of rescission agreement or termination for cause. The Company may terminate service agreements for cause, in particular in the event the Supervisory Board rescinds the appointment of a member of the Board of Management for cause pursuant to § 84 (3) AktG. In such cases, termination is subject to the statutory notice periods pursuant to § 622 of the German Civil Code (Bürgerliches Gesetzbuch, "BGB") unless cause for immediate termination of the service agreement by the Company is already deemed to exist pursuant to § 626 BGB.

Granting of severance compensation
The service agreements of members of the Board of Management provide that a member receives a severance payment if the Company terminates the service agreement for cause upon the dismissal of the member of the Board of Management in accordance with § 84 (3) AktG, unless cause for immediate termination of the service agreement by the Company is already deemed to exist pursuant to § 626 BGB. The severance payment to be stipulated for this purpose in the service agreement may correspond to a maximum of two years' remuneration, not to exceed the remuneration for the remaining term of the service agreement; however, the Supervisory Board may also stipulate a lower severance payment and make lump-sum payments and/or reductions in the calculation.

For other cases, the service agreements do not provide for severance compensation agreed in advance.

The right of the Company to agree severance payments also in the event of early termination of service on the Board of Management by mutual consent remains unaffected. For the purpose of determining the maximum remuneration, severance payments are to be allocated (pro rata temporis, if applicable) to the financial year for which they are granted, regardless of whether they are paid out or received in the financial year in question or at some other time.

Non-compete clause
The service agreements of members of the Board of Management include a non-compete clause for the term of the agreement.

In addition, a post-contractual non-compete clause may be agreed with members of the Board of Management for a period of up to two years. The compensation to be granted for this may not exceed 75% of the most recent annual remuneration, whereby individual lump-sum remuneration components may also be set and variable compensation components may be set at their target amount. Any severance payment to be made to the member of the Board of Management in connection with the termination of their employment agreement shall be offset in full against such compensation.

Process for establishing, implementing and reviewing the remuneration system

The Board of Management remuneration system is established and subject to regular review by the Supervisory Board in accordance with the statutory requirements. Because the Supervisory Board has not formed any committees, this responsibility is assumed by the full Supervisory Board. Specifically, the Supervisory Board also reviews the appropriateness of the remuneration as compares to executive board remuneration within a peer group (horizontal appropriateness). The peer group is defined by the Supervisory Board and includes comparable German and foreign companies which are comparable in terms of sector, size and revenue.

Furthermore, when establishing and implementing the remuneration system, the Supervisory Board also takes into account the remuneration paid to senior management and the rest of staff at the German Group companies (vertical appropriateness) and compares this remuneration to that paid to the members of the Board of Management. For this purpose, the Supervisory Board defines senior management as the group of executives at the first management level below the Board of Management. The Supervisory Board takes into consideration not only the current

remuneration ratio but also how this changes over time. The existing remuneration system also serves as the basis for a vertical appropriateness review in accordance with these principles.

If necessary, the Supervisory Board may engage an external remuneration consultant to perform vertical and horizontal appropriateness reviews. The Supervisory Board takes care to ensure that only independent external consultants are engaged.

Any conflict of interest that may arise in connection with establishing, implementing or reviewing the remuneration system is handled by the Supervisory Board in the same manner as other conflicts of interest which may arise with members of the Supervisory Board. The relevant Supervisory Board member must therefore disclose any conflicts of interest and must recuse themselves from voting on resolutions or giving advice. The early disclosure of conflicts of interest ensures that the decisions by the Supervisory Board are not subject to undue influence.

The remuneration system adopted by the Supervisory Board is submitted to the Annual General Meeting for approval.

The Supervisory Board regularly reviews the remuneration system for members of the Board of Management and makes modifications whenever necessary. In the event of material modifications, and every four years at a minimum, the remuneration system is once again submitted to the Annual General Meeting for approval.

If the Annual General Meeting does not approve the remuneration system as submitted, a reviewed remuneration system is submitted to the next Annual General Meeting at the latest, in accordance with the statutory requirements.

Alignment of existing service agreements with the remuneration system

All service agreements with members of the Board of Management are fully aligned with the remuneration system presented above.

