



Dermapharm Holding SE fulfils all expectations despite multiple macroeconomic challenges

- » Consolidated revenue up year on year by 10.8% to EUR 1,135.4 million
- » Adjusted consolidated EBITDA declines 13.8% to EUR 310.2 million
- » Adjusted consolidated EBITDA margin at 27.3%
- » Earnings decline as boom from vaccine business fades
- » Dividend proposal of EUR 0.88 per share for 2023
- » Further revenue and EBITDA growth expected in 2024

Grünwald, 28 March 2024 – Dermapharm Holding SE ("Dermapharm"), a rapidly growing manufacturer of branded pharmaceuticals, today published its full Annual Report 2023. Dermapharm confirms its preliminary consolidated figures (IFRS) for financial year 2023. Despite a difficult macroeconomic environment, Dermapharm succeeded in maintaining its growth trajectory and hitting the upper end of the guidance range in 2023.

"Vaccine production in the fight against the COVID-19 pandemic played a pivotal role over the past few years. We were always acutely aware that these earnings would not last and that this business represented a boom phase in terms of revenue and profitability. With this in mind, we reinvested significant portions of these cash inflows early on, in particular to help finance the acquisition of the French Arkopharma Group, a market leader that gave us access to new markets in western and southern Europe," said Dr Hans-Georg Feldmeier. "This strategy was an out-and-out success in the past financial year. The increase in revenue, in particular from Arkopharma, more than offset the decline in vaccine production. The simultaneous decrease in EBITDA is down to the fact that profitability levels returned to normal, because as anticipated the extraordinary effects of the boom stemming from vaccine production cannot be sustained indefinitely. Adjusted for vaccine production, we actually increased our EBITDA margin by upwards of 1 percentage point," added Dr Hans-Georg Feldmeier.

On the basis of the final, audited consolidated figures (IFRS), consolidated revenue rose by 10.8% to EUR 1,135.4 million in 2023 (prior-year period: EUR 1,024.8 million). This was driven primarily by the acquisitions – first and foremost Arkopharma – in the financial year, whose revenue contributions more than offset the decline in revenue from vaccine production. However, adjusted for non-recurring items, earnings before interest, taxes, depreciation and amortisation (EBITDA) declined by 13.8% to EUR 310.2 million (prior-year period: EUR 359.8 million), with the adjusted EBITDA margin amounting to 27.3% (prior-year period: 35.1%). In contrast to revenue, the contributions from organic and inorganic growth only partially offset the decrease in profitability. This translated to a decline in adjusted consolidated EBITDA and the adjusted consolidated EBITDA margin. Unadjusted consolidated EBITDA amounted to EUR 280.3 million (prior-year period: EUR 331.3 million), and the consolidated EBITDA margin amounted to 24.7% (prior-year period: 32.3%). The adjustments totalled EUR 29.9 million (prior-year period: EUR 28.4 million) and are explained in greater detail in the segment reporting below. Adjusted for the revenue and earnings components from vaccine production, revenue and consolidated EBITDA increased year on year by approximately 29% and 36%, respectively.



"In addition to the end of the boom phase associated with vaccine production, 2023 was also shaped by various other macroeconomic and geopolitical challenges. The repercussions of Russia's war of aggression in Ukraine and the conflict in the Middle East led to inflation, increases in the prices of energy and raw materials and supply chain disruptions. Despite these crises, we exceeded our guidance for consolidated revenue and reached the upper end of the forecast range for adjusted EBITDA. This was driven by Arkopharma as well as by organic growth in our existing portfolio, our internally developed products and our international companies in Poland and Ukraine," said Dr Hans-Georg Feldmeier, Chairman of the Board of Management of Dermapharm Holding SE.

Branded pharmaceuticals

Despite the strong performance of branded products, revenue in the "**Branded pharmaceuticals**" segment declined by 15.0% to EUR 532.8 million (prior-year period: EUR 626.9 million). Adjusted EBITDA amounted to EUR 240.0 million in 2023 (prior-year period: EUR 336.4 million). This translates to an adjusted EBITDA margin of 45.0% (previous year: 53.7%). The decline in revenue and EBITDA was due exclusively to the significant drop in vaccine production in 2023, which was only partially offset by the strong organic growth in large portions of the existing portfolio. Unadjusted EBITDA decreased by 27.3% to EUR 229.0 million in financial year 2023 (previous year: EUR 314.9 million), with the unadjusted EBITDA margin declining to 43.0% (previous year: 50.2%). The adjustments allocated to this segment totalled EUR 11.0 million and were attributable primarily to M&A activities.

Other healthcare products

The "**Other healthcare products**" segment generated revenue of EUR 371.7 million in 2023 (prior-year period: EUR 154.2 million), representing an increase of 141.1%. The segment's adjusted EBITDA amounted to EUR 76.7 million in the reporting period (prior-year period: EUR 25.0 million; +206.8% year on year). The adjusted EBITDA margin amounted to 20.6% (prior-year period: 16.2%). In each case, the increase was due to the revenue and EBITDA contributions from the Arkopharma Group, which was consolidated for the first time in January 2023. The segment also benefited from a rebound in global demand in the existing portfolio and Euromed's pronounced international growth. Unadjusted EBITDA increased by 199.5% to EUR 57.8 million in financial year 2023 (previous year: EUR 19.3 million). The unadjusted EBITDA margin increased to 15.6% (previous year: 12.5%). Adjustments of EUR 18.9 million related primarily to Arkopharma's PPA effects and restructuring expenses in connection with the relocation of Candoro ethics.

