HALF-YEAR FINANCIAL REPORT 2019

Dermapharm Holding SE

DERMAPHARM AT A GLANCE

Group results at a glance

		H1 2019	H1 2018
Revenue	EUR million	333.2	280.3
Adjusted EBITDA	EUR million	90.1*	70.9**
Adjusted EBITDA margin	%	27.0	25.3
Unadjusted EBITDA	EUR million	81.6	67.1
Unadjusted EBITDA margin	%	24.5	23.9
Operating result	EUR million	57.3	54.0
EBT	EUR million	54.9	52.5
Consolidated net profit for the period	EUR million	39.4	38.0
Earnings per share	EUR	0.73	0.72

		30 June 2019	31 December 2018
Total assets	EUR million	960.6	704.6
Equity	EUR million	255.0	256.1
Equity ratio	%	26.5	36.3
Cash and cash equivalents	EUR million	81.7	212.5
Net debt	EUR million	442.7	95.2

* H1 2019 EBITDA adjusted for non-recurring expenses and accruals of € 8.5 million.
** H1 2018 EBITDA adjusted for non-recurring expenses of € 3.8 million.
(For details, see 2. Economic report, point 2.2. Business development).

2019 financial calendar

20 November 2019	Publication of Q3 Quarterly Report
25-27 November 2019	Deutsches Eigenkapitalforum, Frankfurt/Main

Quick Check

~50

products in development

~250

active pharmaceutical ingredients

>900

marketing authorisations

1,818

employees

CONTENT

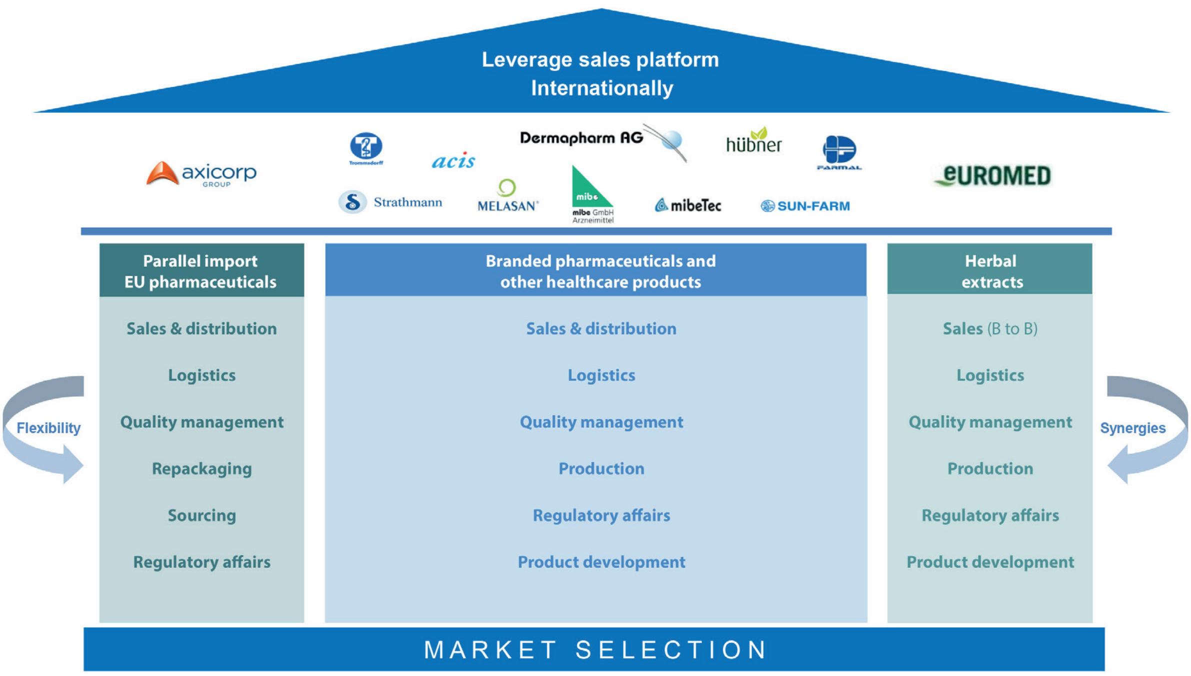
COMPANY PROFILE

Specialist for off-patent branded pharmaceuticals

We are a leading manufacturer of off-patent branded pharmaceuticals for selected therapeutic areas, over-the-counter drugs, non-prescription natural remedies, herbal extracts as well as parallel import of originator compounds in Germany, with a growing international presence. Founded in 1991, Dermapharm is based in Grünwald near Munich. Our main manufacturing facility is located in Brehna near Leipzig. It is there that we are building the new logistics centre for our subsidiary, mibe GmbH Arzneimittel, with operations set to start in September 2019. The new facility will expand the existing production site by approximately 12,400 m^2 to a total of more than 50,000 m^2, thus laying the logistical foundation for the Group's continued growth.

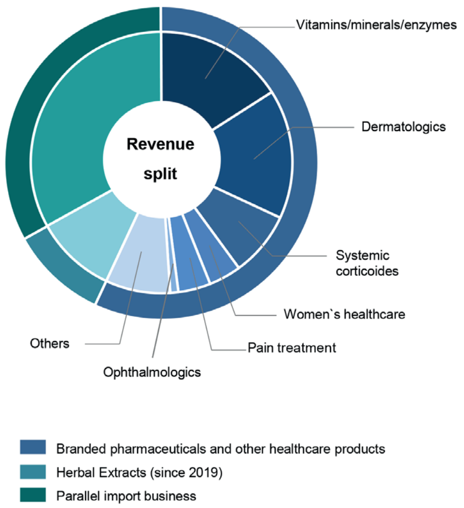
Our proven expertise in formulations and product development enables us to develop, manufacture and market a wide range of branded pharmaceuticals based on active pharmaceutical ingredients that are no longer protected by patents. Our portfolio currently comprises more than 900 marketing authorisations for around 250 active pharmaceutical ingredients. Furthermore, we offer a growing portfolio of other healthcare products such as cosmetics, food supplements and dietary products and medical devices. This broad product range makes our Company unique.

Our key strenghts are the in-house development, in-house production and distribution of pharmaceuticals and other healthcare products for specifically targeted markets by our medical and pharmaceutical sales force. Our "Made in Germany" quality seal and our "one-stop-shop" approach have helped us to achieve a strong track record for developing and marketing new pharmaceuticals and other healthcare products. Since 1 January 2012, we have received marketing authorisations for more than 250 pharmaceuticals developed by our team of highly-qualified and experienced professionals. These marketing authorisations also include authorisations for European markets outside of Germany. Our comprehensive approach allows us to control the entire supply chain and thus limit any risks of supply and inventory bottlenecks. This plays a key role in optimising margins at the same time by cutting production costs.



Our focus, alongside branded pharmaceuticals and other healthcare products, lies on the attractive growth market for herbal pharmaceuticals. We have created a new segment, "Herbal extracts" as a home for our activities relating to the production of herbal extracts. The acquisition of Euromed, a leading Spanish manufacturer of herbal extracts and plant-based active ingredients for the pharmaceuticals, dietary supplements and cosmetics industries enabled us to significantly expand our own value chain to include the production of herbal extracts and to significantly strengthen our expertise in this field. We plan to systematically leverage Euromed's longstanding development expertise and specialised production facilities to help our Company continue to develop.

We also operate a parallel import business under the "axicorp" brand. We import original pharmaceuticals from other EU Member States and resell them to pharmaceuticals wholesalers and pharmacies in Germany. We thus benefit from the different pricing structures within the EU member states. Based on revenue, Dermapharm was one of the top five parallel importers in Germany in 2018. We also leverage axicorp's established market access to pharmacies to directly market certain well-known high-volume OTC products requiring patient counselling.



Attractive product mix

Our ever-growing product portfolio, which includes well-known brands such as Dekristol®, Ampho Moronal® and Prednisolut®, primarily covers selected and specialised niche markets with high entry barriers and low levels of competition. We hold a significant market share in each of these markets. With a mix of high-growth products and stable products which doctors use as standard therapies, we have a market presence with an attractive and diverse portfolio. This portfolio primarily covers the following therapeutic areas: vitamins/minerals/enzymes, dermatologics, systemic corticoids, women's healthcare, ophthalmologics, pain treatment and other healthcare products. We have compounds with around 250 active pharmaceutical ingredients in varying strengths and dosage forms. This allows us to offer doctors and pharmacists different solutions for individual medical treatment needs.

Our Group's home market is Germany, again the largest pharmaceuticals market in Europe based on revenue in 2019. Moreover, the Dermapharm Group is becoming increasingly international. The successful implementation of our internationalisation strategy has afforded us a foothold in the United Kingdom, Italy, Spain and USA. We also operate in Austria, Switzerland, Croatia, Poland and Ukraine. During the current financial year we will work to market selected products from our existing product portfolio as well as new product developments in these European markets and outside of Europe.

Systematic growth strategy

Given our strong position in the German pharmaceuticals market, our focus is on successfully further expanding our business. We are looking to leverage both organic and external growth opportunities to become the leading European manufacturer of pharmaceuticals in selected markets. To achieve this objective, we are pursuing a growth strategy based on three pillars: expanding the product portfolio by bringing to market new, internally developed products; increasing the Company's international presence; and successfully completing further acquisitions.

In-house product development

Our in-house development team endeavours to develop and successfully bring to market additional pharmaceuticals and other healthcare products. We manufacture about 90 % of all pharmaceutical products ourselves. Once our specialists identify a potentially attractive pharmaceutical that fits with our portfolio, we can successfully complete all key production and authorisation processes in house – including designing and funding clinical trials.

We rely in particular on the know-how of our own experts, some of whom have more than 25 years experience in developing pharmaceuticals and other healthcare products.

Internationalisation

In line with our strategy, we are currently laying the foundation to market the bite away® and Herpotherm® hyperthermic medical devices in other western European countries as well as Asia and the Americas. In the meantime, we have founded a subsidiary in the USA. In financial years 2017/2018, we formed subsidiaries in the United Kingdom and Italy and hired sales and distribution managers who are intimately familiar with their respective territories in order to further expand our business with branded pharmaceuticals and other healthcare products. Furthermore, myriad compounds developed in-house are currently undergoing the approval process, ensuring that we will gradually enlarge our portfolio as we expand into new countries. The establishment of corresponding sales and distribution structures goes hand in hand with the availability of further products.

M&A activities

Obtaining new authorisations and acquiring products and companies has always been part of Dermapharm's business strategy. Since the Company's formation in 1991, we have steadily expanded our product offering through successful acquisitions. This includes, for instance, the acquisition of attractive patented medical devices and pharmaceutical manufacturers, which complement Dermapharm's portfolio ideally. For example, we have been present in the Spanish market since the beginning of 2019 thanks to our acqusition of Euromed.

We continually review specific growth opportunities and continue to pursue strategic options that fit our corporate strategy.

LETTER TO THE SHAREHOLDERS

Dear shareholders,

We successfully maintained our profitable growth trend in the first six months of financial year 2019. Dermapharm grew organically by introducing new products and by further developing its existing portfolio. Dermapharm expanded its product portfolio by a number of attractive pharmaceuticals in 2019. These include Azedil®, a new introduced product used to treat acute hay fever symptoms, and Momekort®, a non-prescription cortisone nasal spray used to treat acute allergy symptoms in adults. At the same time, the successfully integrated Group companies Strathmann and Trommsdorff also made a significant contribution to organic growth.

By acquiring Euromed, we now also have a presence in Spain. This was accompanied by the creation of the new "Herbal extracts" segment. The company was formed in 1971 and is a leading manufacturer of herbal extracts and plant-based active ingredients for the pharmaceutical, dietary supplement and cosmetics industries. This acquisition strengthens our expertise in the growth market for herbal pharmaceuticals. Furthermore, in March 2019, Dermapharm acquired a minority interest in FYTA, a Dutch producer of cannabis products, thus gaining access to the growth market for medical cannabis, which we believe will continue to gain in importance.

We recently acquired 70 % of the shares in fitvia, which is domiciled in Wiesbaden. In addition to tea, fitvia sells food, dietary supplements, snacks and muesli to more than half a million customers in several European countries using a marketing concept based on social media and influencers. The transaction closed on 16 July 2019, meaning that fitvia will be consolidated in the second half of the year. With consumers becoming increasingly aware of the importance of health and wellness, we responded to this trend by acquiring fitvia to further expand our expertise in the growing market for healthy nutrition.