Temporary deviations from the remuneration system

In accordance with § 87a (2) sentence 2 AktG, the Supervisory Board may temporarily deviate from the remuneration system if doing so is necessary in the interests of the long-term well-being of the Company. Any deviation requires a resolution by the Supervisory Board setting out the grounds, nature and manner of the deviation, as well as the intended duration. Deviations may be made for all remuneration components on the basis of such a resolution. However, no deviation is permitted with respect to the defined maximum remuneration.

The 2023 remuneration year in review

The remuneration report prepared by Dermapharm in accordance with the requirements of §162 AktG on the remuneration granted and owed to the members of the Board of Management and the Supervisory Board of Dermapharm Holding SE in financial year 2023 was approved by the Annual General Meeting on 27 June 2024 with a majority of 82.59% of the voting capital represented pursuant to § 120a (4) AktG. The Board of Management and the Supervisory Board see this approval as confirmation of the format used in the 2023 remuneration report and there was no cause to question the reporting or implementation. As such, the format will be retained for the 2024 remuneration report as well.

Remuneration granted and owed in financial year 2024

The tables below present the remuneration granted and owed to the members of the Board of Management in financial years 2023 and 2024 pursuant to § 162 (1) sentence 1 AktG. The tables present all amounts granted to the individual members of the Board of Management during the period under review ("granted remuneration") and all amounts legally due but not yet paid ("owed remuneration").

Pursuant to § 162 (1) sentence 2 no. 1 AktG, the relative share of all fixed and variable remuneration components in total remuneration must also be indicated in addition to the remuneration amounts. The relative shares presented here relate to the remuneration components granted and owed in the respective financial years pursuant to § 162 (1) sentence 1 AktG.

Remuneration granted and owed to current members of the Board of Management in financial year 2024:

	Dr Hans-Georg Feldmeier CEO				Dr Andreas Eberhorn[1] CMO				Christof Dreibholz[2] CFO / CCO				Karin Samusch[3] CBDO			
	2023		2024		2023		2024		2023		2024		2023		2024	
	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR	EUR thousand	% of TR
Non-performance-based remuneration																
Fixed remuneration	821	60%	850	60%	450	74%	450	65%	450	73%	450	66%	222	32%		
Fringe benefits	11	1%	11	1%	15	2%	7	1%	13	2%	15	2%	11	2%		
Total	**832**	**61%**	**861**	**61%**	**465**	**76%**	**457**	**66%**	**463**	**75%**	**465**	**68%**	**233**	**34%**		
Short-term variable compensation																
2022 year-1 component (final payment)	60	4%			–13	–2%			–6	–1%			60	9%		
2023 year-1 component (advance payment)	160	12%			160	26%			160	26%			80	11%		
2023 year-1 component (final payment)			60	4%			40	6%			40	6%			48	13%
2024 year-1 component (advance payment)			160	11%			160	23%			160	23%				
Total	**220**	**16%**	**220**	**15%**	**147**	**24%**	**200**	**29%**	**154**	**25%**	**200**	**29%**	**140**	**20%**	**48**	**13%**
Long-term variable compensation																
Year-3 component 2020	198	14%											198	28%		
Year-2 component 2021	125	9%											125	18%		
2021 year-3 component			210	15%											210	55%
2022 year-2 component			125	9%			37	5%			18	3%			125	33%
Total	**323**	**23%**	**335**	**24%**			**37**	**5%**			**18**	**3%**	**323**	**46%**	**335**	**87%**
Miscellaneous																
Special remuneration	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total remuneration (TR)	**1,375**	**100%**	**1,416**	**100%**	**612**	**100%**	**694**	**100%**	**617**	**100%**	**683**	**100%**	**696**	**100%**	**383**	**100%**
Maximum remuneration	2,000		2,000		2,000		2,000		2,000		2,000		2,000		2,000	

1 Dr Andreas Eberhorn was appointed to the Board of Management of Dermapharm Holding SE for the first time with effect from 1 September 2022.
2 Christof Dreibholz was appointed as a member of the Board of Management of Dermapharm Holding SE for the first time with effect from 1 November 2022.
3 Karin Samusch resigned from the Management Board of Dermapharm Holding SE on 31 July 2023.