Parallel import business

Revenue in the "**Parallel import business**" segment fell by 5.3% to EUR 230.8 million (prior-year period: EUR 243.7 million). The decline in revenue was due primarily to the higher manufacturers' rebates, which increased from 7% to 12%, and reduced product availability in the parallel import market. EBITDA amounted to EUR -0.8 million (prior-year period: EUR 4.5 million), representing a drop of 117.8%. This was attributable primarily to a change in the product mix.

Annual General Meeting 2024 – dividend of EUR 0.88 per share

The Annual General Meeting of Dermapharm Holding SE will take place on 27 June 2024. For financial year 2023, the Board of Management and Supervisory Board are proposing a dividend of EUR 0.88 per share. "This marks a return to Dermapharm's pre-pandemic dividend distribution policy," said Dr Hans-Georg Feldmeier. The proposed dividend corresponds to a total distribution of EUR 47.4 million (previous year: EUR 56.5 million).



Outlook for financial year 2024

The Board of Management confirms the guidance published on 14 March 2024 and expects consolidated revenue to amount to between EUR 1,170 million and EUR 1,210 million and adjusted consolidated EBITDA to amount to between EUR 305 million and EUR 315 million in 2024.

The full Annual Report 2023 was published today at <https://ir.dermapharm.de/>.

IFRS figures for 2023 and the prior-year period¹

(excluding segment reconciliation/Group holding company)

EUR million	2023	2022	Change
Consolidated revenue	1,135.4	1,024.8	10.8%
<i>Branded pharmaceuticals</i>	532.8	626.9	-15.0%
<i>Other healthcare products</i>	371.7	154.2	141.1%
<i>Parallel import business</i>	230.8	243.7	-5.3%
Adjusted consolidated EBITDA*	310.2	359.8	-13.8%
<i>Branded pharmaceuticals</i>	240.0	336.4	-28.7%
<i>Other healthcare products</i>	76.7	25.0	206.8%
<i>Parallel import business</i>	-0.8	4.5	-117.8%
Adjusted EBITDA margin* (%)	27.3	35.1	-7.8 pp
<i>Branded pharmaceuticals</i>	45.0	53.7	-8.7 pp
<i>Other healthcare products</i>	20.6	16.2	4.4 pp
<i>Parallel import business</i>	-0.3	1.8	-2.1 pp
Consolidated EBITDA	280.3	331.3	-15.4%
<i>Branded pharmaceuticals</i>	229.0	314.9	-27.3%
<i>Other healthcare products</i>	57.8	19.3	199.5%
<i>Parallel import business</i>	-0.8	4.5	-117.8%
EBITDA margin (%)	24.7	32.3	-7.6 pp
<i>Branded pharmaceuticals</i>	43.0	50.2	-7.2 pp
<i>Other healthcare products</i>	15.6	12.5	3.1 pp
<i>Parallel import business</i>	-0.3	1.8	-2.1 pp

* 2023 EBITDA adjusted to eliminate non-recurring items amounting to EUR 29.9 million, incl. EBITDA of EUR -5.6 million at the Group holding company.

2022 EBITDA adjusted to eliminate non-recurring items amounting to EUR 28.4 million, incl. EBITDA of EUR -6.2 million at the Group holding company.

¹ The prior-year figures have been adjusted to reflect the change in the segment structure.



Company profile

Dermapharm – Pharmaceutical Excellence "Made in Europe"

Dermapharm is an innovative and rapidly growing manufacturer of branded pharmaceuticals and other healthcare products. Founded in 1991, the Company is based in Grünwald near Munich. In addition to its main location in Brehna near Leipzig, Dermapharm also operates other production, development and distribution locations in Germany, the rest of Europe and the United States.

In the "Branded pharmaceuticals" segment, Dermapharm has more than 1,300 marketing authorisations with more than 400 active pharmaceutical ingredients. Dermapharm's portfolio of pharmaceuticals is tailored to selected therapeutic areas in which the Company is a market leader, especially in Germany. The Company's integrated business model extends from in-house product development and production through quality management and logistics to the distribution of branded pharmaceuticals by a trained pharmaceutical sales force.

Dermapharm bundles food supplements, herbal pharmaceuticals, cosmetics, medical devices, herbal extracts and medicinal cannabis in its "Other healthcare products" segment. In this segment, Dermapharm can tap the expertise of the Spanish company Euromed S.A., a leading global manufacturer of herbal extracts and plant-based active ingredients for the pharmaceuticals, nutraceuticals, foodstuffs and cosmetics industries, and Arkopharma, the market leader for herbal food supplements in France.

Dermapharm also operates the "Parallel import business" segment under the axicorp brand. axicorp imports originator pharmaceuticals from other EU Member States and resells them to pharmaceutical wholesalers and pharmacies in Germany. This enables axicorp to benefit from the different pricing structures in the individual EU member states. Based on revenue, axicorp is currently the sixth largest parallel importer in Germany.

With a consistent R&D strategy and numerous successful product and company acquisitions and by stepping up its internationalisation efforts, the Group is continuously optimising its business activities and seeks external growth opportunities in addition to organic growth.

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