The H1 2019 results reflect the success of our growth strategy. After a strong first quarter, we continued to grow rapidly in the second quarter, increasing our consolidated revenue by 18.9 % to EUR 333.2 million in the first half of the year compared to the same period of the previous year. At the same time, adjusted EBITDA increased by 27.1 % to EUR 90.1 million. The adjusted EBITDA margin increased by 1.7 percentage points year on year to 27.0 %. This illustrates the extraordinary profitability of our Company. This positive earnings trend was attributable to both the "Branded pharmaceuticals and other healthcare products" segment, which includes the new "Pain treatment" therapeutic area, and the newly established "Herbal extracts" segment to which Euromed was allocated following its initial consolidation.

Overall, the outlook for this year and beyond is extremely positive. In light of this, we are greatly expanding our existing capacities. For instance, in April, we marked the topping out for the new logistics centre in Brehna near Leipzig. The new facility will expand the existing production site by approximately 12,400 m^2 to a total of more than 50,000 m^2, thus laying the logistical foundation for the Dermapharm Group's continued growth. The construction project, which is supported by the State of Saxony-Anhalt, is proceeding as planned and we expect to commence operations in September. Moreover, we acquired the material assets of CFP Packaging at the beginning of the year, thereby expanding our production capacity by approximately 40 million sticks p.a., allowing us to satisfy the growing demand for dietary supplements.

In the interests of our shareholders, as the year progresses we will continue to concentrate on maintaining our profitable growth trend and expanding our solid market position as a leading manufacturer of off-patent branded pharmaceuticals in selected markets.

Grünwald, September 2019

The Management Board

Dr. Hans-Georg Feldmeier Chief Executive Officer	Stefan Hümer Chief Financial Officer

Karin Samusch
Chief Business Development Officer

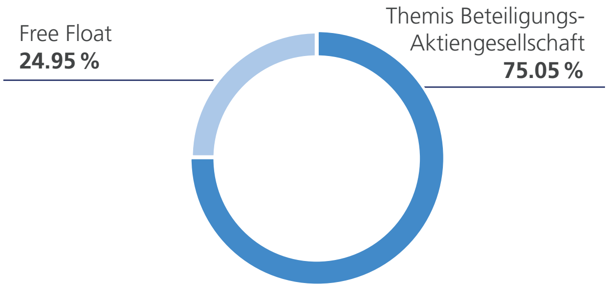
INFORMATION ABOUT THE DERMAPHARM HOLDING SE SHARES

Share information – H1 2019

The shares at a glance (XETRA, closing prices)	
High (16 May 2019)	EUR 33.95
Low (15 January 2019)	EUR 22.40
Closing price (31 August 2019)	EUR 32.07
Trading volume (9 February 2018 to 31 August 2019; average number of shares)	27,952 shares

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 exchanges	Regulated Market (Prime Standard) of the Frankfurt Stock Exchange
Designated Sponsors	Berenberg Oddo Seydler Bank Commerzbank

Shareholder structure



Disclosure based on the notifications of voting rights and directors' dealings in accordance with German Securities Trading Act (WpHG, as of 1 July 2019).

Dermapharm Holding SE shares (XETRA, in EUR)

2019 Annual General Meeting

On 4 June 2019, Dermapharm Holding SE held its 2019 Annual General Meeting at the Westin Grand Munich Hotel. At the recommendation of the Management Board, the Annual General Meeting resolved to distribute a dividend of EUR 0.77 per share. Thus, Dermapharm's shareholders took part in the Company's success in keeping with the dividend policy set out in the IPO. All agenda items were approved with a large majority. 91.17 % of the voting share capital was present. At the Annual General Meeting, the Management Board reported in detail on the development of Dermapharm Holding SE's operations and strategy in financial year 2018 and provided an overview of the current 2019 financial year and the strategy to come. The Annual General Meeting ratified the actions of the Management Board and of the Supervisory Board for financial year 2018 by a large majority. Furthermore, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, was elected as the auditor for financial year 2019.

The detailed results of the voting are available at the Annual General Meeting section of the Company website ir.dermapharm.de.

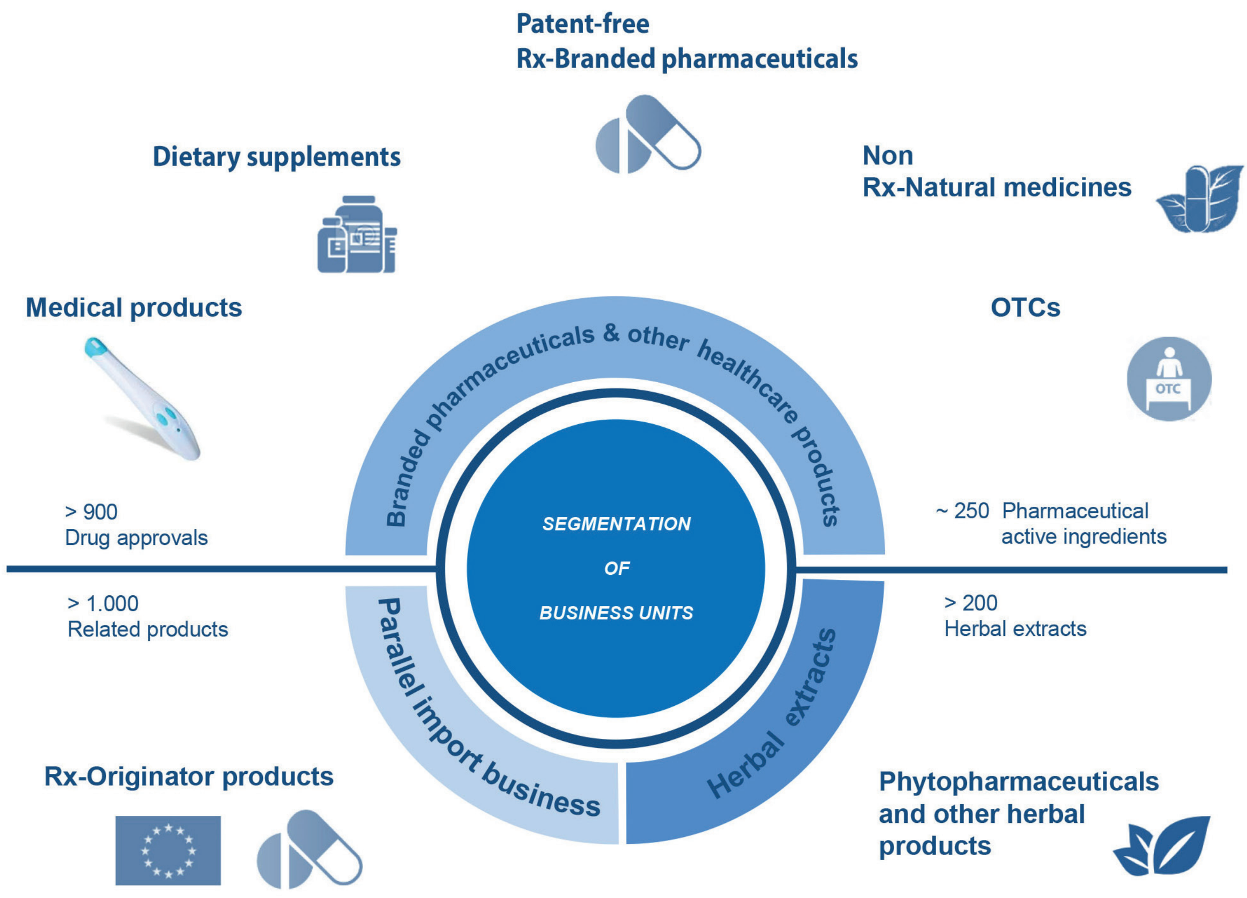
INTERIM GROUP MANAGEMENT REPORT

1. INFORMATION ABOUT THE GROUP

1.1 Business model and strategy

Business model

Dermapharm Holding SE (together with its consolidated subsidiaries 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, herbal extracts as well as parallel import of originator compounds in Germany, with a growing international presence. The Company focuses on the three segments "Branded pharmaceuticals and other healthcare products", "Herbal extracts" (since 2019) and the "Parallel import business".



Strategy

Dermapharm plans to further expand its operations building upon its strong position in the German pharmaceuticals and parallel import market and the international market for herbal extracts. Dermapharm aims to consistently leverage both organic and external growth opportunities to become the leading European manufacturer of pharmaceuticals in selected markets.

To continue to grow profitably, Dermapharm's strategy is based on three pillars: expanding the product portfolio by bringing to market new, internally developed products; increasing the Company's international presence; and successfully completing further acquisitions of products and businesses.

In the interest of expanding its product portfolio, Dermapharm is developing new branded pharmaceuticals and healthcare products, which it is bringing to market. Dermapharm's product pipeline currently comprises roughly 50 ongoing development projects involving new products for the niche markets selected by Dermapharm. This pipeline includes 39 branded pharmaceuticals and other healthcare products – dermatologics, vitamins/minerals/enzymes, women's healthcare products and ophthalmologics – which are anticipated to be marketable by 2024. Moreover, Dermapharm will continue to develop the technology of hyperthermic medical devices and to further step up the development of a new hyperthermic medical devices against pruritus. Dermapharm utilises the Company's existing development, manufacturing and marketing capacities to introduce new products and markets the products through the established distribution organisation.

In the further course of its internationalisation efforts, Dermapharm will bring selected products in its existing portfolio to market alongside newly developed products in the United Kingdom, Italy, Spain and USA.

In order to support these expansion efforts, Dermapharm has obtained marketing authorisations for some of its existing and newly developed pharmaceuticals in these markets. When introducing new products, Dermapharm leverages a combined authorisation process for several countries in order to obtain marketing authorisations for several target markets more quickly.

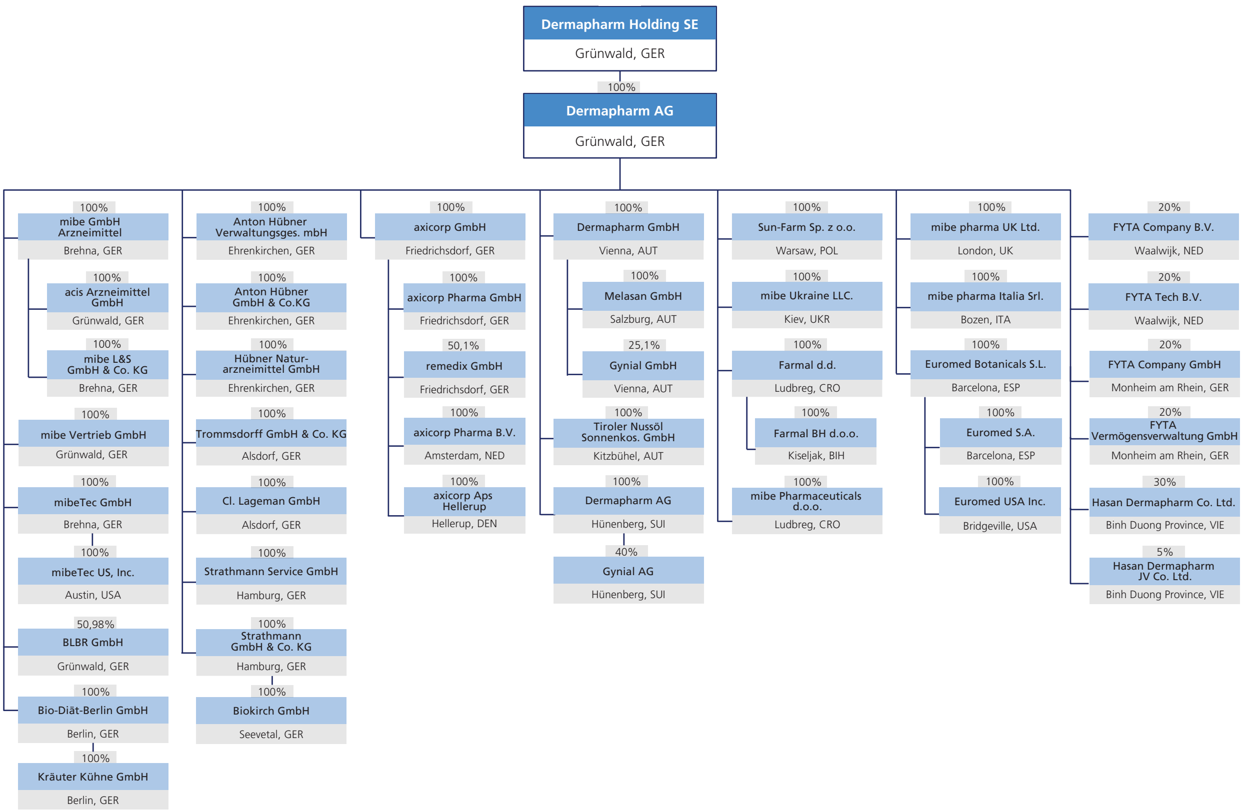
Obtaining new authorisations and acquiring products and companies have always been part of Dermapharm's business strategy. Since the Company's formation in 1991, Dermapharm has steadily expanded its product offering through successful acquisitions. The recent acquisition of Euromed, a Spanish manufacturer of herbal extracts, and the equity investment in FYTA, a Dutch producer of medical cannabis were completed at the beginning of 2019.