The relative share of fixed annual remuneration in total remuneration in 2024 was within the range of 35% and 65% for all members of the Board of Management other than Christof Dreibholz and Karin Samusch, while the relative share of fringe benefits in 2024 was between 1% and 2%, and thus below 7%. In terms of the relative share of variable remuneration, only Dr Hans-Georg Feldmeier is in the range between 35% and 65%. As Christof Dreibholz was appointed to the Board of Management of Dermapharm Holding SE for the first time with effect from 1 November 2022, his annual remuneration consists of a 66% fixed and a 32% variable relative share. Dr Andreas Eberhorn was appointed as a member of the Board of Management of Dermapharm Holding SE for the first time with effect from 1 September 2022 and receives 34% of his remuneration as a variable share. Karin Samusch left the Executive Board on 31 July 2023 and will only receive variable remuneration in the 2024 financial year. The total remuneration for each member of the Board of Management was below the maximum remuneration in financial year 2024.

The variable remuneration granted and owed in financial year 2024 was based solely on the achievement of the adjusted target consolidated EBITDA. The variable remuneration granted and owed in financial year 2024 was based on the following target achievement rates and payouts:

	Target achievement	Payout
2021 year-3 component	133.8%	100%[4]
2022 year-2 component	95.0%	100%[5]
Year-1 component 2023	100.0%	100%
2024 year-1 component	100.0%	–[6]

4 Payout amount set at 100%, as EBITDA growth in 2022 was significantly influenced by vaccine production.
5 Payout amount set at 100%, as EBITDA growth in 2022 was significantly influenced by vaccine production.
6 The payout amount for 2023 will be determined at a later date.

The target achievement rates and payout amounts are identical for all members of the Board of Management.

The service agreements for members of the Board of Management do not currently contain any provisions on the withholding or claw-back of variable remuneration components beyond the statutory requirements[7]. During the period under review, no variable remuneration components were clawed back.

Remuneration of the Supervisory Board

The remuneration system for the Supervisory Board presented below was approved by the Annual General Meeting on 23 June 2021 with an 83.47% majority.

Fundamentals of the remuneration system for the members of the Supervisory Board

The remuneration of the Supervisory Board of Dermapharm Holding SE is set out in Article 15 of the Articles of Association (Remuneration). Article 15 of the Articles of Association reads as follows:

1. The members of the Supervisory Board receive a fixed amount of remuneration for each full financial year of their Supervisory Board membership, amounting to EUR 80,000.00 beginning in financial year 2021 for each Supervisory Board member.
2. If a Supervisory Board member's term of office is less than a full financial year, or if a financial year is shorter than a calendar year, the above remuneration under paragraph 1 will be prorated by reference to the duration of Supervisory Board membership. It is payable quarterly following the expiry of the relevant calendar quarter.
3. The members of the Supervisory Board also receive reimbursement for their expenses. They also receive a refund of the value added tax payable in respect of their remuneration and expenses.
4. The Company must take out a directors and officers (D&O) liability insurance policy on behalf of the members of the Supervisory Board at appropriate, prevailing market rates; this policy must cover the statutory liability in connection with the work of the Supervisory Board.

The following remuneration system is based on the provisions of §§ 113 (3) sentence 3, 87a (1) sentence 2 AktG:

7 The Supervisory Board is of the opinion that the statutory provisions, in particular the statutory provisions according to which members of the Board of Management are required to compensate the Company for damages in the event of breaches of duty and to surrender benefits received without entitlement, are sufficient and that additional intervention in remuneration is therefore not necessary for the time being.

In line with prevailing market practice at listed companies in Germany, the remuneration paid to Supervisory Board members is structured exclusively as fixed remuneration. It does not include any performance-based components. The Board of Management and the Supervisory Board are of the opinion that an exclusively fixed remuneration of the Supervisory Board members is best suited to strengthen the independence of the Supervisory Board and to take into account the advisory and monitoring function of the Supervisory Board, which must be carried out independently of the Company's performance.

The amount and structure of Supervisory Board remuneration ensure that the Company is able to attract qualified candidates for membership of the Company's Supervisory Board; in this way, Supervisory Board remuneration makes a sustainable contribution to promoting the business strategy and the long-term development of the Company.