By acquiring Euromed, Dermapharm is expanding its value chain and strengthening its know-how in the growth market for herbal pharmaceuticals. Dermapharm intends to continue to market Euromed's products to Euromed's international customer base as well as to leverage opportunities arising from the production of own existing and new products, such as those of the group companies Strathmann and Hübner Naturarzneimittel. The acquisition also brings Dermapharm one step closer to expanding its international presence and means that it will be represented in Spain by its own company in the future. Going forward, Dermapharm will also leverage the acquired local industry expertise when introducing its own products on the Spanish market.

The equity investment in FYTA enables Dermapharm to secure access to the increasingly significant market for medical cannabis.

1.2 Group Structure and interests

The following Group structure shows the significant direct and indirect subsidiaries and associates as well as equity investments as at 30 June 2019:



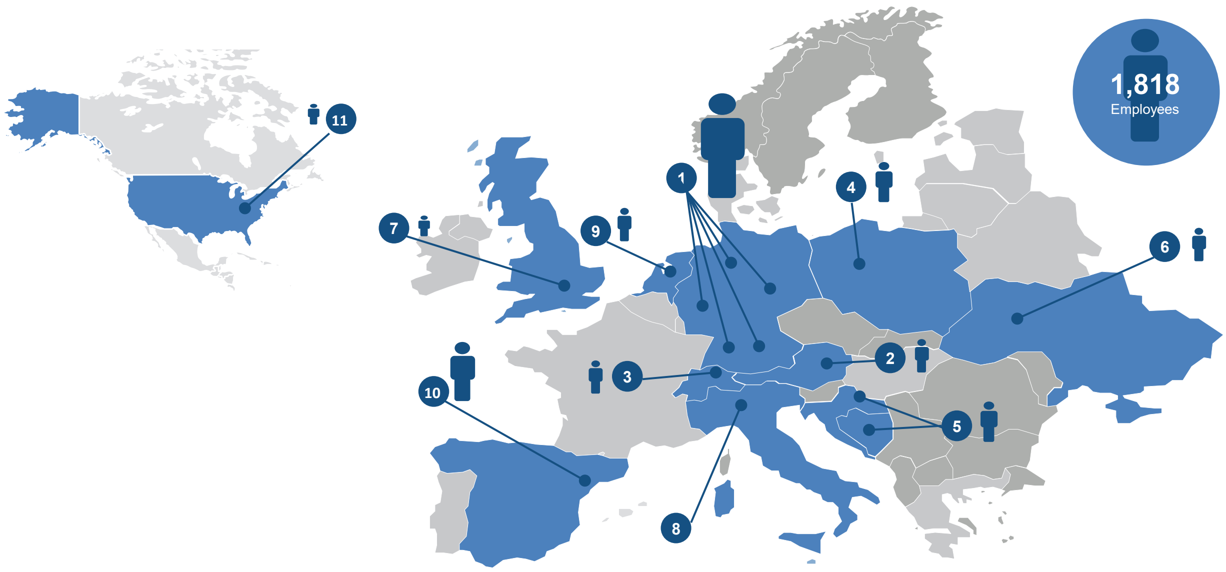
1.3 Sites and employees

The Dermapharm Group maintains production and distribution sites in Germany, its largest sales market, as well as in Austria, Switzerland, the Netherlands, Italy, the United Kingdom, Spain, the United States, Croatia, Bosnia and Herzegovina, Poland and Ukraine.

The majority of all compounds from the "Branded pharmaceuticals and other healthcare products" segment are manufactured in the central development, production and logistics centre, mibe GmbH Arzneimittel in Brehna. This site is also responsible for centralised purchasing and for product supply to the subsidiaries. In Austria and Poland, individual products are also produced for the local markets.

The Dermapharm sales force visits pharmacies, registered doctors and clinics to promote and distribute all branded pharmaceuticals and healthcare products. Parallel imported originator compounds are also distributed through direct sales by telephone.

Qualified employees are the basis for Dermapharm's long-term commercial success. In the first half of 2019, an average of 1,818 employees worked for Dermapharm (same period of previous year: 1,594 employees).



1 *Germany*
Development, Production, Sales & Service, Logistics

2 *Austria*
Development, Production, Sales & Service

3 *Switzerland*
Sales & Service

4 *Poland*
Production, Sales & Service, Logistics

5 *Croatia/Bosnia and Herzegovina*
Sales & Service

6 *Ukraine*
Sales & Service

7 *UK*
Sales & Service

8 *Italy*
Sales & Service

9 *Netherlands*
Production, Parallel Import Business and Cannabis

10 *Spain*
Development, Production Sales & Service, Logistics

11 *USA*
Sales & Service

1.4 Management system and performance indicators

At the Group level, Dermapharm Holding SE has three segments: "Branded pharmaceuticals and other healthcare products", "Herbal extracts" (since 2019) and "Parallel import business". The Management Board approves objectives for use in the business planning and management of the segments. Budgetary plans which are prepared annually for a period of three years translate these objectives into specific, measurable targets.

Regular reports to the Management Board 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 guaranteeing that the Dermapharm Group continues to grow profitably.

Dermapharm manages its operations using selected financial performance indicators. The financial performance indicators are monitored continuously and are integrated into the monthly reporting to the Management Board. The defined segments continually review the specified plan figures and compare them with the current business performance (plan to actual comparison). If there are deviations from the original revenue and EBITDA targets, corresponding measures are derived based on the findings of the review and implemented.

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

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

Profit or loss for the period, after profit/loss transfers

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

1.5 Research and Development

Due to its business model, Dermapharm deliberately chooses not to conduct fundamental pharmaceuticals research. The focus is on the development of compounds using active pharmaceutical ingredients which are generally no longer subject to intellectual property rights.

The foundation for profitable growth and the long-term success of the Company lies in continuously bringing to market new branded pharmaceuticals that enhance market competence in the core therapeutic areas and offering them at the best possible cost. The Group's in-house central development centre in Brehna plays a crucial role in this, supported by contract development projects and the cooperation with external development partners.

Dermapharm continuously reviews the target markets relevant to its product range. After identifying a potentially attractive pharmaceutical product, Dermapharm is able to carry out the key phases of the development and authorisation process itself, including the product development and sponsoring of clinical trials. Dermapharm is confident that its own expertise in product development is a key factor for the Group's success. This enables Dermapharm to retain control over the timing and costs of product development and allows it to devote itself to developing special projects, including niche products. Furthermore, Dermapharm has the necessary regulatory expertise in-house in order to be able to carry out the authorisation process itself. In doing so, it has access to the proven expertise of its development specialists, some of whom have over 25 years of experience in developing off-patent pharmaceuticals.

When possible, Group companies market newly developed products internationally. To that end, they make use of national, but also supranational, mostly EU-wide approval procedures.

2. REPORT ON ECONOMIC POSITION

2.1 Macroeconomic and sector-specific environment

Macroeconomic environment

The rate of growth in the euro nations slowed in 2018, and the eurozone grew by only 2.0 % as a result. Eurozone growth is expected to continue to slow to 1.3 % in 2019. The IMF reported that the growth rates of key economies in the eurozone – Germany, France, Italy and Spain, in particular – fell accordingly in 2018. In Germany, weaker private consumption, problems relating to new emissions standards plaguing the automotive industry and muted foreign demand for exports slowed the pace of growth. In July, the IMF again lowered its 2019 economic outlook for Germany by a percentage point from 0.8 % to 0.7 %, after having previously corrected its forecast sharply downward in the spring. The IMF justified this by citing a weaker demand from abroad than expected, which weighed on investment. The IMF forecasts the global economy to grow by 3.2 % in 2019, compared to 3.6 % in the previous year. In light of the fact that the Group's business model in the healthcare market is aligned with relatively cyclically independent demand, the global economic environment generally has less of a direct impact on the Company's business performance than the respective regulatory conditions in the individual market regions.

Sector-specific environment

The pharmaceuticals and healthcare market is driven by key trends. These continue to include demographic trends such as an increasingly ageing society, global population growth, rising health awareness and more frequent self-medication as well as advances in the medical field. Accordingly, the European pharmaceuticals market has grown continuously in recent years.

According to information from the consultancy firm IQVIA (source: IMSVALOTC), the entire European pharmaceuticals market generated annual revenue of USD 255.8 billion by the end of the first quarter of 2019, corresponding to an increase of 2.1 % compared to the same period in the previous year (MAT Q1 2018: USD 250.6 billion). Of that amount, USD 222.4 billion was attributable to prescription pharmaceuticals (MAT Q1 2018: USD 216.6 billion) and USD 33.4 billion to OTC pharmaceuticals (MAT Q1 2018: USD 34.0 billion).

Dermapharm's primary market, Germany, has a highly developed healthcare system with 148,601 registered physicians (in 2018), 19,423 public pharmacies (in 2018) and 1,942 hospitals (in 2017). Because of this, Germany spends a larger share of its gross domestic product for healthcare than any other country in the European Union, and it has the second-highest per capita healthcare spending and the highest share of health spending covered by public funds in the European Union. IQVIA reports that annual revenue in the German pharmaceuticals market increased by 3.8 % to USD 46.6 billion at the end of Q1 2019 (MAT Q1 2018: USD 44.9 billion). Of that amount, USD 40.9 billion was attributable to prescription pharmaceuticals (MAT Q1 2018: USD 39.2 billion) and USD 5.7 billion to OTC pharmaceuticals (MAT Q1 2018: USD 5.7 billion).

Revenue from off-patent pharmaceuticals without discounts from discount agreements and biosimilars increased by 7.5 % in Germany from EUR 2.2 billion in Q1 2019 (basis: manufacturer's selling price). However, volume gains are often neutralised due to government intervention in pricing. As a result, a continued downward trend in prices, state-imposed mandatory discounts and steep discounts to health insurance organisations as a result of statutory discount agreement options between manufacturers and health insurance organisations continue to characterise this market.

According to INSIGHT Health, in the first half of financial year 2019, revenue in the parallel import market amounted to EUR 1.5 billion compared to EUR 1.4 billion in the previous year (basis: manufacturer's selling prices). As in previous years, the 5 % "mandatory quota" for pharmacy sales was again far surpassed in H1 2019, hitting 8.5 %.

2.2 Course of business

Overall, Dermapharm performed as expected in the first half of 2019.

The companies within the Dermapharm Group systematically leveraged synergies and generated organic growth through the introduction of new, internally developed, products in selected niche markets, while continuing to develop the existing portfolio. Aside from organic growth, the successful integration of acquired companies also made a significant contribution to this positive business trend. For instance, acquiring the Euromed Group has enabled Dermapharm to tap into the Spanish market and launch the new "Herbal extracts" segment during the reporting period.

Dermapharm also achieved corporate objectives by increasing its international footprint as well as continuing to expand its own production capacities through the acquisition of companies at the beginning of the year which it believes will bolster the Group's successful development in the years to come.

Acquisitions

The acquisitions of CFP Packaging's material assets and all shares in the Spanish company Euromed were reported in the consolidated financial statements for the first time as at January 2019.

Acquisition of material assets of CFP Packaging GmbH

The material assets of CFP Packaging GmbH, Wiedemar, were acquired with effect from 1 January 2019. Essentially, by acquiring the company's assets, Dermapharm intends to gain access to the machinery and expertise in the field of special packaging for powder and liquid sticks as well as access to various customers based on long-term supply agreements still in force. The company's assets have now been integrated with mibe GmbH Arzneimittel and are allocated to the "Branded pharmaceuticals and other healthcare products" segment. The transaction constituted a business combination as defined under IFRS 3. A purchase price allocation was used to allocate the costs arising from the business combination to the individual acquired assets and liabilities measured at fair value. Please refer to note 2.5 for further details on this acquisition.

Acquisition of the Euromed Group

With effect from 3 January 2019, Dermapharm has acquired all shares in the Spanish company Euromed Botanicals S.L. and its subsidiaries Euromed S.A. and Euromed USA Inc. Euromed is a leading producer of herbal extracts and natural active ingredients which are needed as precursors in the manufacturing of phytopharmaceuticals (plant pharmaceuticals), nutraceuticals (so called functional foods) and cosmetics products. Since being formed in 1971, the company has gained almost 50 years of expertise and reputation in the field of plant extracts. The complete traceability of production activities, starting with the seed selection through to the finished extract, is unique. At present, the company operates two state-of-the-art production facilities in Spain near Barcelona and Murcia with capacities for future growth, as well as a drying plant in Florida, USA. The Group is allocated to the newly formed "Herbal extracts" segment. The transaction constituted a business combination as defined under IFRS 3. A purchase price allocation was used to allocate the costs arising from the business combination to the individual acquired assets and liabilities measured at fair value. Please refer to note 2.5 for further details on this acquisition.