The remuneration system for Supervisory Board members is approved by the Annual General Meeting on the basis of proposals by the Board of Management and Supervisory Board. The remuneration system is subject to regular review, at least once every four years, by the Board of Management and the Supervisory Board to determine whether the amount and structure are still in line with the market and appropriate in light of the responsibilities of the Supervisory Board and the position of the Company. In the opinion of the Board of Management and the Supervisory Board, the increase in fixed annual remuneration proposed to the Annual General Meeting on 23 June 2021 takes appropriate account of the increased legal requirements for Supervisory Board activities.

The remuneration and employment conditions of the employees were and are of no relevance to the structure of the Supervisory Board's remuneration system. This is because Supervisory Board remuneration is granted for an activity which is fundamentally different to the activity of employees, given its advisory and supervisory function.

Any conflicts of interest in the review of the remuneration system are counteracted by the statutory allocation of competences, according to which the authority to decide on Supervisory Board remuneration lies with the Annual General Meeting. The Board of Management and Supervisory Board propose a corresponding resolution to the Annual General Meeting. A system of mutual control is thus already inherent in the statutory requirements.

Remuneration granted and owed in financial year 2024

The remuneration granted and owed[8] to the Supervisory Board in financial year 2024 breaks down as follows:

	Wilhelm Beier Chairman of the Supervisory Board CMO				**Dr Erwin Kern Member of the Supervisory Board**				**Lothar Lanz Member of the Supervisory Board**			
	2023		**2024**		**2023**		**2024**		**2023**		**2024**	
	EUR thousand	**% of TR**	**EUR thousand**	**% of TR**	**EUR thousand**	**% of TR**	**EUR thousand**	**% of TR**	**EUR thousand**	**% of TR**	**EUR thousand**	**% of TR**
Fixed remuneration	80	100%	80	100%	80	100%	80	100%	80	100%	80	100%
Variable remuneration	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total remuneration (TR)	80	100%	80	100%	80	100%	80	100%	80	100%	80	100%

8 For a definition of remuneration granted and owed, see "Board of Management remuneration – Remuneration granted and owed in financial year 2024

The Supervisory Board receives a 100% fixed remuneration. Pursuant to the resolution by the Annual General Meeting on 23 June 2021, each member of the Supervisory Board receives a fixed amount of remuneration for each full financial year of their Supervisory Board membership amounting to EUR 80 thousand in financial year 2024 (previous year: EUR 80 thousand). Remuneration of EUR 20 thousand is paid out per quarter in 2024 (previous year: EUR 20 thousand).

Comparison of remuneration and earnings trends

In accordance with § 162 (1) sentence 2 no. 2 AktG, this section presents the development of Dermapharm's earnings, the annual change in the remuneration of the members of the Board of Management and Supervisory Board and the annual change in the average remuneration of employees on a full-time equivalent basis. In the first year of application, Dermapharm shows only the change compared to the previous year and builds up successively to a five-year comparison.

The development of the Group's earnings is presented using its earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA) as a key financial performance indicator. For the members of the Board of Management and the Supervisory Board, the remuneration granted and owed in the respective financial year is presented in accordance with § 162 (1) sentence 1 AktG. The earnings trend for the individual company Dermapharm Holding SE does not form the basis for the remuneration of the Board of Management; it is merely presented in the table.

The average remuneration of employees on a full-time equivalent (FTE) basis is presented on the basis of the companies Dermapharm AG with a working time of 39 hours per week, mibe GmbH Arzneimittel with a working time of 40 hours per week, Trommsdorff GmbH & Co. KG with a working time of approximately 37.5 hours per week and Anton Hübner GmbH & Co. KG with a working time of 39.75 hours per week including interns, student trainees and apprentices. Converted to full-time equivalent positions, the four companies employed 769 people as at 31 December 2024 (previous year: 733).

Average employee remuneration includes personnel expenses in accordance with IFRSs for wages and salaries, fringe benefits, employer contributions to social security, and any variable remuneration components attributable to the financial year.