Acquisition of shares

The companies of the FYTA Group were included in the Dermapharm Group's consolidated financial statements for the first time as at 4 March 2019, under "investments accounted for using the equity method".

Acquisition of interest in FYTA Group

On 4 March 2019, Dermapharm acquired 20.0 % of shares in FYTA Company B.V. and FYTA Tech B.V. (each domiciled in Waalwijk, Netherlands), as well as FYTA Company GmbH and FYTA Vermögensverwaltung GmbH (each domiciled in Monheim, Germany). The FYTA Group specialises in the production of medical cannabis for pharmaceutical applications. The authorisation required for medical cannabis was already granted on 25 February 2019 by the Dutch supervisory authority CIBG. This covers the production of approximately 12 tonnes of medical cannabis per year, and may be expanded. At present, FYTA operates its own state-of-the-art indoor production facility in Waalwijk, at which up to 25 tonnes of medical cannabis can be produced per year. The agreed purchase price was EUR 60.0 million, including further escalation clauses. The transaction also includes the assignment of 49.9 % of the shares in remedix GmbH (domiciled in Friedrichsdorf, Germany) to UWF Beteiligungsgesellschaft mbH (domiciled in Monheim, Germany). As a re-importer in the pharmaceuticals sector, remedix GmbH specialises in EU anaesthetics and is licensed by the Federal Opium Agency to trade in anaesthetics. In future, remedix GmbH will act as a joint platform between Dermapharm and the FYTA companies for importing medical cannabis products to Germany and marketing them. A calculation of the difference between the acquisition cost of the share and Dermapharm's share of the net fair value of FYTA's identifiable assets and liabilities in accordance with IAS 28, which will become necessary as a result of the acquisition of the shares, is currently in progress. The FYTA shares will be allocated to the new segment, "Herbal extracts". Please refer to note 2.6 for further details on this acquisition.

Performance indicators

Consolidated revenue increased by 18.9 % to EUR 333.2 million as compared to the prior-year period (previous year: EUR 280.3 million).

At the same time, **adjusted EBITDA** increased by 27.1 % to EUR 90.1 million (previous year: EUR 70.9 million).

The **non-recurring expenses** which were eliminated in the calculation for adjusted EBITDA amounted to EUR 8.5 million and comprised the following in first half of 2019:

- Reductions of inventories in connection with the "carrying amount step-up" for the inventories recognised as at the acquisition date due to fair value measurement as part of the purchase price allocation (IFRS 3) of Euromed amounting to EUR 3.6 million. Given their continually rising significance due to an increase in acquisition activities, the effects of the purchase price allocation relating to inventories will not be eliminated until financial year 2019.
- Acquisition costs in connection with
  - Euromed amounting to EUR 3.0 million; and
  - Fitvia amounting to EUR 0.1 million; and
- Consulting services in connection with further acquisition projects amounting to EUR 0.2 million.
- Restructuring expenses incurred in relation to Bio-Diät-Berlin and its subsidiary Kräuter Kühne amounting to EUR 1.6 million.

The **non-recurring expenses** which were eliminated in the calculation for adjusted EBITDA amounted to EUR 3.8 million and comprised the following in the first half of 2018:

- Non-recurring expenses in connection with the preparations for the IPO amounting to EUR 1.4 million
- Non-recurring expenses in connection with the acquisition of
  - Strathmann amounting to EUR 0.5 million; and
  - Trommsdorff amounting to EUR 1.9 million.

The **adjusted EBITDA margin** amounted to 27.0 % (previous year: 25.3 %).

Unadjusted EBITDA amounted to EUR 81.6 million, representing a 21.6 % increase (previous year: EUR 67.1 million).

The **unadjusted EBITDA margin** amounted to 24.5 % (previous year: 23.9 %).

2.3 Financial position, financial performance and cash flows

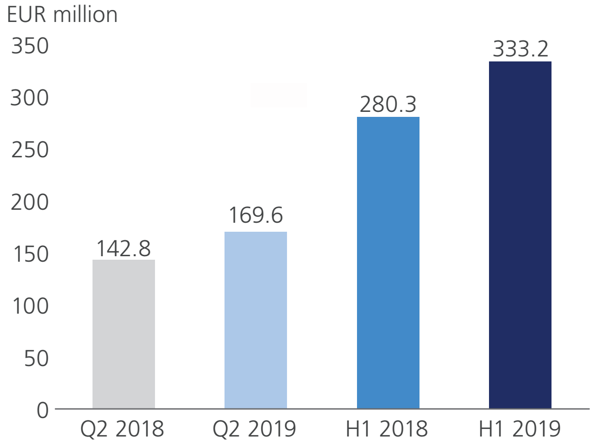
2.3.1 Financial performance of the Group

Revenue and earnings performance of the Group

Consolidated revenue rose to EUR 333.2 million in the first six months of 2019, representing an 18.9 % increase as compared to the same period of the previous year (EUR 280.3 million). This increase was due primarily to the first-time consolidation of Euromed with effect from January 2019, increases in revenue from the "Branded pharmaceuticals and other healthcare products" segment and organic growth. In addition, Trommsdorff GmbH & Co. KG was consolidated for the first time on 1 February 2018, the date on which Dermapharm obtained control of the company. Accordingly, the company's revenue was not included in the consolidated net profit of the first half year 2018 until February 2018.

For further information on Euromed's initial consolidation please refer to note 2.5.

Half-yearly and quarterly comparison of revenue trend



The increase in revenue in the first half of 2019 resulted in a higher **cost of materials** in absolute terms of EUR 164.7 million in the period under review (previous year: EUR 139.7 million). However, the cost of materials ratio improved slightly from 50.0 % in the previous year to 47.0 % thanks to more favourable procurement conditions, the increase in the number of products manufactured in-house, and the leveraging of synergies within the Group.

Personnel expenses amounted to EUR 56.1 million in H1 2019 (previous year: EUR 43.1 million). This increase was influenced primarily by additional personnel expenses following the first-time consolidation of Euromed, increased administrative effort in connection with the IPO and the general growth trend within the Group. In addition, Trommsdorff GmbH & Co. KG was consolidated for the first time as at 1 February 2018. Accordingly, the company's personnel expenses were not included in the consolidated net profit of the first half year 2018 until February 2018. The ratio of personnel expenses to revenue thus stood at 16.8 % (previous year: 15.4 %, in line with the increase in personnel expenses).

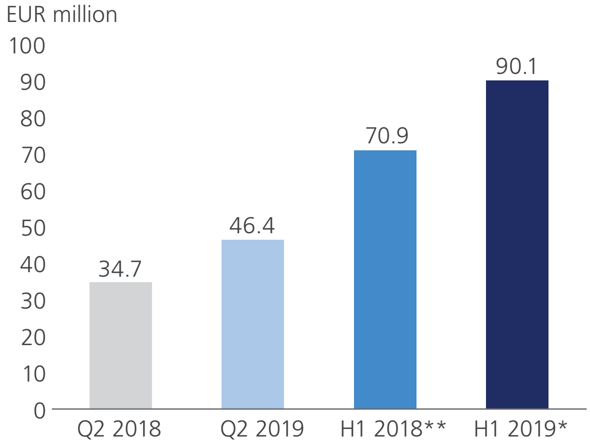
Depreciation and amortisation amounted to EUR 23.4 million in H1 2019 (previous year: EUR 12.4 million). The increase is attributable primarily to depreciation and amortisation on assets from the purchase price allocation (PPA depreciation and amortisation) in connection with Euromed, as well as its first-time inclusion in the group of consolidated companies. In addition, Dermapharm adopted the new standard, IFRS 16 "Leases" for the first time in the financial year beginning on 1 January 2019, resulting in an increase in depreciation by EUR 1.9 million. Please refer to note 2.3 for further detailed information.

Other operating expenses amounted to EUR 49.9 million in H1 2019 (previous year: EUR 38.5 million). The increase is due primarily to the first-time inclusion of Euromed in the group of consolidated companies. In addition, Dermapharm adopted the new standard, IFRS 16 "Leases" for the first time in the financial year beginning on 1 January 2019, resulting in a decrease in other operating expenses by EUR 2.0 million. Non-recurring consulting fees of EUR 3.3 million were incurred in connection with acquiring this company. By comparison, non-recurring expenses in the first half of 2018 amounted to EUR 3.8 million, which had been incurred in relation to the IPO and consulting services for acquisitions. In H1 2019, a EUR 1.6 million provision was recognised for restructuring expenses for Bio-Diät-Berlin and its subsidiary Kräuter Kühne. Dermapharm has decided to restructure the business model of Bio-Diät-Berlin and its subsidiary Kräuter Kühne with the help of the existing and established resources within the Group. In so doing, Dermapharm will leverage the cost advantages offered by mibe GmbH Arzneimittel's state-of-the-art development, production and logistics hub in Brehna. At the same time, the successfully established subsidiary Hübner Naturarzneimittel GmbH will take on responsibility for selling and distributing the key brands of Bio-Diät-Berlin in the future, foregoing Kräuter Kühne's brick-and-mortar stores. The ratio of other operating expenses to revenue rose to 15.0 % in light of these non-recurring items (previous year: 13.7 %).

The **adjusted EBITDA** described in 2.2 above rose in H1 2019 by 27.1 % from EUR 70.9 million in the previous year to EUR 90.1 million. The **adjusted EBITDA margin** rose accordingly from 25.3 % in the previous year to 27.0 %.

Based on **unadjusted EBITDA** amounting to EUR 81.6 million (previous year: EUR 67.1 million), in the first half of the year, Dermapharm reported an **unadjusted EBITDA margin** of 24.5 %, which was up on the prior-year figure of 23.9 %.

Half-yearly and quarterly comparison of EBITDA trend



* In H1 2019, EBITDA was adjusted for non-recurring expenses amounting to EUR 8.5 million.

**In H1 2018, EBITDA was adjusted for non-recurring expenses amounting to EUR 3.8 million.

Unadjusted earnings before taxes (EBT) amounted to EUR 54.9 million in H1 2019 (previous year: EUR 52.5 million). The EBT margin fell as a result of the increase in depreciation and amortisation on assets from the purchase price allocation (PPA depreciation and amortisation) in connection with the acquisitions to 16.5 %, and was thus down year on year (previous year: 18.7 %).

The **unadjusted profit or loss for the period** in the first six months of the 2019 financial year amounted to EUR 39.4 million (previous year: EUR 38.0 million).

Segment reporting

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

For the 6 months ended as at 30 June 2019 in EUR thousand	Branded pharmaceuticals and other healthcare products	Parallel import business	Herbal extracts*	Reconciliation/ Group holding company	Group
Revenues	176,183	118,383	39,789	(1,183)	333,171
of which intra-division revenues	*1,153*	-	*30*	(1,183)	-
Revenues from external customers	175,030	118,383	39,759	-	333,171
Revenue growth	7.3 %	1.1 %	-	-	18.9 %
EBITDA	71,626	4,932	7,742	(2,693)	81,608
of which earnings from investments accounted for in accordance with theequity method	*926*	-	-	-	*926*
EBITDA margin	40.9 %	4.2 %	19.5 %	-	24.5 %

* included since January 2019

For the 6 months ended as at 30 June 2018 in EUR thousand	Branded pharmaceuticals and other healthcare products	Parallel import business	Reconciliation/ Group holding company	Group
Revenues	163,648	117,065	-	280,713
of which intra-division revenues	*458*	-	-	*458*
Revenues from external customers	163,190	117,065	-	280,255
Revenue growth	48.1 %	-5.6 %	-	19.7 %
EBITDA	64,469	5,355	(2,720)	67,104
of which earnings from investments accounted for in accordance with theequity method	*773*	-	-	*773*
EBITDA margin	39.5 %	4.6 %	-	23.9 %

Revenue and earnings performance in the "Branded pharmaceuticals and other healthcare products" segment

Revenue in the "Branded pharmaceuticals and other healthcare products" segment reported in first half of 2019 increased by 7.2 % compared to the previous year to EUR 175.0 million (previous year: EUR 163.2 million). This increase was due primarily to organic growth in this segment and was based on the systematic implementation of the corporate strategy, which focused on selected niche markets. In addition, Trommsdorff GmbH & Co. KG was consolidated for the first time on 1 February 2018, the date on which Dermapharm obtained control of the company. Accordingly, the company's revenue was not included in the consolidated net profit of the first half year 2018 until February 2018.

EBITDA reported in first half of 2019 rose by 11.0 % to EUR 71.6 million (previous year: EUR 64.5 million). This increase is mainly based on the positive development of gross profit with a simultaneous and significant reduction in the cost of materials ratio. In addition, Trommsdorff GmbH & Co. KG was consolidated for the first time as at 1 February 2018. Accordingly, this subsidiary's EBITDA was not included in the consolidated net profit of the first half year 2018 until February 2018. At 40.9 % (previous year: 39.5 %), the segment's **EBITDA margin** was up on the same period of the previous year.