Comparison of remuneration and earnings trends for the members of the Board of Management and the Supervisory Board

	2020 (EUR thousand)	2021 (EUR thousand)	2021 vs. 2020 in %	2022 (EUR thousand)	2022 vs. 2021 in %	2023 (EUR thousand)	2023 vs. 2022 in %	2024 (EUR thousand)	2024 vs. 2023 in %
Dr Hans-Georg Feldmeier	736	1,324	80%	1,397	6%	1,375	–2%	1,416	3%
Karin Samusch[9]	685	908	33%	981	8%	696	–29%	383	–45%
Dr. Jürgen Ott[10]	529	586	11%	1,339	128%				
Hilde Neumeyer[11]	257	535	108%	1,769	231%				
Dr. Andreas Eberhorn[12]				238		612	157%	694	13%
Christof Dreibholz[13]				120		617	414%	683	11%
Wilhelm Beier	70	80	14%	80	0%	80	0%	80	0%
Dr Erwin Kern	70	80	14%	80	0%	80	0%	80	0%
Lothar Lanz	70	80	14%	80	0%	80	0%	80	0%
Avg. remuneration / FTE	68	71	4%	74	4%	76	3%	77	1%
Consolidated EBITDA (adjusted)	200,651	351,071	75%	359,766	2%	310,189	–14%	315,625	2%
EBITDA of Dermapharm Holding SE (individual company)	–1,331	–248	81%	–331	–33%	–400	21%	–477	19%

9 Karin Samusch resigned from the Management Board of Dermapharm Holding SE on 31 July 2023.
10 Dr Jürgen Ott resigned from the Management Board of Dermapharm Holding SE on 31 August 2022.
11 Hilde Neumeyer resigned the Management Board of Dermapharm Holding SE on 20 July 2022; her remuneration was continued until 30 September 2022.
12 Dr Andreas Eberhorn was appointed as a member of the Management Board of Dermapharm Holding SE for the first time with effect from 1 September 2022.
13 Christof Dreibholz was appointed as a member of the Management Board of Dermapharm Holding SE for the first time with effect from 1 November 2022.

Wilhelm Beier
Chairman of the Supervisory Board

Dr Hans-Georg Feldmeier
Chief Executive Officer

Dr Andreas Eberhorn
Chief Marketing Officer

Christof Dreibholz
Chief Financial Officer
Chief Compliance Officer

Report of the Independent Auditor on the Audit of the Remuneration Report pursuant to Section 162 Paragraph 3 AktG

To Dermapharm Holding SE

Opinion

We have formally audited the remuneration report of Dermapharm Holding SE, Grünwald, for the financial year from 1 January 2024 to 31 December 2024 to determine whether the disclosures pursuant to section 162 paragraph 1 and 2 German Stock Corporation Act [Aktiengesetz - AktG] have been made in the remuneration report. In accordance with section 162 paragraph 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by section 162 paragraph 1 and 2 AktG have been made in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the Opinion

We conducted our audit of the remuneration report in accordance with section 162 paragraph 3 AktG and IDW [Institut der Wirtschaftsprüfer e.V.: Institute of Public Auditors in Germany] Auditing Standard "The formal audit of the remuneration report in accordance with section 162 paragraph 3 AktG" (IDW AuS 870 (09.2023)). Our responsibility under this provision and this standard is further described in the "Auditor's Responsibilities" section of our auditor's report. As an audit firm, we have applied the IDW Standard on Quality Management "Requirements for Quality Management in the Audit Firm" (IDW QMS 1 (09.2022)). We have complied with the professional responsibilities according to the Public Accountant Act [Wirtschaftsprüferordnung] and the German Professional Charter for Public Auditors/Sworn Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] including independence requirements.

Responsibility of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of section 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the disclosures required by section 162 paragraph 1 and 2 AktG are made in all material respects in the remuneration report and to express an opinion thereon in a report.