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

Revenue in the "Parallel import business" segment reported in first half of 2019 rose slightly by 1.1 % compared to the previous year to EUR 118.4 million (previous year: EUR 117.1 million). This increase was attributable primarily to generally stable demand in a slightly growing market, a balanced portfolio of parallel import of compounds and Dermapharm's continued ability to deliver.

EBITDA reported in the "Parallel import business" segment fell by 9.3 % to EUR 4.9 million in first half of 2019 (previous year: EUR 5.4 million). This was primarily attributable to the increase in health insurers' calls for tenders for discount agreements, which had a negative impact on product margins for lucrative brand-name originator compounds with patents approaching expiry. The segment's **EBITDA margin** was thus 3.2 %, which was down significantly as compared to the prior-year level of 4.6 %.

Revenue and earnings performance of the "Herbal extracts" segment

Revenue in the "Herbal extracts" segment reported in first half of 2019 amounted to EUR 39.8 million. This revenue resulted primarily from growth in revenue for the four most important products for international customers in EMEA (Europe, Middle East, Africa) and especially "The Americas". The Group's data thus reflect the generally expected 5-year growth potential in the market for herbal extracts and nutraceuticals which Dermapharm serves.

The reported **EBITDA** for first half of 2019 amounted to EUR 7.7 million, and was thus in line with expectations. This resulted in a 19.5 % **EBITDA margin** for this segment.

2.3.2. Financial position of the Group

The financial position of the Dermapharm Group developed as shown below as at 30 June 2019:

The **total assets** increased to EUR 960.6 million as at 30 June 2019 (31 December 2018: EUR 704.6 million). This was due largely to the first-time consolidation of Euromed as at 1 January 2019.

Non-current assets rose from EUR 333.3 million as at 31 December 2018 to EUR 657.9 million as at 30 June 2019. This was caused primarily by the increase in intangible assets, goodwill and property, plant and equipment, as well as the investments accounted for using the equity method as a result of the acquisitions of Euromed and the interest in FYTA. In addition, Dermapharm adopted the new standard, IFRS 16 "Leases" for the first time in the financial year beginning on 1 January 2019, resulting in the recognition of right-of-use assets by the lessee (Dermapharm) amounting to EUR 12.0 million as at 30 June 2019. The EUR 7.5 million in costs incurred by the end of the reporting period in connection with the construction of a new logistics centre in Brehna for mibe GmbH Arzneimittel and a new production facility in Melasan in Austria were also capitalised.

Current assets fell from EUR 371.2 million as at 31 December 2018 to EUR 302.7 million as at 30 June 2019. This was due mainly to the decrease in cash and cash equivalents due to the financing of the acquisitions and the distribution of the dividend for financial year 2018 amounting to EUR 41.5 million in accordance with the resolution by the Annual General Meeting of 4 June 2019.

Equity amounted to EUR 255.0 million as at 30 June 2019, compared to EUR 256.1 million as at 31 December 2018. With an equity ratio of 26.5 % as at 30 June 2019 (31 December 2018: 36.3 %), Dermapharm continues to have a strong equity base despite the decrease in the equity ratio as a result of the acquisitions.

The **non-current liabilities** increased to EUR 534.2 million as at 30 June 2019 (31 December 2018: EUR 302.1 million). This increase was due primarily to non-current financial liabilities from EUR 232.7 million as at 31 December 2018 to EUR 436.9 million as at the reporting date. The Group has further financial leeway thanks to the borrowing of a syndicated loan amounting to EUR 400 million while at the same time repaying the existing bilateral loan from this syndicate. Deferred tax liabilities rose by EUR 29.5 million, mainly as a result of the first-time consolidation of Euromed. In addition, Dermapharm adopted the new standard, IFRS 16 "Leases" for the first time in the financial year beginning on 1 January 2019, resulting in the recognition of lease liabilities by the lessee (Dermapharm) amounting to EUR 8.8 million as at 30 June 2019.

The **current liabilities** increased to EUR 171.4 million as at the reporting date (31 December 2018: EUR 146.4 million). This increase was attributable first and foremost to current financial liabilities amounting to EUR 85.2 million (31 December 2018: EUR 71.6 million) and trade payables of EUR 38.9 million (31 December 2018: EUR 28.2 million). In addition, an increase in provisions for health insurance discounts and the restructuring provision at Bio-Diät-Berlin and its subsidiary Kräuter Kühne amounting to EUR 4.9 million were recognised. The first-time adoption of IFRS 16 "Leases" resulted in the recognition of short-term lease liabilities amounting to EUR 3.2 million as at 30 June 2019.

2.3.3 Cash flows of the Group

Stable cash flows

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

The main sources of liquidity were cash inflows from ongoing business activities and borrowings in the short, medium and long term. The profitability of business activities and net working capital impacted the cash inflows received from the ongoing business activities. In addition to the existing financing by means of loans, lines of credit and various promissory note loans, Dermapharm also has access to a cash liquidity reserve in the form of cash and cash equivalents.

Material new funding and repayments of loans in the reporting period

In early 2019, Dermapharm AG took out a EUR 150 million loan with a German bank to serve as bridge financing for the acquisition of shares in Euromed. The loan bears a floating rate of interest (3M EUR EURIBOR plus a margin) and a maximum maturity until 30 December 2019. This loan was repaid in full following the entry into a syndicated loan agreement in June 2019.

In May 2019, Melasan GmbH entered into an agreement with an Austrian bank for a EUR 8.5 million term loan facility to finance the construction of a new production and distribution facility in Austria. The loan bears a floating rate of interest (3M EUR EURIBOR plus a margin) and a maximum term of ten years. In line with the progress of construction works, EUR 1.7 million of the loan had been drawn down as at the reporting date.

In June 2019, Dermapharm entered into a syndicated loan agreement with five prominent German banks for a bullet loan of EUR 400 million and a revolving line of credit of EUR 100 million, with an option to increase that amount in order to ensure the success of its growth strategy. The loan bears a floating rate of interest (3M EUR EURIBOR plus a margin), is subject to a leverage covenant, and has a maximum term of five years. The disbursement of this syndicated loan meant that the previously existing bilateral loans from this banking syndicate were repaid in full in the amount of EUR 362.2 million.

Overview of the structure of financial liabilities in the Dermapharm Group as at 30 June 2019

Current residual terms of financial liabilities:

EUR thousand	< 1 year	1-5 years	> 5 years	Total
Promissory note loans I. + II.	53,498	27,916	-	**81,414**
Liabilities to banks	28,495	400,096	-	**428,591**
Lease liabilities	3,169	4,505	4,343	**12,017**
Total	**85,163**	**432,517**	**4,343**	**522,023**

Cash flow analysis

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 to EUR 44.4 million in H1 2019 (previous year: EUR 94.2 million). This change was influenced mainly by the settlement of receivables by Themis Beteiligungs-AG in the first half of 2018.

Cash flow from investing activities, which reflects the cash outflows for investments less the inflows from disposals, amounted to EUR -334.3 million in H1 2019 (previous year: EUR -95.9 million). Cash flows from investing activities were impacted primarily by payments for business combinations less available cash amounting to EUR 253.6 million (previous year: EUR 92.3 million). The Euromed acquisition was included in this figure. In addition, payments for investments in financial assets were made to acquire the 20 % interest in the FYTA Group for EUR 60.3 million. Furthermore, there were payments for investments in property, plant and equipment, particularly in connection with the expansion of capacities at the logistics and production facilities of mibe GmbH Arzneimittel in Brehna and Melasan GmbH in Austria.

Free cash flow, i.e., cash flow from ongoing business activities plus cash flow from investing activities, amounted to EUR -290.0 million in the period under review (previous year: EUR -1.7 million).

Cash flow from financing activities amounted to EUR 138.7 million in the period under review (previous year: EUR 175.2 million). This was influenced significantly by the first-time distribution of a dividend for financial year 2018 amounting to EUR 41.5 million in June 2019 in accordance with the resolution by the Annual General Meeting (AGM) on 4 June 2019. The AGM followed the Management Board's recommendation to distribute a dividend of EUR 0.77 per no-par value share. In addition, Dermapharm generated proceeds from borrowings in the amount of EUR 345.2 million by taking out a bridge loan to acquire Euromed, a term loan facility to finance the construction of a new production facility in Austria and a syndicated bullet loan and revolving line of credit. This was offset by payments to repay borrowings in the amount of EUR 160.6 million. In addition, Dermapharm adopted the new standard, IFRS 16 "Leases" for the first time in the financial year beginning on 1 January 2019, resulting in a change in the presentation of repayments of lease liabilities amounting to EUR 2.3 million under cash flows from financing activities instead of under cash flows from operating activities.

Thus, taking into account exchange rate fluctuations and bank overdrafts, Dermapharm Holding SE had cash and cash equivalents of EUR 81.7 million as at 30 June 2019 (30 June 2018: EUR 180.1 million).

3. REPORT ON OPPORTUNITIES AND RISKS

The risks and opportunities of future development at Dermapharm are described in detail in the combined Group management report for the 2018 financial year (p. 46-56).

No additional risks or opportunities have materialised during the period under review, save for the following matter in connection with the "Parallel import business" segment.

Parallel import business risks

On 28 June the upper house of Germany's parliament, the Bundesrat, approved the German Act for More Safety in the Supply of Pharmaceuticals (Gesetz für mehr Sicherheit in der Arzneimittelversorgung, "GSAV"). That Act stipulates that import of pharmaceuticals will continue to be subsidised, albeit only in the import market defined in the Master Agreement on the Supply of Pharmaceuticals (Rahmenvertrag über die Arzneimittelversorgung). This means that products with generic competitor products as well as biopharmaceuticals and parenteral cytostatics will no longer be subsidised via the import quota.

Furthermore, the GSAV deletes from the master agreement the phrase "or at least EUR 15.00". Instead, affordability is 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.

Opportunities in the parallel import business

However, since products are generally still subsidised through discount agreements, it will still be possible to generate sales in the non-import market through involvement in agreements.

It will also be possible to generate sales without discount agreements in areas that are no longer subsidised, since commercial factors – such as improved conditions – create an incentive for the respective purchasing pharmacists.

4. REPORT ON EXPECTED DEVELOPMENTS

Outlook

In its report on expected developments, the Management Board discusses, to the extent possible, its expectations with respect to the future development of Dermapharm and the market environment in which the Group operates for financial year 2019.

Dermapharm's business model is geared towards markets which offer 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.

Given the strategic path followed by the "Branded pharmaceuticals and other healthcare products" segment and the systematic implementation of the three-pillar strategy and solid development in the new "Herbal extracts" segment and despite a changing statutory basis for the "Parallel import business" segment, the Management Board expects that the positive growth outlook will prevail in the future.

The Management Board therefore expects the Group to experience continued year-on-year growth in financial year 2019 and confirmed its original guidance as stated in the combined Group management report for 2018.

The Management Board for the financial year 2019 continues to expect consolidated revenue to be up year on year by 14 % to 19 %, and EBITDA is expected to increase by 17 % to 22 % over the figure for financial year 2018. These growth rates are based on organic growth, new launches of in-house developments and growth from the Euromed acquisition included in the forecast.

Forward-looking statements

This report contains forward-looking statements based on information as at the date on which this half-yearly financial report was prepared.

However, that growth potential also entails operating challenges and risks which are determined to a large extent by changing or additional state regulatory measures, such as cost-reduction measures and more cumbersome requirements for authorisations. As a result, the future development of the Group's revenue and earnings will be characterised in equal parts by growth-promoting and growth-inhibiting conditions.

These and other factors can result in actual events, the financial position, performance and the profitability of the Company deviating significantly from the estimates stated herein.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED STATEMENT OF FINANCIAL POSITION

as at 30 June 2019 and 31 December 2018

Assets EUR thousand	Note	30 June 2019	31 December 2018
Non-current assets			
Intangible assets		294,375	189,935
Goodwill		171,993	54,622
Property, plant and equipment		122,352	80,874
Investments accounted for using the equity method		65,802	3,786
Equity investments		384	382
Other non-current financial assets		2,963	3,706
Deferred tax assets		-	39
Total non-current assets		**657,869**	**333,343**
Current assets			
Inventories		152,762	116,966
Trade receivables		59,377	34,124
Other current financial assets		2,485	1,365
Other current assets		6,237	4,272
Tax assets		214	1,990
Cash and cash equivalents	3.1	81,672	212,520
Total current assets		**302,747**	**371,238**
Total assets		**960,616**	**704,581**

Equity and liabilities EUR thousand	Note	30 June 2019	31 December 2018
Equity			
Issued capital	3.2	53,840	53,840
Capital reserves	3.2	100,790	100,790
Retained earnings	3.2	101,089	100,993
Other reserves	3.2	(2,945)	(3,173)
Equity attributable to owners of parent		**252,774**	**252,449**
Non-controlling interests		2,221	3,636
Total equity		**254,996**	**256,085**
Non-current liabilities			
Provisions for employee benefits		50,543	50,726
Non-current financial liabilities	3.4	436,860	232,743
Other non-current financial liabilities		2,228	3,395
Other non-current liabilities		10,653	10,783
Deferred tax liabilities		33,922	4,452
Total non-current liabilities		**534,205**	**302,098**
Current liabilities			
Other provisions	3.3	13,715	8,586
Current financial liabilities	3.4	85,163	71,577
Trade payables		38,871	28,181
Other current financial liabilities		108	6
Other current liabilities		26,633	15,016
Tax liabilities		6,924	23,032
Total current liabilities		**171,415**	**146,398**
Total equity and liabilities		**960,616**	**704,581**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the 3- and 6-month periods ended 30 June 2019 and 30 June 2018

		3 months ended		6 months ended	
EUR thousand	**Note**	**30 June 2019**	**30 June 2018**	**30 June 2019**	**30 June 2018**
Revenue	4.1	169,619	142,761	333,171	280,255
Change in inventories		(2,440)	3,682	8,028	(376)
Own work capitalised		2,894	2,407	6,107	4,619
Other operating income		2,236	2,240	4,166	3,172
Cost of materials		(78,661)	(77,584)	(164,722)	(139,737)
Personnel expenses		(28,514)	(22,777)	(56,132)	(43,076)
Depreciation and amortisation		(11,923)	(7,694)	(23,425)	(12,367)
Other operating expenses		(24,718)	(19,488)	(49,938)	(38,526)
Operating result		**28,492**	**23,547**	**57,256**	**53,964**
Share of profit/loss of companies accounted for using the equity method, after tax		477	391	926	773
Financial income		2,224	1,870	2,337	2,210
Financial expenses		(3,485)	(3,177)	(5,589)	(4,458)
Financial result	4.2	**(784)**	**(916)**	**(2,326)**	**(1,475)**
Earnings before taxes		**27,708**	**22,631**	**54,930**	**52,489**
Income tax expenses		(7,537)	(6,027)	(15,536)	(14,500)
Profit or loss for the period		**20,170**	**16,604**	**39,394**	**37,989**
Other comprehensive income not reclassified to profit or loss in subsequent periods:					
Actuarial gains/losses from remeasurement of defined benefit pension plans		-	828	-	828
Deferred taxes relating to items not subject to reclassification		-	(273)	-	(273)
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:					
Foreign operations - currency translation differences		38	132	228	(40)
Other comprehensive income, after tax		**38**	**687**	**228**	**515**
Total comprehensive income for the period		**20,209**	**17,291**	**39,623**	**38,504**
Profit or loss for the period attributable to					
Owners of the parent		20,061	16,604	39,217	37,989
Non-controlling interests		109	-	177	-
		20,170	**16,604**	**39,394**	**37,989**
Total comprehensive income for the period attributable to					
Owners of the parent		20,099	17,291	39,446	38,504
Non-controlling interests		109	-	177	-
		20,209	**17,291**	**39,623**	**38,504**
Earnings per share					
Basic (= diluted) earnings per share (EUR)		**0.38**	**0.31**	**0.73**	**0.72**

CONDENSED STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2019 and 30 June 2018

		6 months ended	
EUR thousand	**Note**	**30 June 2019**	**30 June 2018**
Profit or loss for the period		39,394	37,989
Depreciation and amortisation (reversals of depreciation and amortisation) of fixed assets		22,106	12,367
(Increase) / decrease in working capital (assets)		(17,941)	34,849
Increase / (decrease) in working capital (liabilities)		10,653	18,309
Increase / (decrease) in provisions for employee benefits		(183)	(29)
Other non-cash items		362	(32)
Share of profit / loss of companies accounted for using the equity method, after tax		(926)	(773)
(Gain) / loss on disposal of non-current assets		(54)	124
Interest expense / (income)		3,575	3,354
Changes in deferred tax assets		(1,388)	(1,482)
Income tax payments		(11,244)	(10,456)
Net cash flows from operating activities		**44,354**	**94,220**
Proceeds from the disposal of intangible assets and property, plant and equipment		1,514	203
Business combinations, less cash		(253,607)	(92,295)
Proceeds from excess purchase price payments in the context of business combinations		-	6,982
Payments for investments in intangible assets and property, plant and equipment		(21,837)	(8,785)
Payments for investments in financial assets		(60,345)	(2,010)
Cash flows from investing activities		**(334,276)**	**(95,905)**
Proceeds from the issue of shares		-	107,520
Transaction costs in connection with the issue of shares		-	(3,083)
Dividends paid	3.2	(41,457)	-
Proceeds from borrowings	3.4	345,155	80,000
Repayments of borrowings	3.4	(160,556)	(13,399)
Payments of lease liabilities		(2,332)	(55)
Proceeds from reimbursements of interest paid		925	7,613
Interest paid		(3,071)	(3,354)
Cash flows from financing activities		**138,664**	**175,242**

EUR thousand	Note	6 months ended 30 June 2019	30 June 2018
Net increase / decrease in cash, cash equivalents and bank overdrafts		**(151,258)**	**173,557**
Cash, cash equivalents and bank overdrafts as at 1 January		206,439	(7,204)
Effect of exchange rate changes on cash and cash equivalents		33	24
Cash, cash equivalents and bank overdrafts as at 30 June		**55,214**	**166,377**
Bank overdrafts as at 1 January	3.4	(6,082)	(13,490)
Bank overdrafts as at 30 June	3.4	(26,459)	(13,682)
Cash and cash equivalents as at 30 June	3.1	**81,672**	**180,059**

CONDENSED STATEMENT OF CHANGES IN EQUITY

as at 30 June 2019 and 30 June 2018

		Attributable to owners of the parent							
EUR thousand	**Note**	**Issued capital**	**Capital reserves**	**Retained earnings**	**Other reserves**	**Contributions in kind not yet registered**	**Total**	**Non-controlling interests**	**Total equity**
As at 1 January 2018		**120**	**250**	**25,669**	**(2,234)**	**49,880**	**73,685**	**-**	**73,685**
Profit or loss for the period		-	-	37,989	-	-	37,989	-	37,989
Other comprehensive income, after tax		-	-	-	515	-	515	-	515
Total comprehensive income for the period		**-**	**-**	**37,989**	**515**	**-**	**38,504**	**-**	**38,504**
Issue of shares		3,840	103,680	-	-	-	107,520	-	107,520
Transaction costs, after tax		-	(2,379)	-	-	-	(2,379)	-	(2,379)
Transactions with non-controlling interests without change of control		-	-	-	-	-	-	-	-
Adjustments due to reorganisation		49,880	-	-	-	(49,880)	-	-	-
Dividends		-	-	-	-	-	-	-	-
As at 30 June 2018		**53,840**	**101,551**	**63,658**	**(1,719)**	**-**	**217,330**	**-**	**217,330**
As at 1 January 2019		**53,840**	**100,790**	**100,992**	**(3,173)**	**-**	**252,449**	**3,636**	**256,085**
Profit or loss for the period		-	-	39,217	-	-	39,217	177	39,394
Other comprehensive income, after tax		-	-	-	228	-	228	-	228
Total comprehensive income for the period		**-**	**-**	**39,217**	**228**	**-**	**39,446**	**177**	**39,623**
Issue of shares		-	-	-	-	-	-	-	-
Transaction costs, after tax		-	-	-	-	-	-	-	-
Transactions with non-controlling interests without change of control	3.2	-	-	2,336	-	-	2,336	(1,591)	745
Adjustments due to reorganisation		-	-	-	-	-	-	-	-
Dividends	3.2	-	-	(41,457)	-	-	(41,457)	-	(41,457)
As at 30 June 2019		**53,840**	**100,790**	**101,089**	**(2,945)**	**-**	**252,774**	**2,221**	**254,996**

SELECTED EXPLANATORY NOTES

1. Corporate information

Dermapharm Holding SE (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 compounds, 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 under number HRB 234575.

The Company is the holding company of the Dermapharm Group, whose subsidiaries operate primarily in Germany. Dermapharm also has subsidiaries in Austria, Switzerland, Italy, Spain, the United States and the United Kingdom as well as in Eastern Europe (Croatia, Poland and Ukraine), among other countries. 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 natural remedies, herbal extracts and parallel-imported originator compounds.

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.

The interim consolidated financial statements were authorised by the Management Board by resolution dated 11 September 2019.

2. Significant accounting policies and changes

2.1 Basis of preparation

In accordance with § 52 of the Exchange Rules (Börsenordnung) of the Frankfurt Stock Exchange in conjunction with § 117 no. 2 and § 115 (2) to (4) of the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG"), Dermapharm's half-year financial report contains the condensed interim consolidated financial statements and an interim Group management report and was prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting).

The interim financial statements comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

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.

Preparing the condensed interim consolidated financial statements requires the Management Board 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Any changes in estimates are recognised prospectively.

2.2 Changes in accounting policies

Subject to the changes described in note 2.3, the same accounting policies were applied in these condensed interim consolidated financial statements as in the consolidated financial statements for financial year 2018. For more information about the Group's accounting policies, please refer to the notes to the consolidated financial statements in the 2018 Annual Report.

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

Dermapharm applied IFRS 16 "Leases" for the first time as at 1 January 2019. Other pronouncements issued by the IASB that took effect for the first time in financial year 2019 did not have any material effect on the consolidated financial statements.

IFRS 16 – Leases

In January 2016, the IASB published IFRS 16 "Leases". IFRS 16 replaces the existing guidance on lease accounting, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement Contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease" and eliminates the previous classification of leases as either operating or finance leases at the lessee.

In accordance with IFRS 16, a right-of-use asset and a lease liability must generally be recognised in the statement of financial position for all leases. In the Group, the lease liability is measured in the amount of the outstanding lease payments, which are discounted using the incremental borrowing rate. The right-of-use asset is measured in the amount of the lease liability plus any initial direct costs. The right-of-use asset is depreciated over the term of the lease. The lease liability is adjusted using the effective interest method, taking the lease payments into account. There are practical expedients for short-term leases and leases of low-value assets. The Group exercises these options and as such does not recognise right-of-use assets or liabilities for these types of leases. The lease payments continue to be recognised in the income statement in the same way as before.

The Group applied IFRS 16 for the first time as at 1 January 2019. In accordance with the transition provisions, it uses the modified retrospective method and thus does not restate the prior-year figures. Under this method, the lease liability to be recognised at the transition date is measured at the present value of the outstanding lease payments, determined using the incremental borrowing rates as at 1 January 2019. The weighted average interest rate was 1.6 %.

In accordance with the practical expedient under IFRS 16, the corresponding right-of-use assets are generally recognised in the amount of the lease liability. Right-of-use assets of EUR 10,566 thousand were recognised as at 1 January 2019. The right-of-use assets are presented in the statement of financial position within the same line items as those within which the corresponding underlying assets would be presented if they were owned by the Group. As at the reporting date, the right-of-use assets were thus reported as property, plant and equipment under non-current assets. As at 1 January 2019, lease liabilities of EUR 10,566 thousand were recognised under non-current and current financial liabilities.

The table below shows the reconciliation from obligations under operating leases as at 31 December 2018 to the carrying amounts of lease liabilities in the opening statement of financial position as at 1 January 2019:

EUR thousand	
Obligations from operating leases as at 31 December 2018	13,601
Short-term leases	(3)
Non-lease components	(664)
Gross obligations from operating leases as at 1 January 2019	**12,934**
Discounting	(2,720)
Lease liabilities as at 1 January 2019	**10,214**
Present value of finance lease liabilities as at 31 December 2018	353
Carrying amount of lease liabilities due to initial application of IFRS 16 as at 1 January 2019	**10,566**

2.4 Consolidation principles and group of consolidated companies

Consolidation principles

Dermapharm Holding SE is the parent company of the Dermapharm Group. Group business is conducted by Dermapharm AG and its subsidiaries. The condensed interim consolidated financial statements include all material companies whose financial and business policies can be controlled by the Company, either directly or indirectly, and the material equity interests of Dermapharm whose financial and business policies can be influenced by the Company to a significant extent.

Changes to the scope of consolidation

Euromed

With effect from 3 January 2019, Dermapharm AG acquired all shares in the Spanish company Euromed Botanicals S.L. and its subsidiaries Euromed S.A. and Euromed USA Inc. (jointly referred to as "Euromed"). The companies produce herbal extracts and natural active ingredients which are needed as precursors in the manufacturing of phytopharmaceuticals (herbal pharmaceuticals), nutraceuticals (functional foods) and cosmetics products. The companies were included in the consolidated financial statements for the first time as at 31 March 2019. For additional details about this acquisition, please see note 2.5.