We planned and performed our audit so as to determine – by comparing the disclosures made in the remuneration report with the disclosures required by section 162 paragraph 1 and 2 AktG – the formal completeness of the remuneration report. In accordance with section 162 paragraph 3 AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Consideration of Misleading Disclosures

In connection with our audit, our responsibility is to read the remuneration report, taking into account the knowledge obtained in the audit of the financial statements, and, in doing so, to remain alert for indications that the remuneration report contains misleading disclosures in relation to accuracy of the content of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

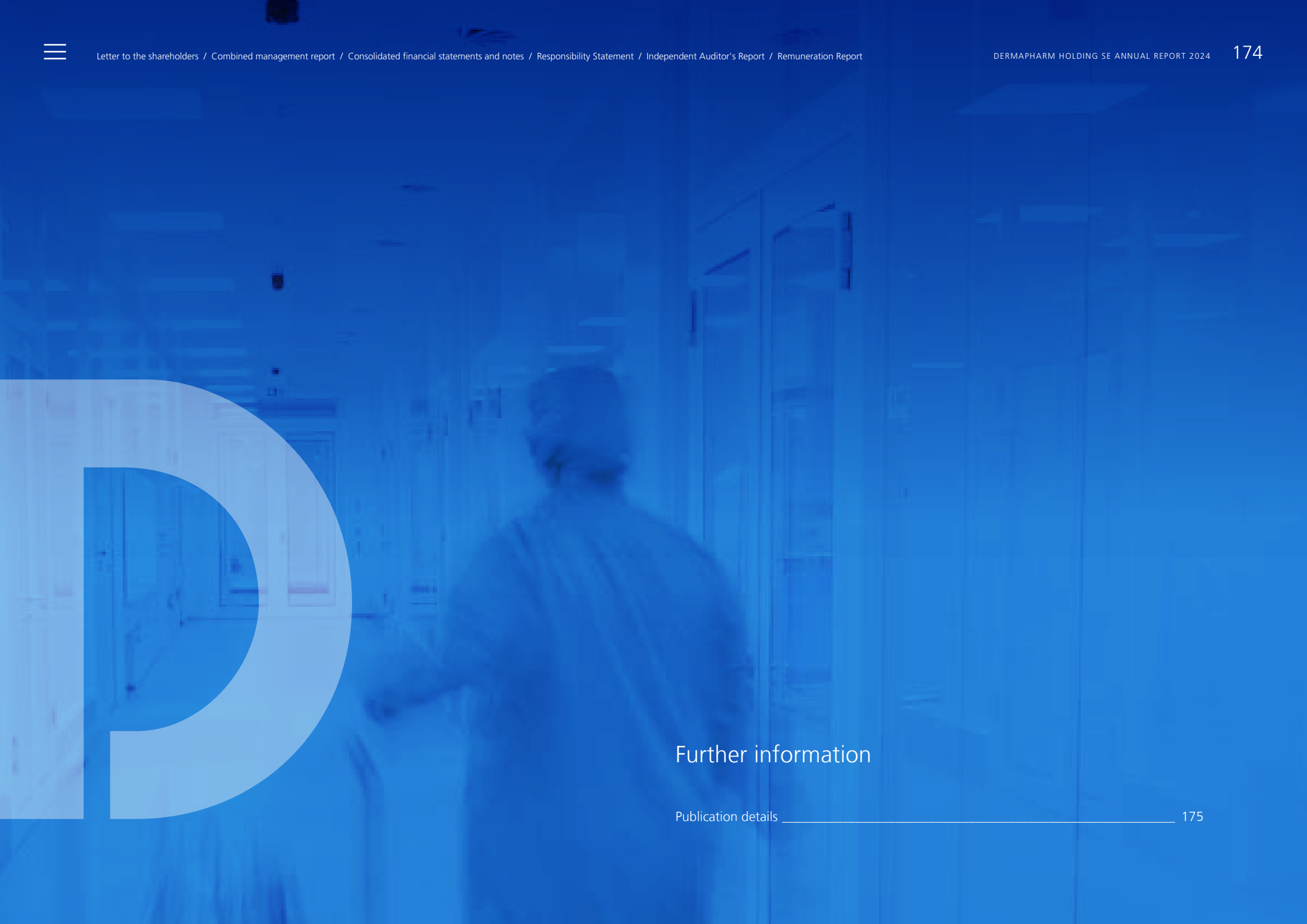
If, based on the work we have performed, we conclude that there are such misleading disclosures, we are required to report that fact. We have nothing to report in this regard.

Düsseldorf, 26 March 2025

Grant Thornton AG

Wirtschaftsprüfungsgesellschaft

Stephan Mauermeier	Ronald Rulfs
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]



Further information

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