FYTA

With effect from 4 March 2019, Dermapharm AG acquired 20 % of shares in each of FYTA Company B.V. and FYTA Tech B.V. (both domiciled in Waalwijk, Netherlands), as well as FYTA Company GmbH and FYTA Vermögensverwaltung GmbH (each domiciled in Monheim, Germany). The FYTA Group specialises in the production of medical cannabis for pharmaceutical applications. The companies were included as associates in the consolidated financial statements for the first time as at 31 March 2019. For additional details about this acquisition, please see note 2.6.

2.5 Business combinations

During the period from 1 January 2019 to 30 June 2019, the Group concluded the following business combinations:

CFP Packaging

With effect from 1 January 2019, Dermapharm AG entered into an agreement to acquire material assets and ensure continuing employment for 16 employees from CFP Packaging GmbH in Wiedemar with the seller, Attorney Axel Roth, in his function as insolvency administrator for the company.

The company was active in contract packaging and filling in the dietary supplements and cosmetics segments, and traded in flexible packaging materials. Essentially, by acquiring the company's assets and taking on its staff, Dermapharm intends to gain access to the machinery and expertise in the field of special packaging for powder and liquid sticks as well as access to various customers based on long-term supply agreements still in force. The transfer of the assets was subject to conditions precedent, which were satisfied in early 2019. The transaction constituted a business combination as defined under IFRS 3. Taking into consideration the agreed escalation clauses and the repayment of EUR 5 thousand in debt for the month of September, the purchase price for the material assets of CFP Packaging GmbH amounted to EUR 782 thousand.

The company's assets and employees were integrated with mibe GmbH Arzneimittel and are thus allocated to the "Branded pharmaceuticals and other healthcare products" segment.

The fair values of the assets and liabilities (in accordance with IFRS 3) were as follows at the acquisition date, 1 January 2019:

Identified assets and liabilities	**Fair value**
Property, plant and equipment	989
of which identified in purchase price allocation	*235*
Inventories	27
of which identified in purchase price allocation	*0*
Deferred tax liabilities	(64)
Fair value of acquired assets	952
Negative goodwill	(171)

The identified fair values of assets and liabilities in the amount of EUR 952 thousand exceed the consideration transferred for the material assets by EUR 171 thousand (negative goodwill). This amount is recognised in other operating income. The negative goodwill arose because it was possible to acquire the assets of the insolvent CFP Packaging GmbH as a bargain purchase (“lucky buy”).

The acquired assets are primarily machinery for which a useful life of 10 years was assumed.

Euromed

With effect from 3 January 2019, Dermapharm AG entered into a purchase agreement with Arbelan S.à.r.l. (Luxembourg), a subsidiary of the US private equity fund The Riverside Company (seller) to acquire all shares of Spanish company Euromed Botanicals S.L. and its subsidiaries Euromed S.A. and Euromed USA Inc. (jointly referred to as "Euromed").

Euromed was established in 1971 and is a leading producer of herbal extracts and natural active ingredients which are needed as precursors in the manufacturing of phytopharmaceuticals (herbal pharmaceuticals), nutraceuticals (functional foods) and cosmetics products. At present, Euromed operates two state-of-the-art production facilities in Spain near Barcelona and Murcia with capacities for future growth, as well as a drying plant in Florida, USA. Dermapharm allocated the company to the newly formed "Herbal extracts" segment, which perfectly complements the Group's existing portfolio.

The transaction constituted a business combination as defined under IFRS 3. As a practical expedient, 1 January 2019 was selected as the date to include the company in the consolidated financial statements for the first time. Factoring in the negotiated escalation clauses, the purchase price for all shares of Euromed amounted to EUR 266,056 thousand. This amount includes acquiring a EUR 29,096 thousand loan receivable against the company from the previous owner, and EUR 3,225 thousand in interest accruing on the outstanding purchase price for the period between the reporting date (30 September 2018) and the closing date (3 January 2019). The purchase agreement also includes a EUR 4,000 thousand holdback payable on 3 April 2020.

The fair values of the assets and liabilities (in accordance with IFRS 3) were as follows at the acquisition date, 1 January 2019:

Identified assets and liabilities	**Fair value**
Intangible assets	112,577
of which identified in purchase price allocation	*112,236*
Property, plant and equipment	19,982
of which identified in purchase price allocation	*3,970*
Other non-current financial assets	939
of which identified in purchase price allocation	*939*
Inventories	38,492
of which identified in purchase price allocation	*3,631*
Deferred tax assets	325
Trade receivables	6,364
Other current assets	1,351
Cash and cash equivalents	8,435
Trade payables	(3,526)
Other liabilities	(5,057)
Deferred tax liabilities	(31,197)
of which identified in purchase price allocation	*(30,194)*
Fair value of net assets acquired (100 %)	148,686
Recognised goodwill	117,371

Acquired gross contractual amounts receivable amount to EUR 6,364 thousand, none of which were deemed uncollectable as at the acquisition date. The gross amount corresponds to the fair value because the remaining term of the receivables is less than one year.

Comparing the consideration transferred for the interests with the identified fair value of the assets and liabilities (EUR 148,686 thousand) resulted in goodwill of EUR 117,371 thousand. Factors giving rise to this goodwill relate to expected synergies from the combined business activities and other intangible assets that cannot be reported separately, such as the combined workforce.

The following assets were measured at their fair value for the first time during the purchase price allocation. The key measurement assumptions are as follows:

Identified assets and liabilities at the reporting date	Identified hidden reserve (EUR thousand)	Useful life	Cost of capital
Customer relationship – Madaus	24,227	15 years	7.22 %
Customer relationship – other	68,503	15 years	7.22 %
Order backlog – Madaus	830	1 year	4.99 %
Order backlog – other	7,042	1 year	4.99 %
Trademark – Euromed	5,436	15 years	9.22 %
Product trademarks	939	15 years	9.22 %
"PhytoProof" quality seal	3,135	15 years	9.22 %
Technology	2,124	15 years	7.22 %
Murcia purchase option	939	Indefinite	n/a
Land	1,619	Indefinite	n/a
Buildings	(805)	23 years	n/a
Machinery	3,156	8 years	n/a
Inventories	3,631	n/a	n/a

Euromed contributed EUR 39,759 thousand to consolidated revenue for the period from 1 January 2019 to 30 June 2019; the EBITDA contribution amounted to EUR 7,742 thousand over this period.

2.6 Acquisition of investments accounted for using the equity method

FYTA

On 4 March 2019, Dermapharm AG acquired 20.0 % of shares in each of FYTA Company B.V. and FYTA Tech B.V. (both domiciled in Waalwijk, Netherlands), as well as FYTA Company GmbH and FYTA Vermögensverwaltung GmbH (both domiciled in Monheim, Germany, jointly referred to as "FYTA").

The FYTA Group specialises in the production of medical cannabis for pharmaceutical applications. The authorisation required for medical cannabis was already granted on 25 February 2019 by the Dutch supervisory authority CIBG. This covers the production of approximately 12 tonnes of medical cannabis per year, and may be expanded. At present, FYTA operates its own state-of-the-art indoor production facility in Waalwijk, at which up to 25 tonnes of medical cannabis can be produced per year.

The purchase price for the shares amounts to EUR 60,000 thousand and includes further escalation clauses. The transaction also includes the assignment by Dermapharm of 49.9 % of the shares in remedix GmbH (domiciled in Friedrichsdorf, Germany) to UWF Beteiligungsgesellschaft mbH (domiciled in Monheim, Germany). As a re-importer in the pharmaceuticals sector, remedix GmbH specialises in EU anaesthetics and is licensed by the Federal Opium Agency to trade in anaesthetics. In future, remedix GmbH will act as a joint platform between Dermapharm and the FYTA companies for importing medical cannabis products to Germany and marketing them.

FYTA is consolidated as an "investment accounted for using the equity method". The shares are allocated to the new "Herbal extracts" segment. Work is still ongoing to calculate the difference between the cost of the investment and Dermapharm's share of the net fair value of the identifiable assets and liabilities of FYTA in accordance with IAS 28, as required on acquisition of the investment.

3. Notes to the consolidated statement of financial position

3.1 Cash and cash equivalents

Cash and cash equivalents changed as follows:

EUR thousand	30 June 2019	31 December 2018
Bank balances	81,617	212,470
Cash-in-hand	55	51
Cash and cash equivalents	**81,672**	**212,520**

For details, please refer to the statement of cash flows.

3.2 Equity

Dividend

The Annual General Meeting on 4 June 2019 resolved to distribute a dividend of EUR 41,457 thousand (EUR 0.77 per share carrying dividend rights) to the shareholders from the net retained profits of Dermapharm Holding SE for 2018. The dividend was distributed on 7 June 2019.

Transactions with non-controlling interests without change of control

In acquiring the equity investment in FYTA, Dermapharm assigned 49.9 % of the shares of remedix GmbH, Friedrichsdorf, to UWF Beteiligungsgesellschaft mbH, Monheim. For additional details about this transaction, please see note 2.6.

3.3 Other provisions

A restructuring provision amounting to EUR 1,551 thousand was recognised under other provisions. This covers expenses arising in connection with the cessation of business activities by Bio-Diät-Berlin GmbH, Berlin, and its subsidiary Kräuter Kühne GmbH, Berlin. The costs include in particular severance payments and continued payment of wages and salaries for employees subject to redundancies, compensation payments for terminating agency agreements, and payments for terminated leases. The affected employees were informed of the pending measures on 19 June 2019. These are also documented in a restructuring plan.

Going forward, the objective is to market the companies' material brands, in particular "China-Oel", more efficiently and cost-effectively via Hübner Naturarzneimittel GmbH. In addition, transferring production and logistics to mibe GmbH Arzneimittel in Brehna is expected to bring sweeping improvements in efficiency.

3.4 Financial liabilities

Financial liabilities changed as follows:

EUR thousand	30 June 2019	31 December 2018
Bank loans	400,096	204,672
Promissory note loans	27,916	27,879
Lease liabilities	8,848	192
Non-current financial liabilities	**436,860**	**232,743**
Bank loans	2,012	11,840
Promissory note loans	53,498	53,494
Lease liabilities	3,177	161
Bank overdrafts	26,476	6,082
Current financial liabilities	**85,163**	**71,577**

Material new funding

In early 2019, Dermapharm AG took out a EUR 150,000 thousand loan with a German bank to serve as bridge financing for the acquisition of shares in Euromed. The loan bears a floating rate of interest (3M EUR EURIBOR plus a margin) and a maximum maturity until 30 December 2019. This loan was repaid in full following the entry into a syndicated loan agreement in June.

On 7 June 2019, Dermapharm and five banks entered into a syndicated loan agreement for a bullet loan and revolving credit facilities in the total amount of EUR 500,000 thousand. This agreement supersedes the EUR 362,200 thousand in bilateral agreements in place with those banks up to that date.

The agreement comprises three primary components:

- Facility A permits a total of EUR 400,000 thousand to be drawn down. That amount was fully utilised as at the reporting date.
- Facility A also includes an option to increase the amount by between EUR 50,000 thousand and EUR 200,000 thousand in the period to 2022.
- Facility B comprises an overdraft facility in the total amount of EUR 100,000 thousand.

The loan bears a floating rate of interest (3M EUR EURIBOR plus a margin), is subject to a leverage covenant, and has a maximum term of five years. It gave rise to EUR 2,355 thousand in transaction costs. The loan will subsequently be measured at cost using the effective interest method.

Interest rate floors with negative market values in the amount of EUR 743 thousand were recognised in connection with the terminated bilateral loans. These were derecognised in the second quarter.

On 7 May 2019, Melasan GmbH, Austria entered into an agreement with an Austrian bank for a EUR 8,500 thousand term loan facility to finance a new production and distribution facility. The loan bears a floating rate of interest (3M EUR EURIBOR plus a margin) and a maximum term of ten years. The loan agreement is repayable in flat-rate monthly instalments from 31 March 2020. In line with the progress of construction works, EUR 1,700 thousand of the loan had been drawn down as at the reporting date.

4. Notes to the consolidated statement of comprehensive income

4.1 Revenue

Dermapharm generates its revenue primarily through the supply of products.

The primary focus of Dermapharm's business lies on the German market. In addition, Dermapharm also generates revenue in Austria and Switzerland, as well as Eastern Europe, the United Kingdom and Italy, largely via the distribution and production companies domiciled in the relevant countries. Consolidated revenue is allocated on the basis of where the respective companies are located.

The consolidated revenue generated in Germany in the reporting period amounted to EUR 273,997 thousand (previous year: EUR 262,705 thousand) and accounted for 82 % (previous year: 94 %) of Dermapharm's total consolidated revenue. In Spain, Euromed generated consolidated revenue of EUR 39,759 thousand in the reporting period, corresponding to 12 % of consolidated revenue. Revenue generated in Austria and Switzerland, representing approximately 4 % (previous year: 4 %) of consolidated revenue overall, amounted to EUR 13,073 thousand (previous year: EUR 12,208 thousand). A less significant portion of the Group's revenue EUR 6,342 thousand (previous year: EUR 5,342 thousand) is generated in Eastern Europe, primarily in Poland and Croatia, and in the United Kingdom and Italy.

Revenue and EBITDA are the two performance indicators which the Management Board 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 5.

4.2 Financial result

	6 months ended	
EUR thousand	**30 June 2019**	**30 June 2018**
Income from fair value measurement	1,372	1,223
Interest income	917	984
Miscellaneous	48	3
Financial income	**2,337**	**2,210**
Expenses from fair value measurement	(1,013)	(1,218)
Interest expense	(4,327)	(3,055)
Leasing	(131)	(4)
Miscellaneous	(118)	(181)
Financial expenses	**(5,589)**	**(4,458)**
Share of profit/loss of companies accounted for using the equity method, after tax	**926**	**773**
Financial result	**(2,326)**	**(1,475)**

The increase in financial expenses is due in particular to the financing raised in the first half of 2019. For additional information, please see note 3.4.

5. Segment reporting

The measurement approach for segment reporting corresponds to the accounting policies applied in the consolidated financial statements prepared in accordance with IFRS as at 31 December 2018.

6 months ended 30 June 2019 EUR thousand	Branded pharmaceuticals and other healthcare products	Parallel import business	Herbal extracts*	Reconciliation/ Group holding company	Group
Revenue	176,183	118,383	39,789	(1,183)	333,171
of which intersegment revenue	*1,153*	-	*30*	*(1,183)*	-
Revenue from external customers	175,030	118,383	39,759	(0)	333,171
Revenue growth	7 %	1 %	-	-	19 %
EBITDA	71,626	4,932	7,742	(2,693)	81,608
of which earnings from investments accounted for in accordance with the equity method	*926*	-	-	-	*926*
EBITDA margin	41 %	4 %	19 %	-	24 %

* Included since January 2019

6 months ended 30 June 2018 EUR thousand	Branded pharmaceuticals and other healthcare products	Parallel import business	Reconciliation / Group holding company	Group
Revenue	163,648	117,065	-	280,713
of which intersegment revenue	*458*	-	-	*458*
Revenue from external customers	163,190	117,065	-	280,255
Revenue growth	48 %	-6 %	-	20 %
EBITDA	64,469	5,355	(2,720)	67,104
of which earnings from investments accounted for in accordance with the equity method	*773*	-	-	*773*
EBITDA margin	40 %	5 %	-	24 %

The segments' EBITDA is reconciled to consolidated profit or loss as follows:

	6 months ended	
EUR thousand	**30 June 2019**	**30 June 2018**
EBITDA	**81,608**	**67,104**
Depreciation and amortisation	(23,425)	(12,367)
Financial income	2,337	2,210
Financial expenses	(5,589)	(4,458)
Earnings before taxes (EBT)	**54,930**	**52,489**
Income tax expenses	(15,536)	(14,500)
Profit or loss for the period	**39,394**	**37,989**
Profit/loss attributable to the owners of the parent	39,217	37,989
Earnings per share	**0.73**	**0.72**

6. 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.

30 June 2019			**Measurement in accordance with IFRS 9**				
EUR thousand	**Carrying amount at 30 June 2019**	**Amortised cost**	**Fair value through profit or loss**	**Fair value through other compre-hensive income**	**Measure-ment in accordance with IFRS 16**	**Fair value as at 30 June 2019**	**Fair value level**
Assets							
Other non-current financial assets	2,963	1,144	1,819	-	-	2,963	2
Equity investments	384	384	-	-	-	384	
Trade receivables	59,377	59,377	-	-	-	59,377	
Other current financial assets	2,485	2,485	-	-	-	2,485	2
Cash and cash equivalents	81,672	81,672	-	-	-	81,672	
Liabilities							
Non-current financial liabilities							
of which bank loans	*400,969*	*400,969*	-	-	-	*405,266*	*2*
of which promissory note loans	*27,916*	*27,916*	-	-	-	*28,798*	*2*
of which lease liabilities	*8,848*	-	-	-	*8,848*	*8,848*	
Other non-current financial liabilities	2,228	-	2,228	-	-	2,228	2/3
Current financial liabilities							
of which bank loans	*2,012*	*2,012*	-	-	-	*3,868*	*2*
of which promissory note loans	*53,498*	*53,498*	-	-	-	*54,508*	*2*
of which bank overdrafts	*26,476*	*26,476*	-	-	-	*26,476*	
of which lease liabilities	*3,177*	-	-	-	*3,177*	*3,177*	
Trade payables	38,871	38,871	-	-	-	38,871	
Other current financial liabilities	108	108	-	-	-	108	2

31. December 2018			Measurement in accordance with IFRS 9				
EUR thousand	Carrying amount at 31 December 2018	Amortised cost	Fair value through profit or loss	Fair value through other compre-hensive income	Measure-ment in accordance with IAS 17	Fair value as at 31 December 2018	Fair value level
Assets							
Other non-current financial assets	3,706	1,078	2,628	-	-	3,706	2
Equity investments	382	382	-	-	-	382	
Trade receivables	34,124	34,124	-	-	-	34,124	
Other current financial assets	1,365	1,365	-	-	-	1,365	2
Cash and cash equivalents	212,520	212,520	-	-	-	212,520	
Liabilities							
Non-current financial liabilities							
of which bank loans	*204,672*	*204,672*	-	-	-	*209,762*	*2*
of which promissory note loans	*27,879*	*27,879*	-	-	-	*29,013*	*2*
of which lease liabilities	*192*	-	-	-	*192*	*192*	
Other non-current financial liabilities	3,395	-	3,395	-	-	-	2/3
Current financial liabilities							
of which bank loans	*11,840*	*11,840*	-	-	-	*13,393*	*2*
of which promissory note loans	*53,494*	*53,494*	-	-	-	*55,001*	*2*
of which bank overdrafts	*6,082*	*6,082*	-	-	-	*6,082*	
of which lease liabilities	*161*	-	-	-	*161*	*161*	
Trade payables	28,181	28,181	-	-	-	28,181	
Other current financial liabilities	6	6	-	-	-	6	2

Due to the short maturity of the cash and cash equivalents, trade receivables and payables as well as current financial liabilities, 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.

Dermapharm exercises the option under IFRS 9 and classifies equity instruments in the form of equity investments in other entities at fair value through other comprehensive income. Due to their immateriality for presenting a true and fair view of the financial position, financial performance and cash flows, however, the equity investments existing at the reporting date were measured at amortised cost and not at fair value through other comprehensive income.

7. Related party disclosures

Related party relationships arise in the ordinary course of business between Dermapharm and its Group companies. Related parties within the meaning of IAS 24 are understood as subsidiaries, associates and joint ventures that are directly or indirectly controlled but are not consolidated for reasons of materiality, and entities or persons and their close family members if they have control of the reporting entity or exert significant influence over the Group. In addition, persons are related parties if they are a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Material transactions

Related party transactions (persons)

	6 months ended	
EUR thousand	**30 June 2019**	**30 June 2018**
Marketing and advertising	566	605
Remuneration at Dermapharm AG, Hünenberg, Switzerland	56	53
Total	**622**	**658**

Related party transactions (entities)

EUR thousand	Transactions in the 6 months ended 30 June 2019	30 June 2018	Open receivables as at 30 June 2019	31 December 2018	Open liabilities as at 30 June 2019	31 December 2018
Transfer of goods						
Associates	-	67	-	-	-	-
Non-consolidated companies	1,052	133	952	150	-	-
Consulting and services						
Parent (Themis Beteili-gungs-AG) of Dermapharm	11	1,212	3	14	8	-
Non-consolidated companies	1,273	568	-	2	102	4
Offsetting of current expenses						
Parent (Themis Beteili-gungs-AG) of Dermapharm	872	69,065	1,820	2,628	-	-
Associates	-	-	-	-	-	-
Consolidated tax group						
Parent (Themis Beteili-gungs-AG) of Dermapharm	-	5,338	-	-	-	-
Acquisition of shares						
Non-consolidated companies	-	6,000	-	-	-	-
Loans						
Parent (Themis Beteili-gungs-AG) of Dermapharm	-	2,212	-	-	-	-
Associates	96	2	95	93	-	-
Non-consolidated companies	149	74	149	-	-	-
Total	**3,453**	**84,671**	**3,019**	**2,887**	**110**	**4**

8. Events after the reporting period

Events after the reporting date with a material or potentially material effect on the Group's financial position, financial performance and cash flows:

Fitvia

On 6 June 2019, Dermapharm AG entered into an agreement to purchase a 70.0 % majority interest in Fitvia GmbH, domiciled in Wiesbaden. Approval from the antitrust authorities was received on 5 July 2019, whereby Dermapharm AG obtained control over Fitvia GmbH. As a practical expedient, 1 July 2019 was selected as the date to include the company in the consolidated financial statements for the first time.

Fitvia GmbH was formed in 2014 and is a new brand that promotes healthy living throughout Europe. In addition to tea, the company sells food, dietary supplements, snacks and muesli. Its products are aimed at a clearly defined female target group aged between 18 and 39. These consumers constitute one of the largest groups of social media users worldwide. Fitvia GmbH markets its products exclusively via social media, and has worked with influencers on the most popular platforms such as Instagram to build up a very strong brand in Europe in only a short time. Fitvia GmbH currently sells its products to more than half a million customers in several European countries including Germany, Italy, France, Spain and Austria. Dermapharm's investment in Fitvia GmbH is a targeted addition to its own value chain and expands its expertise in the growing market for healthy eating.

The transaction constituted a business combination as defined under IFRS 3. A purchase price allocation in accordance with IFRS 3 following the acquisition of the shares will be carried out in second half of 2019. The initial purchase price was EUR 26,320 thousand, including further escalation clauses.

Management Board

On 31 July 2019, Chief Marketing Officer Mr Stefan Grieving left the Company for health reasons. He will be replaced by Dr. Jürgen Ott from 1 October 2019.

Grünwald, 11 September 2019

The Management Board

Dr. Hans-Georg Feldmeier	Stefan Hümer	Karin Samusch
Chief Executive Officer	Chief Financial Officer	Chief Business Development Officer

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim consolidated financial statements for the period from 1 January 2019 to 30 June 2019 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group 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, 11 September 2019

Dr. Hans-Georg Feldmeier	Stefan Hümer	Karin Samusch
Chief Executive Officer	Chief Financial Officer	Chief Business Development Officer

Warth & Klein Grant Thornton AG has issued a review report in German language on the interim consolidated financial statements and the interim group management report of Dermapharm Holding SE, Grünwald, for the period from 1 January 2019 to 30 June 2019, which have been prepared in German language. The translation of the review report in English language is as follows:

REVIEW REPORT

To Dermapharm Holding SE

We have reviewed the condensed interim consolidated financial statements – comprising the condensed statement of financial position, the condensed statement of profit or loss and other comprehensive income for the period, the condensed statement of cash flows, the condensed statement of changes in equity, and selected explanatory notes – and the interim group management report of Dermapharm Holding SE, Grünwald, for the period from 1 January 2019 to 30 June 2019 which form part of the half-year financial reporting in accordance with section 115 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of Company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statements audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements of Dermapharm Holding SE, Grünwald, for the period from 1 January 2019 to 30 June 2019 have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 11 September 2019

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger	Anja Zweck
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

IMPRINT

Publisher

Dermapharm Holding SE
Lil-Dagover-Ring 7
82031 Grünwald
Germany

Telephone: +49 (89) 6 41 86 – 0
Telefax: +49 (89) 6 41 86 – 130

Email: ir@dermapharm.com
ir.dermapharm.de

Investor Relations

Dermapharm Holding SE
Britta Hamberger

Telephone: +49 (89) 6 41 86 – 233
Telefax: +49 (89) 6 41 86 – 165

Email: ir@dermapharm.com
ir.dermapharm.de

Concept, editing, layout and typesetting

cometis AG
Unter den Eichen 7
65195 Wiesbaden
Germany

Telephone: +49 611 20 58 55 – 0
Telefax: +49 611 20 58 55 – 66

Email: info@cometis.de
www.cometis.de

Dermapharm Holding SE

Lil-Dagover-Ring 7
82031 Grünwald
Germany

Telephone: +49 (89) 6 41 86-0
Telefax: +49 (89) 6 41 86-130

EMail: ir@dermapharm.com
ir.dermapharm.de